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**"FACTORS INFLUENCING THE COMPONENTS
OF THE INTERNATIONAL STRATEGIC DECISION MAKING PROCESS
IN CANADIAN FIRMS"**

**By Christopher W. Chu
B. Comm.**

**A thesis submitted to
the Faculty of Graduate Studies & Research
in partial fulfillment of the requirements for the degree of**

Master of Management Studies

School of Business

**Carleton University
Ottawa, Ontario**

15 May 1994

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submitted by

Christopher W. Chu, B. Comm.

in partial fulfillment of

the requirements for the degree of

Master of Management Studies

Thesis Co-Supervisor

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15 May 1994

ABSTRACT

This thesis examines the strategic international decision making process of twenty randomly sampled Canadian firms. A model was introduced to study the relationship between an organization's degree of internationality and its strategic decision making process. The findings indicated that no relationship existed between a firm's international environment and the individual strategic decision making process components. These components included the information gathering habits, the degree of involvement, and the duration of the strategic decision making process. However, the findings provided evidence that an organization's strategy influenced the strategic decision making process. A revised model is introduced to illustrate the relationship between an individual firm's strategy and the components of the international strategic decision making process.

ACKNOWLEDGMENTS

This thesis would not be possible without contributions from my friends and colleagues. I cannot name all of these individuals, however the following people must be mentioned. I thank Professor David Cray and Professor George Haines for their patience and support as co-supervisors and friends throughout the production of this thesis. I would also like to express my appreciation to Professor Judith Marshall for her contributions as a committee member. Thanks also goes to Jean Blair for providing her assistance above and beyond the call of duty.

I greatly appreciated my friends in the M.M.S. program for making the long hours and late nights memorable. Thanks go out to Patty, Paul and Ajit.

I must also thank my girlfriend Regina, for her patience and efforts in helping me meet deadlines at the last minute.

Finally, I thank my parents for their support and encouragement throughout my years in M.M.S. program.

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Appendix

1. Introduction

The changing environment within the global economy has received more attention recently due to events such as the creation of trading blocs, specifically the impending North American Free Trade Agreement and ratification of the Maastricht Treaty. In addition, the fall of the socialist system within Eastern Europe and the immense potential of China as it continues to move towards a freer economic system will contribute to increasing opportunities available for Canada's global trade activities.

As a result, the necessity for Canadian companies to make effective international business decisions will increase. Furthermore, with the recent period of world-wide recession and rapid industrial and technological shifts, companies must learn to understand the international decision making process if they wish to compete successfully in an increasingly international environment.

The initial purpose of the research was to study the process by which Canadian companies form marketing strategies within an international environment. Consequently, this would have lead to an understanding of how the environment affects the strategic international marketing decision process involved in Canadian companies. However, the number of international marketing decisions discussed by the randomly selected companies were limited. As a result, the scope of the research was modified to examine how the environment influences the international strategic decision making process in Canadian companies.

In order to examine this relationship, the following procedure was utilized:

- 1) Strategic decisions regarding international business were collected from twenty Canadian companies that have international operations.
- 2) Decisions having international consequences were analyzed to identify the individuals responsible for forming, contributing to and finalizing the decision.
- 3) The degree of internationality associated with the sampled firms was related to the strategic decision processes involved within these firms.
- 4) The decision makers' perceptions of the international environment were analyzed and compared.

1.1 Theoretical Model

The research attempted to compare the international strategy formulation process among Canadian firms that vary in their degree of international activities. The theoretical model links the relationship between three factors: degree of internationality, degree of environmental complexity and aspects of the strategic decision process.

At this point, the term internationality is introduced. The degree of internationality may vary among different firms according to their commitment and orientation towards international business. Although an individual firm's degree of internationality is difficult to quantify and measure, the research assumes that the following three variables influence the firm's degree of internationality:

- A) Percentage of the firm's sales outside Canada.
- B) Percentage of the firm's production facilities outside Canada.
- C) Percentage of the firm's employees that are employed outside Canada.

In Figure 1, the three variables mentioned above are assumed to influence the firm's degree of internationality.

For the purposes of the research, complexity must be defined in order to understand the proposed model. Although complexity has been conceptualized in many different ways in the organizational literature (Hickson et. al, 1986; Mintzberg et al., 1976), complexity can be classified and treated according to various approaches such as: psychological experiences, interactions between task and person characteristics, and a function of objective task characteristics (Campbell, 1988). Campbell proposed a framework that attempted to integrate the different conceptualizations of complexity.

Figure 1.

Theoretical Model

Specifically, he introduced four basic task characteristics that were contributors to complexity (Campbell, 1988). They are:

- i) Multiple paths
- ii) Multiple outcomes
- iii) Conflicting interdependence among paths to multiple outcomes
- iv) Uncertain or probabilistic linkages among paths and outcomes

When firms increase their international activities, their environment becomes more complex. Specifically, international business entails operations in different cultural, political and economic conditions which result in a more complex environment. Consequently, a relationship can be assumed to exist between the degree of internationality of an individual firm and the perceived complexity of its environment.

In this work, the emphasis is placed on the perception of environmental complexity. Since this environmental complexity is difficult to measure, decision makers were asked to describe what/how they perceive the environment. Factors such as the degree of uncertainty in political, cultural and economic climate will help determine the degree of environmental complexity. Campbell's (1988) definition of complexity contributors can imply that an international orientation creates uncertain linkages among paths that cause the firm to confront a more complex environment. In Figure 1, the relationship described above is outlined between the degree of firm's internationality variable (in box 1) and the complexity of the environment (box 2).

Since the research pertains to strategic decisions in an international environment, it is important to discuss strategic decisions. Strategic decisions can be analyzed as lying at one end of a continuum, with more trivial decisions at the other end (Hickson et al., 1986) although strategy is often built up from a series of trivial decisions.

A strategic decision is likely to provide future direction by presenting a specific strategy which has certain features that other decisions do not possess. First, it may not come up very often. In other words, strategic decisions are more rare and non-routine than most (Hage 1980) and therefore comparatively novel (Wilson 1980). Strategic decisions may have few direct precedents although such decisions have the ability to influence subsequent decisions (Mintzberg, et al. 1976). Second, it requires a commitment of substantial resources (Mintzberg, et al. 1976). Third, it creates "waves" of lesser decisions (Mintzberg 1979) and therefore, is comparatively wide across the organization and leads to consequences that arise from this decision (Wilson 1980). In summary, strategic decisions are relatively unusual or rare, involve a substantial commitment of resources, and lead to subsequent decisions. It is evident that strategic decisions are decisions considered strategic by the decision makers involved. As a result, decision makers will be asked what they perceived to be a strategic decision.

The relationship between a firm's external environment and strategy formulation process has been examined in the strategic decision making literature (Hanna, 1987; Porter, 1983; Peters and Waterman, 1981). A majority of the literature has emphasized the importance for firms to examine their external environment (in addition to other factors such as internal strengths and weaknesses, organizational structure, etc.) when formulating strategies.

It is not necessary to discuss in great detail the influence of environment on the strategic decision making process. However, the degree to which a complex environment affects the aspects of the decision making process requires a closer examination. The

firm's environment modifies various aspects of a decision making process such as the time required to decide and the degree of information gathering required. As the degree of perceived environmental complexity varies, all else remaining the same, the aspects of the decision making process also varies. As a result, the degree of perceived environmental complexity affects the strategic decision making process and thus, the aspects that are related to this decision process.

In Figure 1, the relationship between environmental complexity (Box 2) and the strategic decision making process (Box 3) is illustrated. In addition, the resulting three aspects of the decision making process influenced by the firm's environment are also illustrated in Figure 1. Specifically, these three aspects represent the hypotheses of this research which will be highlighted later.

The relationship between the degree of internationality as measured by the percentage of overseas sales, production and employment leading to the complexity of the external environment has been postulated. If the assumption of varying environmental complexity on the aspects of the strategic decision making process is accepted, it follows that a link between the degree of internationality and strategic decision making process can be made. The overall model in Figure 1 results in a linkage between the three individual variables.

Using the logic established from the outlined theoretical model, three hypotheses that are of interest to international decision making may be stated.

The relationship between internationality and the strategic decision making process implies that as a firm's international activities increase, its environment becomes more

complex which influences the strategic decision making process. Since all decision making processes require a degree of information gathering,

H1: As the organization's degree of internationality increases, the information gathering and search process becomes more extensive.

As outlined in the model, internationality influences the environmental complexity involved and thus, the strategic decision making process. In addition, the relationship between involvement as a source of complexity in decision making has been illustrated in the literature (Hickson et al., 1986). This relationship implies that as more parties or entities become involved in the decision process, the process becomes more complex. Increasing international activities may also result in a more complex environment which influences the decision process. Specifically, a complex environment may contribute to a more complex decision process and may ultimately influence the involvement of entities within an organization. For the purpose of the research, entities consist of individuals, committees and departments internal and external to the individual firm. This rationale forms the basis of the second hypothesis.

H2: As the organization's degree of internationality increases, the number of entities (individuals, committees, departments etc.) involved within the strategic decision process increases.

Finally, for firms competing within an increasingly global environment, the timeliness of decisions is a key issue. The model assumes an international business environment is a complex environment which in turn affects the strategic decision making

process. Consequently, the impact of internationality may affect the duration involved in the decision making process. The duration of the decision process encompasses all those steps taken from the time a stimulus for an action is perceived until the time a commitment to action is made (Mintzberg, 1979, pg 58). A detailed statement of the third hypothesis is:

H3: As the organization's degree of internationality increases, the duration of the strategic decision making process increases.

This thesis proceeds in six sections. First, a review of the relevant literature within the area of international marketing, strategic marketing decision making and strategic decision making is presented. Second, the thesis will then proceed to summarize the research problem in a main research objective section which is further subdivided into three specific objectives. Third, the thesis outlines the research methodology and addresses the research objectives. In the fourth section, a detailed summary of the relevant findings are presented. The subsequent section presents a discussion of these findings and introduces various explanations. The thesis then proceeds to present an alternative model that bridges the gap between the original theory and the research findings. Finally, the thesis concludes with a summary on the limitations and benefits associated with the research. In addition, this section also presents directions for future research on areas in international strategic decision making.

2. Literature Review

The thesis topic initially attempted to explore the strategic marketing decision making process undertaken by Canadian firms in an international environment. It seemed logical to examine all the literature available on international strategic decisions. However, very little literature is available on this topic. Therefore a "bottom up" approach was employed to review the relevant literature. This particular methodology is characterised by exhausting all the literature available on the topic and systematically analyzing the literature addressing each component of the topic until every component is covered. Specifically, the literature with respect to following general categories were reviewed: international marketing, strategic marketing decision making processes and strategic decision making.

2.1 International Marketing

2.1.1 Multinational Marketing Decision Making

Although no recent literature examining the marketing decision making process involved within an international environment was located, two older studies, Aylmer (1970) and Keegan (1971), were analyzed due to their relevance for marketing decisions within a multinational firm. The location of authority involved with marketing decisions within multinational firms is important to analyze when diagnosing problems associated with marketing on a multinational scale (Aylmer, 1970). Aylmer's study examined the extent of local management autonomy for marketing decisions and certain organization forces within the firm which affect this autonomy. Aylmer determined that local management

was responsible for developing local marketing strategies. However, the level of autonomy varied among various marketing decisions.

Similarly, Keegan (1971) found that certain situations required a multinational firm's headquarters involvement with local decisions. However, the superior approach involved an interactive market planning process which consisted of subsidiary responsibility for responding to the differences and unique factors of each national market (Keegan, 1971). Headquarters staff at area and world levels would be responsible for strategic planning. As a result, a suitable multinational structure involves a system that allows for flexible involvement from different levels.

Aylmer's study does not elaborate on any other component within the marketing decision process. His emphasis is focused on the impact of the subsidiary within the decision process. Other participants in the process were not examined in his research. Consequently, Keegan (1971) attempted to define both the local and national headquarters' roles. Neither study attempts to differentiate or compare the type of marketing mix elements associated with the marketing decisions. Specifically, product decisions were the main issue between national headquarters and local management. Aylmer (1970) and Keegan (1971) both concluded that products which were more standardized did not require local management's involvement. The greater the differentiation, the greater the need to rely upon the marketing management process at the country level. Finally, the greater the similarity between markets, the greater the opportunity to increase involvement of all levels (Keegan, 1971).

2.1.2 International Marketing Decision Making and Culture

The study of international marketing decision making processes is almost non-existent within the contemporary literature. However, studies which contrast the decision making styles in international marketing with respect to cultural differences of the decision makers have been quite frequent (Lee et al., 1988 and Clark, 1990). It is important to study the impact of the decision makers' respective culture on marketing decisions because this understanding can be used to predict competitive strategies and is helpful for managing multinational firms (Lee et al., 1988 and Clark, 1990). In addition, the study of national character is valuable in international marketing because it has significant impacts on the behaviour of consumers and marketing decision makers (Clark, 1990). The literature on decision making of Chinese (Peoples Republic of China) executives emphasize their "slowness in reaching a decision (Hendry, 1986; Pye, 1983). These findings support the conclusions of Lee et. al (1988) which implied home culture had a significant impact on the decision making of executives from different countries.

While it is important to learn about the culture of decision makers and resulting marketing decisions, they were not studied within this thesis because the sampled decision makers were limited to Canadian companies. Comparisons made with decision makers from other cultures are more useful for distinguishing unique characteristics associated with the specific decisions.

2.1.3 International Marketing Strategy

The development of strategy involves four sets of interrelated decisions (Abell and Hammond, 1979) which are essentially the components of a strategic planning process. First, the business must be defined to include issues such as products and market segmentation. Second, the mission must be determined. Third, functional strategies for business areas must be formulated. Finally, the resource allocation and implementation plans must be undertaken.

The decision to enter into international marketing is among a firm's most significant decisions (Kirpalani, 1985). Once this decision is made, the functional strategy for international marketing must be formulated.

International marketing strategy formulation consists of the following five areas that involve individual strategies (Kirpalani, 1985):

- i) commitment
- ii) market selection
- iii) method of entry
- iv) marketing organization
- v) marketing mix program

The majority of the international marketing strategy literature deals with the content of the strategies (Root, 1988) and does not focus on the strategy formulation process. However, individual components within international marketing such as pricing models have been examined in the literature (Walters, 1989). Walters discovered a number of important differences in the export pricing process for new products as compared to adjusting prices for existing products. In addition, Walters (1989) determined two factors essential to pricing decisions. First, company factors internal to

the firm, concern the firm's international strategy that flows from the adopted strategy within the foreign market. Specifically, company factors include variables such as manufacturing and distribution processes (Walters, 1989). The second factor influencing pricing decisions is market factors. Market factors relate to the situation in the target export market, but attention must be given to the pricing policy adopted in other markets.

2.1.3.1 Internationalization Process

An individual firm may evolve from being a domestic firm and end up as a international firm. This evolution is characterized by the internationalization process of companies. The literature on internationalization has been quite extensive (Douglas and Perlmutter, 1973; Davidson, 1980; Wiedersheim-Paul et al., 1978). In general, there are four approaches including export stage models, EPRG profile, product life cycle model and empirical approach. The EPRG (Perlmutter, 1969) schema implies that firms are associated with successive stages consisting of Ethnocentrism (home country orientation), Polycentrism (host country orientation), Regiocentrism (regional orientation) and Geocentrism (a world orientation).

Kirpalani (1985) summarizes the internationalization process in the following six stages:

- 1) Domestic firm with no exports
- 2) Marginal exports
- 3) Exports through agents to a few markets
- 4) Exports through agents to many markets
- 5) Exports through only marketing facilities abroad
- 6) Foreign production

The different approaches display the same pattern of internationalization development. First, the firm begins serving the domestic market at the early stages of the firm's international development process. Later, the firm develops international markets and foreign production facilities as the firm's international development matures. It is important to understand that firms may exist on any point within the development stages.

2.1.3.2 Export Decision Process

There are various export decision styles associated with individual firms (Hilger and Hoover, 1989). Hilger and Hoover (1989) examined the export decision process dynamics to distinguish different styles and motivations in exporting firms. Factors such as foreign buyer requests, competitor's exporting activities, government incentives, and incentives from other associations were identified by Bilkey and Tesar (1977) as external stimulants for export activities. Conversely, the most significant internal stimulus for export decisions was identified to be the positive managerial view of exporting as an opportunity to increase profits (Bilkey and Tesar, 1977). In addition, this positive attitude was related to the firm's international orientation as outlined previously (Wiedersheim-Paul et al., 1978).

The literature also identifies "motivation" as a factor for export decisions (Bilkey, 1978). Firms may export based on the motivation to unload excess inventories while others may seek business opportunities. Cavusgil (1984) classified these exporters according to strategic versus tactical orientation for exporting. Strategic implies the need for long-term growth, whereas tactical and operational orientation relates to short-term

exporting. Strategic exporting may be in response to environmental changes and thus, can be externally stimulated (Hilger and Hoover, 1989). Operational or tactical decisions to export as a means to solve current problems, implies internally stimulated factors (Hilger and Hoover, 1989). Hilger and Hoover (1989) found that the variety of export goals and motives was important in predicting the impetus of the firm's decision process. These export decision styles imply that potential exporters should be aware of the situations in which "exporting" might be chosen as a strategic or tactical marketing option (Hilger and Hoover, 1989:91).

2.1.3.3 Market Selection

The decision for companies to expand into international markets involves the selection of an appropriate target country. Country selection may involve many methods for evaluating suitable foreign markets. The selection process often involves many procedures. These procedures may be classified as either quantitative or qualitative (Papadopoulos and Denis, 1988). The use of in-depth statistical analysis to screen the appropriate country is an example of a quantitative procedure. Conversely, qualitative procedures may take the form of analyzing the key decision makers such as government departments.

2.1.3.4 Method of Entry

Once firms have selected the target countries for their international expansion, they must select a suitable method of entry strategy. Several entry strategies are available, however, these strategies may be located within three general categories (Root, 1987): export entry modes, contractual entry modes and investment entry modes. The eventual choice of entry strategy is affected by both internal and external factors (Root, 1987). Internal factors such as capital resources, suitable technology and management expertise are just a few examples. Conversely, external factors address the local country's environment. This environment consists of many important factors including the access to production resources, industry structure, political structure and the characteristics of the local consumers.

2.2 Strategic Marketing Decision Making Process

Although the literature with respect to marketing strategy formation within the domestic marketplace is more widely available than its international counterpart, an analysis of strategic marketing literature is still helpful for understanding the complexities involved with marketing strategy formation. It has been claimed that the emerging literature on marketing strategy is contributing more to the discipline of marketing than any other branch of study within the past twenty years (Day and Wensley, 1983). Day and Wensley (1983) identify several environmental factors that have created this surge of strategic marketing literature, specifically, they include the following: "increased competitive pressures, slower economic growth, rapid developments in technology, deregulation,

pressures for productivity, increased emphasis on quality, and the aging population." (Day and Wensley, 1983, pg. 78).

The attempt to relate overall business strategies and marketing strategies has been a common topic for the strategic marketing subject (McDaniel and Kolari, 1987; Walker and Ruekert, 1987; Boxer and Wensley, 1986). Much of the literature attempts to integrate business strategy concepts with marketing strategy. Both McDaniel and Kolari (1987) and Walker and Ruekert (1987) apply a strategic typology to understand marketing concepts. Specifically, McDaniel and Kolari (1987) attempted to apply the Miles and Snow Strategic Typology (1978) to the area of marketing strategy. In very general terms, the Miles and Snow typology postulates that competing firms within an industry exhibit one of four basic business strategy types; defenders, prospectors, analyzers, and reactors. The dimensions on which these types are based reflect the organization's response to changes in the environment. McDaniel and Kolari (1987) studied the responses of a firm to a rapidly changing environment. The resulting strategic marketing behaviour was explored within the context of the Miles and Snow typology (1978).

In contrast, Walker and Ruekert (1987) used a strategic typology to study the relationship of business strategy and marketing strategy. Specifically, Walker and Ruekert were interested in learning the relationship between a specific business strategy and the marketing activities used within the business unit to implement that strategy. Similarly, Boxer and Wensley (1986) examined the role that marketing plays in the implementation of overall business strategy. However, Boxer and Wensley (1986) separate the business strategy and marketing roles in implementing this strategy. More importantly, they

studied the need for marketing managers to formulate their own strategies within the business unit, in order to practice the marketing concept. Boxer and Wensley (1986) stress that when middle managers are able to manage their own micro environment, a closer relationship can be maintained with that local market.

2.3 Strategic Decision Making

Within the strategic and organizational decision making process literature, various models have been proposed (e.g. Nutt, 1984; Hickson et al., 1986; Mintzberg et al., 1976). Decision making essentially involves two major stages, problem identification and problem solution. However, in general, most decision processes involve some form of information gathering, alternative generation and choice procedure. Although most models of decision making stress a systematic analysis followed by choice implementation, most organizational decisions are made under conditions of bounded rationality

Emphasizing the ambiguity involved with organizational decision making processes, Cohen, March, and Olsen (1972) view an organization as a garbage can. Within their model, a decision represents an outcome or an interpretation of problems, choices and solutions that result from various administrative mechanisms. Decisions, problems, ideas and people flow through organizations and mix together in various combinations (Cohen et al., 1972). Although the decision processes can appear to be random, the mix of problems that result in decisions can be ordered or structured in a number of different ways.

Following the logical and rational approaches, Mintzberg (1976) introduced an incremental decision model which implies that major organization choices are usually a series of small choices that combine to produce the major decision. These steps take place in three major phases: the identification phase, the development phase, and the selection phase (Mintzberg, 1976).

The Bradford studies (Hickson et al., 1986) suggest three ways of making decisions. The three ways of making decisions describe how a topic passes through an organization. Specifically, these approaches are sporadic, fluid and constricted processes (Hickson et al., 1986).

Although many models of decision making have been introduced, the theory of bounded rationality (Simon, 1969) emphasizes that decision makers have limited rationality and scope when utilizing a systematic procedure. Specifically, time pressure, a large number of factors affecting the decision, and the ill-defined nature of many problems make systematic analysis nearly impossible (Daft, 1986, pg.351).

2.3.1 Strategic Decision Making Process Approaches

Individual organizations may follow different approaches in arriving at their strategic decisions. The approaches used in the strategic decision making process have been the subject of numerous studies (Schweiger, 1986; Hitt and Tyler, 1991; Pinfield, 1986; Locke et al. 1986). These studies present various descriptions of methods that organizations utilize in an attempt to make the best strategic decision. An earlier claim was that few organizational decisions are made in a logical and rational manner (Cohen

et al., 1986). A "rational" approach (i.e. one that uses complete information and a single goal or criterion) might appear inappropriate for a decision process that involves a large number of decision participants from various departments that possess different goals, as well as different means for achieving them.

Pinfield (1986) examined the decision process in the Canadian government bureaucracy to evaluate two perspectives that he proposed exist within the strategic decision process, structured and anarchic. It is important to note that he describes five characteristics that differentiate these two perspectives. Specifically, one of these five is the extent of participant consensus on goals. However, Pinfield's perspectives fail to specify how participation influences the strategic decision process.

Other studies have examined the issue of participation and consensus as influencers on the strategic decision making process (Locke et. al, 1986). Locke argued that participation can be simply a managerial technique that, in some situations, can actually lead to lower employee satisfaction and productivity. More importantly, managers should exercise caution when considering the merits of a participative strategy in strategic decision making (Locke et al., 1986).

2.3.1.1 Group Consensus as an Approach to Formulating Strategy

Group consensus as an approach to formulating strategies within an organization is yet another subject of studies found within the literature (Dess 1987; Dess and Origer, 1987; Schweiger et al., 1986). Consensus is usually defined as the agreement of all parties to a group decision which occurs after everyone involved has been made aware of the pros

and cons of the important issues. Consensus has also been defined, oddly enough, to imply that a majority of individuals are in agreement with the specific strategy involved (Dess and Origer, 1987). Researchers generally focus on two issues when examining consensus in strategy formulation: consensus as the outcome of the decision making process and consensus as the process of building consensus (Dess and Origer, 1987). Strategy formulation is viewed as a consensus-building process and has stressed the importance of consensus in strategic decision making processes (Dess and Origer, 1987).

Different conclusions have been found over the years regarding the effectiveness of consensus in strategy formulation. Specifically, the notion of "groupthink" (Janis, 1972) is based on the observation that normative pressure for consensus in strategic decisions tended to produce sub-optimal outcomes in terms of organizational performance. More recently, in a study by Schweiger et al. (1986), the findings of a laboratory study comparing different approaches for improving strategic decision making concluded that both a dialectic inquiry and devil's advocacy approach led to higher quality recommendations and assumptions than the consensus approach (Schweiger et al. 1988). However, Dess (1987) found a positive relationship, with an organization's consensus over objectives and means positively related with its performance.

The literature appears to support both alternatives on this issue, and perhaps a more detailed analysis of specific situations, such as organizational structure, is required to determine whether consensus is an appropriate method. Incidentally, Dess' research is important because he distinguishes the concept of consensus between the organization's objectives and the methods used to obtain those objectives. Generally, research in the past

discussed the concept of consensus on strategy without differentiating between the organization's objectives and methods (Dess, 1987).

2.3.1.2 Perceptual Differences in Strategy Formulation

A company's international marketing decisions result from specific strategies that are constructed by the company. This process of strategy formulation is one of the determinants of the way an organization responds to its environment (Schneider, 1989). As a result, this process requires scanning, selecting, interpreting, and validating information in order to assess the environmental threats and opportunities, as well as internal strengths and weaknesses (Schneider, 1989). However, the assessment of this information may not necessarily be objective because it involves certain perceptions and interpretations. As a result, this strategy formulation process is impacted by the personality and experiences of management, group dynamics and the organizational structure itself (Schneider, 1989). Studies have analyzed the potential impact of national culture on strategy formulation (Schneider, 1989; Axellson et al., 1991). These studies implied that national culture plays an important role in strategy formulation. This will have an impact on how the strategy formulation process occurs within multinational companies. A multinational enterprise must coordinate operations, and more importantly, strategies, across national boundaries. As a result, this process may be difficult to coordinate given the complex nature of a multinational network.

2.3.1.3 Strategy and Structure

The linkage between strategy and structure begins with Chandler's classic study (1962) which examined how changes in market diversification involved alterations to the structure of an organization, specifically divisionalization.

The topic of strategic decision making requires an examination of literature pertaining to strategy and structure. A large number of studies have been conducted within the area of business strategy and the influence it has over the specific structure of a company (Fredrickson, 1986; Miller, 1986; Miller, 1987; Miller et al., 1988). The literature is divided between business strategy and strategic decision making, and their effects on the organizational structure. The former subject, which is characterised by linking structural concepts with strategic concepts, is less important for the study of decision making (Miller, 1986) because they tend to focus on specific strategies as opposed to decision making processes. However, these studies are worth mentioning because they link the more recent field of business policy concepts introduced by Porter (1980) with organizational structure concepts.

The subject of strategic decision making processes and organizational structures is more important for understanding the process of international strategy formulation. Specifically, the characteristics of a particular strategic decision process and how they are affected by its structure (Fredrickson, 1986) is of particular interest. However, Fredrickson's study (1986) draws very basic conclusions without examining the specific components of the strategic decision making process that influence specific types of organizational structures. Miller et al., (1988) argues that aspects of the strategy making

process and the content of business strategies mediate between organizational context and structure. The authors draw three conclusions that are of interest to the study of strategy formulation.

First, Miller et al., (1988) illustrates that the personality of a key decision maker (Chief Executive Officer) has an impact over the decision making process, which in turn is reflected within the overall structure of the organization. For example, if the CEO has a high need for achievement, the CEO may wish to ensure controlled progress toward attaining objectives. Consequently, this orderly progress may result in following a decision making style which involves frequent consultation with other managers. Furthermore, this particular method may only be facilitated through a specific structure that promotes consultation and provides the information needed for analysis. This latter part of the process was the basic conclusion for Fredrickson's study (1986) mentioned previously. Second, Miller et al., (1988) also showed that within an uncertain environment that requires constant product innovations, a formalized structure would improve the success of the innovation process. Finally, they showed that mutual relationships between strategic processes and content existed. Although Miller's conclusions are insightful, their study places too much emphasis on the strategy formulation of innovative firms and their corresponding structures. Not much of their attention is focused on organizations not emphasizing product innovation as a strategy.

Similarly, related to Miller's research, Thomas and McDaniel (1990) studied the personalities of chief executive officers and their influence over the information processing structure of the top management team, which influenced the organizational

structure. Thomas and McDaniel (1990) found that chief executive officers label, interpret and chose strategic issues differently as a direct result of their information collection process.

Although a large majority of the strategic decision making process and organizational structure literature mentioned thus far addresses the influence of senior management and the top down process, studies analyzing the importance of middle management involvement in the strategic decision making process are also abundant (Schilit, 1987; Woolridge and Floyd, 1990). An upward approach from middle management towards the process of strategy formulation is more prevalent in low risk and return types of strategic decisions than in high risk and return decisions (Schilit, 1987). Schilit's research (1987) raises the issue of wider participation in the strategic process; however, it does not study the effects of this broader influence on the overall performance of an organization.

Consequently, Woolridge and Floyd (1990) attempted to study the strategic involvement of middle managers in 20 organizations. The conclusions that Woolridge and Floyd (1990) state were that involvement in the formation of strategy leads to improved organizational performance. In the past, the role of middle management within the strategic process primarily involved implementation of the strategic decision. As a result of Woolridge and Floyd's study, top management interested in improving performance should expect middle managers to provide more input during the strategic process as opposed to facilitating implementation. In addition, middle management should bring forward any concerns and question of doubt they may have with respect to the strategic

decisions being implemented.

2.4 Conclusions

Research studies on strategic decisions focusing on international marketing are extremely rare. The international marketing area is adequately covered when examining specific international marketing strategies. In addition, studies in strategic marketing within a domestic market are also addressed in the literature. However, the few articles that are related to international marketing decision making do not adequately address the processes involved. With the exception of Aylmer's study in 1970 and Keegan's in 1971, there appears to be a large gap in the literature that is associated with this area. The Aylmer study is quite dated and it addressed the problem associated with American multinational firms.

With respect to the lack of specific literature available on strategic marketing decision processes within an international environment, it was necessary to examine related components associated with strategic decision making, strategic marketing and international marketing to gain valuable insight for formulating a research study to fill this gap within the literature. Consequently, the research area of international marketing decision making for Canadian companies appears to warrant additional research activity. However, as the number of strategic international marketing decisions sampled was limited, more valuable insight was gained when strategic international decisions in general were examined. This therefore, became the main topic of this thesis.

With respect to strategic decision making topics, they are addressed extensively

in the literature. Research studies dealing with the strategic decision making process. structure and approaches are numerous. However, studies of the process by which managers arrive at strategic decisions which focus on international business are rare.

Consequently, the examination of decision making models is more pertinent to the thesis since it attempted to study the strategic decision making processes. All the theories and models outlined are useful when examining the particular process associated with a specific firm. With respect to the marketing decision processes highlighted in the literature, it is important to establish the similarity between this process and the overall strategic process. Since this relationship is mentioned in the literature, marketing decision processes are applicable to strategic decision making concepts which is the main focus of this thesis.

3. Research Questions

Based on the literature review, there are two basic questions that the research attempted to address. These research questions are presented below:

- i) What are the factors that influence the strategic international decision making process ?
- ii) How do the strategic international decision making processes differ with varying degrees of internationality among Canadian firms ?

The main objective of this thesis was to describe the decision making process that Canadian firms utilize when forming decisions within an international environment. In addition, the study attempted to learn how Canadian companies formulate international strategy.

The research questions outlined above raised other issues and concerns that required some attention. As the literature review implies, the concepts involved with strategic international marketing decision making processes are applicable to the strategic international decision processes. Consequently, the research attempted to determine what decision makers perceive as strategic international decisions by asking decision makers what strategic decisions they made. In addition, the decision makers were asked to explain how they perceive the environment confronting the firm. This helped identify how the environment influenced the decision making process.

Furthermore, the decision maker was then asked how the international business function is organized. The purpose of this question was to gain an understanding of how Canadian companies organize their departments to facilitate international strategy formulation and decision making.

Moreover, another question that was directed to the decision maker attempted to identify the degree of involvement with foreign subsidiaries and the head office as perceived by the decision maker. This question helped trace the international decision process from conception to the final decision by analyzing the decision making participants involved within this decision process.

Finally, the decision maker was asked to describe various parts and components associated with the strategic decision making process. This allowed the research to compare individual parts of the strategic international decision making processes among individual Canadian firms. These parts included the factors previously hypothesized, specifically the degree of information gathering and search as well as the duration or time involved in the decision process.

Another consideration that was addressed from the description of the decision making process involved the use of consensus in the decision process among Canadian firms. More directly, the thesis attempted to identify how common it is for Canadian firms making strategic international decisions to use a consensual process.

4. Research Methodology

This thesis relied heavily on information from a study being conducted by Cray, Haines and Mallory. It was important to understand the particular methodology used within their study. As a result, the research methodology that is specific to the theme of this thesis consisted of extracting relevant information required for this study and the data analysis that followed.

4.1 Population Definition

The population was defined as large Canadian firms located across Canada. These individual companies may have operations within other countries, or even if they do not, may be involved in strategic international decision making.

4.2 Sampling Frame

The sampling frame is the annual Financial Post (summer 1991 version) listing of the largest 700 Canadian firms.

4.3 Sampling Unit

The sampling unit for this thesis was the individual company selected from the Financial Post listing.

4.4 Sampling Element

The sampling elements consisted of senior business managers and executives from the

selected Canadian firms.

4.5 Sampling Selection

A simple random sample of Canadian companies in the Financial Post firms identified twenty companies. If a Canadian firm with no international operations was chosen, the sampling process replaced these firms with ones that conduct business internationally. A simple random sample of Canadian companies facilitated the ability to draw inferences from the eventual results and to use simple (rather than more complex) statistical analysis of the ensuing data.

4.6 Survey Instrument

The survey used in this thesis involved a detailed interview schedule. This schedule was a modified version of the schedule that was used in earlier studies (Hickson et.al, 1986; Cray, Haines and Mallory, 1989) and is attached in Appendix 1. This questionnaire was administered through semi-structured personal interviews with managers of the selected companies. The semi-structured component consisted of a narrative format in questioning that allowed the decision maker to explain an individual incident, provide actual examples, describe the decision process and the specific components involved with this process, and to provide information that slightly deviates beyond the original question. This procedure facilitated the collection of qualitative information such as perceptions of the respondent and was recorded and transcribed allowing for closer examination at a later time. The structured component required respondents to record their answers directly on the survey

schedule. In addition, this structured procedure involved a closer adherence to the interview schedule. More importantly, this procedure allowed for the collection of quantitative information. Finally, this procedure ensured that the interviews were conducted according a set agenda.

4.7 Measurement of Variables

The variables described earlier require a brief outline as to the methods of quantifying the variables for the thesis. First, the influencers of the degree of internationality were determined by data provided by the firm being studied. Specifically, the percentage of sales abroad was determined by the annual reports calculated in Canadian dollars across all foreign subsidiaries over the total sales that include domestic and worldwide activities.

Second, the percentage of overseas production facilities was measured by asking the decision maker what percentage of production was performed outside Canada. Finally, the percentage of overseas employment consisted of all the individuals that were employed in foreign subsidiaries by the firm over the total worldwide employees for the firm.

Environmental complexity was determined by the decision maker's assessment of the external environment. In addition, the strategic decision making aspects such as duration, involvement and the extensiveness of the information search process were provided by the decision maker. First, the duration was measured according to the decision maker's assessment of when the original impetus of the decision was made to the point the decision was actually implemented. Second, the involvement within the decision

process was determined by the decision maker's assessment of all the entities involved with the decision. Finally, the extent of information gathering consisted of the number of sources accessed to obtain information and the amount of information analyzed during the information process. The questions that pertain to these specific measurements are illustrated in the interview schedule located in Appendix 1.

The consensus variable was determined by the extent to which all the individuals involved with the decision process agreed on the final outcome. This was determined as a percentage of the participants involved with the decision.

4.8 Data Analysis

The information gathered from the personal interviews was recorded (if the respondents allowed), transcribed and subsequently analyzed. The techniques used within this analysis consisted of correlation methods. These methods were used to determine relationships between the decision making components and the degree of internationality factors.

5.0 Findings

5.1 Internationality

As discussed earlier, internationality is assumed to influence the environmental complexity of an organization and thus, the strategic decision making process. It is therefore essential to examine the degree of internationality measures associated with the sample.

To review, the research explored three variables that were assumed to measure the firm's degree of internationality:

- A) Percentage of the firm's sales abroad
- B) Percentage of the firm's employees that are employed outside Canada.
- C) Percentage of the firm's production facilities abroad.

In the sections to follow, the findings for each of the above internationality variables are presented. Although the sample size used in the research was nineteen firms, the number of reported cases in the frequency and correlation results varies from one instance to another. Not all of the decision makers responded to all the questions contained in the survey schedule. Specifically, some decision makers provided responses that were incomplete for data analyses. In addition, with some cases the interviewer did not collect the required information during the interview. Several attempts were made to collect this missing information through telephone calls and messages left with the decision makers' offices. When the decision makers failed to respond, no further attempts were made to collect the missing information. As a result, the sample sizes are different for each of the summary data tables.

5.1.1 Percentage of Sales Outside Canada

The percentage of sales abroad was determined by the annual reports calculated in Canadian dollars across all foreign subsidiaries over the total sales that include domestic

and worldwide activities.

The percentage of sales outside Canada of the firms in the sample is presented in Table 1.

TABLE 1: Percentage of Sales Outside Canada

% of sales outside Canada	Frequency (number of firms)	Percentage of Sales outside Canada	Cumulative Percent
0% - 20%	5	27.8%	27.8%
20% - 40%	4	22.2%	50%
40% - 60%	2	11.1%	61.1%
60% - 80%	3	16.7%	77.8%
80% - 100%	4	22.2%	100%

Valid cases = 18

- The sampled companies have an average of 49.2 percent sales outside Canada.
- Only one firm reported that none of its sales were outside Canada.
- 50 percent of the firms sampled had sales outside Canada at forty percent or greater. Obviously, the organization that reported one hundred percent sales outside Canada was an exceptional case. Specifically, it was a firm that was set up in Canada due to its production capabilities to service the U.S. market.

All the firms that had sales outside Canada were firms with a relatively large amount of overall sales, firms exporting predominantly to the U.S. and foreign owned subsidiaries. Companies that had a proportion of forty percent or more sales outside Canada represented 50 percent of the sample and are summarized in detail in the following:

- subsidiary operations with headquarters outside Canada (5)
- large corporations with sales of over \$ 110,000,000 and within the top Canadian 500 ranking as reported by the Financial Post (6)

- industrial or resource based companies (8)
- If the companies were not listed as one of the top 500 firms according to the Financial Post, they were either companies that sell heavily to the U.S. or subsidiary operations of foreign companies. The reason why some of the foreign subsidiaries were not among the top 500 yet reported significant sales outside Canada is because the sales amounts used to tabulate the Top 500 are for the Canadian operations only. The percentage of sales as reported by the sampled firms, represented a proportion outside Canada based on worldwide operations and not exported sales from Canada. There was also one provincially owned public service organization that exported its products and services to other similar foreign organizations. The product/service this organization produces varies significantly in export capability yearly.

5.1.2 Percentage of Employment Outside Canada

The percentage of overseas employment consists of all the individuals that are employed in foreign subsidiaries by the firm over the total worldwide employees for the firm.

This section presents the findings for the percentage of employment outside Canada as reported by the firms in the sample. The frequency results are detailed in Table 2:

TABLE 2: Percentage of Employment Outside Canada

% of Employment outside Canada	Frequency (number of firms)	Percentage	Cumulative Percent
0% - 20%	13	76.5%	76.5%
20% - 40%	0	0%	76.5%
40% - 60%	1	5.9%	82.9%
60% - 80%	0	0%	82.9%
80% - 100%	3	17.6%	100%

Valid cases = 17

- The average percentage of employees abroad in the sample was 22.7 percent.
- 29.4 percent of the sample had zero percentage of their employees outside Canada which incidentally represents the mode of the percentage of employment outside Canada distribution.
- 70.6 percent of the sample have 15 percent or less as a percentage of employees abroad while 17.6 percent of the sample had 50 percent or more employees outside Canada.
- The companies that have no employees abroad are generally smaller resource based firms possessing sales below the \$110,000,000 level which predominantly serve the domestic market. In addition, another group of companies that have no employees outside Canada were food product co-operatives that relied heavily on third party distributors for exporting.
- Two firms in the sample have 95 percent or more employees outside Canada. These two firms are foreign subsidiaries that have relatively smaller Canadian operations in proportion to their worldwide portfolios.
- Two Canadian based firms have 50 percent and 80 percent proportions of employees outside Canada.

From these observations, the sampled firms are more likely to have exporting tendencies than truly international activities including foreign employment and production. In addition, the sampled firms that have international activities usually involve the United States as the dominant market for their products and services.

5.1.3 Percentage of Production Outside Canada

The percentage of overseas production facilities was measured by asking the decision maker what percentage of production was performed outside Canada (Question 60 of the survey schedule in Appendix 1). The reported percentages of production outside Canada for the sampled firms are summarized in Table 3 below:

TABLE 3: Percentage of Production Outside Canada

% of sales outside Canada	Frequency (number of firms)	Percentage	Cumulative Percent
0% - 20%	12	85.7%	85.7%
20% - 40%	0	0%	85.7%
40% - 60%	0	0%	85.7%
60% - 80%	0	0%	85.7%
80% - 100%	2	14.3%	100%

Valid cases = 14

- The average proportion of production abroad in the sample is 17.7 percent
- 50 percent of the sampled firms have no production outside Canada
- The two firms that reported comparatively higher proportions of production abroad follow the same pattern as the percentage of employees abroad. Specifically, the firm with 99 percent of production abroad is a foreign resource company that has a very small Canadian operation. The other firm that reported an 85 percent of production abroad is a large Canadian industrial products company.

A further investigation of the degree of internationality factors relationship will prove useful. Therefore, the correlation among the degree of internationality factors is computed to assess the relationship among the internationality variables.

Table 4 shows the correlation results for the degree of internationality factors.

TABLE 4: Cross-Correlation Table for Degree of Internationality Factors

	% of sales outside Canada	% of employees outside Canada	% of production outside Canada
% of sales outside Canada	1.00 (Cases=18)	.38 (Cases=17)	.54 (Cases=14)
% of employees outside Canada	.38 (Cases=17)	1.00 (Cases=17)	.92 (Cases=14)
% of production outside Canada	.54 (Cases=14)	.92 (Cases=14)	1.00 Cases=14)

- The relationship between the percentage of sales and percentage of employees outside Canada has an r-value of .38. This value is not significantly different from zero since this value is considerably less than the 5 percent level at 15 degrees of freedom, 0.48.
- Percentage of employment and percentage of production are strongly correlated as illustrated by the high r-value of .92. In fact this r-value is significant at the 1 percent level since $r = .92$ is greater than the 1 percent level at 12 degrees of freedom, 0.66.
- The relationship between percentage of sales and percentage production outside Canada is significant at the 5 percent level. Specifically, $r = .54$ is equal to the 5 percent level with 12 degrees of freedom, 0.54. However, caution should be exercised when interpreting this relationship because it may be influenced by two large multinational firms that have over 90 percent of their production overseas and possess Canadian operations that represent a comparatively small proportion of their respective worldwide headquarters sales.

6.0 Hypotheses Findings

In the introduction section, the model outlining the relationship between the firms' degree of internationality and its strategic decision making process was introduced. In addition, three hypotheses were generated from this model. This section outlines the findings that are associated with the three hypotheses.

6.1 Hypothesis 1

The first hypothesis was introduced to establish whether a relationship exists between a firm's information gathering process and its degree of internationality. To review, the first hypothesis is stated as follows:

H1: As the organization's degree of internationality increases, the information gathering and search process becomes more extensive.

To explore Hypothesis 1, the degree of internationality and information gathering process relationship was explored by computing correlations between the three internationality factors (percentage of sales abroad, percentage of employment abroad and percentage of production abroad) and the information gathering process.

During the interviews, the decision makers were asked to list the individuals and groups that provided information for the decision (see Question 45 of survey schedule in Appendix 1). The number of sources accessed to obtain information was used to quantify the extent of information gathering. Table 5 summarizes the frequency results for the number of information providers used during the decision process.

TABLE 5: Frequency Table for the Number of Information Providers

Number of Information Providers	Frequency	Percentage	Cumulative Percent
0 - 2	3	20%	20%
2 - 4	4	27%	47%
4 - 6	4	27%	74%
6 - 8	3	20%	94%
8 - 10	0	0%	94%
10 - 12	1	6%	100%

Valid cases = 15

Based on Table 6, the results of correlations for exploring Hypothesis 1 are as follows:

TABLE 6: Correlation Table for the Extent of Information Gathering Process with Degree of Internationality Factors

	% of Sales Outside Canada	% of Employment Outside Canada	% of Production Outside Canada
Extent of Information Gathering Process	.02 (Cases=14)	.04 (Cases=14)	-.11 (Cases=12)

- Two positive relationships exist between the information gathering process and the percentage of sales and employment outside Canada. However, both of these relationships are not significantly different from zero. Specifically, the r-values ($r=.02$ and $r=.04$) for the relationships between percentage of sales and employment outside Canada with the extent of information gathering are well below the 5 percent level at 12 degrees of freedom, 0.53.
- There is a negative relationship between the extent of the information gathering process and the percentage of production abroad. Once again, this relationship is

not significantly different from zero since the r -value is $-.11$ which is considerably less than the 5 percent level of significance with 10 degrees of freedom at 0.58.

- Since nonsignificant r -values for all the relationships exist, the null hypothesis that there is no correlation between the extent of information gathering and the components of the degree of internationality is accepted and the alternative hypothesis that there is a correlation between the paired relationships is rejected. In addition, there are two positive and one negative relationship between the internationality factors and the extent of information gathering process as well, which lends further support to the rejection of H1.

6.2 Hypothesis 2

The second hypothesis was that the number of entities involved in the decision process was related to the organizations' degree of internationality. To review, the second hypothesis is stated as follows:

H2: As the organization's degree of internationality increases, the number of entities (individuals, committees, departments etc.) involved in the strategic decision process increases.

Involvement within the decision process was determined by the decision maker's assessment of all the entities that were involved with the particular decision. In Table 7, the summarized frequencies are presented for the number of participants involved with the decision.

TABLE 7: Frequency Table for the Number of Participants Involved During the Decision Process

Number of Participants Involved	Frequency	Percentage	Cumulative Percent
0 - 4	3	17%	17%
4 - 8	8	44%	61%
8 - 12	3	17%	78%
12 - 16	3	17%	95%
16 - 20	0	0%	95%
20 - 24	1	5%	100%

Valid cases = 18

The number of entities was then correlated with the degree of internationality factors and the results are presented in Table 8.

TABLE 8: Correlation Table for the Involvement in the Strategic Decision Making Process with Degree of Internationality Factors

	% of Sales Outside Canada	% of Employment Outside Canada	% of Production Outside Canada
Involvement	.10 (Cases=17)	.44 (Cases=16)	.20 (Cases=13)

- The relationship between the percentage of employment outside Canada and the number of participants involved in the decision process demonstrates a significant relationship. The r-value of .44 is significantly different from zero at the ten percent level of type I error. However, $r=.44$ is less than the 5 percent level, 0.50.
- The relationships between the percentage of sales and production outside Canada with the degree of involvement both demonstrate insignificant relationships. The

r-values of .10 and .20 are well below the 5 percent level of 0.48 and .55 with 15 and 11 degrees of freedom respectively.

- All the relationships of the internationality factors with the number of participants involved in the decision process are positive. Specifically, as the degree of internationality as measured by the percentage of sales, employment and production outside Canada increases, the general direction of the number of participants involved in the decision process follows the same positive direction.

Although the relationships between the internationality measures and degree of involvement move in the same direction, there is insufficient support to accept the second hypothesis (H2). All relationships are insignificant at the 5 percent level. The null hypothesis ($H: r=0$) is accepted and the conclusion is made that there is no correlation between the percentage of sales and production outside Canada with involvement. Consequently, H2 cannot be accepted since only one of the three internationality factors and involvement relationships is significant at the 10 percent level. Although H2 in general is rejected, the relationship between the percentage of employment and involvement in the decision process may be an exception and will be examined further in the discussion section.

6.3 Hypothesis 3

The third hypothesis assumed that the duration of the strategic decision making process was related to the firms' degree of internationality. To review, the third hypothesis is stated as follows:

H3: As the organization's degree of internationality increases, the duration of the strategic decision making process increases.

Duration of the strategic decision making process was determined by the decision maker's assessment of the time from the original impetus of the decision to the point the decision was actually implemented. The decision durations were then correlated with the degree of internationality factors and the results are presented in Table 9.

TABLE 9: Correlation Table for the Duration of the Strategic Decision Making Process with Degree of Internationality Factors

	% of Sales Outside Canada	% of Employment Outside Canada	% of Production Outside Canada
Duration of Decision Making Process	-.11 (Cases=17)	.10 (Cases=16)	-.13 (Cases=13)

- Two negative relationships exist between the duration of the strategic decision making process and the percentage of sales and production outside Canada.
- One positive relationship exists between the duration of the strategic decision making process and the percentage of employment outside Canada.
- Two of three relationships between the duration of the strategic decision making process and the degree of internationality factors are negative which contradicts the third hypothesis (H3). In addition, the positive relationship that exists between the strategic decision making process duration and the percentage of employment of a firm that is abroad is small and insignificant at an r -value of .10. Specifically, it not significant at the 5 percent level, $r = 0.50$.

The absolute r -values of the percentage of sales and production outside Canada with the duration of the decision process are also insignificant at the 5 percent level. If all three r -values are examined, they present non-significant relationships and results in the

acceptance of the null hypothesis at the 5 percent level. Therefore, we reject the alternate hypothesis that in all three relationships a correlation exists. Furthermore, this leads to overwhelming support that H3 must be rejected.

6.4 Controlling For Size Effects

The relative size of the firm appeared to have an influence over the number of internal participants involved during the decision process. Three Canadian based firms had only the president and one to two other senior members as internal participants during the decision process. Out of these three firms, two were resource and energy companies while one was an industrial manufacturer.

In addition, two foreign based firms possessing smaller Canadian operations had relatively fewer senior decision makers as well. One foreign owned multinational industrial/engineering company operated a sales office in Canada. Within this firm, the total number of participants involved in the decision process was five. In the other U.S. owned firm, the Canadian operation involved only two internal participants while in total only four participants were involved during the decision process.

Combined, these two types of cases influence the relationship with respect to the degree of internationality and involvement in the decision process. Specifically, in the case of the relatively smaller Canadian based firms they involved fewer participants in the decision process. In addition, the foreign multinationals have a high degree of internationality; however, their Canadian operations contain a smaller workforce which is not consistent with the hypothesized relationship of internationality and the resulting strategic decision making process. Specifically, H3 implies that as a firm's international activities increases so does the amount of employment outside Canada.

As a result, it is of interest to examine whether there is a hidden size effect. Specifically, partial correlations controlling for size were computed for the degree of

internationality factors and the components of the decision making process. Two commonly used measures of an organization's size are the company's total sales and total employment. Therefore, by isolating these two measures individually through partial correlations the resulting tables are presented in the following sections.

6.4.1 Partial Correlation Table for the Extent of Information Gathering Process with Degree of Internationality Factors Holding Size Constant (Total Sales)

Table 10 presents results for partial correlations on the extent of the information gathering process with the degree of internationality factors while controlling for total sales.

TABLE 10: Partial Correlation Table - Extent of Information Gathering Process with Degree of Internationality Factors Holding Size Constant (Total Sales)

	% of Sales Outside Canada	% of Employment Outside Canada	% of Production Outside Canada
Extent of Information Gathering Process	.21 (Cases=13)	-.09 (Cases=13)	.03 (Cases=11)

- The positive relationships between the percentage of sales and production outside Canada with the extent of information gathering both demonstrate insignificant relationships. The r-values are .21 and .03 respectively are well below the 5 percent levels of 0.55 and 0.60.
- The negative r-value between percentage of employment outside Canada and the extent of information gathering demonstrates an inverse relationship. However, the absolute r-value is not significantly different from zero.
- By controlling the total sales effect on the correlations, the r-value for the percentage of sales outside Canada and the extent of information gathering pair

has increased from $r=.02$ to $r=.21$. In addition, the relationships between the percentage of employment and production outside Canada have reversed in direction from $r=.04$ and $r=-.11$ to $r=-.09$ and $r=.03$ respectively.

Although changes to the r -values have occurred while total sales was controlled, non-significant relationships still existed and H2 is still rejected.

6.4.2 Partial Correlation Table for the Involvement in the Strategic Decision Making Process with Degree of Internationality Factors Holding Size Constant (Total Sales)

Table 11 illustrates partial correlation results for the extent of involvement in the decision process with the degree of internationality factors while controlling for total sales.

TABLE 11: Partial Correlation Table - Involvement in the Strategic Decision Making Process with Degree of Internationality Factors Holding Size Constant (Total Sales)

	% of Sales Outside Canada	% of Employment Outside Canada	% of Production Outside Canada
Involvement	.02 (Cases=16)	.10 (Cases=15)	.07 (Cases=12)

- The partial correlation results for the degree of internationality factors with the degree of involvement does not present any significant relationships. Specifically, all three paired r -values are considerably less than the 5 percent level.
- The relationship between the percentage of employment outside Canada and involvement in the decision process was significant at the 10 percent level ($r=.44$)

before total sales was controlled. After partial correlation was performed this r-value became decreased to .11 which is not significantly different from zero. The r-value for the percentage of sales and employment outside Canada with involvement also decreased after partial correlation was performed from $r=.10$ to $r=.02$ and $r=.20$ to $r=.07$ respectively.

Although decreases in r-values took place after partial correlation was performed holding total sales constant, none of the relationships are significantly different from zero which still implies H2 should be rejected.

6.4.3: Partial Correlation Table for the Duration of the Strategic Decision Making Process with Degree of Internationality Factors Holding Size Constant (Total Sales)

Table 12 illustrates the partial correlation results for the duration in the decision process with the degree of internationality factors while controlling for total sales.

TABLE 12: Partial Correlation Table - Duration of the Strategic Decision Making Process with Degree of Internationality Factors Holding Size Constant (Total Sales)

	% of Sales Outside Canada	% of Employment Outside Canada	% of Production Outside Canada
Duration of Decision Making Process	-.19 (Cases=16)	-.01 (Cases=15)	-.10 (Cases=12)

- All the relationships between the degree of internationality factors and the duration of the decision process are negative as well as not significantly different from zero.

- Compared to results before partial correlation was performed, all the r -values for each of the paired relationships have decreased. As in the previous correlations before total sales was controlled, H3 is rejected since there are no significant relationships. Further, all the relationships possess negative r -values which contradicts the direction that the third hypothesis predicts.

6.4.4 Partial Correlation Table for the Extent of Information Gathering Process with Degree of Internationality Factors Holding Size Constant (Total Employment)

Table 13 presents the results for partial correlations on the extent of the information gathering process with the degree of internationality factors while controlling for total employment.

TABLE 13: Partial Correlation Table - Extent of Information Gathering Process with Degree of Internationality Factors Holding Size Constant (Total Employment)

	% of Sales Outside Canada	% of Employment Outside Canada	% of Production Outside Canada
Extent of Information Gathering Process	.06 (Cases=11)	-.18 (Cases=11)	.25 (Cases=9)

- Compared to correlation results before total employment was controlled, the r -values for the percentage of sales and production outside Canada with the extent of information gathering have increased from $r=.02$ and $r=-.11$ to $r=.06$ and $r=.25$ respectively. The r -value for the percentage of employment outside Canada with extent of information gathering decreased from $r=.04$ before total employment was controlled to $r=-.18$ when total employment was controlled.

- Compared to partial correlation results that held total sales constant, the effect on the r-values for all the relationships moved in the same direction.
- None of the relationships between the degree of internationality factors with the extent of information gathering are significantly different from zero. Therefore H1 is rejected after total employment was held constant.

6.4.5 Partial Correlation Table for the Involvement in the Strategic Decision Making Process with Degree of Internationality Factors Holding Size Constant (Total Employment)

Table 14 illustrates results for the partial correlation on the extent of the involvement in the decision process with the degree of internationality factors while controlling for total employment.

TABLE 14: Partial Correlation Table for the Involvement in the Strategic Decision Making Process with Degree of Internationality Factors Holding Size Constant (Total Employment)

	% of Sales Outside Canada	% of Employment Outside Canada	% of Production Outside Canada
Involvement	-.15 (Cases=14)	-.07 (Cases=13)	-.19 (Cases=10)

- Compared to correlation results before size was controlled, all of the paired r-values decreased after total employment was held constant. This decreasing effect on the r-values follows the same pattern as in the case of partial correlations that held total sales constant.
- After holding total employment constant, H2 is still rejected since all the

relationships between the degree of internationality factors and the involvement in the decision process are negative as well as not significantly different from zero.

6.4.6 Partial Correlation Table for the Duration of the Strategic Decision Making Process with Degree of Internationality Factors Holding Size Constant (Total Employment)

Table 15 illustrates results for partial correlation on the duration in the decision process with the degree of internationality factors while controlling for total employment.

TABLE 15: Partial Correlation Table - Duration of the Strategic Decision Making Process with Degree of Internationality Factors Holding Size Constant (Total Employment)

	% of Sales Outside Canada	% of Employment Outside Canada	% of Production Outside Canada
Duration of Decision Making Process	-.13 (Cases=14)	.13 (Cases=13)	.11 (Cases=10)

- Compared to correlation results before size was controlled, the relationship between the percentage of sales outside Canada with the duration of the decision process decreased in terms of r-value after total employment was held constant from $r=-.11$ to $r=-.13$. This decreasing effect on the r-value follows the same pattern as in the case of partial correlation that held total sales constant.
- Compared to correlation results before size was held constant, the relationships between the percentage of employment and production outside Canada with the duration of the decision process have increased r-values after total employment was held constant from $r=.10$ to $r=.13$ and $r=-.13$ to $r=.11$ respectively.
- After holding total employment constant, the paired relationships had changed r-

values, however these changes have resulted in values that were not significantly different from zero. Therefore, H3 is still rejected since all the relationships between the degree of internationality factors with the duration of the decision process are not significantly different from zero.

The partial correlations performed in the previous sections did not provide changes to the empirical relationships between the degree of internationality factors with the components of the strategic decision making process. By removing any possible size effects, relationships were altered through observing changes in r-values. However, these changes did not result in correlation coefficients that were significantly different from zero.

After adjusting for size the correlation results fail to support the hypothesized relationships. This implies that the degree of internationality factors are not appropriate measures for the hypothesized relationships. In addition, there is also a possibility that strategic international decisions among firms with varying degrees of internationality are not different. These issues along with possible explanations for the lack of associations are examined in the discussion section.

7.0 Discussion: Internationality and Hypotheses Findings

7.1 Internationality

Before discussing the hypotheses, an evaluation of the degree of internationality factors of the sample is undertaken to perform a preliminary assessment as to the appropriateness of the model. The frequencies and the cross-correlations of each factor are discussed.

The sample contains nineteen companies. It is a random sample and the internationality results provide a general glimpse of the current state of international business activities among Canadian companies.

In general, Canadian firms actively engage in international sales. According to their percentage of international sales, all of the randomly sampled companies, with the exception of one, reported sales outside Canada. Firms that engage in a high percentage of international sales appear to be either Canadian multinational firms or large multinationals that have their base operations abroad. Half of the random sample of firms had forty percent or greater sales outside Canada. These were firms with annual sales in the \$110,000,000 and above range. In addition, the Canadian multinational firms also relied heavily on the U.S. market for the bulk of their international sales. In fact, many of the decision makers interviewed did not even perceive the U.S. to be an international market.

Among these multinational firms, there were two firms that had limited Canadian operations, specifically the proportion of their sales in Canada was very low. In these two cases, the foreign owned companies operated a relatively small sales or administrative office in Canada. In one firm, the interviewee stated that the demand for their product in the Canadian market was very limited. In the other case, a mineral and resource company had recently entered the North American market.

Compared to internationality as measured by percentage of sales outside Canada,

the percentage of employees outside Canada of firms in the sample does not appear to indicate the same strong international focus. In fact, 29.4 percent of the random sample had none of their employees outside Canada. This was the modal response. Canadian based companies ranging from zero to twenty percent of sales outside Canada were among many of the companies that had few to no employees abroad. The largest foreign employers among the randomly sampled firms were either the large foreign based multinational firms or Canadian multinational firms. Specifically, they represented 17.6 percent of the sample, and had 50 percent or more employees outside Canada.

The findings for the percentage of production abroad for the sampled firms illustrate a similar pattern to the percentage of employees outside Canada. First, the average proportion of production abroad in the sample is 17.7 percent which is relatively close to the 22.7 percent average for the percentage of employees outside Canada. In addition, this is smaller than the average percentage of sales outside Canada at 49.2 percent.

In the literature review, Kirpalani (1985) summarizes the internationalization process in the following six stages:

- 1) Domestic firm with no exports
- 2) Marginal exports
- 3) Exports through agents to a few markets
- 4) Exports through agents to many markets
- 5) Exports through only marketing facilities abroad
- 6) Foreign production

From the analysis of the degree of internationality factors, it appears that the firms in the sample fit between the third and fifth stages which indicates predominantly exporting activities through various means.

An attempt was made to assess the relationship among the internationality factors in the randomly sampled Canadian firms. Based on the cross-correlation results, there are

relationships among some of the internationality factors. First, the percentage of employment and production outside Canada is positively correlated. This correlation is significant at the 1 percent level ($r=.92$). Second, there is also a relationship among the randomly sampled Canadian firms between percentage of sales and percentage production outside Canada at the 5 percent level. Finally, there did not appear to be any relationship between the percentage of sales and employment outside Canada.

The correlation results confirm the observations that were made from the frequency distributions. To summarize, the randomly sampled Canadian firms illustrated the following international tendencies:

- a) The randomly sampled Canadian firms are actively selling outside Canada; however much of this is restricted to the U.S.
- b) The randomly sampled Canadian firms are not typically active employers or producers outside Canada.
- c) There appears to be a strong relationship between the percentage of employment and production outside Canada among the randomly sampled firms.
- d) There is a relationship between the percentage of sales and production outside Canada among the randomly sampled companies.

In summary, the degree of internationality factors are useful in that they provide a picture of the international business tendencies that have been practiced within Canada.

The percentage of sales outside Canada presents a good estimate of an organization's internationality. The random sample reveals that percentage of employees and production abroad may also be indicators of internationality. It appears that using the degree of internationality measures, the sampled firms illustrate varied practices of international activity. Specifically, these firms focus their international business activities in different areas.

Three organizations interviewed revealed that they had just become engaged in

new and non-traditional directions as well as markets for the first time. Two of these organizations looked towards Asia as a long term market and one focused on the European market. Two of these organizations felt very positive about having met the challenges of establishing international markets and stated that making the decision actually boosted morale among members within the organization. One decision maker emphasized that it was a matter of survival to look abroad for opportunities. The degree of internationality does not account for the international nature of these decisions. The degree of internationality only measures the overall international activities that firms implemented in the past.

Further, three larger and more established firms that have high degrees of internationality discussed decisions involving bids for an international project. These decisions deal with specific strategy types. The degree of internationality measure does not account for these strategies and their influence over the strategic decision making process.

The specific issues regarding the degree of internationality and the hypothesized relationships with the strategic decision making variables are discussed in more detail within the following section.

7.2 Discussion - Hypotheses

It is clear from the findings listed in the previous section that the assumed relationships between components of the strategic decision making process and the degree of internationality factors do not behave as hypothesized. Specifically, all three hypothesized relationships were not accepted because their *r*-values were not significantly different than zero. In addition, when partial correlations were performed while holding size constant the results yielded the same non-significant relationships.

In this section of the research, an investigation as to why the hypothesized relationships are not supported will be conducted. Briefly, the explanations follow three lines of thought:

- 1) The hypothesized relationships about how strategic decision making processes are influenced by the degree of internationality is correct. However, individual measurements used to perform statistical analyses are inappropriate to measure this relationship.
- 2) The models and measures are all correct while the hypothesized relationships do not really behave in the manner that were previously believed.
- 3) The model, measurements and hypothesized relationships are not sufficient to explain differences in strategic decision making processes. Specifically, if the model, measurements and hypothesized relationships were modified the nature of international strategic decision making processes could be studied in more detail.

In the following sections, the results of each hypothesized relationship are discussed in detail including a rationale explaining why the proposed hypotheses were rejected.

7.2.1 Discussion of Hypothesis 1

The first hypothesis was rejected. There was a negative relationship between the percentage of production outside Canada and the extent of the information gathering process. In addition, the positive relationships between the extent of information gathering and the percentage of sales and employment outside Canada are very small. Further, all three paired *r*-values were not significantly different than zero. Moreover, when the size effect was held constant by performing partial correlations on the degree of internationality factors with the extent of information gathering the results were also not

significantly different from zero.

A possible explanation as to why a lack of association exists between the extent of information gathering with the degree of internationality factors is the fact that the randomly sampled firms have the U.S. market as their primary international market. In fact, as mentioned in the previous section, many decision makers do not perceive the U.S. as an international market. With this in mind, a high percentage of sales, employment and production in the U.S. may not coincide with a need to gather more information due to the familiarity of this business environment.

Evidence that supports this argument can be found by examining the level of uncertainty that the decision poses for the organization. Table 16 summarizes frequency tabulations for the level of uncertainty that the decision posed to the organization.

TABLE 16: Level of Uncertainty Decision Posed to the Organization

Scale Value	Frequency	Percentage	Cumulative Percent
1.0	3	17.6	17.6
2.0	1	5.9	23.5
3.0	4	23.5	47.1
4.0	1	5.9	52.9
4.5	1	5.9	58.8
5.0	4	23.5	82.4
6.0	1	5.9	88.2
7.0	2	11.8	100.00

Valid cases = 17

Scale Values:

- 7. Seriously
- 6.
- 5. Moderately
- 4.
- 3. Slightly
- 2.
- 1. None at all

Nearly half (47.1 percent) of the randomly sampled respondents reported that the decision posed a moderate amount to none at all as a level of uncertainty to the organization. This may imply that only half the decision makers are confronted by uncertain environments with respect to their strategic decision making processes. The level of uncertainty provides an indication as to how the decision makers perceive the environment confronting their organization with respect to the specific decisions. If the level of uncertainty is low, the need to gather information becomes less demanding.

Another explanation involves the manner in which the extent of information gathering was measured. As outlined previously, the extent of information gathering was determined by the number of individuals or groups that provided information for the decision. This measurement includes participants in the process and may exclude other intricacies of the information gathering processes. However, the decision makers were asked whether changes to the amount of information was considered over time. The fact that over the course of the decision process, nearly sixty percent (57.1 percent) of the sampled decision makers stated that there were less than moderate to no changes at all in the amount of information that was considered for the decision supports the rejection of H1. In addition, fifty percent of the respondents indicated that over the course of the decision, either no changes to many fewer sources were considered over time. This provides evidence that although the degree of internationality varies across firms, the information gathered remains constant or possibly decreases over the course of the decision process.

One final explanation for the lack of associations in H1 could be a result of the specific content of the decision discussed. There is some evidence that contradicts the number of information sources used with the degree of internationality of a particular firm. Two Canadian resource companies in the sample possessed relatively low percentages of international sales. However, both these companies went through

extensive information searches because the nature of the decision was highly uncertain. In fact, one company decided to acquire the assets of another major Canadian resource company. The other company decided to enter the East European market during the late nineteen eighties when these areas were undergoing highly uncertain political transitions. Conversely, three other firms from the sample possessed relatively higher proportions of sales outside Canada. In these three cases the information search involved fewer sources. All three firms had strategies that did not require extensive information search process because they were familiar with the environment and had existing customer relationships. Thus, future studies should collect specific data on familiarity with the environment since this might be a relevant variable.

In summary, the random sample produced Canadian firms that focus heavily on the U.S. as their international market. The familiarity with this environment, which can be inferred from observing the levels of uncertainty, influences the extent of information search. In addition, the extent of information gathering measure which looked at the number of information providers may not have reflected the extent of the information search process. Finally, the strategic decision making process and hence the extent of information gathering is not influenced by the firms' degree of internationality alone. There is evidence that the content of the specific decision plays a role in determining the information gathering component of the decision process.

7.2.2 Discussion Hypothesis 2

The correlations for the degree of internationality factors with the number of participants involved in the process indicate a positive relationship among the variables. In addition, the paired *r*-value between the percentage of employment outside Canada with involvement is significantly different at the 10 percent level of significance. However, H2 was rejected since two of the relationships between the percentage of sales and

production outside Canada with the number of participants involved in the decision process were not significantly different than zero. In addition, when size was held constant all three paired relationships presented r-values that were not significantly different from zero.

The significant relationship that exists between the number of participants involved in the decision process with the percentage of employment outside Canada lends some supporting evidence to the hypothesized relationship (H2). In other words, as the firm's percentage of employment outside Canada increases so does the number of participants involved in the decision process. However, there is conflicting evidence which does not support this relationship. Specifically, there were five companies in the sample that possessed a range of zero to five percent employment outside Canada. These companies made decisions that involved many participants ranging from eight to fifteen individuals and groups. Three of these companies involved decisions that completed very different strategic directions. Two of these companies were provincial co-operatives that had zero employment abroad. One broadcasting company had five percent of its employment abroad. However, the decision it made involved many individuals and groups because it involved ratification of many approval bodies due to the unique nature of this decision. Finally, the other two companies were Canadian energy and resource based which had zero and one percent of their employment abroad. In these two cases, the decisions involved external governing bodies to regulate the decision which increased the number of participants involved. These individual cases seem to contradict the hypothesized relationship.

The aforementioned cases also help to explain the non-significant results between the number of participants in the decision process with the percentage of sales and production outside Canada. H2 was rejected because the increasing percentages of sales and production among the randomly sampled firms were not related to the number of

participants involved. However, an assessment of individual cases as described in previous examples lends support to the view that the varying degree of internationality of the strategy influences the number of participants involved in the decision process.

To summarize, the content of the decision plays an important role in the number of participants that would be involved during the process. The choice of strategy influences the degree of internationality of that particular decision and consequently influences the number of participants involved in the decision.

7.2.3 Discussion Hypothesis 3

The third hypothesized relationship has the weakest support. There is an inverse relationship for both the percentage of sales and production outside Canada and the duration of the decision making process. However, there are no significant r-values among the paired relationships as outlined in H3. Therefore the hypothesis was rejected. Further, when the size effect was held constant by performing partial correlations on the degree of internationality factors with the duration of the decision process the results were still not significantly different from zero.

This rejection is further supported by analyzing the extent to which the sampled firms' decisions were delayed. According to Table 15 illustrated below, 73 percent of the decision makers reported that there were either slight or no delays at all during the decision process.

TABLE 17: Extent to Which the Decision was Delayed Along the Way

Scale Value	Frequency	Percentage	Cumulative Percent
1.0	7	46.7	46.7
2.0	3	20.0	66.7
3.0	1	6.7	73.3
4.0	0	0.0	73.3
5.0	2	13.3	86.7
6.0	2	13.3	100.00
7.0	0	0.0	100.00

Valid cases = 15

Scale Values:

- 7. Serious Delays
- 6.
- 5. Moderate Delays
- 4.
- 3. Slight Delays
- 2.
- 1. None at all

In addition, when asked whether the delays had any impact on the outcome of the decision, 90 percent of the sample reported moderate to no impacts at all (see Table 18 on next page).

TABLE 18: Did the Delays Have Any Impact to the Outcome of the Decision

Scale Value	Frequency	Percentage	Cumulative Percent
1.0	4	36.4	36.4
2.0	3	27.3	63.6
3.0	3	27.3	90.9
4.0	0	0.0	90.9
5.0	1	9.1	100.00
6.0	0	0.0	100.00
7.0	0	0.0	100.00

Valid cases = 11

Scale Values:

- 7. Serious impacts
- 6.
- 5. Moderate impacts
- 4.
- 3. Slight impacts
- 2.
- 1. None at all

This clearly indicates that the decision process duration functions quite separately from the relationship developed in the original model. In fact, these results lend support to the rejection of H3 that states that as the degree of internationality increases among firms so does the time that it takes to complete these decisions.

As in the previous cases, the specific content of the decision appears to have an influence on the components of the decision process and in this case the duration. Among the randomly selected firms, five companies were given a time frame to complete the decision process. Three decisions in industrial companies involved submitting a proposal on a specified date set by the client. In addition, the three companies and their respective clients agreed to meet technical requirements and delivered the product on a certain date. With respect to the other two cases, they involved an energy/resource company and an engineering firm. Both companies were acquiring the assets of another leading company within their respective industries. The governing bodies involved

played a direct impact on setting specific deadlines for final the decision.

The decision content or method used to implement the strategy are important in determining the duration of the strategic decision making process. Specifically, the decision content or strategy chosen influences the complexity of the environment to the firm for that particular decision. A firm's resulting strategy may create a situation where they have previous experience and established networks which accelerates the decision time required. As in the aforementioned examples, many of the randomly sampled firms had chosen strategies where time limits were imposed on their decision.

7.3 Conclusion

The results of the rejected hypotheses present two interesting questions:

- 1) If the hypothesized relationships about how strategic decision making processes are influenced by the degree of internationality are assumed to be correct, then are the measurements used to measure these relationships incorrect?
- 2) If the models and measures are assumed to be correct, then do the hypothesized relationships really behave in the manner previously believed?

From this conclusion, it follows that the strategic decision making processes for domestically oriented firms are not different from those of internationally oriented firms. However, this does not imply that an international decision is not at all different from a domestic decision. The hypothesized relationship does not assume that the individual content of the decision influences the strategic decision making process. This is one of the main weaknesses of the internationality measure, as it does not account for the internationality of the decision and only looks at the organization's international activities.

The model assumes that the degree of internationality factors affect the

environmental complexity, and therefore the strategic decision making process. However, the model does not include the content of the decision which influences the degree of internationality of the decision.

Finally, the rejected hypothesized relationships imply that the varying internationality of firms does not result in different decision patterns. As illustrated in the previous sections, individual cases examined contradict this observation. A smaller firm with fewer international sales goes through an extensive decision process of information search, involvement and consumes more time because it was the first time a decision of this nature was made. On the other hand, a firm possessing a large degree of international activity illustrates a less complex decision process since the decision it made was very routine and the channels were already in place (straight export decisions) and familiarity with this environment had been established through past experience. This implies that some of the decisions sampled were not particularly strategic. Therefore, it may be concluded that the individual characteristics of strategic decisions in firms are truly dynamic and different and requires further investigation with a modified model and measurements that may attempt to explain these characteristics.

In section 9.0 of the research, a newly proposed model is introduced in an attempt to explain and examine this relationship. In addition, further evidence is introduced that lends partial support that the strategy or content of the decisions have an effect and also influence the components of the strategic decision making process.

8.0 Findings for Research and Other Related Questions

The conclusion to the hypotheses results section stated the need to analyze other factors that influence the strategic decision making process. It is apparent that the initial model does not explain the interaction between the firm's environment and its resulting strategic decision making process. In addition, there are other issues that are of interest in studying strategic decision making processes. In this section of the thesis, the findings that pertain to those issues will be explored.

8.1 Findings: Comparing Individual Parts of the Strategic International Decision Making Process.

This section presents findings that are associated with three components of the strategic decision making process, specifically the extent of information gathering, the participants that were involved and the duration of the decision process.

8.1.1 Information Gathering

Respondents' answers to the questions about the information gathering process of the sampled firms have identified that the following groups provide information:

- functional departments: Sales/Marketing, Finance, Personnel
- special committees
- internally designated individuals: functional department heads, Vice Presidents, Senior Managers
- consultants: law firms, accounting firms, experts
- public sources: newspaper, t.v., radio, trade publications

Table 19 summarizes the information sources that the sampled firms utilized when engaging in their strategic decision making processes.

TABLE 19: Summary of Information Sources

Information Source	Specific Sources	Type	Frequency
Internal: Individual & Groups	<ul style="list-style-type: none"> - V.P.'s and senior member of function involved - sales representative - functional groups involved - work teams 	<ul style="list-style-type: none"> - technical specifications - market - business environment - functional related issues 	10 (56%)
Direct External	<ul style="list-style-type: none"> - client / customer - merger, joint venture, acquisition partner 	<ul style="list-style-type: none"> - technical requirements - contract specifications - financial state 	2 (11%)
Stakeholders	<ul style="list-style-type: none"> - partners - banks - financiers 	<ul style="list-style-type: none"> - product - financing 	4 (22%)
Experts	<ul style="list-style-type: none"> - engineering consultants - accounting firms - legal - financial consultant - government agencies - foreign agents (2) 	<ul style="list-style-type: none"> - market confirmation - bidding strategy - technical specifications 	8 (44%)
Indirect External	<ul style="list-style-type: none"> - other clients - industry - other experienced companies - suppliers 	<ul style="list-style-type: none"> - feedback - input - support - experiences 	4 (22%)
Other	<ul style="list-style-type: none"> - shareholders contacts - industry association 	<ul style="list-style-type: none"> - opportunities 	2 (11%)
Impersonal	<ul style="list-style-type: none"> - magazines - research reports - company press - newspapers 	<ul style="list-style-type: none"> - reference 	4 (22%)

Valid Cases = 18

- 44 percent of the firms went to outside sources such as consultants to provide both expertise and confirmation for their decision making processes
- 56 percent received information from the functional departments or the designated functional executive responsible
- One of the decisions required some of their major customers not directly involved with the decision to provide feedback on the decision
- One case illustrated how a previous company that had entered Eastern Europe provided information in the form of its related experiences
- 22 percent consisted of other sources which provided the initial opportunities for their strategic decisions.

Approximately 27 percent (4 out of 15 valid cases) of the sampled decision makers stated that they used secondary information sources to gather information. Specifically, these sources consisted of newspapers, research documents, radio, newspaper, trade publications, magazines and company press. In one case, a foreign based company that was searching to acquire Canadian firms was not allowed to be personally involved while preparing the offer. Therefore, through their information search, they enlisted the services of consultants and experts to provide them with the required information. In addition, the main source of information for evaluation was based on secondary information such as research documents and company press (annual reports). In another case, the secondary resources were monitoring the situation within the country in which they were planning to sell products and services.

When the sampled decision makers were asked whether there were any changes in the sources of information considered over time, 52 percent reported between no changes to many fewer sources were considered over time. The other 50 percent of the decision makers sampled stated that over the course of the decision, a few more to many more

sources of information were considered.

With respect to the changes in the amount of information over the course of the decision, 52 percent of the sampled decision makers reported slight to no changes at all. Nearly 48 percent of the sampled decision makers stated that moderate to substantial changes occurred.

(B) Participants Involved

The analysis focused on how the sampled firms were organized internally during the strategic decision making process. Attention was focused on how resources from various departments were brought together and the role each had within the decision process.

TABLE 20: Internal Group Organization for Strategy Formulation

Group / Individual Titles	Members	Role in Decision	Frequency
Board	<ul style="list-style-type: none"> - directors - chair and managers of cooperative group members (2) - stakeholders 	<ul style="list-style-type: none"> - final approval - provide recommendations - provide conditions 	9 (50%)
Working Groups	<ul style="list-style-type: none"> - integrated members of functional groups required for the strategy - team of functional experts ie. legal, political - informal group from board (1) - CEO & V.P.'s (1) 	<ul style="list-style-type: none"> - working on specific details - analysis - identifying the opportunity 	5 (28%)
Functional Departments	<ul style="list-style-type: none"> - functional departments required for the strategy ie. marketing, finance, engineering 	<ul style="list-style-type: none"> - support - provide specifications - analysis - approval & evaluation (1) 	5 (28%)
Management Committees & Core Groups	<ul style="list-style-type: none"> - Vice Presidents - CEO - Chairperson - senior management group of functional groups directly involved with strategy i.e. operations, marketing, finance etc. 	<ul style="list-style-type: none"> - development - coordinate and manage the decision - pulling everything together - approval (1) 	6 (33%)

Cases = 18

- Fifty percent of the sampled firms used boards as part of the decision process. Specifically, the board's primary role was mainly based on approving decisions. In some cases (2) they served to provide recommendations. Board members were comprised of the key members in the organization (in cooperatives this would be the members or the senior representatives of these cooperatives).

- One case used two boards, one in forming a new organization and one from the original organization
- If boards were not used for approval, some sort of group representing key stakeholders was involved in the approval basis: e.g. majority shareholders/owners, affiliates, executive committee
- only two straight selling contracts which involved submitting a proposal to supply products did not require final approval from any particular body
- There were two cases where approving bodies, i.e. stakeholders or elected board members (non-profit), were providing feedback and participated more actively
- 28% of the sampled firms reported using working groups during the strategic decision making process (combined integrated experts from functional departments)
- 33% of the sampled firms used management committees primarily for the development and coordination of the decision

In one particular situation, an executive committee was responsible for approving a decision. In addition, in one other case, a special projects committee was used in the decision process to review major projects to the board. This committee is a regular committee that primarily exists to review major projects involving significant financial investment. These committees are formed to facilitate the decision and have a definite role. The core members are senior functional personnel that are directly associated with the decision.

TABLE 21: Internal Individual Organization for Strategy Formulation

Individual	Members	Role in Decision	Frequency
Overall Leader	<ul style="list-style-type: none"> - President - CEO - Chairperson 	<ul style="list-style-type: none"> - visionary - prime driver - final approval (1) 	5
Functional Group Leader or Designated Individual	<ul style="list-style-type: none"> - V.P., general managers, directors, personnel manager, acquisitions manager, S.B.U. manager, Chief engineer etc. 	<ul style="list-style-type: none"> - manage implementation - negotiate terms - support - government & board relations - evaluate possibilities - structure deal - functional issues - driving project (2) - country contact relations (1) 	11

Valid Cases = 16

- the individuals in the decision making process perform a similar function to that of the functional groups as illustrated in the previous summary table
- on a smaller scale, the president serves as the approval body in the case of the board involvement in the internal group organization
- designated project leaders behave in a similar role to that seen in the management committee by overseeing the details of the decision

External Participants:

This section presents results for the external participants who are included in the decision process. Involvement is influenced by the type of strategies as this influences the particular functional departments to be involved in the decision process. In addition, the external bodies are also influenced by the type of strategy used. As such they are detailed in Table 20 to compare the type of external involvement that was included in the strategic decision making process.

TABLE 22: SUMMARY OF EXTERNAL INVOLVEMENT

Extent of Involvement	Sources	Role	Frequency
Direct External	<ul style="list-style-type: none"> - client / customer - merger, joint venture, acquisition partner 	<ul style="list-style-type: none"> - provide technical requirements, contract specifications - information provider 	3 (16%)
Stakeholder	<ul style="list-style-type: none"> - partners - banks - financiers - CIDA 	<ul style="list-style-type: none"> - provide funding - provide financing 	5 (28%)
Regulatory	<ul style="list-style-type: none"> - Investment Canada - Provincial Governing Bodies - foreign government bodies - competition bureau 	<ul style="list-style-type: none"> - confirmation - setting guidelines - ratification 	6 (33%)
Experts	<ul style="list-style-type: none"> - engineering consultants - accounting firms - legal - financial consultant - government agencies - foreign agents (2) 	<ul style="list-style-type: none"> - advisory - support - providing information - instructioning 	8 (44%)
Indirect: External	<ul style="list-style-type: none"> - other clients - industry - other experienced companies - suppliers 	<ul style="list-style-type: none"> - feedback - input - provide support - sharing experiences 	4 (22%)

Valid Cases = 18

- 22 percent of the sampled decisions involved approval from government regulatory bodies. Two regulatory decisions were major acquisitions requiring the government approval bodies to set guidelines and deadlines. The other four

decisions were complex foreign arrangements which required government bodies from Canada in addition to the several levels of government in the host countries.

- The use of experts for the decision was prevalent among the sampled firms (44%). For decisions involving complex negotiations, financial and legal consultants were used to provide information and advice for structuring the deals. In two decisions, the companies were unfamiliar with the details and networks of the foreign countries' environments. These decisions used foreign agents and other experts to provide detailed information and instructioning.

8.1.3 Duration of Decision Process

TABLE 23: Frequency Table For Duration of Decision Process

Duration (months)	Frequency	Percentage	Cumulative Percent
0 - 6	8	44.4	44.4
6 - 12	3	16.7	61.1
12 - 18	2	11.1	72.2
18 - 24	3	16.7	88.9
24 - 36	1	5.6	94.5
36 - 48	1	5.6	100

Valid cases = 18

- The average time required to complete a decision in the sample was 13.4 months.
- 6 months represents the largest proportion of the duration for the decision process at nearly 17 percent of the sample valid cases.
- 50 percent or half of the sampled firms have decision times of 8 months or less. The other half of the sampled firms have decision times between 12 to 48 months

TABLE 24: Extent to Which Decisions Were Delayed

Scale Values	Frequency	Percentage	Cumulative Percent
1.0	7	46.7	46.7
2.0	3	20.0	66.7
3.0	1	5.3	73.3
5.0	2	13.3	86.7
6.0	2	13.3	100

Valid cases = 14

Scale Values:

- 7. Seriously
- 6.
- 5. Moderately
- 4.
- 3. Slightly
- 2.
- 1. No delays at all

When decision makers were asked "to what extent were the decisions delayed along the way", nearly 47 percent said there were no delays at all. In addition, 73% of the sampled decision makers felt that during the decision process, the delays were between slightly to no delays at all. The remaining quarter of the respondents (27%) felt that the delays were moderate to between moderate and serious.

8.2 FINDINGS: Consensus in Strategic Decisions

This section presents the findings that attempt to determine how common it is for Canadian firms in the sample to use a consensual process when making strategic international decisions.

During the interviews with the sampled firms, the respondent was asked to rate how contentious the decision was at the beginning of the strategic decision process. The responses are summarized in Table 25.

TABLE 25: Degree of Contention at the Beginning of the Decision Process

Scale Value	Frequency	Percentage	Cumulative Percent
1.0	6	35.3	35.3
2.0	2	10.5	47.1
2.5	1	5.3	52.9
4.0	1	5.3	58.9
5.0	1	5.3	64.7
6.0	2	10.5	76.6
7.0	4	21.1	100

Valid cases = 17

- The largest proportion of answers occurred in the not at all category (scale value 1.0). Specifically, 35.3 percent of the sampled decision makers reported that there was no contention at all at the beginning of the decision process.
- Approximately 37 percent of the decision makers interviewed reported that it was between very to extremely contentious at the beginning of the decision process.

Two consensus issues were examined in strategy formulation: consensus about the ultimate choice or outcome of the decision making process and consensus about the process for determining the final outcome. The findings for each issue are presented in Table 26 and Table 27 respectively.

TABLE 26: Frequency Table for Consensus as to the Way the Decision was Made

Scale Value	Frequency	Percentage	Cumulative Percent
4.0	1	5.3	5.3
5.0	6	31.6	43.8
6.5	5	26.3	75.0
7.0	4	21.1	100

Valid cases = 16

- Approximately 95 percent of the sampled respondents reported that during the

decision making process, overall to complete consensus occurred as to the way the ultimate choice was made.

- None of the decision makers interviewed reported having limited to no consensus with respect to the way the decision was made.
- Twenty percent of the sampled respondents stated that complete consensus occurred for the way the decision was made.

TABLE 27: Frequency Table for Consensus as to the Choice that was Made

Scale Value	Frequency	Percentage	Cumulative Percent
5.0	3	15.8	18.8
6.0	5	26.3	50.0
7.0	8	50.0	100

Valid cases = 16

- All the decision makers surveyed reported that overall to complete consensus occurred as to the choice that was made.
- 50 percent of the decision makers sampled reported that complete consensus was achieved as to the choice that was made.

The sources of contention at the beginning of the process as reported the sampled decision makers are as follows:

- strategic path risk
- concern about final testing of the equipment
- political instability in Eastern Europe
- the fit of the investment relative to corporate strategies
- whether to look outward or not
- significant change in strategic direction

- replacement of a existing product
- why go out of the mandated region.

8.3 FINDINGS: Research Question 1: What are the factors that influence the strategic international decision making process?

Among the sampled firms, the decision makers discussed factors that influenced the strategic international decision making process. These factors are international factors reported by the decision makers as having an influence on the decision. This is based on the premise that the specific strategy is a factor that influences various components of the strategic decision making process. This relationship will be examined in more detail within section 9.0. The sampled decision and industry types are summarized in Table 26.

The frequencies for the extent to which international considerations influenced the decision are summarized in Table 27.

TABLE 27: The Extent International Considerations Influenced the Decision

Scale Value	Frequency	Percentage	Cumulative Percent
1.0	1	5.9	5.9
2.0	0	0.0	5.9
3.0	3	17.6	23.5
4.0	2	11.8	35.3
5.0	2	11.8	47.1
6.0	5	29.4	76.1
7.0	4	23.5	100

Valid cases = 17

Scale Values

7. International implications were the most important.
- 6.
5. International implications had a major impact.
- 4.
3. International implications had a minor impact.
- 2.
1. International implications had no impact.

- Approximately 65 percent of the sampled decision makers reported that international implications were either a major impact to most important.
- Twenty three percent of the decision makers interviewed reported that international implications had a minor impact to no impact at all.

It is clear that international factors play an important role in the decisions within the random sample. With respect to the types of international factors, Table 28 presents what the sampled decision makers reported as international factors that influenced their decisions.

Table 28: International Factors:

Firm:	Factors
A	- globalization - getting a foothold in the French/European market
B	- reality that China are large producers of a relevant product and needs foreign exchange - developing markets in Asia
C	- market size - economic growth rates
D	- active in the country that they were negotiating with
E	- trends in the U.S. (follow the industrial trends in the U.S. since they are ahead of the Canadian market)
F	- opportunities in the former Soviet Union
G	- penetration in the European market and more importantly the Asian market
H	- currency fluctuations
I	- changing nature of customers' businesses, recognition of scarce international talent, need to share learning practices across borders, thinking globally & acting locally
J	- market factors in the international market
K	- opportunities/future contracts in Singapore - strong worldwide reputation of joint venture partner
L	- international supply and pricing, North American situation, financing (interest rates & Canadian dollar)

Many of the international factors listed above discuss the importance of establishing new markets for potential growth. Europe and Asia are the most frequently mentioned as future markets reflect the direction that the sampled firms are looking. In addition, there is strong evidence that international considerations are important for the sampled firms' strategic decisions. The influence these factors have on the individual firm's strategic decision making processes are examined in section 9.

8.4 FINDINGS: How decision makers perceive the environment confronting the firm. Thus, how the environment influences the decision making process.

This section presents findings on how the sampled decision makers perceive their organizations' environments. Specifically, it will deal with what in their respective environments they consider as important for evaluating their strategy and thus influencing their strategic decision making process. Consequently, this analysis helps to understand the mechanism by which the firm's environment influences the resulting strategic decision making processes.

Table 29 details the types of decisions that were discussed in the sample.

TABLE 29: Sampled Decision Type and Industry

Firm	Decision Type	Industry
A	acquisition	agricultural
B	acquisition	engineering
C	international joint venture	oil / resources
D	acquisition	oil / resources
E	acquisition	paper / packaging
F	acquisition	energy / resources
G	international distribution	broadcasting
H	international production	engineering
I	international distribution	energy / industrial
J	international distribution	industrial / cranes
K	international distribution	industrial / technology.
L	foreign acquisition	industrial
M	international distribution	computer
N	foreign acquisition	mining / resources
O	foreign acquisition	packaging
P	selling operations	oil / resources
Q	international joint venture	agricultural
R	selling operations	transportation
S	organizational design	packaging
T	international distribution	financial

* NOTE: To protect the identity of the sampled organizations the letters of the firms presented in Table 28 and Table 29 are rearranged so they do not correspond.

Summary Totals:

Industries

2 cooperatives
 2 engineering
 4 oil resource
 1 paper
 2 packaging
 1 broadcasting
 1 financial
 1 computer
 4 assorted industrials
 1 mining resources

Decision Types

1 organization design
 5 acquisitions
 3 international joint ventures
 6 international distribution channels
 2 operations sales
 3 foreign acquisitions

There were also certain strategic trends that were identified among the randomly sampled firms and they include the following:

- i) Strategic Alliances
- ii) Move toward offering services
- iii) Moving toward an entrepreneurial organization
- iv) Entry into Asian and East European Markets.

i) Strategic Alliances

It is essential to examine strategic alliances as a strategy as well as the rationale behind the strategic alliance decision process. Recently, the activities of many large firms as they attempt to adjust to rapidly changing factors have been observed.

Factors including the increasing competitiveness of international firms and the increasing amount of niche companies winning more market share, require organizations to adjust in order to remain competitive. Furthermore, these factors have led to an increasing number of firms participating in strategic alliances. This allows them to develop a particular area of business without making large investments. This line of strategic thinking is partly a result of companies attempting to minimize their risks and costs at a time when they have limited funds.

The research contained three strategic alliance decisions with foreign based companies as a method of entry into Eastern Europe and China. It is important to distinguish the two regions since they are at different stages of development in their transitioning process. However, both countries provide an example of political instability coupled with enormous market potential as international factors that influence the firm's decision making process. Both companies set a long term goal of establishing themselves in these countries. In addition, in both cases it was beneficial for the entering companies to engage in a strategic alliance since they did not have the expertise, networks or experience to successfully operate within the host country. In one of the firms, an

oil/resource based company, the reason it chose to expand into this international marketplace was because it owned a tremendous amount of domestic assets as well as the enormous potential of the area.

ii) Shift Toward Services

In one of the randomly selected firms, a large multinational firm with a manufacturing operation in Canada adapted their business in order to offer services to complement its industrial product line. Realizing the maturity stage of the company's product coupled with the limited growth capability of industrial manufacturing, this multinational decided to remain competitive within the Canadian market by expanding their product lines. In this particular case, it was to offer additional services as an enhancement to the company's product portfolio.

iii) Move toward the Entrepreneurial Organization

Three of the randomly selected companies entered into very large international arrangements for the first time. As a consequence of these firms making international decisions, confidence developed throughout the organization and lifted the morale of the entire firm.

Two of these companies were not traditional businesses and international decisions were not a regular occurrence. In fact, both companies made their first real international decisions that provided major consequences for the organization. Specifically, one was a cooperative while the other company was a broadcasting organization. In the case of the broadcasting company, policies set by its shareholders influenced it to become more entrepreneurial as it sought to create new markets for its products and services. The cooperative entered into the international decision because of the changing nature of its business and the potential to sell product in an international

market.

In both cases, the byproduct that resulted from the initial objective resulted in a very positive organizational consequence. Specifically, both companies mentioned the importance of the international decision because they felt the decision increased the company's morale. In addition, they felt that the decision inspired confidence that they were capable of more than just the domestic market. Furthermore, the companies mentioned how the international decision led to a feeling of being truly a world class organization.

Organizational issues such as improved morale and restored confidence are important since they present positive consequences resulting from entrepreneurial actions. As businesses become more international and government supported organizations become privatized, the progression to become more entrepreneurial appears natural. However, to promote and communicate the positive consequences is an important consideration for companies since it provides many positive aspects to the organization involved.

iv) Long Range Entry into Asian Markets

The recognition of Asia as a potential international market is evident among the randomly selected firms. Specifically, four firms involved decisions in the Asian market. Three of the companies were entering the Asian area for the first time. All three organizations recognized the future potential of the Asian market. One company was supplying products and services to an organization in Korea. The company felt that it was essential to continue a close relationship with this Korean organization because it realized the potential of not only Korea, but the Asian market in general.

These individual trends are important to examine because they have a direct impact on the organization's international strategy. Since these are trends that are taking

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place among Canadian companies they provide an indication of the current international factors that may affect the strategic decision making processes of Canadian companies. It illustrates how important the international environment is when examining factors influencing the organization's business strategy. In addition, these trends reinforce the need to examine the research results with respect to the strategy type. In each of the previously illustrated trends, the organization's strategy played an important role in influencing the consequences to the organization as well as the decision process.

8.5 Conclusion

In section 9.0, the findings related to the research and other questions will be discussed in more detail. However, this section presented some interesting findings. These findings lend further support for strategy content and its relationship within the strategic decision making process model. Specifically, the content of the strategy and the international factors play an important role in the decision. International factors and strategy content are linked very closely. In section 8.6 we saw how the environment and hence international factors influence the firm's formulation of a strategy. Subsequently, the strategy has an influence on the components of the strategic decision making process. A more descriptive model is presented in section 9.0 to summarize this process.

9.0 Discussion of Research and Other Questions

9.1 Discussion: To compare individual parts of the strategic international decision making process.

9.1.1 Information Gathering

The information gathering processes among the sampled firms illustrate some interesting issues. In general, there is a tendency to go outside the boundaries of the organization when searching for information about the decision environment.

Most of the information gathering processes of the sampled firms indicate that they employ a very structured approach that can be characterized as an outward flow and is described in the following manner:

(i) Internal

Specific information that pertains to developing, evaluating and analyzing the decision is gathered through internal sources. In most situations, the internal resources used as information sources are directly involved with the decision. These include all the relevant functional departments. In some cases, it may only involve the senior managers of the line functions that are directly influenced by the decision. The role that this information usually plays is very important in the formation of the organization's strategy. This information is generally used for developing the preliminary strategy, matching the customer's requests or determining the fit of the decision for the organization. For example, internal information is used in order to develop a bid for a contract to supply to an international customer.

(ii) Direct-External

Information that is beyond the scope of the organization is requested from external sources that are directly linked to the decision. These include the material suppliers and

in some cases the actual client. These two external resources supply specific details and specifications for the organization to consider when forming their strategic decision. In some cases it may even include main customers that are affected by the strategy. The information provided at this level helps to finalize the specific details associated with a contractual arrangement.

(iii) Stakeholder

Stakeholders provide supporting information that an organization must follow in order to implement the specific strategy. When stakeholders are financial investors, organizations must agree to the terms they are comfortable with in order to use their resources.

(iv) Experts

Experts exist in the form of legal, financial and technical consultants. In addition, some government agencies and foreign sales agents are included at this level of information provider. The nature of this information is strictly advice, confirmation and specific details that the organization cannot supply itself. In some cases, the use of foreign sales agents that are fluent in the language and understand the business environment within the targeted country, play an essential role in the strategic decision making process. These individuals provide a wealth of contacts as well that are useful in accessing information.

(v) Indirect-External

Indirect bodies consist of other clients, competitors and suppliers that are not linked to the decision at hand. The indirect bodies provide information that is one level of confirmation or support less important than the experts. This information can be collected to provide the extra level of support that is needed to encourage the decision makers that the strategy they chose was correct.

(iv) Impersonal

Among the sampled respondents, information that came from impersonal sources was mainly used as a supplementary source. Generally, secondary information was used to supplement information that was provided by other sources. Secondary information sources are not widely used. The majority of the information gathering processes in the sample rely on primary resources. However, there was one decision where primary resources were restricted due to the legal environment and as a result, impersonal information was the only source available.

In the other cases, the use of secondary resources is reserved for monitoring unfamiliar environments. Further, companies will attempt to minimize the reliance on this particular type of information resource and prefer to have their own sources. This can be illustrated in one particular case where a decision was under consideration to enter a joint venture agreement in Eastern Europe during 1990, the time of the failed coup d'etat attempt by the hardline communists. In this case, during the course of this turbulent political environment, the company used its influence and networks to provide their own source of information regarding the situation.

9.1.2 Participants in the Strategic Decision Making Process

There appears to be a systematic approach used among the sampled firms when they organize the groups to facilitate the strategic process. There are attempts to bring together the functional groups that are associated directly with the decision to be integrated into a working group. These working groups are usually comprised of senior managers from all the major functional departments. These working groups are usually called executive or management committees.

Another approach that illustrates the pooling of resources is a smaller version of

the management committee which temporarily brings together experts across functional groups. These are commonly referred to as working or core groups. They usually involve representatives at senior levels but not at the highest level.

Groups and individuals appear to play three primary roles when participating in the strategic decision making process. They are the following:

- a) approval
- b) development
- c) support

Approval consists of ratification of the resulting strategy. It is generally done by the respective board comprised of key stakeholders or the president. Development involves secondary roles such as evaluating, analyzing and delegating. The development or driving force is usually the responsibility of the designated project leader or the management committee. The supporting role is characterized by providing information to the development team. This supporting behaviour is typical of the functional departments or the individuals representing the functional level that is affected by the decision. The following mode' presents the typical internal interaction among the internal participants of the strategic decision making process.

Figure 2: Strategic Decision Making Process Interaction

M During this whole process the management committee or president is driving the decision from stage 1 to 3. They serve by pulling everything together from delegating tasks to functional levels to providing support. In addition, an evaluation role is also required to develop the strategy for approval by the stakeholders.

Stage	Participants	Description	Result
1	Major stakeholders and the most senior members of the organization.	Meet to assess the environment.	Sets an overall strategic direction.
2	Functional Levels.	At some point the strategic direction results in a strategy that eventually forms and draws upon the functional levels required to support the strategy.	Specific strategy
3	The board or stakeholders	Resulting strategy that is formed requires approval or ratification.	Approved decision

9.2 Discussion: To identify the degree of involvement with foreign subsidiaries and the head office as perceived by the decision maker.

Another interesting issue in international strategic decision making involves the nature of the relationship between the firm's head office and its foreign subsidiaries. However, the sampled firms do not present enough information to permit a useful study into this relationship.

To begin, there were only three Canadian firms in the sample that had foreign subsidiary operations. Two companies discussed decisions that did not involve their foreign subsidiaries in detail. There was one large Canadian firm that made a major strategic decision involving all of its foreign subsidiaries. However this decision provided only a general outline of subsidiary involvement. Specifically, its foreign subsidiaries all participated through meetings and conferences to provide input with respect to the strategic decision that was taken.

The other Canadian firms sampled that had operations abroad had small offices comprised of agents or sales representatives and not full subsidiary operations. One particular firm having foreign ownership only required the final approval from their foreign owners to proceed with their strategic decision.

Finally, among the sampled firms, there were two foreign multinationals with Canadian subsidiaries. In one case, the decision that was discussed involved the particular foreign firm making its initial investment into Canada. As a result, there was one specific group that was set up to investigate the Canadian investment versus a full operating subsidiary. However, in the other case, the Canadian operations discussed the nature of their relationship with their parent firm. Specifically, in their decision to provide a particular product overseas, the head office only served as a supplier. The strategic decision was made independent of any parent involvement.

9.3 Discussion: To identify how common it is for Canadian firms in the sample to use a consensual process when making Strategic International Decisions.

From the supporting evidence provided by the randomly sampled decision makers, reported consensual approaches are common. Specifically, as discussed in the literature review section, researchers generally focus on two issues when examining consensus in strategy formulation: consensus as the outcome of the decision making process and consensus as the process determining what to decide on (Dess and Origer, 1987). With this in mind, it appears that both cases are clearly illustrated in the sample results.

First, the consensus with respect to eventual strategy appears quite common among the sampled firms as 95 percent of the sampled respondents reported that during the decision making process, overall to complete consensus occurred as to the way the ultimate choice was made.

Second, it is also quite common for Canadian firms in our sample to engage in a consensual process since all the decision makers surveyed reported that overall to complete consensus occurred as to the choice that was made.

Finally, the literature also states that often, strategy formulation is viewed as a consensus-building process. The results also provide evidence for this claim. Specifically, when decision makers were asked how contentious the decision was at the beginning of the process, approximately 37 percent of the decision makers interviewed reported that it was between very to extremely contentious. It appears that during the process, contention was reduced and in the end, consensus was achieved.

9.4 Discussion: What are the factors that influence the strategic international decision making process?

It was discovered that there are two main factors that have an influence over the international strategic decision making process, specifically they are primary and secondary. Primary factors or environmental factors which are all the factors that are

external to the organization influence what strategy will be taken or the content of the strategy. - These are purely environmental factors and are determined from the decision makers' perceptions of this environment. Specifically, these factors imply how decision makers perceive their organization, define their industry, view their competitors, and how they compete internationally. These factors were determined when the decision makers were asked whether international considerations were important during their evaluations of the decision.

Secondary factors which are influenced by the content of the decision have more direct influence on the components of the strategic decision making process that were chosen to be examined for this research. During the interviews, the decision makers identified factors that influence the content of the decision of the particular strategy. The secondary factors identified were based on the relationships that were examined to exist between the content of the strategy and the components of the decision process.

What results from the content of the strategy is in turn affected by the content of the decision. Specifically, there were indirect and direct impacts that influenced the strategic decision making process. Direct impacts are the factors resulting from the content of the decision: (after the organization has adjusted and begins to mobilize)

- prior experience
- channels of distribution network
- regulatory bodies
- customer/technical requirements
- organizational compatibility / appropriate fit.

Indirect impacts are the factors that shape the content of the decision. These take shape in the following form: (when the organization is forming and developing its strategy)

- industrial / market realignment
- maturing demand
- international competition

- international opportunities
- strategic reactions to opportunities
- technology requirements.

The perceived environment and how it influences the decision making process are examined more closely in the next section.

9.4.1 Discussion - How decision makers perceive the environment.

This section presents findings on how the sampled decision makers perceive their organizations' environments. Specifically, it identifies what sampled decision makers consider to be their decision environment for evaluating their strategy and thus influencing their strategic decision making process. Consequently, this analysis helps to understand the mechanism by which the firm's environment influences the resulting strategic decision making processes.

First, it was determined that the way that decision makers perceive the environment facing the decision depends upon the content of the decision. If the content of the strategy is a straightforward bid to supply an existing customer, the environment in turn becomes very simple.

There are two types of environments that decision makers perceive:

1) Direct Environment: The environment confronting the firm before the decision is made. Specifically, decision makers evaluate the opportunities to the firm built up before smaller strategic decisions are subsequently made. The result of the direct environment produces answers such as where is the firm going, what is going on in the market. Consequently, this environment shapes the strategy.

2) Decision Environment: Deals with the direct factors that influence the specific strategy. The decision environment contains various actors that include regulatory bodies and customers. These in turn raise issues such as deadlines, customer requirements, laws and regulations which consequently influence the decision time, involvement and the number of participants that are required in the decision process.

As an example, the environment resulting from a specific decision includes the international environment. If the content of a decision creates a complex environment resulting from an international environment, lack of experience, the extensiveness of network contacts (i.e., suppliers, customers and distributors) will ultimately influence the extent of information search required and the number of participants involved in the process.

Therefore:

- 1) How the decision makers perceive the environment influences the method of information gathering and the sources of information gathering. For example, one organization perceives that Mexico is part of its immediate environment and North American integration therefore is a factor in this consideration. This, in turn, affects the information gathering process through the usage of suppliers, trading fairs and prices gathered by the agents.
- 2) The decision maker's perception shapes the strategy and chooses the resulting method that affects the decision making process: i.e. influences who will be involved in the strategic decision making process. which affects the duration and involvement. One particular organization evaluates the environment and then decides that North American integration is a factor because it perceives this is part of its environment (international considerations). The firm then proceeds to form

a particular strategy that requires a certain method of implementation (direct exporting); this results in a straightforward decision that requires few participants.

As stated earlier, the degree of internationality influences decisions, but the degree of internationality of the particular strategy has more influence in determining the strategic decision making process and its components. These are concepts that are mixed and blended from the original proposal. In addition, the degree of internationality of a firm indicates the past history and its current focus towards international decisions. This does not provide an accurate reflection to what the process may appear for future decisions.

The degree of internationality of a firm indicates what types of strategy it used in the past for international business. If they continue to build on this same strategy in order to develop new business, it has an influence on how the decision process will take shape. For example, at one high technology organization, the number of contacts with customers, distributors and government bodies are deep and developed in the international environment based on past history. The recent decision they chose to talk about was an extension of a foreign market that was already developed. The environmental complexity was reduced given the strategy they chose which influenced the number of contacts they had already set up in that country. This is clearly an example of how the degree of internationality which is based on the premise that as a company becomes more international, their environment becomes more complex, does not apply in its influence on the strategic decision making process.

The model emphasizes the strategy the firm chooses to use. The degree of internationality is a measure of the past and may not be an accurate predictor of the strategic decision making process without looking at the content of the strategy which encompasses internationality and maturity. This view lends support to the notion that

decision content is linked to decision process (Miller, 1989)

9.4.2 Help identify how the environment influences the decision making process.

The original model is misleading because it implies a generality that pertains to the overall international involvement which does not explain specific processes involved in particular decisions.

First, the content of the decision is unique and different and may alter the decision process and/or they may be the same throughout depending on what the decision makers chose. For example, if the same strategy is used over and over again the chances of experience and networks would eliminate the complexity of the environment while the degree of internationality remains constant.

Second, the content influences the resources required by an organization in order to implement the specific decision. If the decision requires a significant amount of coordination or mobilization of resources, it ultimately affects decision process components. For example, the duration will be influenced by the amount of coordination required, while involvement is related to the organization's commitment of resources.

Third, the degree of internationality of the decision itself is also important to distinguish because it may be different than the degree of internationality that the firm possesses.

9.4.2.1 Revised Model

As hypothesized the degree of internationality affects the strategic decision making process. However, in the findings it was discovered that other factors influence the decision making process and its specific components. In particular the strategy chosen is a factor that influences the decision making process. When firms choose a particular

decision, this ultimately affects the decision through a series of events. Firstly, the strategy that is chosen is a result of both internal and external influences. Both play a role in determining the particular strategy the firm will chose.

As a major impact on the strategic decision making process involved in international business, the degree of internationality does not appear to be the only or the main factor that influences components of the decision making process in our sample. More importantly, it appears that the decision content or the strategy that was chosen has a more direct role to play in influencing the decision making process. That is not to exclude such factors as the method of entry or the particular decision chosen as a major impact. More importantly, it is more an integrated process with one factor leading to another resulting in the overall decision making process with the primary influence being the strategy that the firm takes.

Through strategic planning sessions involving the key members of the organization, an evaluation of the market factors is made and the direction that the organization will follow is mapped out. Specific factors that impact the organization are further evaluated to determine specific decisions that emanate from the overall chosen strategy. Often this decision content is the main force behind the decision making process and its components.

For example, if a firm decides on a particular decision emulating its overall strategic direction, it mobilizes the resources and whom it chooses to participate in the decision making process according to how important this particular decision content is perceived (involvement). Decision content also impacts on the duration by overriding bureaucracy and allowing more autonomy to individuals in key phases of the decision making process. Once the decision content has been finalized, this content plays a major role in influencing the decision making process. Components such as information gathering are predetermined by the decision content.

The chosen strategy often involves a very thorough understanding of the implications that the specific decision involves, mainly information pertaining to specific details of the decision (such as legal and financial details of the contract or arrangement). General market information is often not required because the firms have thorough knowledge of this because they are constantly involved within this environment. In fact, information gathering in the market or environment sense is an ongoing process whereas specific details such as technical requirements, legal and financial details are the main pieces of information that are sought during the strategic decision making process.

Finally, time or duration of the strategic decision making process also has a great deal of influence from the specific decision content that the firm has chosen. A specific method of entry for international markets is affected by previous experience and the established network or relationships with bodies in the foreign market. These factors in turn have the most important influence on the duration of the decision making process.

Therefore, since it was hypothesized that the degree of internationality would affect the decision making process of the firms in our sample, it is now clear that the decision content has a more apparent affect on the stratefic decision making process. And as a result, our proposed model requires an updated version and the revised model is presented in Figure 3 on the following page.

Figure 3:

- i) **Strategic factors:** These factors influence the components of the strategic decision making process through their interaction with the environment and the strategy. These include factors relating to the decision content.
- iii) **Environmental factors:** These include International factors that act upon the decision making process through its international decision environment. They include international governing bodies, political bodies abroad, exchange rates.

competitive firms from abroad, and North American Integration.

9.4.2.2 Revised Model Interactions

As discussed in the hypotheses section, information gathering behaviour does not depend on the degree of internationality of the firm. There were implications that it was more related to the decision itself, specifically the content of the strategy. Generally, all the decisions in the sample required information to be provided from the functional areas that were involved in the decision. The use of alternate sources of information gathering provides support for the position that strategic decision making components are related more to the content of the strategy than the degree of internationality.

- i) The content of the strategy the organization uses to implement decisions will influence the use of information sources. For example, certain strategies require the use of second hand information as a source. This is not used as a primary vehicle, since the predominant method is through line or functional resources. However, the use of newspapers and research reports arises when certain decisions require additional information that is not accessible through functional resources. Specifically, in decisions that have a strategy such as bidding for contracts (including overseas) where there is a direct relationship with the customer and the nature of the relationship is that of a supplier and vendor, alternate sources were not used. The supplier and the organization's internal resources were sufficient for this type of decision. When the content of the strategy went beyond this type of relationship, alternate sources were gathered to monitor and learn more about the decision situation.
- ii) The second implication involves the decision makers' perception of the environment. In certain decisions, the environment is influenced by the decision used which implies the complexity of this environment. The type of decision

implies experience and nature of network relationships (i.e., suppliers, distributors, government bodies, and customers) between the organization and the decision's environment. Together these forces influence the strategic decision making process.

10. Conclusion

Throughout the data collection process during the semi-structured interviews, decision makers were asked to choose a strategic decision that they felt had international consequences. An evaluation of these strategic decisions lends support to the views held in the literature as to the constitution of strategic decisions. Specifically, the decisions found in the random sample had definite long term implications and future potential. This criterion is consistent with the views held by Hage (1980) and Wilson (1980). Furthermore, the fact that strategic decisions were believed to have influence on subsequent decisions (Mintzberg, et al. 1976) is consistent with the decisions found in the research. Among many of the decisions taken from the random sample, many of the major strategic decisions were followed by smaller sub-decisions for implementation purposes. Finally, there is no surprise that the sampled international decisions often involved a substantial commitment of resources which is quite consistent with the literature views of strategic decisions (Mintzberg, et al., 1976).

The interaction between a subsidiary of a multinational firm and its parent in relation to marketing decisions was highlighted in two older studies, Alymer (1970) and Keegan (1971). The location of authority and the extent of local autonomy was explored. More importantly the definition of roles involved with head office and the local subsidiary during international decisions were identified. Although the randomly selected firms did not produce a sufficient number of multinational decisions to study a head office and subsidiary relationship in detail, the thesis provided a general outline of subsidiary involvement. Two companies from the sample discussed decisions that did not involve their foreign subsidiaries in detail. Conversely, in one large Canadian firm, the foreign subsidiaries were all included and participated in providing input for a major strategic decision.

Using models to map out the successive stages of international orientation would

have been beneficial in presenting the research results. Models such as the EPRG (Perlmutter 1969) schema and Kirpalani's six stages of the internationalization process (1985) are useful for comparing the stages of international activity that the randomly selected firms displayed in relation to each other. However, the data used to define internationality (percentage of sales outside Canada, percentage of production outside Canada, percentage of employment outside Canada) were not adequate to provide such a detailed international picture. Measures of a firm's international history and past strategies and number of agents used in the distribution channel were beyond the research scope. Any attempts at mapping out the internationalization process would be at an extremely superficial level. However, the internationality measures did provide evidence of Canadian firms' international tendencies towards exporting activities. Furthermore, it would be a useful tool for future research in attempting to integrate the stages of internationalization of the firm and its resulting strategy. This would help to identify the maturity of the strategic decision and provides a different perspective on the factors that influence strategic decision making process components as illustrated in the revised model.

Among the export decisions that were sampled, the factors influencing the decision and the decision styles support the views expressed in the literature. Specifically, factors such as foreign buyer requests, competitor's activities, and government incentives were all mentioned as factors that were identified by Bilkey and Tesar (1977). In addition, the literature identifies "motivation" as a factor for export decisions (Bilkey, 1978). Motivation to seek business opportunities and future markets was a key factor mentioned throughout many of the randomly selected firms' decisions. These decisions lend support to Cavusgil's (1984) view that exporters may be motivated by long term growth, or specifically strategic growth. Strategic exporting, as Hilger and Hoover (1989) argue, can be externally motivated in response to environmental factors.

Examining the international decisions of the randomly selected companies clearly supports these views.

When examining the method of entry that firms choose, the randomly selected decisions support the view held by Root (1987). Root (1987) mentions the two factors that influence the choice of entry strategy. Specifically, they include internal and external factors. However, an examination of the international factors, as illustrated in section 8.6., lends support to the view that external factors influence an entry strategy (Root, 1987). Root's (1987) external factors addressing the home country's environment such as industry and political structure can be closely paralleled to those international factors influencing a firm's international strategy, as illustrated in section 8.6.

The evidence provided by the randomly sampled decision makers with respect to consensual approaches supports the views held in the literature. Two consensus issues were identified in the research, consensus as the outcome of the decision making process and consensus as the process determining what to decide on. Both cases are clearly illustrated in the sample results. First, the consensus with respect to eventual strategy was very common. Second, it was also quite common for Canadian firms in our sample to engage in a consensual process since all the decision makers surveyed reported that overall to complete consensus occurred as to the choice that was made. Finally, the literature also views strategy formulation as a consensus-building process (Dess, 1987; and Origer, 1987). The results also provide evidence to this claim.

An examination of all the strategic decision making processes would illustrate a top-down approach. Certain views held in the literature lend support to the importance of middle management involvement in the strategic decision making process (Schilit, 1987; Woolridge and Floyd, 1990). The research findings appear to contradict this view. Furthermore, the literature emphasizes that an upward approach from middle management towards strategy formulation is more prevalent in low risk and return types

of strategic decisions (Schilit, 1987). Moreover, the wider participation was not traced to overall organizational performance in Schilit's study (1987). Consequently, Woolridge and Floyd (1990) attempt to link middle management participation in strategic decision making with increased organizational performance. However, the thesis does not attempt to measure organizational performance, therefore conclusions supporting or contradicting the efficacy of middle management participation are not justified.

Finally, the thesis attempted to verify three hypotheses to support a proposed model of strategic international decision making. Attempts to link the degree of internationality and strategic decision making process components were not supported from the research findings. An alternative view was then introduced in the form a revised strategic decision making model. The qualitative analysis provided evidence for a need to adjust the original model. To summarize, the degree of internationality is not the only factor that influences the components of the strategic decision making process involved in international business. A more important factor involves the decision content or the strategy associated with the strategy. This factor appears to play a more important role in influencing the strategic decision making process. In the end, the alternative model attempted to illustrate an integrated process involving primary and secondary factors influencing and eventually resulting in the overall decision making process.

11. Limitations of the Research

There are several limitations to the thesis that should be highlighted. The first limitation was the use of semi-structured interviews with Canadian managers. This technique tended to produce slightly distorted views of the decision making process because they are based on the individual respondent's recollection and perspective. However, the individual chosen as the respondent was a result of a series of phone calls made to the particular company to identify the appropriate respondent.

It could also be argued that the sample was not representative of the Canadian business environment. A proportion of the sample consisted of large firms which can afford to establish subsidiary operations overseas. Consequently, this option excludes small and medium sized firms which comprise the majority of organizations in the Canadian business environment. However, large organizations contribute more to Canadian exports and are therefore more representative of the Canadian international business economy.

12. Implications of the Study

The results of the study provide managers insight with respect to the current nature of decision making in large Canadian companies with international business. In addition, understanding the process of strategy formation in an international setting may enable managers to improve their current decision making processes and thus, make timely decisions within a rapidly changing environment. This level of knowledge may assist Canadian firms to gain a relative advantage and consequently, become more competitive in global markets as illustrated by Rugman (1990).

13. Directions for Future Research

The revised model introduced in section 9.2.2.1 presents many possibilities for future research. Specifically, attempts to examine the relationship between the firm's strategy and its corresponding decision making process components would be of interest. Developing a method of measuring prior experience with the firm's chosen strategy, would allow the examination of a relationship between content and strategic decision making identified in the revised model interaction. Along this line of thought, future research on specific strategies would provide a comparison of decision making processes involved with specific strategies. For example, this could involve the comparisons of the

degree of involvement associated with international strategic alliances. From this perspective, research on major strategic trends and their corresponding decision making processes involved can be analyzed.

Finally, by charting the stage of international development in conjunction with the degree of internationality measure would be a possible direction for future research within this same topic. Linking the stage of maturity of an international firm and its orientation based on criterion at a more specific level of detail will provide more knowledge of strategic decision making processes in international business.

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APPENDIX

**INTERVIEW SCHEDULE FOR
PROJECT IN INTERNATIONAL DECISION MAKING
Revised November 20, 1992**

Organization

Address of Organization

Name of interviewee

Position of interviewee

Telephone number for contact

Date of interview

Interviewer(s)

Organization code

Decision code

Three of us from the School of Business at Carleton University are conducting an investigation into strategic decision making by executives in Canadian businesses. We are particularly interested in the specific problems and opportunities that decision makers face in the global economy. We wish to examine specific strategic decisions with international content that have been made in the past few years. The goal of the study is to understand the influence of problems and opportunities in the global economy on the decision making process. The identity of the respondents, both corporate and individual, will remain anonymous.

1. To begin with could you please tell me the story of this decision from the time that it first became an issue in the organization until a choice was made?

Questions 2 through 12 should be asked as supplementals if the information is not given in response to question 1:

2. Could you please give me the name of this decision or issue as it was known to those in the organization (e.g. "the new plant decision", "the Swedish expansion decision")?

3. What was the original impetus for the decision, what started the decision process?

4. When did the decision process begin (when was the first time, for example, that information was gathered or a meeting held)?
5. Decisions are usually made with some goal or objective in mind. What was the overall objective of this decision?
6. How clear was this objective at the beginning of the decision making process?
 7. Completely clear
 - 6.
 5. Mostly clear
 - 4.
 3. Only partly clear
 - 2.
 1. Not clear at all
7. What formal bodies (committees, working groups, boards) were used in making the decision (includes bodies which ratify the decision after it is made)?
8. What did each of these bodies do during the decision process?
9. What was the final outcome of the decision?

10. When was the final decision taken?

11. How successful was the decision in terms of its outcome?

- 9. Extremely successful
- 8.
- 7. Quite successful
- 6.
- 5. Moderately successful
- 4.
- 3. Not a success
- 2.
- 1. A disaster

12. What are your reasons for rating the decision this way?

All of the following questions should be asked in the interview although some of them may only require elaboration or extension of information given in the initial narrative.

13. What do you think were the most important consequences of the decision for your organization?

14. Why were these consequences important?

15. Was there any difference in the criteria used to make the decision and the criteria used to evaluate the decision once it had been made?

15a. If the criteria were different, what criteria were used when making the decision?

15b. If the criteria were different, why did they change?

16. To what extent was this decision handled by existing procedures and routines?
- 7 All procedures were routine.
 - 6
 - 5 Most of the procedure were routine.
 - 4
 - 3 Few of the procedures were routine.
 - 2
 - 1 None of the procedures were routine for this decision
17. Overall what level of uncertainty did this problem pose for the organization?
- 7 A very great deal
 - 6
 - 5 Quite a lot
 - 4
 - 3 A moderate amount
 - 2
 - 1 None at all
18. What were the sources of uncertainty in the decision?
19. At the beginning of the process to what extent was there a feeling that the decision had already been made?
- 7 Very strong
 - 6
 - 5 Somewhat
 - 4
 - 3 A little
 - 2
 - 1 None at all

20. Strategic decisions such as this one often involve different types of criteria. How important was each of the following criteria for deciding a particular alternative was acceptable?

	Very important	Somewhat important	Not at all important
a. Return on investment	_____	_____	_____
b. Quality	_____	_____	_____
c. Output	_____	_____	_____
d. Costs	_____	_____	_____
e. Sales	_____	_____	_____
f. Profits	_____	_____	_____
g. Service	_____	_____	_____
h. Morale	_____	_____	_____
i. Personnel benefits	_____	_____	_____
j. Image	_____	_____	_____
k. Market share	_____	_____	_____
l. Survival	_____	_____	_____
m. Int'l competitiveness	_____	_____	_____
n. Other (specify)	_____	_____	_____
o. Other (specify)	_____	_____	_____

21. Which of these criteria was the most important for this decision?

22. Which (if any) was second most important?

23. Which (if any) was third most important?

24. Sometimes there is more than one acceptable alternative in a decision other than the current state of affairs. Was there more than one acceptable alternative for this decision?

If yes, go to Q. 25.

If no, go to Q. 29.

25. Since there was more than one acceptable alternative, how important was each of the following criteria for choosing among acceptable alternatives?

	Very important	Somewhat important	Not at all important
a. Return on investment	_____	_____	_____
b. Quality	_____	_____	_____
c. Output	_____	_____	_____
d. Costs	_____	_____	_____
e. Sales	_____	_____	_____
f. Profits	_____	_____	_____
g. Service	_____	_____	_____
h. Morale	_____	_____	_____
i. Personnel benefits	_____	_____	_____
j. Image	_____	_____	_____
k. Market share	_____	_____	_____
l. Survival	_____	_____	_____
m. Int'l competitiveness	_____	_____	_____
n. Other (specify)	_____	_____	_____
o. Other (specify)	_____	_____	_____

26. Which of these criteria was the most important for this decision?

27. Which was second most important?

28. Which was third most important?

29. If the wrong decision had been made, how serious would it have been for the organization?
- 7. Extremely serious
 - 6.
 - 5. Serious
 - 4.
 - 3. Not very serious
 - 2.
 - 1. Inconsequential
30. Why would a wrong decision have had this effect?
31. How far ahead were you looking when you made this decision?
32. How long was it (or will be) before you were able to judge the success or failure of this decision?
33. Looking back, what was the most positive consequence of the decision?
34. Looking back, what was the worst consequence of the decision?

35. What were the main alternatives considered during this decision ?

36. Would you say the alternatives differed?

7. Fundamentally, implied completely different directions for the future of the organization
- 6.
5. Strongly, implied quite different versions of the same strategy
- 4.
3. Moderately, with some important differences but the same general possibilities
- 2.
1. Only in details

Now we would like to ask some questions about the individuals and groups who participated in the decision making process. First, we would like to list the groups and individuals who participated in the decision process.

Participant Internal participants (37)	Role in the decision (38)	Influence on outcome (39)	Orientation to final outcome (40)
a _____	_____	_____	_____
b _____	_____	_____	_____
c _____	_____	_____	_____
d _____	_____	_____	_____
e _____	_____	_____	_____
f _____	_____	_____	_____
g _____	_____	_____	_____
h _____	_____	_____	_____
i _____	_____	_____	_____
j _____	_____	_____	_____
k _____	_____	_____	_____
External participants (41)	(42)	(43)	(44)
l _____	_____	_____	_____
m _____	_____	_____	_____
n _____	_____	_____	_____
o _____	_____	_____	_____
p _____	_____	_____	_____
q _____	_____	_____	_____
r _____	_____	_____	_____

Who were the people who provided information for the decision process? What type of information did each provide? How important was the information from each person?

	Provider (45)	Type (46)	Importance (47)
a	_____	_____	_____
b	_____	_____	_____
c	_____	_____	_____
d	_____	_____	_____
e	_____	_____	_____
f	_____	_____	_____
g	_____	_____	_____
h	_____	_____	_____
i	_____	_____	_____
j	_____	_____	_____

48. How many different impersonal information sources (e.g. local radio, television, magazines, newspapers, shortwave radio, billboards, written external research reports, advertising brochures) were used in this decision?

49. Over the course of the decision were there changes in the amount of information that was considered?

7. Substantial changes
- 6.
5. Moderate changes.
- 4.
3. Slight changes.
- 2.
1. No changes at all.

50. Over the course of the decision were there changes in the sources of information that was considered?

7. Many more sources considered over time.
- 6.
5. A few more sources considered over time.
4. No change in sources during the decision process.
3. A few fewer sources considered over time.
- 2.
1. Many fewer sources were considered over time.

51. To what extent was the decision delayed along the way?

7. Seriously
- 6.
5. Moderately
- 4.
3. Slightly
- 2.
1. No delays at all

52. To what extent were each of these important sources of delay?

	S e r i o u s		M o d e r a t e		S l i g h t		N o s o u r c e
a. External resistance	7	6	5	4	3	2	1
b. Internal resistance	7	6	5	4	3	2	1
c. Recycling or reconsideration	7	6	5	4	3	2	1
d. Waiting for resources	7	6	5	4	3	2	1
e. Problem solving	7	6	5	4	3	2	1
f. Searching for information	7	6	5	4	3	2	1
g. Timing	7	6	5	4	3	2	1
h. Coordinating	7	6	5	4	3	2	1
i. Sequencing	7	6	5	4	3	2	1

53. Did the delays have any impact on the outcome of the decision?
7. A very important impact
 - 6.
 5. A substantial impact
 - 4.
 3. A moderate impact
 - 2.
 1. No impact at all
54. How contentious was this decision at the beginning of the decision process?
7. Extremely
 - 6.
 5. Very
 - 4.
 3. Moderately
 - 2.
 1. Not at all
55. What was contentious about it (skip if answer to 56 is 1)?
56. During the decision making process to what degree was there consensus as to the way the decision was made?
7. Complete consensus (everyone agreed this was the right way to make the decision)
 - 6.
 5. Overall consensus (most agreed)
 - 4.
 3. Limited consensus (most disagreed)
 - 2.
 1. No consensus (no one agreed)
57. At the point that the decision was made to what degree was there consensus as to the choice that was made?
7. Complete consensus (everyone agreed this was the right choice)
 - 6.
 5. Overall consensus (most agreed)
 - 4.
 3. Limited consensus (most disagreed)
 - 2.
 1. No consensus (no one agreed)

58. What percentage of your organization's sales are outside Canada?

59. What percentage of your organization's employees are outside Canada?

60. What percentage of your organization's production is outside Canada?

61. How many countries do you operate in?

62. How many countries do you manufacture in?

63. What were the specific international factors that influenced this decision?

64. To what extent did international considerations influence this decision?

- 7. International implications were the most important.
- 6.
- 5. International implications had a major impact.
- 4.
- 3. International implications had a minor impact.
- 2.
- 1. International implications had no impact.

65. What was the real issue, the central focus, of this decision?

66. What role did formal information systems play in this decision?

67. If information systems did play a role, what type of systems were used?

68. Were these information systems computer based?

69. Were any specific analytical models used in making the decision?

69a. If yes, were these developed in-house or purchased?

69b. Do you have a unit which normally develops this type of model?

INTERVIEW SCHEDULE FOR
PROJECT IN INTERNATIONAL DECISION MAKING
Revised November 20, 1992

Organization

Address of Organization

Name of interviewee

Position of interviewee

Telephone number for contact

Date of interview

Interviewer(s)

Organization code

Decision code

Three of us from the School of Business at Carleton University are conducting an investigation into strategic decision making by executives in Canadian businesses. We are particularly interested in the specific problems and opportunities that decision makers face in the global economy. We wish to examine specific strategic decisions with international content that have been made in the past few years. The goal of the study is to understand the influence of problems and opportunities in the global economy on the decision making process. The identity of the respondents, both corporate and individual, will remain anonymous.

1. To begin with could you please tell me the story of this decision from the time that it first became an issue in the organization until a choice was made?

Questions 2 through 12 should be asked as supplementals if the information is not given in response to question 1:

2. Could you please give me the name of this decision or issue as it was known to those in the organization (e.g. "the new plant decision", "the Swedish expansion decision.")?
3. What was the original impetus for the decision, what started the decision process?

4. When did the decision process begin (when was the first time, for example, that information was gathered or a meeting held)?
5. Decisions are usually made with some goal or objective in mind. What was the overall objective of this decision?
6. How clear was this objective at the beginning of the decision making process?
 7. Completely clear
 - 6.
 5. Mostly clear
 - 4.
 3. Only partly clear
 - 2.
 1. Not clear at all
7. What formal bodies (committees, working groups, boards) were used in making the decision (includes bodies which ratify the decision after it is made)?
8. What did each of these bodies do during the decision process?
9. What was the final outcome of the decision?

10. When was the final decision taken?

11. How successful was the decision in terms of its outcome?

- 9. Extremely successful
- 8.
- 7. Quite successful
- 6.
- 5. Moderately successful
- 4.
- 3. Not a success
- 2.
- 1. A disaster

12. What are your reasons for rating the decision this way?

All of the following questions should be asked in the interview although some of them may only require elaboration or extension of information given in the initial narrrrative.

13. What do you think were the most important consequences of the decision for your organization?
14. Why were these consequences important?
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 - 6
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20. Strategic decisions such as this one often involve different types of criteria. How important was each of the following criteria for deciding a particular alternative was acceptable?

	Very important	Somewhat important	Not at all important
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d. Costs	_____	_____	_____
e. Sales	_____	_____	_____
f. Profits	_____	_____	_____
g. Service	_____	_____	_____
h. Morale	_____	_____	_____
i. Personnel benefits	_____	_____	_____
j. Image	_____	_____	_____
k. Market share	_____	_____	_____
l. Survival	_____	_____	_____
m. Int'l competitiveness	_____	_____	_____
n. Other (specify)	_____	_____	_____
o. Other (specify)	_____	_____	_____

21. Which of these criteria was the most important for this decision?

22. Which (if any) was second most important?

23. Which (if any) was third most important?

24. Sometimes there is more than one acceptable alternative in a decision other than the current state of affairs. Was there more than one acceptable alternative for this decision?

If yes, go to Q. 25.

If no, go to Q. 29.

25. Since there was more than one acceptable alternative, how important was each of the following criteria for choosing among acceptable alternatives?

	Very important	Somewhat important	Not at all important
a. Return on investment	_____	_____	_____
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d. Costs	_____	_____	_____
e. Sales	_____	_____	_____
f. Profits	_____	_____	_____
g. Service	_____	_____	_____
h. Morale	_____	_____	_____
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m. Int'l competitiveness	_____	_____	_____
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a			
b			
c			
d			
e			
f			
g			
h			
i			
j			
k			
External participants (41)	(42)	(43)	(44)
l			
m			
n			
o			
p			
q			
r			

Who were the people who provided information for the decision process? What type of information did each provide? How important was the information from each person?

	Provider (45)	Type (46)	Importance (47)
a	_____	_____	_____
b	_____	_____	_____
c	_____	_____	_____
d	_____	_____	_____
e	_____	_____	_____
f	_____	_____	_____
g	_____	_____	_____
h	_____	_____	_____
i	_____	_____	_____
j	_____	_____	_____

48. How many different impersonal information sources (e.g. local radio, television, magazines, newspapers, shortwave radio, billboards, written external research reports, advertising brochures) were used in this decision?

49. Over the course of the decision were there changes in the amount of information that was considered?

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5. Moderate changes.
- 4.
3. Slight changes.
- 2.
1. No changes at all.

50. Over the course of the decision were there changes in the sources of information that was considered?

7. Many more sources considered over time.
- 6.
5. A few more sources considered over time.
4. No change in sources during the decision process.
3. A few fewer sources considered over time.
- 2.
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51. To what extent was the decision delayed along the way?

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52. To what extent were each of these important sources of delay?

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e.	Problem solving	7	6	5	4	3	2	1
f.	Searching for information	7	6	5	4	3	2	1
g.	Timing	7	6	5	4	3	2	1
h.	Coordinating	7	6	5	4	3	2	1
i.	Sequencing	7	6	5	4	3	2	1

53. Did the delays have any impact on the outcome of the decision?

- 7. A very important impact
- 6.
- 5. A substantial impact
- 4.
- 3. A moderate impact
- 2.
- 1. No impact at all

54. How contentious was this decision at the beginning of the decision process?

- 7. Extremely
- 6.
- 5. Very
- 4.
- 3. Moderately
- 2.
- 1. Not at all

55. What was contentious about it (skip if answer to 56 is 1)?

56. During the decision making process to what degree was there consensus as to the way the decision was made?

- 7. Complete consensus (everyone agreed this was the right way to make the decision)
- 6.
- 5. Overall consensus (most agreed)
- 4.
- 3. Limited consensus (most disagreed)
- 2.
- 1. No consensus (no one agreed)

57. At the point that the decision was made to what degree was there consensus as to the choice that was made?

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- 5. Overall consensus (most agreed)
- 4.
- 3. Limited consensus (most disagreed)
- 2.
- 1. No consensus (no one agreed)

- 58. What percentage of your organization's sales are outside Canada?
- 59. What percentage of your organization's employees are outside Canada?
- 60. What percentage of your organization's production is outside Canada?
- 61. How many countries do you operate in?
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65. What was the real issue, the central focus, of this decision?

66. What role did formal information systems play in this decision?

67. If information systems did play a role, what type of systems were used?

68. Were these information systems computer based?

69. Were any specific analytical models used in making the decision?

69a. If yes, were these developed in-house or purchased?

69b. Do you have a unit which normally develops this type of model?

69c. How important were these models in the making of this decision?

- 7. Extremely important.
- 6.
- 5. Somewhat important.
- 4.
- 3. Of slight importance.
- 2.
- 1. Not important at all.

70. Were any decision support systems or expert systems used in making this decision?

70a. If yes, what types of support systems or expert systems were they?

70b. Were they developed in-house or purchased from outside?

71. Is there anything else of consequence about this decision that we should know?

END

0 8 - 1 1 - 9 4

FIN