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# THE INVOLVEMENT OF ENTREPRENEURIAL NETWORK TIES AS ADVISORY ENTITIES WITHIN THE STRATEGIC DECISION-MAKING PROCESS OF SMALL FIRMS – A PROCESS PERSPECTIVE

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## ABSTRACT

This study focuses on the strategic decision-making (SDM) process within relatively small firms, more specifically investigating the role of owner/managers (OM) and the involvement of network partners. Network partners are found to be useful sources to exchange information with that can be used for strategic issues. However, there is a limited understanding on the dynamics regarding the involvement of network partners within the SDM process. This study touches four dimensions to contribute to this scarce literature by taking into account: (1) who is included? (2) Why is this person included? (3) How does this person contribute and (4) what is the actual impact of this persons' input? Moreover, current literature lacks studies on approaching SDM from a process perspective and therefore this study investigates the role of network partners within four different stages of SDM. Lastly, the study made a distinction between 'strategic decisions' and 'less strategic decisions' to examine whether this would have an impact on the involvement of network partners. Data for this paper was collected by interviewing 16 OMs of relatively small firms within Twente, a sub-region of the Netherlands, which resulted in a sample of 22 SDM processes. The results show that in general OMs do include network partners during the SDM process, especially in the first two stages of the SDM process. Within these stages the involvement frequency is significantly higher than in the last two stages. Thereby, it turns out that most of the involved network partners share (strong) existing relationships with the OM. Moreover, the study found out that different types of network partners are involved, for different types of reasons, with specific contributions and varying levels of impact on the final strategic decision. Eventually, it also turned out that the involvement of network partners differs for 'strategic decisions' and 'less strategic decisions' contingent upon the different stages of the SDM process. By studying the dynamics regarding the SDM process and the involvement of network partners, a contribution is made to strategic management and networking literature since it provides a more detailed understanding of how OMs incorporate their network within strategic processes.

## 1. INTRODUCTION

Being an entrepreneur means that you have to deal with a lot of complexities when making strategic decisions, especially in this turbulent environment. Environments change more rapidly, and these changes sometimes are occurring unexpectedly (Yang and Lui, 2012). When firms are not able to react effectively, a potential radical discontinuity can last (Ghezzi, 2013). In conclusion, both researchers and managers/entrepreneurs stress the fact that the ones responsible for decision-making in these firms need to handle uncertainty (Alvarez, Afuah and Gibson, 2018; Lamond, Lane and Down, 2010) and cannot rely on the

fact that previous patterns are applicable and relevant in today's world (Sargut and McGrath, 2011).

In summary, strategic decision-making (SDM) in today's dynamic world is a challenging task. Within this spectrum, critical attention is at place to see how small sized enterprises function and deal with these circumstances as they play an important role in the modern market (Storey, 2016). It has previously been observed that to a large extent the success of these smaller firms is contingent upon SDM practices of its owner (Slevin & Covin, 1995). The strategic decisions executed by these owners provide the fundamentals of entrepreneurship and can therefore be considered as essential for economic development.

Building on this, a primary concern of SDM within smaller firms is that it most of the time departs from a single individual or a small group of people (Reijonen & Komppula, 2007). Where on the contrary, larger firms have the senior management team and strategic planning staffs that are responsible for key decisions (Kelliher & Henderson, 2006; Brouthers, Andriessen & Nicolaes, 1998) and are supported by decision tools during this process (Goodwin and Wright, 2001). For small firms SDM happens within more limited conditions, especially in a way that its processing capabilities are less advanced and that its information absorption is often more constrained. Eventually, it appears that these circumstances lead to lower decision comprehensiveness (Smith, Gannon, Grimm & Mitchell, 1988). Therefore, the role of the decision maker within these smaller firms is imperative to the decision-making process and with this the successfulness of the firm.

The former proves the relevancy of strategic decision-making for small firms' future prosperity and emphasizes the associated vital role of owner/managers (OMs) as main decisions makers. The definition of OM highlights the importance that for this research exclusively entrepreneurs that are both owners and managers are included, as this dual role has major implications for the potential outcomes of this study. Important to mention is that some of the OMs included for this research do not possess all of the shares of a firm. In some cases, it is an 50/50 ratio, and in some cases there is a second minority shareholder.

Having demonstrated the key role of OMs of small firms within strategic decision-making, recent evidence suggests that struggling to overcome these difficulties entrepreneurs tend to find solutions through observing, interacting and communicating with others (Holcomb, Ireland, Holmes Jr. & Hitt, 2009; Rae, 2006), which introduces the role of entrepreneurial networks (Aldrich and Zimmer, 1986). Research findings, in both empirical work and theoretical musings, provide ample support for the premise that social network ties are beneficial for numerous entrepreneurship-related outcomes including opportunity discovery (Anderson, 2008), venture performance (Vissa, 2012; Watson, 2007), as well as firm

survival (Honig and Samuelsson, 2014). In fact, entrepreneurs to some extent rely on their personal networks when making strategic decisions (Taylor & Thorpe, 2004). These social networks are becoming increasingly important as they provide firms with access to markets, ideas, information, advice, business opportunities, and other resources (Farr Wharton & Brunetto, 2007; Hoang & Antoncic, 2003). Networking prospers the development of social capital, which essentially is the ongoing process wherein individuals obtain resources, advice or other advantages from others they share relationships with. These network connections differ in terms of closeness; some are very strong, whereas other connections are far weaker (Nahapiet & Ghoshal, 1998). Eventually, relating to the paper of Bruderl & Preisendorfer (1998) it shows that the investment in and the utilization of networks in the end is related to the survival and growth of firms especially in the context of small firms (Stam, Arzlanian & Elfering, 2014; Stam and Elfring, 2008).

Previous work of Shepherd, Williams and Patzelt (2015) has made substantial contributions to one's understanding of how entrepreneurs make decisions and the factors driving these decisions. However the literature is far from having a comprehensive and coherent story of this phenomenon. OMs of small firms have many formal and informal sources from which they can seek advice, nonetheless relatively little is known about whether, and how OMs benefit more from some of these relationships than others and how they approach these potential advisors for input in their strategic decision-making process.

Additionally, the research to date on SDM in small firms tended to focus on the influence of entrepreneurial networks typically during venture formation and initial enterprise phases (Batjargal and Liu, 2004; Lee and Jones, 2008). Although there is evidence on networks critical role for the growth of established ventures (Greve and Salaff, 2003; Gronum, Verreynne & Kastle, 2012; Hoang and Antoncic, 2003) there has been limited detailed investigation that focuses on SDM in later phases of a firms' life cycle, and therefore might be a contributing research avenue as OMs on a permanent basis need to consider strategic intentions. Therefore this paper wants to examine the impact of entrepreneurial networks on strategic decisions in later lifecycle stages of small firms by focusing exclusively on firms that are passed the initial enterprise stage.

Furthermore, previously published studies on SDM literature focused mostly on the rationality of the process or processes that were used to arrive at strategic decisions in large corporate firms (Brouthers et al., 1998). These processes are often complex, involve multiple actors and are in most cases strongly influenced by political dynamics (Eisenhardt and Zbaracki, 1992). Despite the importance of research on large firms, there remains a paucity of evidence on the SDM process

within small firms. There is an upward trend in literature (Papadakis, Lioukas, S., & Chambers, 1998; Gilmore and Carson, 2000) that the SDM processes within small business context are different. Meaning that many of these current models of strategic decision-making are not appropriate for understanding the dynamics for SDM in small firms. This study fills this gap by focusing on small firms only.

Considering the previous arguments regarding both SDM and entrepreneurial networks, it is evident to state that entrepreneurial networks are crucial for small firms SDM. Therefore understanding why, when and how entrepreneurs involve entrepreneurial network ties within their SDM processes can be seen as a major research priority (Hoang and Antoncic, 2003; Stuart and Sorenson, 2007; Tasselli, Kilduff & Menges, 2015). Research lacks a comprehensive investigation on this and therefore the study intends to answer the following research question:

- ❖ *How exactly are owner-managers of small firms utilizing their entrepreneurial networks actors as advisory entities within their strategic decision-making process?*

Having introduced the topic of this research and its subsequent research question, the next section will be used to discuss and review the related literature fields with the goal to eventually demarcate the specific contribution of this research study. In the end, this will lead to the research model. First of all, clarification is given about the phenomenon 'strategic decisions' and its impact on businesses to better understand the rest of the paper.

## 2. LITERATURE REVIEW

### 2.1 What is meant with 'strategic decisions'?

First of all, to counteract ambiguity regarding the definition of strategic decisions in this study a clear explanation is imperative. Strategic decisions shape the course of a firm, determining the actions taken, and the resources committed and the precedents set, to execute the predetermined strategy of the firm (Miller, Galanter and Pribram 1960). It has been shown that these strategic activities are of crucial importance for organizational health and survival (Eisenhardt & Zbaracki, 1992). These decisions are fundamental trade-offs concerning how firms should compete and organize, focusing more on central tensions regarding organizational decisions. What can be seen is that firms tend to delay making strategic decisions. However, not being proactive can be a costly case because for example competitive firms might react more rapidly on the same strategic issues. A relatively recent view was proposed by Leiblein, Reuer & Zenger (2018) who argue that: "strategic decisions are

interdependent with other organizational decisions, as in interdependent (1) across other simultaneous decisions, (2) across the decisions of other economic actors, and (3) across time. Decisions are more strategic when they involve these three characteristics, and, in making strategic decisions, strategic actors seek to guide or compose complementary or super additive decision patterns that thereby create value” (p. 570).

Eventually, it is hard to exactly say when a decision is really strategic or perhaps less strategic than one thinks it is. In order to give some sort of assessment this research takes into account the framework of Shivakumar (2014). According to Shivakumar (2014) strategic decisions exert a significant influence on the degree of commitment (Ghemawat, 1991; Sull, 2003) and exert a significant influence on the scope of the firm (Spulber, 2009; Rotemberg & Saloner, 1994). These decisions influence the subsequent decisions, tactical and operational, that the firm must make. Shivakumar (2014) developed a conceptual framework that helps to understand how strategic decisions differentiate from less strategic decisions. The framework determines decisions on its organizational impact by evaluating it on two dimensions; (1) the degree of commitment and (2) the scope of the firm.

According to Shivakumar (2014): “The degree of commitment is measured by the extent to which a decision is reversible. Some decisions are very expensive to undo while others are much less costly to undo” (p. 79). Management literature relates the concept of commitment to the domain of strategy because it has a significant impact on firm performance. For example, when a firm wants to create sustainable competitive advantages often investments are required, which are subsequently hard to reverse. Having said this, the intensity of the firms’ committed actions can be assessed by the related sunk costs, opportunity costs etc. when making a certain investment.

According to Shivakumar (2014): “The scope of the firm is often taken to mean the firm’s choice of products, services, activities, and markets. In fact, the scope of the firm also includes the firm’s organizational activities, the decisions that influence the organization’s people, architecture, routines, and culture” (p.80). In fact, this dimension determines how and where firms create and capture economic value. One can imagine that some decision have more significant impact on the scope of the firm than others. The framework assesses the influence of each decision on the scope of the firm.

By means of this framework the research study intends to investigate if the extent to which a decision is really strategic has an influence on the involvement of network partners by the OM within the SDM process. This resulted in the following sub-question:

*To what extent is the inclusion of entrepreneurial network actors dependent on the type of strategic decision?*

Having explained the phenomenon ‘strategic decisions’ the study continues by diving into the literature streams of strategic management and networking theories to build a strong fundament for this study to contribute to both research fields. First the strategic management spectrum will be discussed where after the networking literature will be touched. In order to clarify the study’s research field, a clarification is given in figure 1. After having discussed both literature streams, a section is formed regarding the specific contribution of this research study, visualized with two conceptual models to understand the actual contribution of the study.

## **2.2. Strategic management domain**

Strategic management is a multidisciplinary area of research interwoven with economics, sociology, psychology, politics and philosophy. The main research streams include: the resources-based view and knowledge-based views of the firm, behavioural strategy, competitive dynamics, competitive heterogeneity, cooperative strategy, corporate-level strategy, global strategy, industry dynamics and evolution, innovation and technology strategy, institutional and nonmarket strategies, stakeholder theory, strategic change, strategic leadership, strategy as practice and strategy processes (Durand, Grant & Madsen, 2017).

In this study, the emphasis is on contributing to the ‘strategy processes’ literature stream of strategic management. It means that the study approaches strategy as a process, especially since it turned out that decision processes matter (Dean Jr. & Sharfman, 1996). OMs are in the responsible position to have significant impact on the processes that initiate strategic decisions, and therefore also on the actual success of strategic decisions. As a starting point, the main theoretical perspectives towards strategic decision-making processes will be introduced. Subsequently, more specific models are discussed where after a link is formed with the incorporation of entrepreneurial networks. Since multiple streams of literature are present on entrepreneurial networks, a specific clarification is proposed on how this study contributes to the current network literature. Eventually, a conceptual research model is developed to function as framework for the research design.

Most studies in the field of networking tended to focus its role on important role for the creation and discovery of opportunities, the organization of resources, and the formation of inter-organizational partnerships. Meanwhile limited research is present regarding the effect of entrepreneurial networking activities on the process of strategic decision-making in general.

Up to now, there has been a decent amount of literature that has examined the strategic decision-making process within organizations. In general, strategic decision-making can be seen as a dynamic process in which many players inside the firm are involved. These actors act both mutually and independently on the formulation and implementation of strategic decisions. However, within this literature spectrum different perspectives were addressed on how to approach the decision-making process.

The rational comprehensive model conceptualizes decision makers as entities setting explicit goals subsequently striving to find the most 'optimal' solution. The model envisions a top-down approach where top-managers formulate the strategic decisions and others within the firm implement them. Within this model, strategic decision-making is the outcome of comprehensive analysis, planning and implementation.

An alternative perspective in the form of the political incrementalism model, assumes that firms' goals are vague and that decision-making is limited by the constrained argumentation of decision makers. This view does not see the world as being linear and therefore no optimal strategic decisions can be made. In essence, this stream of literature approaches strategic decision-making as a complex social process in which many internal and external entities contribute to the analysis and implementation of firms' strategic decisions (Shivakumar, 2014; Cabantous & Gond, 2011).

Additionally, Harrison (1996) emphasizes the environmental conditions as major starting point for strategic decision-making. His approach is more focused on the link between an organizations' status and its external environment. In the core, this relationship can be illustrated by the existence of a strategic gap. This strategic gap focuses on the fit between the capabilities of the organization and its most significant external entities and circumstances.

Elbanna (2006) proposes a more nuanced summary: "decision-makers might achieve a more balanced perspective by considering both intuitive and rational processes as complementary or dual processes" (p. 14) (Sadler-Smith & Shefy, 2004). Intuition can be applied when rational processes have already done the fundamental analyses (Sauter, 1999).

Having discussed several perspectives on SDM processes, the most recent insights show that the strategy process has been changing last years (Whittington et al., 2011; McGrath, 2013). Currently, a shift towards more openness is observable regarding strategic processes as firms are experimenting with the inclusion of larger numbers and more diverse sets of actors (Hautz et al., 2017b). This increased level of openness in strategizing strokes with a broader societal trend that has emerged over the past decades (Castells, 2015). Several studies responded to these changes and found evidence on how the involvement of multiple actors within the SDM process enables

access to different sources of technical expertise (Appleyard & Chesbrough, 2017), industry and position specific perspectives (Baptista et al., 2017) different ideas for potential strategic plans (Hutter et al., 2017; Luedicke et al., 2017; Malhotra et al., 2017) and different interpretations of potential solutions (Teulier & Rouleau, 2013). However, greater inclusion brings significant challenges as well. It reduces speed, flexibility and control over the decision-making process (Ashmos et al. 2002). One could say that 'the knife cuts at both sides' when summarizing the usage of a greater pool of advice during SDM processes. Therefore, considering both disadvantages and advantages, it makes sense to find out if there is something like an optimum on how OMs should approach strategic decision-making when incorporating a greater variety of advisors, as reported by Hautz, Seidl & Whittington (2017) who suggest further research on the dynamics of more open strategizing.

Taking into account the recent developments of more open strategy making an appropriate framework regarding the process of SDM is imperative for this study. As strategic decisions are not made at one moment in time, it covers a certain period of time in which entrepreneurs considers possible scenarios and potentially exchange different perspectives with network actors.

Having said this, there is relatively less extensive literature on the SDM processes within small firms' context. Essentially, this stream of research incorporates two main categories. The first is about 'how strategic change is implemented', concentrating on the context of change, management styles and the change process (Johnson, Kulesa, Cho & Shavitt, 2005). The second is about 'how strategic decisions are made within organizations', concentrating on management and context (Papadakis et al., 1998) decision-making speed (Baum and Wally, 2003) decision-making effectiveness (Dean and Sharfman, 1996) and comprehensiveness (Fredrickson & Mitchell, 1984). As the study's research question focuses on how strategic decisions are made within small firms it makes sense to discuss several proposed process structures.

Mintzberg, Raisinghani & Theoret (1976) initially were one of the first who proposed that SDM process could be conceptually structured into different phases: (1) the identification phase, (2) the development phase and (3) the selection phase. More appropriate to the setting of small firms, Jocumsen (2004) came forward with a much less complex process (fig. 1). He found out that the steps 2-4 are not rigid and are executed in changing order. Thereby, these steps are blurred and have shown overlap.

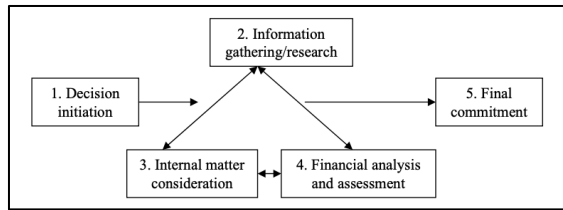


Figure 1 a model of the strategic decision-making process in SMEs (Jocumensen, 2004)

Moreover, a social network perspective towards the process of strategic decision-making is given by Hautz (2017) which strokes with the aforementioned increase in openness. This paper conceptualizes the potential added value of a broader inclusion of actors within the strategic process. Three different phases of the strategy process are suggested, which involve distinctive types of strategic activities subsequent social processes. (1) The *variation* phase includes absorbing and sharing knowledge, and generating a range of new strategic ideas, (2) the *selection* phase which is about deciding on and selecting the most appropriate strategic choice through evaluation and legitimization processes and lastly (3) the *retention* phase which is about the integration and adaption of strategic choices by means of new approaches, processes and ideas into a firms' current set of routines. This study, compared to previous research, contributes to a more comprehensive conceptual understanding of increased inclusion in strategy, by investigating the openness of OMs across all stages of the SDM process (Wooldridge, Schmid & Floyd, 2008). Based upon the previous findings and its relations with the research questions, the following sub-question is formed:

*1. To what extent is the inclusion of entrepreneurial network actors dependent on the different phases of strategic decision-making process?*

Considering this sub-question and in order to structure the current research, the proposed three-strategy process stages by Hautz (2017) are used: (2) the *variation* phase, (3) the *selection* phase and (4) the *retention* phase. However in this study, we suggest to include an extra phase before the *variation* phase, which is named the (1) *initiation* phase. In this study, it is assumed that firms engage in strategic change with the reason to achieve an external and internal fit (Müller & Kunisch, 2018). In other words, strategic changes derive from the fact that firms move away from equilibrium and misfits last (Pettigrew, Woodman & Cameron, 2001). However, when this happens, it seems reasonable to assume that OMs' involve their entrepreneurial network to extract advice. A stream of literature comes up with the phenomenon 'alert decision makers' which are "decision makers that are open to the possibility that new and relevant information can present surprises" (Gaglio & Winter, 2009, p200) and help them to deal with these organizational

misfits. If an OM feels the high need to respond after examining the new situation a possible strategic decision is in the making. Thus, by incorporating an *initiation* phase the study accounts for the run-up period to initiate a strategic decision and examines the process on how entrepreneurial network ties are employed in this phase.

By approaching SDM as multi-staged process (process perspective) the study's contribution lies in the fact that it can investigate patterns within sub-stages of the strategic decision-making process. By doing so this study contributes to a more holistic understanding of increased inclusion in SDM, whereas previous research on open strategy making was limited to one specific strategy phase.

### 2.3. Networking literature streams

Having reviewed literature regarding SDM within the strategic management area, the literature concerning networking needs to be touched. Eventually, specific contribution of networking towards SDM is funneled out and a combination of both literature fields is developed. However, first of all a decent consideration of the networking literature is appropriate.

Literature on networking within entrepreneurship has been intensively examined for approximately thirty years. In essence, there are three main themes that emerge in literature reviews: (Hoang and Antoncic, 2003; Hoang & Yi, 2015) (1) why networks develop, (2) how networks develop and (3) what networks develop. Networks develop because entrepreneurs strategically pursue specific network ties to ensure the resources required for their predetermined goals (Porter and Woo, 2015). Over time the motivations and goals of entrepreneurs change, and with these networks accordingly (Greve & Salaff, 2003). How networks change can be linked to multiple factors. As ventures go through a certain life cycle, its network simultaneously changes through identification, selection, expansion and the exclusion of network ties (Slotte-Kock & Coviello, 2010). Moreover, entrepreneurs make use of different networking strategies, actions and styles. Encountered referrals, entrepreneurs' social skills, passion and desire for control are other aspects that influence how networks develop. Mostly, entrepreneurs themselves are agents of network change. It is the third mentioned theme within networking, 'what networks develop' that fits with the research question of this study, as we are interested in the inclusion of entrepreneurial network actors and how these contribute to the SDM process.

In this stream of literature, three related issues are addressed: development and structure of networks (who has an relationship with whom, and why), the type of exchange and impact of these networks on individuals within networks and the nodal elements of the entrepreneur itself (personal characteristics). These streams are grounded in the social capital

theory (Burt, 2000; Hoang & Yi, 2015; MacGeorge, Feng & Guntzviller, 2016). “Within the broader theoretical construct to which networking relates, social capital is broadly perceived as an asset that exists in social relations and networks (McKeever, Anderson & Jack, 2014, p. 455). In fact, it is the sum of all resources nested, available and eventually obtained from an entrepreneurs’ network (de Clercq, Dimov, and Thongpapanl, 2013).

The structural element is about entrepreneurs’ focal perspective towards its role and position within a network of relationships. The most emphasized elements of structure in entrepreneurship research are size, centrality, tie strength and structural holes. Nodal elements point out entrepreneurial actors’ personal characteristics e.g. their cognitive or social competences. Lastly, relational elements refer to content that is exchanged between actors within the network, such as the resources, information and emotional support. These exchanges are influenced by governance mechanisms like trust, social mechanisms and legal constructs.

Considering the structural element, it is key to understand which network actors are included and what exactly motivates the choice to select a certain network actor. Much evidence exists on OM of small firms extracting information from (Rostamkalaei & Freel, 2017) “a broad use of social networks, business networks, banks and accountants; private professional business services and publicly funded advisory services” (p. 539). The vacant construct that applies here is the allocation of attention (Rhee & Leonardi, 2018; Dahlander et al., 2016; Ocasio, 1997) within an OM’s network. In other words: to whose advice pays the OM attention? Therefore the following sub-question is formulated:

## 2. Who is included, and why?

For this question the theory of Granovetter (1973) comes into play: “The strength of a tie is a combination of the amount of time, the emotional intensity, the intimacy and the reciprocal services which characterize the tie” (p. 1361). In this sense “a strong tie” stands for close connections and “weak tie” for less close connections. Moreover, the importance of tie strength lies in the fact that strong ties characterize well-defined groups, and weak ties may provide a link between them. In fact, weak ties function as provider of non-redundant information that otherwise may not be available to individuals if communication was limited to those with whom OMs share strong ties. In general, prior research supports the idea that network diversity benefits entrepreneurs whether they are exploiting their current networks and/or building new ones (Dyer et al., 2008; Filatotchev, Liu, Buck & Wright, 2009). Eventually, OM’s can have several reasons to create a relationship with network actors. According to Jack (2005) the motivation to originate or initiate a

relationship with a particular network actor is based upon (1) the type of information provided, (2) usefulness and applicability of the relationship to entrepreneurial situation at a specific point in time and (3) the extent to which entrepreneur trusts information provided by these network actors.

To characterize the motivation of selecting certain network actors the study considers multiple aspects: (1) the perception of the actors’ expertise and credibility (Fisher, Ilgen, & Hoyer, 1979; O’Reilly & Roberts 1976), (2) interpersonal trust (Andrews & Delahaye, 2000; Tsai & Ghoshal, 1998), (3) accessibility (Cul nan, 1983; O’Reilly, 1982), (4) as well as the expected costs of obtaining specific information (Hansen & Haas, 2002) and (5) prior experiences with this specific network actor (Allen, 1977; Gerstberger & Allen, 1968).

Furthermore, current literature mainly took on structural approaches to entrepreneurial networks and do not focus so much on the content of what an entrepreneur obtains or neither the process of extracting content from network ties. Instead, they focus on the structure and nature of those ties (Herrick, Angus, Burns, Chen & Barney, 2016). Considering our research question, this study wants to investigate the content that is exchanged between an OM and its network partners. Based upon this the following sub-question is formulated:

## 3. How are entrepreneurial network actors contributing?

This question requires a clear examination on what selected network actors actually share with the OM. Emphasis will be on the content exchanges between OM’s and their entrepreneurial network ties, examining the type of content shared and the influence of a specific content interaction on the continuation of the SDM process (Hautz, 2017). As mentioned in the literature different types of content are exchanged between the OM and its network actors (Coviello and Joseph, 2012; Reymen, Andries, Berends, Mauer, Stephan & Van Burg, 2015).

Besides information exchange, networks can also provide an opportunity for peer learning (Pages and Garmise 2003) and can act as a screening device (Burt, 1992). OMs network relationships can bring in new, relevant information and could potentially function validator of existing, or new absorbed information. These former explained opportunities might have a positive impact on the effectiveness and efficiency of the strategic decision-making process (Coleman, 1988). Network partners as validation entity gives OMs the possibility to evaluate recent information and knowledge regarding credibility and usefulness for the strategic decision, enabling decision-makers to process the information more selectively, leading to increased efficiency (Jansen, Curşeu, Vermeulen, Geurts & Gibcus, 2013).

Emotional support as relational element (Hanlon and Saunders 2007) plays a role in an entrepreneur's motivation and ability to engage in network exchange activities (Adler and Kwon 2002). It has also been linked elsewhere to persistence in the face of challenging social interactions, including attempts to secure new resources (Johannisson, 2000). Moreover, MacGeorge, Guntzviller, Brisini, Bailey, Salmon, Severen & Cummings (2017) found that the emotional support provided by an advisor influences the advisee's perceptions of the quality of the advice, and thus the likelihood of its implementation. Thereby, OM's can turn to their network actors for support and encouragement (Bruderl and Preisendorfer 1998; Tjosvold and Weicker 1993) with the aim to overcome obstacles while maintaining long-term motivation and to build and maintain self-confidence (Johannisson et al. 1994). Emotional support, however, has still found little attention in literature.

The aforementioned content types that can be obtained by an OM are assumed to have certain implications for the final strategic decision that will be made. However, not all obtained advice will have the same impact on the final strategic decision, therefore this study will account for this by examining which type of network actors have significant impact on the final decision and which have not, which resulted in the following sub-question:

#### 4. What is the actual impact on the final strategic decision?

The art of being a 'good' OM is to recognize the limits of your own capabilities, knowledge of skills and search for additional information and expertise within your entrepreneurial network. However, according to Jansen et al. (2013) "higher varieties of connections ultimately impact negatively on decision effectiveness. Consequently, the positive effects that are often expected from and associated with being subject to a high variety of connections should not be mistaken for getting a more accurate assessment of the strategic issue at hand" (p. 742). It turns out, especially in the setting of service firms that if decision makers are not able to put the relevant pieces of information together crucial to the decision situation, the actual strategic outcome will suffer.

Having demarcated the boundaries of this research, as can be seen in figure 2, research findings of Sosa (2011) and Kerr & Coviello (2019) highlight the importance of understanding how entrepreneurial networks are utilized, referring to dynamical process of when, why and how entrepreneurs involve certain network ties within their SDM process, as advisory entities. In order to examine this underrepresented phenomenon the aforementioned sub-questions explain the study's contribution. In figure 3 a clarification of the study's contribution is given by positioning each of the four sub-

questions within a research model.

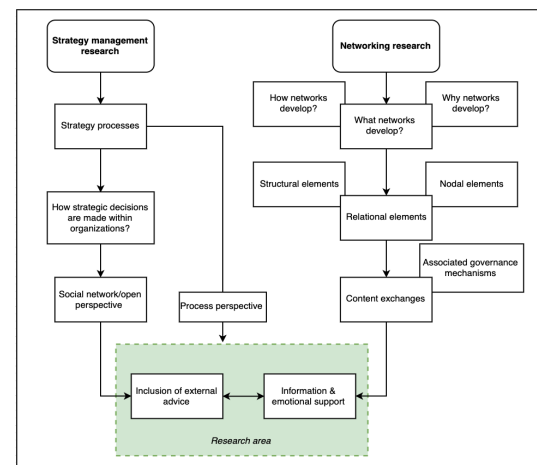


Figure 2. Clarification of the study's positioning within the existing research fields

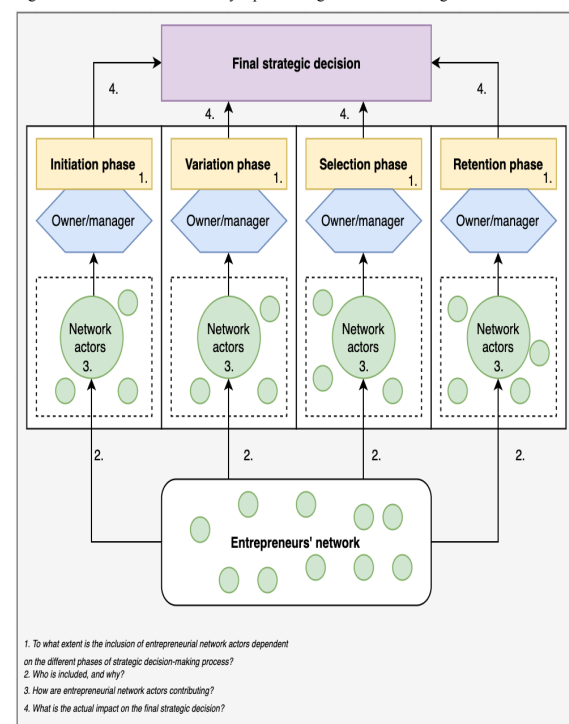


Figure 3. Research model (with the visual positioning of the four sub-questions)

### 3. METHODS

#### 3.1. Research design

In order to accomplish the main research goal and its sub-themes this study applies a qualitative approach. As we have to deal with a dynamic and interactive process - the SDM process and the inclusion of entrepreneurial network ties – qualitative research is well suited for this type of research (Lee & Lee, 1999). The primary objective is to extend theory taking a grounded theory approach (Glaser and Strauss, 2017; Charmaz, 2006) by inductively investigating a process perspective on the inclusion of entrepreneurial network ties within the process of SDM by OM's of small firms. In order to create alignment between interview questions and the research question, the sub-



questions with its different components were integrated within the interview protocol.

### 3.2. Sampling

Theoretical sampling is an integral part of the grounded theory approach as it more or less triggers the researcher what to collect next. Glaser and Strauss (1967) describe theoretical sampling as the following: 'this way of sampling rather than being predetermined before beginning the research, evolves during the process. It is based on concepts that emerged from analysis and that appear to have relevance to the evolving theory... the aim of theoretical sampling is to maximize opportunities to compare events, incidents, or happenings to determine how a category varies in terms of its properties and dimensions'.

The sample includes 16 entrepreneurs that function within their firms as both owner and manager. The actual units of analysis are the strategic decisions made by the entrepreneurs. What was aimed for is to discuss two strategic decisions with every entrepreneur, however this was not achieved in the end, which resulted in a total sample set of 22 cases (SDM processes).

Additional respondents are added as dictated by an iterative qualitative data analysis approach (Miles & Huberman, 1994). Therefore respondents were recruited until no new information was forthcoming. The quest for additional in-depth interviews stopped when each SDM phase was well defined in terms of its research dimensions and its relationships with other SDM phases as explained in the theory section of this study.

Potential respondents were selected via the business networks of the authors' brother and father. All entrepreneurs that were selected were owners of small firms and have their company located in the region 'Twente' which is a sub-region of Overijssel, the Netherlands.

### 3.3 In-depth interview structure

In order to obtain useful insights the use of retrospective data in which people reconstruct events was used to get close to the phenomena of interest: SDM process and the involvement of network partners. A relatively strict and concrete interview protocol was developed by which each distinctive interview will obtain comparable data, which subsequently makes the data more measurable and thus easier to analyze for theory building. However, it is expected that OM's do not approach strategic decision-making by means of a process divided into different sub-stages. For this reason, they will not recognize the four different sub-stages and therefore it was decided to focus on understanding the whole process. Afterwards, by having obtained as much information about this process, the researcher will identify the specific stages and the subsequent role of the OM's network, and checked all issues as outlined in the original interview protocol (Appendices 9.1). In this manner, themes and

patterns will be detected among the four sub-stages of the SDM process and makes the data ready to get analyzed.

To succeed in conducting comprehensive analyses and interpretations, the data need to be detailed, have to fully convey the experiences of the OM but in the end needs to be measurable. To realize this, the structure of the in-depth interview is based upon the four sub-stages of SDM process as developed in the theoretical framework (2.4.7). With this, the first sub-question is taken into account by considering different phases within strategic decision-making. The three other sub-questions are integrated in the in-depth interview by means of including existing measurement methods. These will be described in section 2. In essence, the interview protocol is comprised of two sections: (1) background information of the OM and (2) the actual questions regarding the sub-question of the research study.

*Section 1.* In this section background information is gathered to function as control variables and to see how these might relate to certain final outcomes of the study. Information will be obtained regarding the entrepreneurial, firm specific and industry experiences of the specific OM. Thereby information regarding the business is obtained (dynamics within the firm).

*Section 2.* This part of the interview is structured according to the aforementioned four SDM sub-stages (2.4.7). During this part of the interview, the OM will be taken through the whole SDM process - (1) initiation phase, (2) variation phase, (3) selection phase and (4) the retention phase) – by the interviewer. In order to make clear distinctions between each of the SDM phases the OM will be informed about the nature of each phase, as it is not likely that OMs are aware of certain distinctive phases during their SDM processes. For each of the sub-stages, questions are asked regarding the sub-questions of this study. Below for each of the three sub-questions the measurement methods are elaborated.

*Who is included, and why?* To measure the tie strength with a specific network actor the study relates to Granovetter (1973): (1) the amount of time, (2) the emotional intensity, (3) the intimacy (mutual confiding), and (4) the reciprocal services that characterize the tie. Moreover, to investigate the motivation of initiating an exchange with a certain network actor the study considers Jack (2005) who mentions two important aspects to take into account: the usefulness and applicability of the relationship focused on a specific point in time. However, in order to know what exactly motivates the OM to select a certain network tie at a specific moment in time the following reasons are considered: (1) the perception of the actors' expertise and credibility (Fisher, Ilgen & Hoyer, 1979), (2) the interpersonal trust (Andrews & Delahave, 2000), (3) its accessibility (Cul nan, 1983; O'Reilly, 1982) (4) as well as the expected costs of obtaining specific information (Hansen & Haas, 2002) and lastly (5) prior

experiences with the network actor (Allen, 1977; Gerstberger & Allen, 1968).

*How are network actors contributing?* Network actors can contribute by giving information, emotional support and resources. In this research we focus only on intangible contributions of network actors. The study investigates the specific type of information and advice (industry, technology or organizational/strategic information). Next to this the potential role of emotional support is considered and how this might have an effect on the SDM process (scale measurements).

*What is the actual impact on the final strategic decision?* In the end, the study wants to figure out on how each selected network actor contributes to the final strategic decision. In addition, the OM is asked how he or she actually processes the obtained information. The OM can connect the dots and takes into account all obtained information or he or she values only a specific set of network actors when making the final strategic decision.

*Focus.* In order to focus on concrete, precise examples of OM's making strategic decisions and the involvement of entrepreneurial network actors, the two last strategic decisions made (Charmaz, 2006) are investigated. The entrepreneur will get sent a document up front, which contains an explanation of what can be expected from him or her and to demarcate the interview boundaries.

*Strategic decision.* Moreover, as this study focuses on the 'strategic decisions' an appropriate operationalization on how to investigate this is imperative. Therefore this study focuses on the most recent strategic choices made by the OM. In terms of a theoretical classification of 'strategic decisions' we refer to 2.1 of the theoretical framework. However, to make things clear for the OM that will be interviewed we refer to 'strategic decisions' as decisions that had a big impact on the businesses. We assume that OM's know what is meant with a strategic decision. Eventually, having gathered data about multiple strategic decisions it is suggested to make clusters of comparable strategic decisions in order to come up with more specific findings.

*Language.* For this study, the goal was to write interview questions that are understandable and accessible to participants. Brinkmann and Kvale (2015) stated, "The researcher questions are usually formulated in a theoretical language, whereas the interview questions should be expressed in the everyday language of the interviewees" (p. 158). Therefore, during the interviews no difficult terms are used, one question at the time asked, and the use of jargon is avoided (Patton, 2015).

### 3.4 Data collection

In total 16 interviews were conducted where for most of the interviews one strategic decision making process was discussed and for some of them two. In terms of the selection criterion the researcher asked the entrepreneur for a recent strategic decision that comes to mind the quickest. Eventually this resulted in 22 SDM processes, which are the units of analysis. The author conducted all 16 interviews in a face-to-face setting. Each interviewee received a preliminary one-page document that described the research topic and the issues that will be discussed. All of the interviews were recorded and transcribed, which lasted from 35 to 70 minutes each. During and after each interview, the researcher made note to improve the follow-up interviews (Eisenhardt, 1989). In order to get useful data, a situation in which interviewees give 'real' information and do not show favorable behavior, the interviewer applied the guidelines of Miles and Huberman (1994). For this reason, interviewees were informed about the study's objective and were alerted that conversations and results are strictly confidential. Moreover, an informal interview setting was created to make the interviewee more comfortable and create such an atmosphere where he or she feels free to speak openly.

### 3.5 Data analysis

The data analyses followed a qualitative, iterative and inductive content analysis approach (Corbin & Strauss, 1990; Corley & Gioia, 2004; Gioia, Corley, & Hamilton, 2013; Miles & Huberman, 1994; Pratt, Rockmann, & Kaufmann, 2006). The interview data was interpreted through a systematic process of funneling out the relevant information, via a stepwise process derived from the paper of Calabretta, Gemser & Wijnberg (2017) to create clarity on how the data is analyzed.

*Step 1. Identifying the different sub-stages within the SDM process and identifying the role of specific network partners.* During the interviews the interviewer asked the OM's to explain the SDM process from the beginning till the actual implementation of the strategic decision. Thereby, and crucial to the research goal, the interviewer focused on asking explicit questions regarding the role of network partners. In terms of analysis, each transcribed interview had to be read to give answer to all the questions as developed in the strict interview protocol as described earlier. By means of this, all 22 strategic decision-making processes will have comparable and measurable data. Afterwards, these structured interviews were analyzed again and what remained was a set of accurate, brief analyses of 22 strategic decision-making processes with the involvement of network partners for each sub-stage of the SDM process. Subsequently, with this data structure analyses were done per sub-stage of the SDM process by observing the frequency of: (1) the involvement of what type of network partners, (2) the motivations behind involvement, (3) the specific contribution

and (4) the actual impact on the final strategic decision. Eventually, for each sub-stage of the SDM process the main outcomes of these analyses are worked out in the results and findings section.

**Step 2. Identifying different types of strategic decisions, and investigating the involved network partners.** This process started by differentiating on the strategic decisions by using the framework of Shivakumar (2014) taking into account commitment and scope. For this study, it was decided to differentiate the strategic decisions in two groups. A group that scores high on both elements and a group that do not score high on both elements (scoring low on both elements or either high on one of the two elements). This resulted in a group of 14 'strategic' decisions scoring high on both elements and a group of 8 'less strategic' decisions not scoring high on both elements. The author gave the scores. Subsequently, these two groups of strategic decisions and their corresponding SDM process were compared to each other and were investigated on involvement of network partners as executed in step 1. Below it gives an overview of the strategic decisions scoring on the two elements of Shivakumar (2014).

Strategic decisions	Commitment	Scope
	The extent to which a decision is reversible (sunk costs, opportunity costs and inertia)	The extent to which a decision influences the organization's people, architecture, routines and culture
1 New machine	High	Quite high
2 New location	High	Quite high
3 Profit distribution	Low	Low
4 Extension service	Quite high	High
5 Extension sales men	Low	Low
6 Reunite commercial processes	High	High
7 New softwareplatform	High	High
8 New vision	High	High
9 New software	High	High
10 Capacity consolidation	Low	Low
11 Reduction of product portfolio	Low	High
12 Extension product portfolio	High	High
13 Focus on 1 productcategory	High	High

14	New internal logistic process	Not that high	High
15	New central location	High	High
16	Extra agent/broker	Low	Low
17	Focus on marketing	Low	Low
18	Invest in material for employees	High	Low
19	Composition management team	High	High
20	Consolidation or grow?	High	High
21	Location China	High	High
22	New location	High	High

Table 1. Assessment of the strategic decisions based upon Shivakumar (2014)

### Step 3. Building conceptual frameworks of each sub-stage

From the emerging outcomes conceptual frameworks were made for the initiation and the variation phase of the SDMP to visualize and understand the process of strategic decision-making and especially the role of network partners. These two sub-stages were conceptualized; as for these the involvement of network partner was the highest and most complex.

## 4. RESULTS AND FINDINGS

### 1. Process perspective towards SDM

Before discussing the developed framework, the findings regarding the involvement of network partners within SDM processes are shown for each of the contingencies: (1) sub-stages of the SDM process and (2) the impact of strategic decision. For each of the sub-stages of the SDM process the most important findings are described and worked out in a conceptual model. Although the research study focuses on the role of network partners, the observed SDM processes showed that internal teams within the firm play a very important role as well. In order to understand the role of network partners within each of the sub-stages, the role of internal people need to be incorporated as well. Additionally, citations from the interviews are included to place things in perspective and make it more understandable.

#### Initiation phase

In the early stage of the SDM process, which is defined as the stage where it becomes clear for the OM that he or she is going to consider a certain strategic issue, it turns out that most of the time SDM processes originate at the OM itself or by his internal team. Thereby, the data suggests that OM's often share their feelings and thoughts about a certain strategic issue with their

internal managers before they start shaping the strategic decision, which happens in the variation phase. An illustration of how OM's characterize the initiation of a strategic decision can be found in Table 2 and then Quote 1.

**Table 2: Quotes as characterization of the initiation phase**

<b>Quote 1</b>	“It is hard for me to say the duration of such a process, but what can be seen is that it takes a run-up period, one notices certain things within the firm, which you initially try to influence but in the end it turns out that it is in need of a significant structural change. Basically, something needs to first take on form and substance before you start to consider further serious steps or changes.”
<b>Quote 2</b>	<p>“With these kind of ‘big’ changes it certainly is in my body for quite some time already, without even knowing. I visit many people, I talk to a lot of people and I read a lot. I approach people who are innovative as well. I got a friend who knows a lot about food, he’s completely into it.</p> <p><i>Interviewer: But it is a different kind of industry?</i></p> <p>Yes, but by doing this I come to new ideas, which are applicable to my own business.”</p>
<b>Quote 3</b>	I am not someone hiding his secrets. I am very open and I like to get out and socialize with people. I dare to put my uncertainties on the table; I even like to have conversations about these issues. I absorb a lot of ideas by reading, watching and listening and with this information I go to social relations (almost all have entrepreneurial/business experiences) and let them give their opinion. I dare to share from the beginning, and this has brought me always what I wanted.

The involvement of network partners within this early stage of the SDM process is relatively low (22% of the cases). When analyzing these cases, it was shown that all involved network partners were existing relationships, with either lots of industry/technology specific expertise or business and or entrepreneurial related experience. Moreover, it showed that these network partners on one hand contribute by triggering a business opportunity (revenue increase), having a major impact on the final strategic decision, or at the other hand contributed by acting as sparring/inspiring/advising partner, having a less significant impact on the final strategic decision. It is interesting to observe that for the latter group of network partners the type of industry they are in does not have to be similar with the OM (See table 2; Quotes 2).

Few entrepreneurs in this study emphasized that they are in fact constantly absorbing new information by means of reading a lot and talking to their network connections. The information is not always directly applicable for their specific business, but potentially might be of added value for their future

business. This open attitude and subsequent willingness to involve social networks is called network orientation (Shu, Ren & Zheng, 2018). This research shows that especially these type of OM's utilize a group of close connections with lots of entrepreneurial or business experience as sparring partner and/or as inspiring partner within the initiation of their potential strategic decision (See table 2; Quotes 2 and 3).

Looking more detailed to the last mentioned group of network partners, it can be concluded that OM's involve actors: with who they share some sort of ‘chemistry’, ones that are easy to approach (contact weekly/monthly) and they share high trust relationships with. According to Greve (1995), trust based personal relationships enable entrepreneurs to obtain greater feedback on their business idea. The role of network relations differs in nature for different stages of business development. Strong relationships are useful when developing a business idea or when starting a business. Eventually, too much reliance on these types of ties might limit the business, as it needs to develop. Here it is where relatively weaker ties should bring in non-redundant ideas and resources.

In order to come up with more specific findings the strategic decisions were categorized into either ‘strategic’ decisions or ‘less strategic’ decisions, as explained earlier (3.5 data analysis). For the initiation phase it appears that for the ‘strategic decisions’ the involvement of network partners was significantly more than for the ‘less strategic decisions’. In fact all of the ‘less strategic’ decisions were initiated internally, meaning that external people gave no significant input. ‘Strategic’ decisions on the other hand, are more frequently a consequence of external oriented input, by means of industry specific network partners. Furthermore, it seems that the initiation of more strategic decisions arise due to OM's that are strongly externally oriented updating themselves with new knowledge, trends, perspectives.

An overview is given in table 3 (strategic decisions) and 4 (less strategic decisions), on which network partners and/or internal partners are involved within the initiation phase of the SDM process. Thereby, a conceptual model is developed on the initiation stage of the SDM process and the involvement of network partners (figure 4).

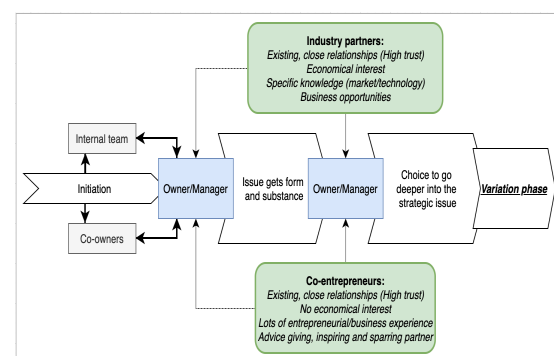


Figure 4. Conceptual model of the initiation phase and the role of network partners

**Table 3: The involvement of network partners within the initiation phase of the SDM process – *STRATEGIC DECISIONS***

#	of strategic decisions	Company	Decision type	Type of strategic decision		Who? (Network partner)	Relationship	Why?	How?	Impact?
				Commitment	Scope					
1		High-tech spring factory	Purchase advanced Machine	High	Quite High	<i>Internal team</i>	Strong existing	Trust (expertise), no 'yes-men'	Opinion	Significant impact
2		Product development/engineering	New company Location	High	Quite high	<i>Co-owners</i>	Strong existing relationship	Shareholders	Opinion	Significant impact
3		High-tech healthcare solutions	Extension of services	Quite high	High	<i>Large customer</i>	Existing relationship	Business opportunity		Significant impact
4		Software solutions (change Management)	United all commercial processes	High	High	<i>Operational director</i>	Existing relationship	Expertise/knowledge	Opinion, feedback	Significant impact
5			Renewing software Platform	High	High	<i>Internal team</i>	Existing relationship	Divers set of expertise	Opinion, feedback	Significant impact
6		ICT solutions	New vision	High	High	<i>Co-entrepreneurs</i>	Strong existing relationship	Innovative thinking, same wave length	Inspiring, new ideas	Piece of the puzzle
7			New software supplier	High	High	<i>OM goes to seminars, innovative meetings and fairs</i>				
8		Aluminium casting	New production process	High	High	<i>Ex-employees</i>	Existing relationship	Level of expertise/knowledge	Technologic specific information	Significant impact
9		Mobility solutions	Focus on specific product category	High	High	<i>Supervisor director</i>	Strong existing relationship	Business/entrepreneurial experience,	Strategic input	Quite some impact
10		Aircraft tooling	Composition management team	High	High	<i>Co-owner (privaty equity fund)</i>	Existing relationship	Professional and divers expertise and lots of experience	Strategic input	Quite some impact
11			Grow or consolidation	High	High					
12		Healthcare and mobility solutions	Location China	High	High	<i>Co-entrepreneur</i>	Existing relationship	Experiences of this partner	Market specific information	Piece of the puzzle
13		Taxi, touring and driving school	Settle in 1 location	High	High	<i>Internal team</i>	Strong existing relationship	Divers set of expertise	Specific information/opinion	Significant impact

**Table 4: The involvement of network partners within the initiation phase of the SDM process – *LESS STRATEGIC DECISIONS***

# of strategic decisions	Company	Decision type	Type of strategic decision		Who? (Network partner)	Relationship	Why?	How?	Impact?
			Commitment	Scope					
1	Product development/engineering	Profit distribution	Low	Low	Co-owners	Strong existing relationship	Shareholders	Individual opinion	Significant impact
2	High-tech healthcare solutions	Expansion number sales agents	Low	Low	Owner/manager	-	-	-	-
3	Metalworking	Capacity consolidation	Low	Low	Internal team	Strong existing relationship	Trust	Opinion	Quite some impact
4	Aluminium casting	Workforce cut	Low	High	Internal team	Existing relationship	Trust in knowledge/expertise	Organizational information	Significant impact
5	Mobility solutions	New logistic process warehousing	Not so high	High	Management Team (Internal team)	Existing relationship	Trust, expertise	Opinion/organizational information	Quite some impact
6	Real estate	Extra broker	Low	Low	Owner/manager	-	-	-	-
7	Bridal firm	Focus on marketing	Low	Low	Internal team	Existing relationships	Trust in expertise/knowledge	Market specific information, opinion	Quite some impact
8	Painting business	Investment in working material	High	Low	Co-owner	Strong existing relationship	Different perspective, trust	Opinion	Significant impact

### Variation phase

The SDM process, as how it is investigated in this research, continues with the variation phase. Within this sub-stage the OM in all likelihood collects certain input from different kind of sources with different perspectives, to obtain a better understanding of the strategic decision that he or she is going to make. What was found is that within this sub-stage the involvement of network partners was significantly more compared to the other three sub-stages. To illustrate this, in 90% of the cases network partners were involved contributing in different ways to the SDM process and with this the final strategic decision that was made. First of all, more detailed findings are discussed regarding the cases where no network partners were involved. All of these cases had in common that it concerned strategic decisions more related to operational activities, which might be a reason why exclusively internal people were involved. The inclusion of internal people by OM's had mostly to do with their understanding of the internal activities, level of expertise, and the interpersonal trust (stimulating circumstances to speak openly and freely).

In the rest of the cases, external network partners were included and were found to contribute in different ways to the variation phase of the SDM process. However, before moving on addressing the role of network partners, it have to be said that in 64% of the variation phases OM's simultaneously use their internal teams. With internal team, we refer to co-owners, management team (MT) members, managers and staff. The OM incorporated these people because of their level of expertise, knowledge of the industry, the different (internal) perspectives they add and because of interpersonal trust; stimulating circumstances to speak open and freely. Fukuyama (1995) showed that when persons trust each other, they are more willing to work together, and if they subsequently to start cooperating it is likely that the trust relationship gets even stronger. When applying this mechanism to our findings, it means that the OM is willing to be vulnerable to the input he or she gets from his internal team, as he expects that they will perform or deliver, irrespective of the ability to monitor or control them (Smith & Lohrke, 2008). In fact, they can be controlled, but only partly. This principle could partly explain why OM's often involve their internal team within SDM as they built strong relationships with a few of them. According to the findings of this study, these close internal connections exist between OM and high ranked managers (see table 5 for characterization of role of internal team)

Not surprisingly, the data shows that co-owners, MT members and managers have a more significant impact on the final strategic decision then just 'normal' staff. 'Normal' staff functions most of the time as informers about internal issues and their experiences with customers whereas co-owners and MT members function as source for different types of expertise and

with this specifically contribute by giving their opinion and/or simultaneously giving feedback towards the OM's vision on the strategic issue at hand.

**Table 5: Quote on characterization of the role of the internal team within the variation phase**

<b>Quote 1</b>	<p>“At a certain moment I felt like we should invest in this new advanced machine, and it was then when I put my thoughts on the table. I shared it with my internal team and asked them to give feedback.</p> <p><i>Interviewer: Do you think your relation with your managers is friendly or pure business?</i></p> <p>I am really good with the internal managers, it is kind of friendly, but in the end I have the final word. That will always be the case. However, they can speak freely and openly. Look, it is completely useless if I only have 'yes-men' in my team.”</p>
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According to the inclusion of network partners within the variation phase four groups can be distinguished. The first group contains business coaches (differs from consultants in a way that they share closer relationships), commissioners, accountants and knowledge-intensive and experienced minority shareholders (private equity funds), which can be labeled as 'supervisory authorities'. This group was included in approximately 30% of the variation phases. What can be derived from the interview data is that OM's maintain high trust-relationships and interact on a monthly base with these partners. For OM's to engage with these partners in the variation phase is because of their high level of expertise combined with the fact that they possess a lot of business experience. Additionally, OM's value the length of their relationships with them, and therefore the phenomenon prior experiences seems somehow essential for OM's when considering the input of these partners. It turns out that these 'supervisory authorities' mainly contribute by giving feedback on the strategic issue at hand and play a role as sparring partner (see table 6 for an illustration). In the specific case of the private equity fund, which is an exception, OM's can benefit from a professional pool of experts and very experienced business partners, as information source for their SDM process.

**Table 6: Quote on characterization of the role of 'supervisory authorities' within variation phase**

<b>Quote 1</b>	<p>“I also got a new commissioner, who is helping me with my own pitfalls. He is some sort of personal mentor. I met him during a business activity and started a conversation with him. It turned out that there was a good match between us. Thereby he has a large and divers network with a lot of expertise and knowledge. He is someone I listen to.”</p>
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The second group of network partners includes CEO's or executive managers of competitors, clients and suppliers within the industry of the OM's firm, which therefore can be labeled as 'industry-specific network partners'. This group was included in approximately 45% of the variation phases. Interestingly for this specific group, OMs exclusively select partners with whom they share existing relationships. Surprisingly remarkable, OM's emphasize the importance of having certain 'chemistry' with the industry partner as imperative to involve these network players in the SDM process (see Table 7, Quote 3). Another interesting finding is that OM's seem to prefer industry specific network partners that have been around for a long time in the industry. In general it can be said that these external parties contribute by offering the OM with industry specific information. However, within this group of network partners two distinctive groups can be distinguished. OM's use CEOs and managers of clients and suppliers to obtain feedback by presenting their own current ideas and thoughts about the strategic issue at hand. This feedback can be seen as piece of a bigger puzzle (strategic decision), which sometimes gives confidence to continue the chosen path and sometimes asks for revision or more information. When OM's interact with CEOs and managers of competitive firms, the goal is to validate previous obtained information or to get informed on how they see the industry.

As already mentioned, the relationship with these competitors lasted, and got stronger through the years and therefore OMs feel comfortable to obtain information. This is where the former explained principle (Fukuyama, 1995) comes in again, and therefore is applied to external relationships as well, even with competitors. Realistically, entrepreneurs are cautious with connecting with competitors, which is completely understandable (See table 7, Quote 2). However, the findings show that OM has built 'strong' relationships over the years with competitors, from which they eventually reap the rewards, also in terms of input for strategic decisions.

The third group of network partners engaging in the variation phase contains co-entrepreneurs, network club members and people from the social circle, which therefore will be labeled as 'business and/or social network partners'. This group was included in approximately 63% of the variation phases. These different types of network partners are categorized in the same group as they share three similar characteristics. All of these social and/or business connections have (1) friendly-based relationships with the OM, (2) have mutual exchanges with the OM and (3) have no economical interest in the strategic issue at hand. These conditions partly explain 'trust' as being a fundamental base for OMs to involve these network partners within the variation phase of the SDM process (see Table 8; Quote 1). During the interviews it turned out that entrepreneurs are to some extent suspicious towards other entrepreneurs and they feel sometimes uncomfortable

revealing too much about themselves. Building trust, or the existence of the right 'chemistry' helps to open the stream of experience and knowledge exchanges, and therefore seems to be essential (Ariño et al. 2001; Larson 1992; Welter and Kautonen 2005).

Having said this, addressing the more explicit motivations for OMs to approach these partners it becomes clear that the partners' (entrepreneurial/business related) experience, familiarity with the strategic issue (see Table 8; Quote 1) and its prior experience with the particular OM are crucial. In most cases these parties are asked to give their opinion about the strategic issue, and take in some sort of informing, feedback giving role. Thereby, some OMs approach certain of these persons on purpose of which they know will bring in different perspectives (see Table 8, Quote 2). The actual impact on the final strategic decision of this group of network partners can be characterized again as 'piece of the puzzle'. The OM adds it to the aggregated bundle of informative input and goes further with it through the SDM process.

**Table 7: Quote on characterization of the role of 'industry-specific network partners' within variation phase**

<b>Quote 1</b>	<p>"Well, suppliers are involved but also several customers. Also because I told the customers like: "It is this that I got in mind and I want to do with the company. How would you react on this? How would you feel about this? Does it add something?"</p> <p>But talking with suppliers in the sense of: how is someone else doing this. Basically, it is more that I feel that you should not reinvent the wheel. I also talk with competitors ('colleagues') about these issues. With some you have a good chemistry, the right feeling, and you feel that both of you will fool on each other.</p>
<b>Quote 2</b>	<p><i>What about contact with competitors?</i></p> <p>Well, eventually it is about the personal aspect, is someone approachable? Is there some kind of chemistry? Perhaps language barriers are present as we operate in a global market. Basically, I am a bit reserved, but not in a way that I hold off completely with competitors.</p>
<b>Quote 3</b>	<p>"In fact it is simple, you got some sort of connection with a person or not, regardless whether he or she is a customer or a competitor. On some level, you should not take that into account. You feel comfortable to say something or not... You feel comfortable to ask something or not. If that's the case, his or her relation to you does not count. He or she is a person, and if it matches with me it is fine."</p>



**Table 8: Quote on characterization of the role of ‘business and/or social network partners’ within variation phase**

<b>Quote 1</b>	“Of course it needs to be someone you trust, someone you know very well. Thereby, the company needs to have a certain size, so that he or she can have a say on the issue at hand. It can also be a smaller firm, but the thing is that he or she has been through familiar situations. But most of the time you know that beforehand. “
<b>Quote 2</b>	“I can be very enthusiastic, which I think is one of my success factors. I can enthuse people and get them along in my process. However, if I only search for people like me... There is also a financial side of everything; it also needs to be feasible. For example, I have got 1 friend who is really cautious, sober and analytical, and at the same time dares to call everything, not afraid to tell me his truth about my ideas. He has something I do not possess, and therefore he is very useful for me.“

The last group of network partners includes experts and consultants (professional network partners), which was by far the smallest group (13%) of external people involved in the variation phase of the SDM process. These external parties have both existing and non-existing relationships with the OM.

The main reason why these are involved is because of the trust in their specific level of expertise, which goes hand in hand with a certain reputation. Experts and consultants contribute exclusively by offering specific, industry or technology related information (see Table 9, Quote 1). The motivation of involving these network partners relies on the fact that OMs simply lack certain expertise themselves or within their organizations. As a consequence, the findings show that when drawn upon the specialization of these network partners, its subsequent input has significant impact on the final strategic decision. The selection of consultants and experts often goes through the network of OMs, as they tend to ask network partners with prior experiences for advice (see Table 9, Quote 2).

Eventually, it appears that for the more ‘strategic decisions’ the involvement of network partners is slightly higher than for ‘less strategic decisions’. In absolute terms, for ‘strategic’ decisions in 1 out of 13 cases no network partners were used, where for ‘less strategic’ decisions in 1 out of 4 cases no network partners were used. When analyzing the network partners it turned out that there are no big differences regarding the type of network partners involved, the motivation of involvement, the specific contribution and the actual impact of the contribution on the final decision. However, it is interesting to observe that for none of the 13 ‘strategic’ decisions an

accountant was involved, compared to the ‘less strategic’ decisions where an accountant was involved for 3 out of 8 cases.

An overview is given in table 10 (strategic decisions) and 11 (less strategic decisions), on which network partners and/or internal partners are involved within the variation phase of the SDM process. Thereby, a conceptual model is developed on variation stage of the SDM process and the involvement of network partners (see figure 5).

**Table 9: Quote on characterization of the role of ‘professional network partners within variation phase**

<b>Quote 1</b>	“If it has big impact on humans, I tend to strongly involve experienced managers or CEO’s, and for substantive things like specific expertise or technology I prefer to hire relatively costly experts.”
<b>Quote 2</b>	“Some issues are complicated, and you try to get an opinion about it or you look for some kind of certainty. I have to say that in these situations I tend to involve an expert. <i>How do you get in touch with a certain expert?</i> Every restaurant can make a certain dish, but you do not know which restaurant does the best. A restaurant can be expensive or cheap. The best thing is to ask someone who already went to restaurants. Partly based upon this, I make a decision on how to involve. So it is the prior experience of someone I know with a certain expert that helps me.”

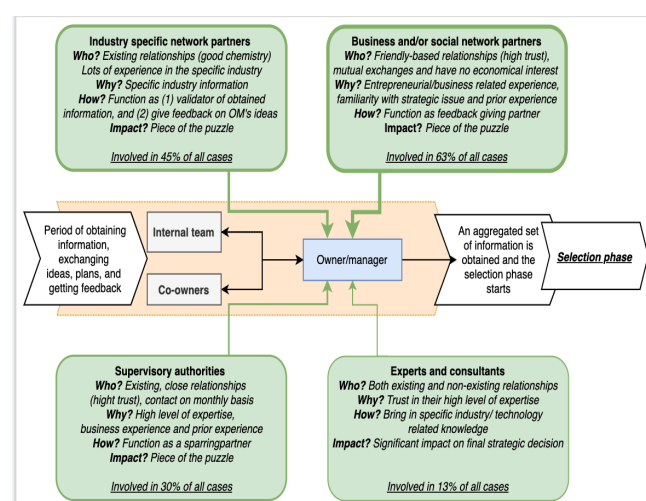


Figure 5. Conceptual model of the variation phase and the role of network partners

**Table 10:** The involvement of network partners within the variation phase of the SDM process – ‘*STRATEGIC*’ *DECISIONS*

Number of strategic decisions	Company	Decision type	Type of strategic decision		Who? (Network partner)	Relationship	Why?	How?	Impact?
			Commitment	Scope					
1	High-tech spring factory	Purchase advanced Machine	High	Quite High	<i>Internal team</i>	Strong existing relationship	Trust (expertise), no ‘yes-men’	Opinion	Significant impact
2	Product development/engineering	New company Location	High	Quite high	<i>Co-owners</i>	Strong existing relationship	Shareholders	Opinion	Significant impact
3	High-tech healthcare solutions	Extension of services	Quite high	High	<i>Co-owners</i>	Strong existing relationship	Shareholders	Opinion	Significant impact
					<i>Competitors</i>	Existing relationship (monthly contact)	‘Chemistry’	Industry specific information/feedback	Piece of the puzzle
					<i>Suppliers</i>	Existing relationship (monthly contact)	‘Chemistry’	Industry specific information/ feedback	Piece of the puzzle
					<i>Co-entrepreneurs</i>	Friendly-based relationship	Trust	Seek confirmation (emotional support)	Piece of the puzzle
4	Software solutions (change Management)	United all commercial processes	High	High	<i>Co-entrepreneurs</i>	Friendly-based relationship	Familiarity with issue, trust and prior experiences	Organizational/ Strategic knowledge	Piece of the puzzle
5		Renewing software Platform	High	High	<i>Internal team</i>	Existing relationships	Expertise	Specific information related to their expertise	Quite some impact
					<i>Experts</i>	Cold calling, pure business	Expertise, reputation	Specific technological/market information	Significant impact
					<i>Co-entrepreneur</i>	Friendly-based relationship,	Experiences and prior experiences	Organizational information, feedback	Quite some impact
6	ICT solutions	New vision	High	High	<i>Co-entrepreneurs (different industries)</i>	Friendly-based relationships	Experiences, same way of thinking, honest	Organizational/ strategic information, inspiring	Piece of the puzzle
					<i>Recent customers</i>	Existing relationship	‘Chemistry’	Industry specific input, screening of ideas, obtain feedback	Piece of the puzzle

7		New software supplier	High	High	<i>Co-entrepreneurs</i>	Friendly-based relationship	Experiences, same way of thinking	Organizational/strategic information, different perspectives	Piece of the puzzle
8	Aluminium casting	New production process	High	High	<i>Internal team</i>	Existing relationship	Trust in knowledge/expertise	Organizational information	Significant impact
					<i>Ex-employees</i>	Existing relationship	Level of expertise/knowledge	Technologic specific information	Significant impact
9	Mobility solutions	Focus on specific Product category	High	High	<i>Management Team (Internal team)</i>	Existing relationship	Trust, expertise	Opinion/organization information	Quite some impact
					<i>Commissioner (coach)</i>	Existing relationship (weekly/monthly contact)	Credibility and experiences	Sparring partner, feedback	Piece of the puzzle
10	Aircraft tooling	Composition management team	High	High	<i>Internal team</i>	Existing relationship	Trust, expertise	Specific expertise/organizational information	Quite some impact
					<i>Co-owners (private equity fund)</i>	Existing relationship	Professional expertise and experiences	Supportive entity, sounding board	Piece of the puzzle
					<i>Business network partners</i>	Existing relationships (monthly contact)	Trust, level of expertise, familiarity with issue	Feedback	Piece of the puzzle
					<i>Informal partners</i>	Existing relationship (Weekly/monthly contact)	Trust, level of expertise, familiarity with issue	Feedback	Piece of the puzzle
11		Grow or consolidation	High	High	<i>Internal team</i>	Existing relationship	Trust, expertise	Specific expertise/organizational information	Quite some impact
					<i>Partners within the industry</i>	Existing relationships	‘Chemistry’	Industry specific input, newest trends	Piece of the puzzle
12	Healthcare and mobility solutions	Location China	High	High	<i>Co-entrepreneurs (familiar with the issue)</i>	Existing relationships	Experiences, trust, network relation	Industry specific information (China)	Piece of the puzzle
					<i>Consultant</i>	Existing relationship (yearly contact)	Expertise, reputation and prior experiences	Industry specific information	Piece of the puzzle
13	Taxi, touring and driving school	Settle in 1 location	High	High	<i>Co-entrepreneurs</i>	Friendly-based relationships	Different perspectives, trust, honest	Different perspectives and feedback,	Piece of the puzzle

**Table 11:** The involvement of network partners within the variation phase of the SDM process – ‘LESS STRATEGIC’ DECISIONS

Number of strategic decisions	Company	Decision type	Type of strategic decision		Who? (Network partner)	Relationship	Why?	How?	Impact?
			Commitment	Scope					
1	Product development/ engineering	Profit distribution	Low	Low	<i>Co-owners</i>	Strong existing relationship	Shareholders	Opinion	Significant impact
					<i>Accountant</i>	Existing relationship (business)	Trust, expertise and experience	Idea screening, feedback	Piece of the puzzle
					<i>Co-entrepreneurs</i>	Existing relationship (network club)	Young, self-made entrepreneurs, familiar with issue	Listen to their experiences	Quite some impact
2	High-tech healthcare solutions	Expansion number sales agents	Low	Low	<i>Business coach</i>	Existing relationship (business)	Trust, expertise and experience	Idea screening, feedback	Piece of the puzzle
					<i>Internal team</i>	Strong existing relationship	Shareholders	Opinion	Significant impact
3	Metalworking	Capacity consolidation	Low	Low	<i>Management competitors</i>	Existing relationship (monthly/yearly contact)	Trust, expertise	Industry specific knowledge, Validation of obtained information	Piece of the puzzle
					<i>Internal team</i>	Strong existing relationship	Trust	Opinion	Quite some impact
4	Aluminium casting	Workforce cut	Low	High	<i>Customers/ Suppliers</i>	Existing relationships	‘Chemistry’ and trust, prior experiences	Obtain their opinion about the issue	Piece of the puzzle
					<i>Internal team</i>	Existing relationship	Trust in knowledge/expertise	Organizational information	Significant impact
5	Mobility solutions	New logistic process warehousing	Not so high	High	<i>Accountant</i>	Existing relationship (monthly contact)	Trust, expertise and experience	Feedback	Quite some impact
					<i>Internal team</i>	Existing relationships	Trust in knowledge/expertise	Opinion/feedback	Quite some impact
6	Real estate	Extra broker	Low	Low	<i>Internal team</i>	Existing relationships	Trust	Feedback	Piece of the puzzle
					<i>Accountant</i>	Existing relationship (monthly contact)	Expertise, knows the company	Feedback	Some impact
					<i>Friends (Entrepreneurs)</i>	Friendly-based relationship	Trust and expertise	Organizational, strategic information	Piece of the puzzle
7	Bridal firm	Focus on marketing	Low	Low	<i>Internal team</i>	Existing relationships	Trust in expertise/knowledge	Market specific information, opinion	Quite some impact
8	Painting business	Investment in working material	High	Low	<i>Co-owner</i>	Strong existing relationship	Different perspective, trust	Opinion/feedback	Significant impact
					<i>Suppliers</i>	Existing relationship	Trust, expertise, easy access	Industry specific information/feedback	Piece of the puzzle
					<i>Competitors</i>	Existing relationships (long relationship)	‘Chemistry’ and trust	Industry specific information	Piece of the puzzle
					<i>Informal network partners</i>	Existing relationship	Trust, life-experience	Listening ear	Piece of the puzzle

## Selection phase

The selection phase is about deciding on and selecting the most appropriate strategic decision through evaluation and legitimization processes. Not very surprisingly, again the data shows that the internal team has an important role within this phase of the SDM process. In more than 50% of all selection phases, OMs involved their internal team. It turns out that OMs feeding back to their internal team about their own evaluation of the strategic decision, and share and/or discusses this evaluation. Eventually, the OM makes the final strategic decision but is guided by the internal team. OMs emphasize the importance of the role of their internal team, as it will have impact on their personal activities and the rest of the team. On the contrary, in 45% of all selection phases, it is exclusively the OM himself or the OM with his co-owners, which are involved (see table 12, quote 1). For a few cases, some external partners are involved, bringing in very specific knowledge that cannot be found internally. Not surprisingly, the cases it concerned were ‘strategic decisions’. Moreover, the data shows that OMs considering ‘strategic decisions’ emphasize the importance of the internal team when making their final decision. It seems that for these strategic decisions the internal input has stronger impact on the selection of the final strategic decision than for the ‘less strategic decisions’.

An overview is given on which network partners and/or internal partners are involved within the selection phase of the SDM process in table 13 (strategic decisions) and 14 (less strategic decisions). Thereby, a conceptual model is developed on the selection stage of the SDM process and the involvement of network partners (figure 6).

**Table 12: Quote on characterization of the role of ‘network partners’ within selection phase**

<b>Quote 1</b>	<i>Do you think that the people around have an impact on your final strategic decision?</i>
	“I think that it would certainly help me. Although, I have to say that I am not so concerned with that. It is not that people are advising me in way that: I have to do this or that. It is more about my own gut feeling, and it fits with where I am coming from... It suits me as a person.”

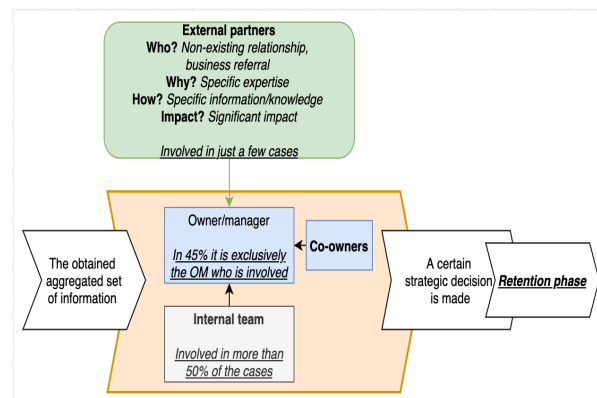


Figure 6. Conceptual model of the selection phase and the role of network partners (and internal team)

## Retention phase

In this phase, behavioral processes such as organizational integration and adaption, which comprise the absorption of new approaches into the current set of routines and/or execution, is done. What can be concluded is that in this phase network partners contributed the least within the SDM process. To illustrate this, only in 15% of the retention phases, network partners were incorporated by the OMs. The network partners that were involved can be described as ‘experts’ bringing in specific technological expertise to integrate the strategic decision more smoothly. Besides the fact that these partners have specific expertise, it derived from the interviews that the OMs only selected partners they have a good ‘chemistry’ with. In conclusion, it can be suggested that many OM’s of small firms integrate the strategic decision themselves, which occurred in more than 85% of the cases and was often by the means of their internal team.

An overview is given on which network partners and/or internal partners are involved within the retention phase of the SDM process in table 15 (strategic decisions) and 16 (less strategic decisions). And at last, a conceptual model is developed on the retention stage of the SDM process and the involvement of network partners (figure 7).

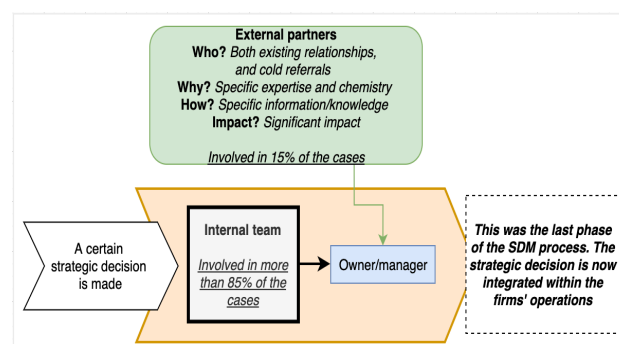


Figure 7. Conceptual model of the retention phase and the role of network partners (and internal team)

**Table 13:** The involvement of network partners within the selection phase of the SDM process – ‘*STRATEGIC*’ DECISIONS

# Strategic decisions	Company	Decision type	Type of strategic decision		Who? (Network partner)	Relationship	Why?	How?	Impact?
			Commitment	Scope					
1	High-tech spring factory	Purchase advanced Machine	High	Quite High	<i>Internal team</i>	Existing relationship	Need to have support base	Specific expertise	Significant impact
2	Product development/engineering	New company Location	High	Quite high	<i>Co-owners</i>	Strong existing relationship	Shareholders	Opinion, knowledge	Significant impact
					<i>Experts</i>	Referral, pure business	Expertise, lead from network	Specific knowledge, certainty, feasibility	Significant impact
3	High-tech healthcare solutions	Extension of services	Quite high	High	<i>Co-owners (MT)</i>	Existing relationships	Shareholders	Opinion, different perspectives, knowledge	Significant impact
4	Software solutions (change Management)	United all commercial processes	High	High	<i>Internal team</i>	Existing relationships	Need to have support base	Specific information related to their expertise	Quite some impact
5		Renewing software Platform	High	High	<i>Internal team</i>	Existing relationships	Need to have support base	Specific information related to their expertise	Quite some impact
6	ICT solutions	New vision	High	High	<i>Internal team</i>	Existing relationships	Need to have support base	Specific internal knowledge	Significant impact
7		New software supplier	High	High	<i>Internal team</i>	Existing relationships	Need to have support base	Specific internal knowledge	Significant impact
8		New production process	High	High	<i>Ex-employees</i>	Existing relationship	Level of expertise/ knowledge	Technologic specific information	Significant impact
9	Mobility solutions	Focus on specific Product category	High	High	<i>Internal team</i>	Existing relationships	Need to have support base	Specific internal knowledge	Significant impact
10	Aircraft tooling	Composition management team	High	High	<i>Internal team</i>	Existing relationships	Need to have support base	Specific internal knowledge	Significant impact
11		Grow or consolidation	High	High	<i>Internal team</i>	Existing relationships	Need to have support base	Specific internal knowledge	Significant impact
12	Healthcare and mobility solutions	Location China	High	High	<i>Internal team</i>	Existing relationships	Need to have support base	Specific internal knowledge	Significant impact
13	Taxi, touring and driving school	Settle in 1 location	High	High	<i>Co-owner and internal team</i>	Existing relationships	Need to have support base	Specific internal knowledge, Sparring partner	Significant impact

**Table 14:** The involvement of network partners within the selection phase of the SDM process – ‘LESS STRATEGIC’ DECISIONS

# Strategic decisions	Company	Decision type	Type of strategic decision		Who? (Network partner)	Relationship	Why?	How?	Impact?
			Commitment	Scope					
1	Product development/engineering	Profit distribution	Low	Low	Co-owners	Strong existing relationship	Shareholders	Opinion, knowledge	Significant impact
2	High-tech healthcare solutions	Expansion number Sales agents	Low	Low	Internal team (MT)	Strong existing relationship	Shareholders	Opinion, knowledge	Significant impact
3	Metalworking	Capacity consolidation	Low	Low	Internal team	Existing relationships	Need to have support base	Internal knowledge	Significant impact
4	Aluminium casting	Workforce cut	Low	High	Internal team	Existing relationships	Need to have support base	Internal knowledge	Significant impact
5	Mobility solutions	New logistic process warehousing	Not so high	High	Internal team	Existing relationships	Need to have support base	Internal knowledge	Significant impact
6	Real estate	Extra broker	Low	Low	Internal team	Existing relationships	Trust	Feedback, opinion	Some impact
7	Bridal firm	Focus on marketing	Low	Low	Owner	-	-	-	-
8	Painting business	Investment in working material	High	Low	Co-owner	Strong existing relationships	Shareholder	Feedback/opinion	Significant impact

**Table 15:** The involvement of network partners within the retention phase of the SDM process – ‘*STRATEGIC*’ *DECISIONS*

# Strategic decisions	Company	Decision type	Type of strategic decision		Who? <i>(Network partners)</i>	Relationship	Why?	How?	Impact?
			Commitment	Scope					
1	High-tech spring factory	Purchase advanced Machine	High	Quite High	No network partners are involved. The firm itself integrates the strategic decision.				
2	Product development/engineering	New company Location	High	Quite high	No network partners are involved. The firm itself integrates the strategic decision.				
3		Extension of services	Quite high	High	No network partners are involved. The firm itself integrates the strategic decision.				
4		Software solutions	United all commercial processes	High	High	No network partners are involved. The firm itself integrates the strategic decision.			
5	ICT solutions	Renewing software Platform	High	High	No network partners are involved. The firm itself integrates the strategic decision.				
6		New vision	High	High	No network partners are involved. The firm itself integrates the strategic decision.				
7		New software supplier	High	High	No network partners are involved. The firm itself integrates the strategic decision.				
8	Aluminium casting	New production process	High	High	<i>Recruitment ex-employee</i>	Existing relationship	Expertise	Technologic specific information	Significant impact
9	Mobility solutions	Focus on specific Product category	High	High	<i>External partner</i>	Cold calling	Expertise and ‘Chemistry’	Technologic specific information	Significant impact
10	Aircraft tooling	Composition management team	High	High	No network partners are involved. The firm itself integrates the strategic decision.				
11	Healthcare and mobility solutions	Grow or consolidation	High	High	No network partners are involved. The firm itself integrates the strategic decision.				
12		Location China	High	High	No network partners are involved. The firm itself integrates the strategic decision.				
13		Taxi, touring and driving school	Settle in 1 location	High	High	No network partners are involved. The firm itself integrates the strategic decision.			



**Table 16:** The involvement of network partners within the retention phase of the SDM process – ‘LESS STRATEGIC’ DECISIONS

# Strategic decisions	Company	Decision type	Type of strategic decision		Who? (Network partner)	Relationship	Why?	How?	Impact?
			Commitment	Scope					
1	Product development/engineering	Profit distribution	Low	Low	No network partners are involved. The OM and his co-owners itself integrates the strategic decision.				
2	High-tech healthcare solutions	Expansion number sales agents	Low	Low	No network partners are involved. The firm itself integrates the strategic decision.				
3	Metalworking	Capacity consolidation	Low	Low	No network partners are involved. The firm itself integrates the strategic decision.				
4	Aluminium casting	Workforce cut	Low	High	No network partners are involved. The firm itself integrates the strategic decision.				
5	Mobility solutions	New logistic process warehousing	Not so high	High	External partner	Existing relationship (long relationship)	Expertise and ‘Chemistry’	Specific expertise, ability to bring in professionals	Significant impact
6	Real estate	Extra broker	Low	Low	No network partners are involved. The firm itself integrates the strategic decision.				
7	Bridal firm	Focus on marketing	Low	Low	No network partners are involved. The firm itself integrates the strategic decision.				
8	Painting business	Investment in working material	High	Low	No network partners are involved. The firm itself integrates the strategic decision.				

## 5. DISCUSSION & CONCLUSION

Before discussing the research's contributions to the literature and its managerial implications, a brief summary of the main findings is given in table 15 and further worked out in the following paragraphs. A clear overview is created to understand the involvement of network partners for the four different stages of the SDM process, taking the perspective of an owner and manager of relatively small firms.

First of all, it turned out that OM's of relatively small firms do make use of their network partners within their strategic processes. Some of them are proactively considering network partners, whereas others prosper in more spontaneous, organic interactions with network partners. Moreover, clear distinctions can be made on the involvement of network partners based upon the different stages of the strategic decision-making process. It becomes clear that involvement frequency of network partners within the initiation phase (22%) and variation phase (90%) is significantly higher than within the selection phase (<10%) and the retention phase (15%).

More specifically, within the initiation phase when weaker ties are involved, they seem to have more impact on the final strategic decision, which certainly is the result of their specific technological, industry specific expertise or knowledge. When relatively stronger ties are involved within the initiation phase they often possess lots of entrepreneurial/business experience and expertise, and contribute by giving feedback, triggering new perspectives/ideas and sharing experiences on the issue. Lastly, a clear distinction is observed within the initiation phase in terms of 'strategic decisions' and 'less strategic decisions'. The involvement of network partners in general is significantly more for 'strategic decisions' than for 'less strategic decisions' in this phase. Within the variation phase nearly all involved network partners share (strong) existing, relationships with the OM. The most fundamental motivations for OM's to consider network partners is (1) interpersonal trust, (2) the existence of some kind of chemistry, (3) the level of expertise and (4) the network partners' experiences. The network partners that are involved in this phase contribute with different types of input: (1) industry-specific and/or technological, (2) strategic/organizational, (3) sounding board/sparring partner, (4) feedback, screening and validation role and (5) emotional supportive.

In fact, four groups of network partners can be distinguished within the variation phase. The first group can be labeled as 'supervisory authorities', which were included in 30% of the cases. These network partners share strong relationships with the OM, and are incorporated by the OM, as they possess high-level expertise and have lots of business experience. This group of network partners contributes mainly by giving feedback and functioning as sparring partner.

The second group can be labeled as industry specific network partners', which is included in 45% of the cases. These network partners share existing relationships with the OM, and OM's emphasize the importance of having certain 'chemistry' with these partners. Thereby OM's prefer experienced network partners. This group of network partners mainly contributes by delivering industry specific information. It was shown that these advisory entities often give feedback, and/or their opinion and function as validators of previous obtained information. Lastly, OM's prefer to build long-lasting relationships with these partners. The third group of network partners within the variation phase is labeled as 'business and/or social network partners', which is included in 63% of the cases. These connections share all (friendly) existing relationships with the OM, where 'trust' and 'chemistry' are key conditions. Furthermore, this group of network partners is picked because of their entrepreneurial/business experience, familiarity with the strategic issue and their prior experience with the OM. They contribute by giving feedback/their opinion and bringing in different perspectives. The fourth group, and last group of network partners within the variation phase are labeled as 'professional network partners', which was included in 13% of the cases. Both existing and non-existing relationships were shown, and the main reason to incorporate these partners is their level of expertise. Their contribution is really explicit, as they exclusively bring in specific industry or technological information. With this, it turned out that they have significant impact on the final strategic decision.

The actual impact on the final strategic decision of the network partners' input in the variation phase can best be characterized as a 'piece of the puzzle'. No clear distinctions are observed in terms of 'strategic decisions' and 'less strategic decisions' as the involvement of network partner is very similar. Meaning that the type of relationships involved, the motivation of involvement, the specific contribution and the actual impact for both set of decisions shows no noteworthy differences. During the selection stage of the SDM process the involvement of network partners is minimal. OM's emphasized that they have the final word, which on it is quite straightforward. Yet, within this selection phase where the OM makes a 'definite' and 'irreversible' choice, a role could have been reserved for network partners. However, the findings show that the involvement of network partners is scarce. In the cases when network partners are incorporated (<10%) it contains weak ties, which are considered because of their industry-specific or technological expertise. These network partners are brought in to create more certainty and feasibility in relation to the final strategic decision. It therefore is not very unexpected that these network partners with their contribution have a significant impact on the final strategic decisions.

**Table 17:** Summary of all main findings

	1. Initiation phase		2. Variation phase				3. Selection phase	4. Retention phase
Network partner involvement percentage <sup>1</sup>	22%		90%				<10%	15%
Relationship <sup>2</sup>	Industry partners (40%)	Co-entrepreneurs (60%)	Supervisory authorities (30%)	Industry partners (45%)	Business/social partners (63%)	Professional partners (13%)	Experts (100%)	Experts (100%)
	Existing relationships (High trust)		Existing relationships (High trust)		Existing, friendly relationships (High trust)	(Non-) existing relationships	Both existing relationships and referrals	
Motivation	Business opportunity	Entrepreneurial/ business experience	Level of expertise, entrepreneurial/ business experience	Chemistry, industry experience	Trust, entrepreneurial/ business experience, familiarity strategic issue, prior experiences	Level of expertise	Level of expertise (certainty, feasibility)	Level of expertise, chemistry
Contribution	Specific knowledge	Advice, inspiring and sparring	Feedback, sparring partner	Industry specific information (feedback, validation)	Opinion, advice, feedback, different perspectives	Specific industry/ technological information	Specific (technological) information	Specific information
Impact	Significant	Piece of the puzzle	Piece of the puzzle	Piece of the puzzle	Piece of the puzzle	Significant	Significant	Significant
Differences in terms of ‘strategic’ and ‘less strategic decisions’	* For ‘strategic decisions’ in 45% of the cases network partners were involved.  * For ‘less strategic decisions’ in 0% of the cases network partners were involved.		* For ‘strategic decisions’ in 92% of the cases network partners were involved.  * For ‘less strategic decisions in 75% of the cases network partners were involved.				* Involvement of network partners occurred only for ‘strategic decisions’  * For ‘strategic decisions’ the impact of internal input weighs heavier	* No significant differences between ‘strategic decisions’ and ‘less strategic decisions’
<div>1. Percentage of the total amount of cases where network partners were involved for each of the sub-stages of the SDM process.</div> <div>2. Percentage distribution of involved groups of network partners for each of the sub-stages of the SDM process</div>								

In addition, the research gives some evidence that the involvement frequency of network partners for 'strategic decisions' is higher than for 'less strategic decisions'.

In the last phase, the retention phase, which is about organizational integration and adaption, which encompass the absorption of new approaches into the existing set of routines or execution, again the involvement of network partners is minimal. The findings demonstrate that for most of the cases OM's prefer to integrate the strategic decision themselves, or with their co-owners, and/or internal team. For the cases where network partners were involved (15%) it concerned both existing and non-existing relationships that share certain chemistry with the OM. In fact, these network partners can be described as 'experts'. And as with the involved network partners in the selection phase, their specific contribution is bringing in specific knowledge and expertise. Eventually their input was found to have significant impact on the final strategic decisions. Contrary to the selection phase, no clear distinctions are observed in terms of 'strategic decisions' and 'less strategic decisions', as the involvement of network partner is very similar. Meaning that the type of relationships involved, the motivation of involvement, the specific contribution and the actual impact for both set of decisions shows no noteworthy differences between the two stages.

This research study contributes to the strategic decisions-making literature in several ways. First of all, this study took on a process perspective towards strategic decision-making creating a more holistic conceptual understanding of inclusion of network partners for different sub-stages of this process whereas previous research was limited to one specific strategy phase (Wooldridge et al., 2008). Subsequently, the study found out that the inclusion of network partners differs significantly between the four different sub-stages. The frequency of involving network partners for their input differs for each of the sub-stages. During the first half (initiation & variation phase) of the SDM process significantly more network partners are used to have an impact on the final strategic decision, whereas the second half (selection & retention phase) of the SDM process nearly has any involvement of network partners at all.

Thereby the study takes into account the impact of the strategic decision as a contingency factor influencing the SDM process and the involvement of network partners. It turned out that for the more 'strategic decisions' based upon the framework of Shivakumar (2014) in comparison to 'less strategic decisions' OM's tend to involve more network partners to contribute. More specifically this seems the case for the initiation phase and the selection phase of the SDM process. In addition, the study's results show no differences for the involvement of network partners during the variation phase of SDM process for 'strategic decisions' or 'less strategic decisions'.

This paper also extends on the networking literature in several ways. The current literature is mainly limited to an investigation on structural approaches to entrepreneurial networks and does not focus so much on the content of what an entrepreneur obtains or neither the process of extracting content from network partners. Instead, they focus on the structure and nature of those ties (Herrick, Angus, Burns, Chen & Barney, 2016). This study adds new insights to this content element of networking, and investigated why OM's involve certain network partners, and characterized these partners with structural elements. Moreover, the study clarifies how these involved network partners contribute to the SDM process and characterized their actual impact on the final strategic decision.

In fact, for OM's to decide to involve network partners during the SDM process is strongly related to the OM's network orientation. "Network orientation is the extent to which a person is willing to depend on social networks in his/her daily socialization" (Varma & Sahoo, 2018, p. 3095). It is argued that people with high levels of network orientation would like to maintain cooperation, and certain reciprocation, as they believe that social/business connections can be supportive in their uncertain business environments. Research has shown that people with high network orientation are utilizing their interpersonal relationships more frequently to overcome resource and/or information gaps between unlinked or outside stakeholders (Su, Yang, Zhuang, Zhou, & Dou, 2009). Moreover, it is evident to argue that OM's need to feel the urge to involve external parties within their SDM processes. Feeling this urge to incorporate network ties seems to be related to environmental stability. "Environmental stability refers to the extent to which a firm's competitive environment is complex, uncertain, and therefore inclined to strategic change" (Carpenter & Westphal, 2001, p. 641). For this reason, the role of OM's networks can be an important determinant to contribute to SDM. In the current literature on environmental turbulence and strategic decision-making two basic strategic issues can be distinguished: (1) the development of new strategies and (2) the implementation of existing strategies. It is suggested that for stable environments, the second aspect is more important. In fact, when a certain industry is less dynamic, there is less need to identify new strategic alternatives in order to maintain sustainable with the environment. Meaning that firms in stable environments more often stay competitive through effective implementation of existing strategies (Andrews, 1971; Fredrickson, 1984; Ginsberg, 1990; Tushman & Romanelli, 1985). As it was not directly the goal of this research to dive into this topic, the findings of the interviews show quite some evidence to dig deeper in this phenomenon.

Another aspect that might have an impact on the involvement of network partners is the role of organizational adaptability. This phenomenon is about the balance between the

need to innovate and the need to produce (March, 1991). This applies to the involvement of SDM as the involvement of network partners might trigger the occurrence of new ideas that possible conflict with a firms' current way of doing. Therefore OM's leadership for organizational adaptability might influence its willingness and stance towards the involvement of potential contributing network partners (Stubberud, 2009) and also might have an influence on the motivation to pick certain network partners.

Previous research of Smith & Lohrke (2008) posits that entrepreneurs initially (early stages of a firms' life cycle) depend on higher affective trust levels. Researchers refer to affective trust levels as emotional, or social relations that rely on benevolence, identification-based and/or personal goodwill trust. In fact, affective trust resides at an interpersonal level. However, they mention that as the firm develops (later stages of a firms' life cycle) one should rely less on these types of relationships, and should start to embrace ones rooted in cognitive trust. With cognitive trust literature refers to the rational, or economic side of trust, which builds on competences, knowledge and skills. These types of relationships happen when OM's make a conscious decision to involve network partners based upon their economic value (McAllister, 1996). It is argued that entrepreneurs who develop and proactively build cognitive trust with critical network partners can have higher success rate and overcome liabilities of new trends and business opportunities. Applying this to the current study, it can be concluded that these cognitive-based relationships could enhance the SDM process of OM's of small firms. Contrary to these previous findings, this study shows that OM's relationships with network partners that got involved during the SDM process to great extent are build upon relatively high levels of interpersonal trust, and less strong on the more cognitive aspect of trust. The OM's taken into account in this research are owners of firms that passed the early stage of a firms' life cycle and therefore it should have been likely that involved network relationships based upon cognitive trust should come forward more strongly. In conclusion, it can be stated that for SDM owner/managers of small firms strongly value the interpersonal trust they share with network partners when considering their input.

## 6. MANAGERIAL IMPLICATIONS

This study to some extent discovered how owner/managers of relatively small firms use their network partners when considering strategic decisions. These research findings help owner/managers to become more aware of the role of network partners within strategic decision-making and make them become more conscious about why they select certain network partners, and how these selected network partners contribute to the SDM process. Thereby, it gives entrepreneurs insights on the

role of specific network partners at different moments in the SDM process.

In terms of explicit recommendations it is doubtful to make some as the investigated SDM processes are not linked to quantifiable measures or firm performances. This research shows that OM's differ regarding the involvement of network partners; where on one hand some of them proactively include the input from others, and on the other hand some of them let it happen organically. This research does not give evidence for one specific manner to be better than the other. I would therefore advice OM's of small firms to be aware of the process that initiates strategic decisions, and how they approach these processes. It would be very useful for each OM to think about the potential value of adding input of 'capable' network partners. It is not that every OM should involve network partners but they should at least consider the opportunity to do so.

Furthermore, the study's findings also give 'advisors' an opportunity to be aware of why they are involved in strategic decision-making, where in the process they are included, and how they precisely contribute and what actual impact they have. By considering the study's findings all potential 'advisors' could enhance their understanding of their specific advising role (see last paragraph of next section).

## 7. LIMITATIONS AND FURTHER RESEARCH

A first direction for future research is to expand the research in a quantitative manner. This will enable further concrete insights on the involvement of network partners during the SDM process as it this could potentially test whether which of the several motivations to involve a network partner has the strongest influence on the final strategic decision. Moreover, the statistic significance of the contingency factor: impact of strategic decisions (scope and commitment) could be tested for the involvement of network partners for either 'strategic decisions' and 'less strategic decisions'. In order to realize this it would be very helpful to increase the amount of strategic decision making processes, which brings us to one of the limitations of this research. The study investigated 22 strategic decision-making processes, which is quite good in terms of sample size but further research could be more useful when the sample size is increased.

A second area of further research is to incorporate more contingency factors potentially having an impact on the process of involvement of network partners during the SDM process. A potential new research topic could be investigating the role of OM's personal characteristics and its impact on his or her network orientation, and subsequent behavior in terms of involving specific network partners to help during the SDM process. In addition, it would be interesting to clarify what the effect is of time-pressure during strategic decision-making and

the involvement of network partners. Thereby, it would be interesting to see if the successfulness of the firm over the last couple of years might influence the involvement of network partners in the future. It could be the case that prior good/or bad experiences (financially good/bad years) might lead to recurring/or-modified behavior in terms of the involvement of network partners during SDM.

Moreover, another direction for future research is the information registration and processing during the SDM process. In this study it turned out that many involved network partners' contribution has an actual impact on the final strategic decisions that best can be described as: piece of the puzzle. Further research could dive into the spectrum of information processing and how all these pieces together function as fundament for new strategic decisions.

Lastly, future research could take into account the perspective of the adviser instead of the advice receiver. It would be interesting to examine how involved advisors see their role and how they approach their role as advisor.

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## 9. APPENDICES

### 9.1 In-depth interview protocol

#### Section 1: Background information

- What is your age?
- What is your actual function description?
- What is your educational background?
- How long are you at this company?
- What can you tell me about your entrepreneurial experience?
- What can be said about your industry experience?
- What is the way of doing things in your organization?
- What can be said about the density of your network?
  - Is it very dense, meaning that you have few contact that are very close? Or does it contain a mix of very close and less close contacts?
    - Indicate on a likert scale

#### Section 2:

The four sub-stages of the SDM process are used to structure section 2. For each of the sub-stages (initiation stage, variation stage, selection sub-stage and retention sub-stage) the following set of questions will be asked. This set of question is divided according to the three sub-questions as defined in the research paper.

Of course, each sub-stage will be introduced and explained to the interviewee.

#### 1. A) who is included?

- Is it an existing relationship, cold calling or a referral?
- Is it a social partner or a business partner?
- What can be said about the tie strength? (Granovetter, 1973)
  - *Amount of time*: How often do you interact with each other? (Weekly, monthly, yearly)
  - *Emotional intensity*: How close is your bond? (Friendship or pure business)

- *The intimacy*: What can you say about the inter-personal trust between you two? (Using a scale to indicate)

- *Reciprocal services*: Is it a one-way or mutual exchange relationship?

- Does the network partner have economical interests by the decision that has to be made?
- What about the network partners' experience?
  - Is it business related or technology related?
  - How many years of experience does the network actor has?

#### 1. B) why are these included?

- The usefulness and applicability of the relationships at a specific moment in time?
  - Is it about the trust you have in this network actor?
  - Is it about the perception of his/her level of expertise/credibility?
    - Is it about the reputation of the network actor? (Explicit certification from well-regarded individuals and organizations)
  - Is it about the ease of obtaining advice?
  - What are the costs or difficulties in obtaining advice?
  - What can you say about your prior experiences with this network actor?
    - Measurement (in years)

#### 2. How are entrepreneurial network actors contributing?

- What type of information or advice?
  - Industry specific, technology specific, or organizational/strategic?
  - What is the function of the content obtained?
    - Is it about screening your ideas?
    - Do they give you feedback?
    - Is it a way to validate earlier obtained information?
- What about the emotional support? Does this play a role?
  - Does he or she gives you strength or encourages you for further actions?

- Indicate on a scale (1-10)
- What about obtaining self-confidence?
  - Indicate on a scale (1-10)

### **3. What is the actual impact on the final strategic decisions?**

- What is the actual contribution of the obtained content from this network partner?
  - Indicate on a scale (1-10)
- How would you characterize the process of involving network actors for advice?
  - Do you use all the different pieces of information and based upon this, make your own decision?
  - Or do you trust others and build upon that when making a strategic decision?
    - Indicate on a scale (1-10)