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Strategic Decision Making and Its Importance in Small Corporations

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Abstract

The global economic crisis has sharply affected thousands of small corporations and declared bankruptcy. It is likely that in the form in which they are working now, they will not be able to survive the economic pressure of competitors. Effective policy-making can be an important key to success. Analysis of the process of strategic decision making in small corporations is extensive research gap that we try to fill with the contribution. We put emphasis on strategic decisions, models of the strategic decision-making factors affecting the profile of these processes and mechanisms that make use of small corporation managers in strategic decision making. The conclusions of the research are identified the most important aspects influencing and forming process of strategic decision making by managers of small corporations.

Keywords: small corporation, strategic decision making, rationality, experience, satisfaction, cognition, emotion, reasoning

1. Introduction

Decision making is one of the basic management activities. At the top level of businesses there are strategic decisions that unlike tactical and operational decision making is more complicated, more complex and the consequences of strategic decisions are long-term character.

Small corporations are an important part of the economy in developed countries. According to the National Agency for Development of Small and Medium Enterprises (SMEs) in OECD countries represent more than 95% of the total number of all enterprises, while their share in the creation of added value is around 50% and the share of employment is within the average of about 60–70%.

The economic crisis has strongly affected the economy in this area, and thousands of small corporations declared bankruptcy. Most of them are dependent on a limited number of customers or subscribers and sales further decline. It is likely that in the form in which they are working now, they will not be able to survive the economic pressure of competitors.

It was found that effective strategic decision making significantly increases performance, success, and survival of small and very small corporations. Insight into the process of strategic decision-making small corporations is therefore important professional experience and literature. It presents a topic that received insufficient attention in comparison with the process of strategic decision making in large enterprises.

The following reasons brought us to explore the strategic decision-making process in small corporations:

- Strategic decision making in small corporations is significantly complicated by limited sources given by their organizational structure which represents low number of employees, they have few or no permanent employees, they have limited capital assets and simple technologies and processes, they do not have the capacity to use economies of scale, and they suffer from how to gain financial sources and how to survive in competition of bigger businesses.
- They are economically important, and they represent a high share of all the businesses.
- They are labor-intensive, informal, simple, and flexible; they are highly motivated to be successful following their ownership, lack of bureaucracy, and continuity thanks to the possibility of succession.
- They remain unrepresented in professional literature of the strategic decision making, thus there is an opportunity for further research in this area.

Research on strategic decision making was and mostly is focused on large businesses. There, we found a big research gap in the way the small corporations make their strategic decisions considering their difficult source limitation. We focused on small enterprises and mainly on micro-enterprises.

The pilot survey was conducted in 2012 on a sample of 70 small businesses. Subsequently, in 2015–2016, we have carried out major research project VEGA no.: 1/0109/17—“Innovative approaches in the management of their impact on the competitiveness and success of business in conditions in the Globalizing Economy.”

Our aim is to find answers to the following questions: Is the strategic decision making part of their management? Which areas are covered by the strategic decisions of micro- and small enterprises? What models of the strategic decision making are dominant in these companies? What affects the profile of this process? What are the mechanisms used by managers of small corporations who make strategic decisions?

2. Theoretical background

Strategic decision making deals with poorly structured decision-making problems for which there is no clear procedure on how to solve them, leading to the decision [1].

The strategic decision for the company is considered to be the choice of the overall strategic orientation of the company which is followed by the decomposition of strategic decisions and consequently the tactical nature [2]. Effective strategic decisions are the result of a gradual, step-by-step on-going analysis of information [3].

Strategic decisions are intended to provide a competitive advantage and try to change the overall scope and direction of the company [4]. They are important for organizational health and survival [5].

In most businesses, however, strategic decision making is not about making those decisions. This is the documentation of the options which have already been made and often random. Therefore, leading companies reviewed approach to policy-making, so that their decisions are better and faster [6]. Solving strategic problems affects a large number of factors both inside the company and its surroundings. Many of them cannot be accurately quantified, exist between the complex and varying bond, and are difficult to interpret the information necessary for decision [7]. Adoption and implementation of strategic decisions is fundamental not only for large but also for small and micro-corporations, because they increase their performance [8].

Many theoretical models and approaches as well as the studies conducted in strategic decision making are focused primarily on large enterprises. Among the strategic decision of large and small corporations, however, there are some differences that result from the specific small corporations.

In a large enterprise, strategic decision covers three groups of people. They are business owners focused on the board or supervisory board, top management, and strategic management department. Among them, there is some division of labor. The process of strategic decision making takes place mostly in teams, whose composition is heterogeneous in terms of education, gender, age, experience, and functional jurisdiction. Top teams work to bring many ideas, constructive criticism, and influence other managers and also prevent the action of various cognitive errors, deviations from rationality, and personality traits of managers. Therefore, it is a large-scale enterprise that is more difficult for the head of the senior team to dominate the process of strategic decision making.

In small corporations, a strategic decision is focused on one or two persons (owner-manager or silent partner) and therefore is heavily influenced by the personality of the decision maker, its characteristics, subjective attitudes, and motivation [8]. Manager, often the owner, must have a managerial role as decision making and interpersonal or information. Who does not delegate a wide range of activities necessary for strategic decision making. An entrepreneur solver disputes allocator of resources, negotiators, leaders, coordinators, representatives, observers in one person, and at the same time should think strategically and be visionary.

In small corporations, there is no formal model of strategic decision making. Decision making is less complicated, passes through a few levels of management, therefore, is more centralized, it does not require extensive formal procedures, bureaucratic records, or documentation. Equal implementation requires significant and complex processes associated with communication and coordination activities. Small corporations have a few people on the acquisition, processing, and interpretation of vast amounts of information that are often ambiguous and it is necessary to understand them.

Based on the specific features stated above of strategic decision making in small corporations, it is necessary to adapt the generally applicable models and approaches to strategic decision making to these conditions.

2.1. Model approaches to the strategic decision-making process

Model approaches to the strategic decision making are different in many ways. The widely used criterion is the degree of application of rationality and exactness on the one hand and the use of intuition and experience of managers on the other.

2.1.1. Model approach: rational approaches

The majority of managers are convinced that their decision is rational and thus pursue consistent choices, maximizing value within certain limits. On the assumption of rationality-based normative theory, objective rationality presupposes full awareness of decision makers. It requires that the decision maker is able to determine the preferences of the elections and they are consistent. It is necessary to examine all the options to solve the problem and have all the necessary information. These assumptions result in a variant providing maximum utility [9]. Economically rational entity systematically tries to seek the best possible solution to the problem, and so maximizes their profit [10].

2.1.2. Model approach: limited-rational approaches

Due to unrealistic assumptions, achieving the objective rationality recognizes the limited rationality [11]. Also problematic is the requirement of full awareness of decision makers on all variants and their consequences, as well as the weak link between the information and the final decision [12]. Therefore, the limited rationality is considering working with the information, according to the decision maker at the moment sufficient and true [13]. Part of bounded rationality is a social rationality, which introduces elements of ethics in decision making [1] and emphasizes the ethical aspects as satisfactory and satisfying for the decision. Rewarding it is also called formal rationality, which requires adaptation to standards group, which is the decision-maker representatives [1]. Limited-rational approach applies the principle of satisfaction when the manager does not seek to achieve maximum effect, but only satisfactory solution that is better than originally expected. The effort to create more options is small. Especially in micro-owners-managers do not always reflect its objectives explicitly, and they tend to rely more on personal interests than economic. Such behavior is characterized by “satisfactory to the objectives” that leads to disobligingness to initiate changes in his/her business [14].

2.1.3. Model approach: intuitive approaches

On one hand, the need for the use of rationality is emphasized by the authors and that is in the sense of acceptance of the decisions based on the exact methods, which consist of the choice between the alternatives that are specified beforehand and which effects are known and calculable. On the other hand, broad application of rationality in strategic decision making is questioned and rationalized by the specific features of strategic decision making and inapplicability

of many methods especially in conditions of uncertainty and difficulty of the outside environment. Therefore, intuition and experience take place. Intuitive approaches are used with strategic decisions concerned with people [15], with the detection of environmental threats and searching for opportunities in new situations, when the best ideas are needed. Strategic intuition is as important as strategic analysis and strategic planning [16].

Another reason is the reality that currently there are no “facts” oriented managers, which creates the pressure for using for the occasion approaches and experience-based approaches, the so-called experience-based management [17]. Especially managers in micro-businesses have the tendency to combine casually acquired information, heuristics, and other mental shortcuts into intuitive decision-making methods.

Beside the mentioned model approaches—rational, restricted-rational, and intuitive—there are other approaches in business literature that try to combine or diffuse the approaches mentioned above or try to incorporate other factors into the models of strategic decision making. Hitt, Tyler allocated three conceptual models of strategic decision making [18]: rational-normative model—it prefers objective index figures in strategic decision making, which emerge from the analysis of inner and outer business environment. Another one is a strategic choice model, which emerges from a limited rationality during strategic decision making. This means that the key agents are the subjective influence and the personality of the manager. The last model is external control model, which emphasizes the influence of external environment on strategic decision making. It is definitely not an easy task to prefer only one of these models. Even the authors themselves suggest that the trend is headed toward the integration of the abovementioned models. Elbanna and Child [19] developed an integrated model of the rationality of strategic decision making, which consists of three views affecting rationality—nature of the environment, business, and decision making itself. Calabretta et al. [20] similarly accept rational and intuitive accession like paradoxical thinking, developing outcomes through paradoxical thinking, not like an alternative decision operation. Rahman and De Feis [21] allocated model approaches toward strategic decision making based on two dimensions, which are time pressure and complexity of the environment. By doing this, they define incremental model (combining individual minor decision-making processes) and a Garbage Can Model which is based on the absence of traditional decision-making process from a problem to a solution; mutual separation of problems and solutions; tendency of businesses to produce many solutions, which are rejected for the reason of lack of the problems and their consecutive search in the “garbage can”; decisions are the results of the stream of several independent events under raised time pressure and elevated complexity of the environment. According to the scientific studies, exactly these two model approaches are used for strategic decision making by small corporations and micro-businesses. Emotions and decision making for strategic change under time pressure are analyzed by Treffers and Klarner [22], who demonstrate their findings, which they discuss, that negative rather than positive emotions influence strategic decision making and that their influences vary across decision-making phases. Their study contributes to strategy practice and strategy process research by integrating emotions as embodied practices during the strategic decision-making process. Kaufmann et al. [23] discuss that the key is rational processing and intuitive modes play a complementary role. They recommend that managers will use multiple decision-making models.

3. Methodology

3.1. Sample and design of the analysis

The research focused on the strategic decision making of small corporations was carried out on a sample of 210 companies. The subjects have been chosen on the basis of meeting criteria of a small company with regard to the number of employees (from 0 to 49) as well as on the basis of their willingness to offer information about the company and themselves in personal interviews. Primary and secondary data were put together. Primary data have been gathered according to a structured questionnaire and supplemented by managers and company owners' talks. A structured questionnaire has been created from more types of questions for research needs. Except from closed questions with the possibility of one correct answer, it contained open questions to be able to look deeper at problems. By offering possibilities to respondents, we could influence them while they are filling out the questionnaire. We put the main emphasis on the following fields:

- Strategic fields with strategic decisions in small corporations
- Factors that are triggers of strategic decision-making processes in small corporations
- Extent of rationality and intuition at strategic decisions—searching for relevant information while strategic decisions are created, analysis of information, the meaning of quantitative technique, effectiveness of subject decision making in data processing, and using of analytic and intuitive decision processes
- The way of concluding and making decisions
- Emotional, cognitive, and social managers' tendencies.

Secondary data have been used to complete analysis by marketing materials, information bulletins, and Internet pages of individual companies.

Chart 1 illustrates the survey of inspected corporations that had taken part in a survey of classification for micro-corporations (the number of employees from 0 to 9 and small corporations, the number of employees from 10 to 49).¹ **Chart 1** shows that 83% of enterprises from the studied sample are micro-corporations out of 85% active in the field of service.

On the basis of information about the length of a corporation's activity in the Slovak market, we classified chosen enterprises into three time intervals: less than 5 years, 5–10 years, and 10 and more years. The major groups of respondents were enterprises that have been running businesses for less than 5 years. There were 61% of businesses like that. The next two groups of enterprises are those that have been running business from 5 to 10 years (21%) and companies that have been on the market for more than 10 years (18%).

Small corporations, mainly micro-corporations, are vulnerable. Many of them cannot survive longer than 5 years. The research has pointed to the fact that strategic making decisions could be the key to survival and have the success of small and very small corporations.

¹Classification based on Commission Recommendation 2003/361/EC effective from January 1, 2005.

Variable		Frequency		Percentage	
		0 – 9	10 - 49	0 – 9	10 - 49
Number of employees	up to 9	175		83,33	
	10 - 49	35		16,67	
Main activity	Services	148	26	84,57	74,29
	Commercial	21	5	12,00	14,29
	Production	6	4	3,43	11,42
Length of a corporation's activity in the Slovak market	up to 5 years	128		60,95	
	5 – 10 years	45		21,43	
	10 and more years	37		17,62	
Level of corporation's activity	Regional	78		37,14	
	Local	76		36,19	
	National	42		20,00	
	International	14		6,67	

Chart 1. The structure of investigated sample of small corporations. Source: Own processing.

Small corporations in our studied sample run business mainly on regional (37%) and local levels (36%): companies running their business within SR 20% and companies throughout EU 7%.

3.2. Research goals and research questions

The main goal of the research was to analyze the process of strategic making decisions in a theoretical and practical level and to outline the theoretical model of strategic making decision processes of small corporations. Being patterned on theoretical foundations and set goals of research, the following research questions have been formed whose answer will enable us to understand and identify the process of strategical making decision in small corporations.

Research question 1: Does the process of strategic decision making in small corporations lean toward an intuitive model of decision making?

Research question 2: Is the process of strategical decision making in small corporations mainly formed by external environmental factors?

Research question 3: Has emotional, cognitive, and social tendencies of their managers the major influence on strategic decision making in small corporations?

4. Research results and discussion

Within our study sample of 210 small corporations concerning their strategic decision-making processes, managers and owners of these companies consider future planning and self-development to be critical.

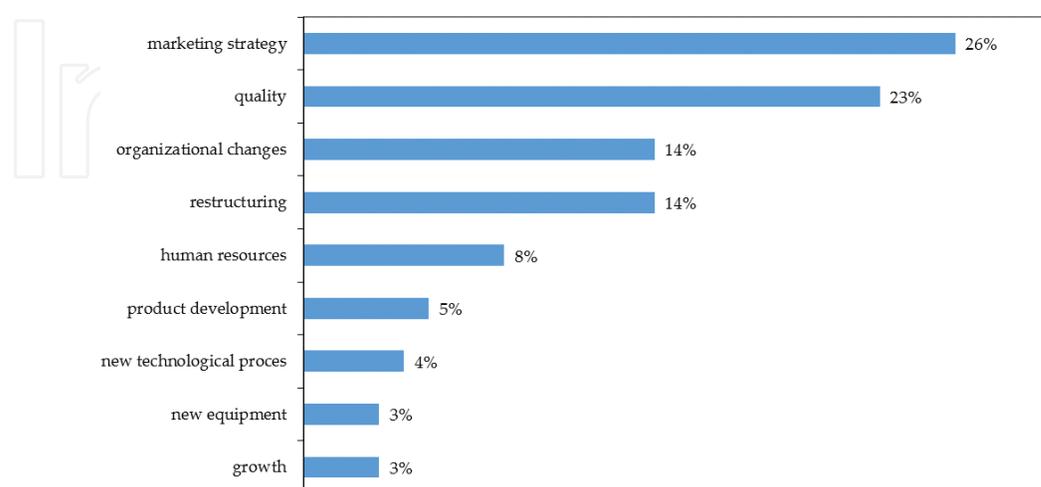
4.1. Strategic fields

The first question in our research involved areas limited to small corporations in Slovakia where the strategic decision making relies on and introduces the exact type of decision making within the period of the last 2 years. We have also asked which factors are the main triggers of the strategic process of decision making in their corporations.

The managers had defined more concrete problems which were divided into the groups that we can see in **Graph 1**.

On the basis of this knowledge, we have discovered several facts. The first one is the economic depression impact on strategic decision making even in small corporations. Rescheduling and organizing changes were represented in order to save costs because of economic depression. However, challenges relating to marketing strategy and its delimitation or appropriate selection of customers and their satisfaction dominated.

The explanation of this is that the employee's loyalty in small corporations is a bigger factor, informal relations dominate, and the managers do not have issues, for example, relating to human resources. That is why we would recommend to those corporations not to ignore the people and their competences in the business and also with a high accent to look at the problems of employees' development rather than how it has been in the past. In these spheres, advances in managing small corporations have been set up on quality as well as knowledge about well-founded decision making where necessary. It is more and more connected with higher and more intensive changes that are often unpredictable and managers, while they



Graph 1. The spheres of strategical decision making in small corporations in SR. Source: own processing.

make strategic decisions, have to also direct and assist employees, learning, and knowledge. It is necessary to encourage their employee's creativity, entrepreneurship, initiative, and ability to work in teams in order that everybody can be involved in customer satisfaction and company improvement.

Higher global competence, a move to an economy of knowledge and fast-shifting technology impact many aspects of work life in a small company. In the future employees with different professional qualifications, good working profiles and higher secondary and university degrees will be necessary in small corporations. The employees will need to improve their abilities and specialist skills.

The most expressively inadequate orientation has appeared in micro-corporations. Especially, they have to attract people with the highest qualification through the process of lifelong education at the company to get over problems. It is necessary to invest in electronic skills, to spread employment procedures for new groups of the population, and to develop the concept of feasibility and foster labor mobility.

It is also necessary so that managers are aware of the fact that the employees represent the most valuable company asset and that's why it is necessary to ensure the strong company cultural orientation for employee training and development plus the empowerment of individual workers. The company should create a pleasant incentive environment for their employees who have to have the possibility for self-development. They have to have an interesting job and be motivated in the most appropriate way. A functioning system is a guarantee of knowledge management.

Through the analysis of strategic areas of small corporations, we found certain reserves in strategic orientation for innovation and technological progress. At present, innovation is more important to survival and business prosperity than ever before. Markets have been changing rapidly and the competition of a developing economy (for instance, China and India) has been bigger and bigger. For small corporations, we can see a bigger challenge in carrying out research and development as well as accomplishing innovation than for big business. Small corporations often lack the financial resources needed to carry out research and therefore need to look for a competent business partner to create their own ideas and provide access to programs that result in innovation.

Innovation is not only a problem for small corporations in Slovakia, even in businesses of medium size and big businesses innovative activity lags behind most other EU countries.

The managers stated that the main reason for the formation of a strategic decision-making process within external resources primarily is their customers. The next "triggers" according to managers are the businesses internal resources. The replacement of employees by a highly qualified work force will give power to the manager and create new opportunities.

4.2. Rational decision making

Among the main criteria that allow us to explore the extent of the rationality behind the decision-making process, we have chosen five entries. These were proposed by Dean and Sharfman [7]

- search for relevant information when creating strategic decisions,

- analysis of relevant information,
- significance of quantitative techniques,
- efficiency of subject's decisions when processing information,
- the use of analytical and intuitive decision-making processes.

Search for relevant information is a significant element of the decision-making process, mainly because correct information forms the whole process and influences its final result. Information is the predisposition for conceptual and competent control and the ability to operatively influence the course of controlled processes and to flexibly react to the changing conditions in both interior and exterior entrepreneur environment. We have divided managers into two types based on their approach to decision making with low or high amounts of required information:

- Managers with maximalist approach (acquisition and analysis of great amount of information)
- Managers with a satisfiable approach (only need key facts).

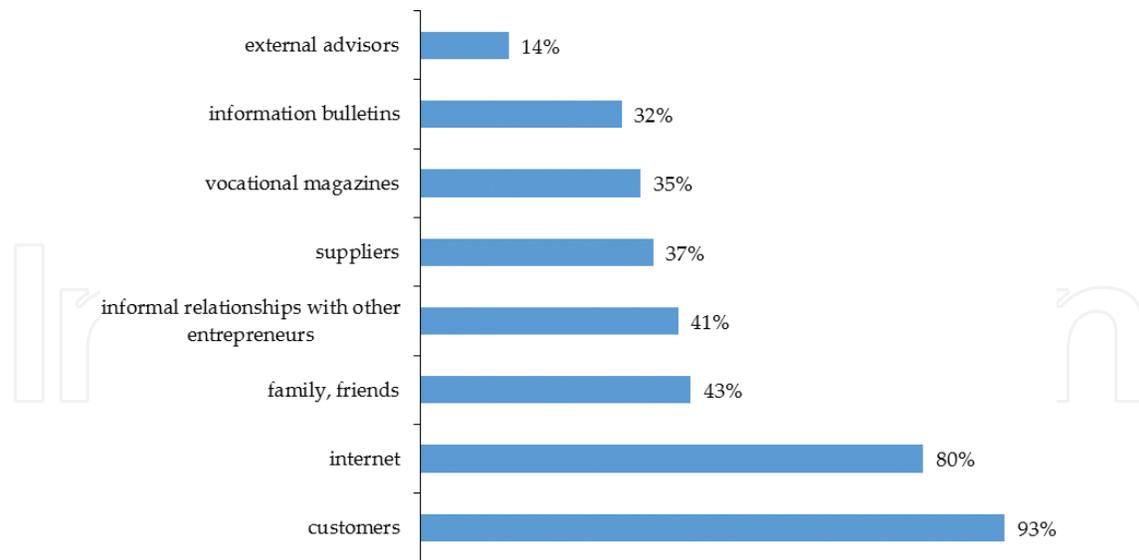
The first group is made by managers, called maximizers. Their goal is to search, accommodate, and restlessly look through a mass of data, before making a decision. The result of their work is a well-informed decision; however, it may be time costly and lack effectivity. This group of managers represents 25% of the whole count. The second group is composed by managers, who only need the key facts, and if these satisfy their conditions—they decide. We call them satisfiers (managers optimize the amount of information). In our research group, these represented the 75% group.

It is obvious that managers of small corporations are more likely to incline to a restricted rational model of the process of decision making, it comes from partial information, which is sufficient for a satisfying decision. The maximization of effectiveness is not always a primary concern in these businesses.

In the fields of information search, we were concerned about their resources, meaning: where do managers get their Intel from. Our research was based on their division into internal and external strategic information. Internal, the one that comes straight from within the business (information about the sources of the business and their use also information about borderline situations experienced in the business, etc.) The source of this information is the staff/business itself. External information is gained from a businesses' external environment, for example, press, analyses conducted by advisory companies and organs of the state, information from suppliers, customers, and so on.

A question was opened, to allow the gain of deeper insight into ways of collecting information. The most usual answers were: "I regularly look through my internet resources," "I read vocational magazines, to keep myself up to date," "I often take advice from my family," "I monitor the demand of my clients"; some answers appeared several times, others were exceptional. The overview is shown in **Graph 2**.

The results lead us to the fact that small corporations in contrast with big (which dispose with a vast source for systematic global, and targeted monitoring) have a much worse situation



Graph 2. Sources of information for managers. Source: own processing.

to handle in this field. Their ability to gain information is significantly reduced in financial, human, material, and technological areas. The greatest source of information for these businesses is customers. A total of 93% of researched businesses see their main inspiration in customers and their feedback. Thus, the main principle is to stay close to customers and adapt strategical decisions to the demand. The next significant source is the Internet, which is nowadays a common part of an entrepreneur's life. Then, with the same approximate representation come vocational magazines, friends and family, informal relationships, and everyday dialogs with other entrepreneurs. Only a small percentage of managers (14%) claimed to use external advisors, due to the shortage of funds.

Information required for strategical decision making of small corporations comes mainly from external sources. It is required to note that search for information is not mostly conducted on a systematic basis. It is based on random occasions; it is time and resource restricted, and considerably subjective. We can state that the methods of searching and amassing information show the application of a restricted-rational model of strategic decision making of small corporations overlapping certain features of the intuitive model, in which the gain of information is affected by approaches, ideas, and resolutions of the manager himself/herself.

When analyzing and processing information, managers followed up in responses to the previous question of gaining information. The nonexistent means for extensive databases, statistical and quantitative analyses, report on both financial and expert level, and restrict efforts put in decision making from reaching maximal value from the information. The problem of effective decision making can also be the fact that managers are overwhelmed with information, and they cannot process them and use them to effectively support the decision-making process. From the results of our research, we have ultimately discovered the lack of correct and clear presentation of information.

Many managers still control and decide as if there was no worldwide computer grid. This problem has several aspects. First, the use of clear intuition is too common; it is substantiated

too often by managers' experience. Second, there is only a very weak link between bits of information that are really accessible to the manager, and the decision that he/she makes.

Ultimately, such analyses are ignored in favor of the institution and comfortable, old practices. Most of the small corporations do not know what their best decisions were and how could information and technologies be used to make those decisions more informed. Our results coincide with other researches [17, 24], showcasing the absence of analytically based managers, trend of using ad hoc approach, the usage of approach based on experience, and behavioral-based evidence.

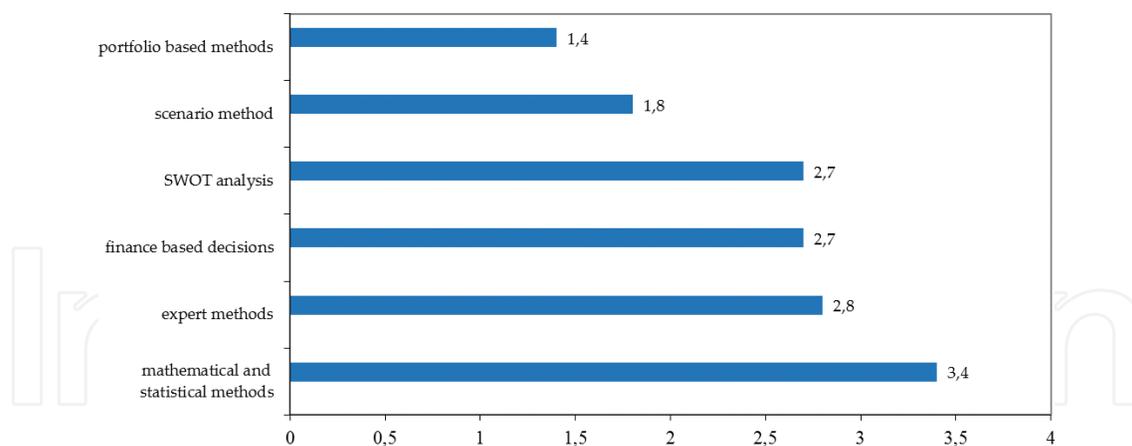
Another dimension within the examination of strategic decision-making process in small corporations referred to the creation of opportunities, which we based on four styles of decision making of managers [25]: decisive (little information, one direction), hierarchical (much information, one possibility), flexible (little information, many possibilities), and integrating (much information, many possibilities).

Managers in our test sample were supposed to place themselves into one of the four given types based on the amount of information and possibilities. The most frequent style of small corporation managers was decisive style—meaning that the managers stated need for less information and narrow focus when it comes to selecting options. Such managers recognize rapid action and effectiveness and consistency in the absence of time and resources. Their choice is linked to overall search, collection, and information-processing processes, which they stated in previous statements, and to sufficient “satisfactory” search options within decision-making process.

Flexible style is the second most common. However, its representation is significantly lower and managers who identified it as used by them use it properly, in times of relative uncertainty, when there is need for quick changes of direction, based on the change of conditions. Hierarchical style is regarded as highly analytical, explaining its small representation in our test sample. Integrating style did not occur in the sample. This style requires many inputs, time, constantly opened information flows, a wide range of views, including contradictory ones, and mostly gives just framing of decision situation with multiple possible solutions considering changing conditions in complex, dynamic, and turbulent business environment during the global crisis.

To assess a model process of strategic decision making (in the sense of assessing its rationality), it was required to research also the use of varying (mostly quantitative) methods and techniques used for deciding (**Graph 3**). Acquaintance and intensity of usage of each decision-making method was rated by managers on a scale from 1 to 5 with the following contextual definition: 1, unknown; 2, known but unused; 3, known, used rarely; 4, known, used occasionally; and 5, known used often.

By studying **Graph 3**, it is clear that not only the usage but mainly the knowledge of basic methods is very low when it comes to small corporations. Our opinion is that the reasons are several. One of them being the all-around knowledge of statistical methods (that also being because of the reason of technical education on many managers). Their use is inexpensive, easy, and time effective. In favor of exact methods is also the fact that a part of them is simply integrated chart processors with tools to analyze, communicate, and to share results. Via this,



Graph 3. Usage intensity of decision-making methods by managers. Source: own processing.

we can also explain the tendency to not use, or rather not know specific managing methods. Then again in case of knowing these, it is characteristic to lack practical experience with using such methods. Another reason is obviously the impracticality of some methods in certain sections of control. The usage, or rather the resting of some software to support decision making, is conditioned by financial and human resources. A manager of a small corporation is not capable of maintaining the required level of expertise in several fields at once.

Based on found results, we can state that the process of strategic decision making in small corporations inclines to a restricted-rational model of decision making, which is restricted by time and funds. It is limited by expert capabilities of managers, it works with deficient information. Information is gained unsystematically, randomly, or based on informal business or social relations and customers' demands.

4.3. Judgment

Another field that we surveyed at managers in order to determine the type of strategic decision making was an area of Judgment. Judgment represents a mental activity, which is also participating in solving problems and decisions. Judgment is the process through which we think about, form our opinions, achieve conclusions, and critically assess actions around us; it is based on an available information and also is a source for decision making.

Managers were asked about their way of judgment to find out specific facts, situations, and events from which we could derive certain conclusions within the meaning of determining the model of the strategic decision making.

Managers in their responses state: "when thinking I use method of trial and error, when thinking I use my own experience and intuition, I had an idea that.... I felt, it should be so, I woke up and suddenly I knew what to do, it was my spontaneous idea, unexpected formation of my thought" and so on.

The feedback is clear that the dominant model is intuitive model. Managers on a regular basis possibly every day act without apparent use of all relevant information that is available from the

environment and their memories. Even if they are aware of all the details, they necessarily do not investigate them deeply and do not always give the appropriate importance, before the decision. On the contrary, they often deal with the first what they think of. It usually occurs without some apparent effort and they cannot answer the question of why they come up with such a proposal. Managers often tend to trust their intuition, simply because it is quite successful in some cases. It seems like it is possible for them to be satisfied with intuition in many situations.

Certainly, we must point out on supportive opinion about intuitive decision making, mainly in small corporation managers. These people do not have time to compare, logically and systematically, all available options. They are learned to make decisions in a certain way, which has worked and saves time so far. On the basis of associations with different designs and past experiences, they assess the situation and almost immediately act on the grounds of experience and intuition. The major advantage is the ease, speed, and parallelism.

However, change of minds is so difficult and slow. Intuitive judgments may or may not be correct and controlled. It is significantly impacted by various inclinations, tendencies, abbreviations, and heuristics. In this case, the best way of how to control the intuitive judgments is by rational mental processes, which is more demanding of time and effort.

This is why many authors point this when they talk about counter-arguments [26–28] and many others. “Faith in intuition is understandable, because people always search for mystical powers for direction of their faith” [26]. It adds that intuition has its place in decision making, but “anyone who thinks that intuition is a substitution for logical thinking, it is only risky devotion of self-deception. Intuition is unstable and independent leader that will easily lead you to success but also to a catastrophic disaster” [26, p. 117]. Therefore, intuitive decisions require years of experience and learning of facts, situations, concepts, procedures, and abstractions that are stored in the human brain.

4.4. Emotional, cognitive, and socially conditioned tendencies of managers

In a small company, and even more in micro-corporations, the personal characteristics of the decision maker have a significant impact on the decision-making process, because in most cases the decision making is domain of only one (the owner-manager) or two people. Heuristics, deviations of rationality, or emotions of managers can suppress the whole decision-making process and bring him/her into the wrong end.

It was not very difficult to investigate the emotional, cognitive, and other socially conditioned tendencies of managers on account of the structure of research. For a deeper understanding, as the object of the research, it would be preferable to choose individual decisions in a smaller number of enterprises that have a wide variety of problems. It may arise in the decision-making process from which it is possible to create specific, different influences of emotions, personality characteristics, heuristics, prejudice, deviations from rationality, ethical values, and so on.

Managers were asked a few of questions to determine the above tendencies. Answers were acquired in the form of a controlled interview, so the meaning of the questions would not be misunderstood. It was about questions like: Do you prefer the experience or an advice of an external consultant? Would you prefer a lucrative sale of the company or continuation of the enterprise in

order to achieve personal goals? Would you rather employ foreign workers who are cheaper at the expense of domestic workers? If you are under stress, do you make a decision or try to move it a little later? If you have made a decision, have you ever wondered what it would be if you chose another option? In bargaining, do you prepare specific proposals before the meeting or you wait for proposals of counterparty? Does it influence you in decision making any various past events, trends, or old information? During decision making, do you consider to decide tomorrow maybe later or do you take an action immediately? Can you relieve from sunk costs (economic or psychological) in your decisions? Have you ever wondered whether in collection of information you emphasis on information that confirm your statement or to conflicting information?

The answers of managers were evaluated and we came to the conclusion that the influence of the abovementioned effects of the decision-making process is visible. It is indicating the dominance of an intuitive model of decision making associated with their intuitive strategic thinking which defined [29] as a thinking which operates according to the main article and the whole is assessed on the basis of selected central element.

5. Conclusion

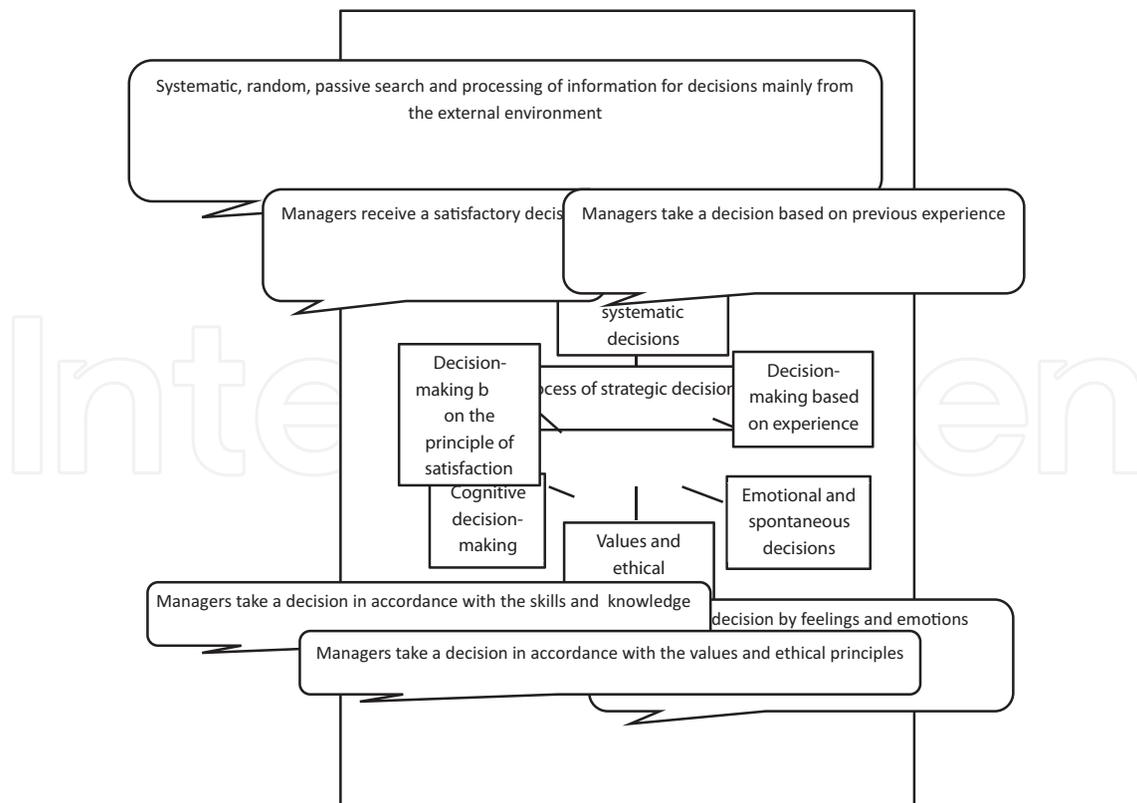
Strategic decisions are usually complex by its nature and try to change the overall scope of authority and the direction of the company, as opposed to simple, routine decisions which are intended to provide a competitive advantage. It relates to the different areas and its effective recruitment has a crucial importance for small and large businesses, since strategic decisions significantly affect business performance. However, research and studies focused and are still focusing mainly on large companies, while there are significant differences between the process of strategic decision making in large and small companies. It causes that the application of theory and research of large companies to small company is limited.

An implemented research allowed us to verify stated research questions. Research question 1 was partially answered. The process of strategic decision making in small corporations mostly tends to intuitive model approach of decision making. Simultaneously, it also appears the elements of limited rational model approach combined with certain characteristics of incremental and decreasing model of strategic decision making. Limited rationality is impartial in small corporations; worse thing is that in these enterprises it is also a consequence of the lack of quantitative analyses, the low level of knowledge, and the use of analytical tools. The answer to the second research question is: the main factor that is formative in strategic decision making in small corporations is customers. The third research question about the effect of experience, ethical aspects, emotions, personal characteristics, and subconscious information processing in taking strategic decisions was also answered.

Strategic decision making in small corporations takes place as a process of non-systematic, random, and passive searching for information largely from the external environment, which lead to the adoption of acceptable or "fairly good" decisions compared to the decisions with maximum effect. Managers accept the value and ethical decisions based on previous experience, affected by feelings and emotions. They subconsciously make decisions on the basis of skills and knowledge.

Based on the analysis of the theoretical basis and research results, we can include the main aspects influencing and forming process of strategic decision making by managers of small firms, shown in **Scheme 1**.

Although the global economic crisis sharply hits small corporations, just these react so sensitively to the economic recession and on the other hand are much more adept in an effort to rescue as larger enterprises. Small corporations cannot afford crews and teams of specialists who would dedicate exclusively to the issue of decision making at the strategic level and apply its principles and procedures. However, they can improve their implemented process of decision making and turn their “shortcomings” over the process running at large enterprises for the occasion. Great competitive advantage, which is given in the research, is the proximity to the customers who can systematically and through supporting implements of decision making use the opportunity to improve the process. The challenge for the improvement may be a significant influence of personality traits manager in approving decision making. Purposeful development of managerial skills using a variety of tests and procedures, to regain consciousness of the existence of certain tendencies and preferences, you can better manage the economical psychological tendencies and detect errors before they affect the final decision. By greater focus on the internal resources, particularly for people to encourage their creativity and entrepreneurial spirit it is possible to improve the quality and effectiveness of the entire process of strategic decision making.



Scheme 1. Aspects of the strategic decision making in small corporations. Source: own processing.

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