

# Entrepreneurial Characteristics of Strategic Decision-Making and the Difference from Managers

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**Doi:10.5901/jesr.2014.v4n5p87**

## **Abstract**

*Whenever factors are different for entrepreneurs than they are for managers, entrepreneurs seem to have more abilities and skills which are useful in the strategic decision-making process. Managers are solely in favor when it comes to the high extent of centralization and formation of the organization, which is good for the ease of information gathering. Whether the importance of these structural determinants should not be underestimated, entrepreneurs are beneficial in more situations, due to their personalities. The most important entrepreneurial traits are their cognitive complexity, their tolerance for risk and their ability for opportunity recognizing. Comparing their traits to the factors of importance in strategic decision-making, it seems that entrepreneurs have better skills and traits to consciously or subconsciously commit to the strategic decision-making process in a way that is more successful than it is when it comes to managers.*

**Keywords:** *Entrepreneurs, Entrepreneurial Characteristics, Strategic Decision-Making managers*

## **1. Introduction**

Decision making is becoming more vital to the everyday function of the organization. Decisions from immediate short-term to future long-term are to be made within the increasingly complex organizational structures. "(Akdere & Altman, 2009) Determinants of influence can be categorized into personal, structural and environmental characteristics (Wally & Baum, 1994) of the individual(s) and organization involved. Literature on this topic will be used to give an overview of the general strategic decision-making within organizations.

The aim of this paper, it to analyze the distinctions between entrepreneurs and existing organizational managers (from now on referred to as managers) in the field of decision making. But how does this business environment differ from a non-entrepreneurial environment? What is it about the entrepreneurial individuals and their management style that makes them operate in a whole different way and what is it exactly that defines the way they work? In this thesis it will be tested how entrepreneurs experience cases of strategic decision making for themselves, and the organization in which they are involved. It can be questioned why and how this process is different for entrepreneurs than for managers. The above leads to the following main question: "Which are the entrepreneurial characteristics of strategic decision-making and how does this differ from managers?"

## **2. The Concept of Strategic Decision-Making**

In organizations, strategic decision making is of substantial importance as a part of other strategic processes. This importance emerges from the fundamental role it plays in directing the firm's course. This is why many attempts have been made in tackling the process of decision making (Eisenhardt & Zbaracki, 1992).

"Most theories concerning the decision-making process gravitate around a model of decision-making that consists of three components: the environment, the specific characteristics of the decision to be taken (organizational) and the executive him- or herself (personal)" (Vermeulen & Curşeu, 2008).

### *2.1 Steps in the Decision-making Process*

Executives within organizations are faced with numerous decisions that have to be made each day. Whether it happens consciously or not, they are passing through a number of stages while making these decisions. "Decision-making is a multistage and multicriteria process (Hall and Hofer, 1993), which is non-linear and recursive" (Vermeulen and Curşeu, 2008).

This means executives move along the stages, trying to delineate all possible criteria that have to be met for the final choice to be successful, and moving between different choice alternatives.

Literature provides a few significant stages, and shows that they all come down to the same distinction. Eisenhardt & Zbaracki (1992) found evidence for decisions to pass through the key stages of problem identification, development and selection, the speed of which is dependent on organizational and environmental factors of the decision itself, or the persons by whom the decision is made.

Wally & Baum (1994) refer to the findings of March & Simon (1958) who conceptualize this process into three stages: intelligence activity, design activity and choice activity. They will be discussed below.

"Intelligence activity is environmental scanning that involves gathering and process information. This information gathering provides cues for recognizing potential decision situations and formulating alternatives." Design activity as a part of the process is about assessing the potential decisions and evaluating other alternatives that could be used to satisfy the need of the organization. Eventually this stage will define the possible outcomes of the most potential decisions.

In the last stage of the decision-making process, choice activity, the potential decisions and their outcomes are analyzed again, and the best option will be chosen. At this point, a decision has been made.

Vermeulen and Curşeu (2008), however, utilize a model which shows the same stages in the decision-making process as those referred to by Wally & Baum (1994), but specifies each three of them further. Their findings are listed below.

#### *2.1.1 Recognition*

Recognizing the moment that needs a decision, is the responsibility of the decision-maker. Him or her will detect a situation which is not satisfying enough or which shows some weakness in the organization or environment of that decision-maker. The beginning of the process of decision-making starts right here, with the need for a decision. This recognition is dependent on the way the executive gathers and processes the information in his head and by his environment.

#### *2.1.2 Formulation*

The first step of recognition is not sufficient to create the ability for a successful decision to be made. The formulation, or problem definition is just as, if not, more important. In this step it is up to the executive to determine all variables of interest, which means he decides exactly what his decision-making process is going to look like, including all resources needed.

The writers refer to Noorderhaven (1995), who states that the formulation of the scope is of great importance here. It should not be defined too broad, nor should it be defined too narrowly, in

order to make sure all variables are exclusive and exhaustive. "Exactly how problems or strategic issues are formulated partly depends on the origin and background of the person who identified them in the first place" (Vermeulen and Curşeu, 2008).

### *2.1.3 Search*

The second stage of the decision-making process is the search step. This step is all about finding alternative solutions, which is a hierarchical process. Cyert and March (1963) argue that this step, or stage, begins in a pre-specified area, depending on the nature of the problem, with familiar sources. Some problems can be simple, while others can be rather complex. Of course these more complicated problems are in the need for more resources and a more active way of searching for new and better solutions (Noorderhaven, 1995). "If ready-made solutions cannot be found, the decision-maker is likely to engage in design activities that will lead to custom-made solutions (Mintzberg, et al., 1976). Following from that, different final choices can be categorized as: ready-made (normal process), modified (Specified to a particular situation) or custom-made (decision-maker creates alternatives).

### *2.1.4 Evaluate*

Once the alternatives have been defined, the decision maker now compares all positive and negative characteristics of each alternative found, in order to see which one of them meets all pre-specified criteria for the best final decision. "A great number of factors have to be observed, most of them 'soft' or non-quantitative. This is how elements of bounded rationality intervene in the decision-making process." (Vermeulen and Curşeu, 2008). In most cases, evaluating is a sequential process, where alternatives are evaluated one by one.

According to Noorderhaven (1995) there are two ways of doing this: compensatory and no compensatory. In compensatory evaluation, characteristics of the alternative are ranked and form an overall score, where a bad notation can compensate for a good notation. In no compensatory evaluation, each feature of the alternative has to be good to a specified extent. Whatever way is used by the decision-maker, the chances are great that he is doing this without being aware of it.

### *2.1.5 Choice*

In an attempt to define the stage of choice in the decision-making process, the writers refer to Mintzberg et al. (1976) who formulate three different kinds of choice making: judgement, bargaining and analysis. Judgement is a way of selecting an alternative without being able to explain why. Bargaining is the discussion about the right choice within a group of decision makers. Analysis is a factual evaluation, mixed with managerial choice. Mintzberg argues that the most present choice mode is judgement, because it is the most practical one.

Choosing the right alternative is also about a choice which feels good.

### *2.1.6 Implementation*

When the decision maker had passed through the stages described previously, the implementation phase might be the most important one, at least it has the most impact on the organization, and the executive has to be committed to finalizing the process in the best way he can. This step seems to be mainly about the enlargement of acceptance within the organization and its stakeholders.

## *2.2 Personal Determinants*

According to Hitt & Tyler (1991), in strategic decision-making there are some potential effects that

executives themselves can have on the decision that is made. "The decisions depend on prior processes of human perception and evaluation" (Child, 1972).

Following from various researchers, Hitt & Tyler (1991) distinguished the main factors of personal influence, derived from the three categories: cognitive style, demographic factors and personality traits.

### *2.2.1 Age*

According to Hitt & Tyler (1991), the risk perception of executives is largely dependent on their age. Younger managers are likely to make more risky decisions, and they also have a different value perception. Unlike older managers, and especially in the area of the growth of the organization and the appreciation of managerial talent, younger managers are very likely to perceive less, and so take more risk.

### *2.2.2 Educational background*

Hitt & Tyler (1991) discuss the importance of the educational background of executives.

Reviewing several researchers, he speculates that specialization and focus is supported by a higher level of education that one has aimed to reach, and it causes executives to have more cognitive complexity, thereby affecting the strategic choices made.

### *2.2.3 Experience*

According to Hitt & Tyler (1991) executives' work experience affects the process of strategic decision-making. 'Both the amount and the type of work experience are important'.

Executives tend to have experience in more than one field, which makes them have a large decision-making 'portfolio'. The type of experience is what creates the cognitive complexity, owned by these executives. So, the combination of both, may lead to strategic choices being affected. This could imply that choices are being made more speedily and more effortlessly.

Fredrickson (1985) found that managers who have made decisions repeatedly in former working experience are better capable of finding a right model to use while passing through the different stages of the decision-making process. Because of their experiences in the past, they have been able to practice and even subconsciously develop a method to work through it effectively. This is unlike inexperienced managers who "do not have the benefits based on outcomes of multiple past decisions." Using the theorem about the stages of the process as defined above, it could be argued that experienced managers find themselves more in a sequential process, while inexperienced managers are anarchic decision makers.

According to Hitt & Tyler (1991) literature has also shown the implication that choices of strategy might also be influenced by the type of experience. While most researchers have made attempts to find a distinction between different types of functions to explain the difference in strategic decision making, he argues that the variability of these functions is in fact the most critical factor. A combination of managers' past functions is likely to create the capability of cognitive skills for decision-making.

### *2.2.4 Level of executive*

The level of executive is relevant for two reasons. The first one is the availability of information, which is different in various layers of the organization. Top executives who are placed directly below the CEO, or who are the CEO, have greater information availability than others, and are therefore able to evaluate more alternatives. Compensation is the second factor of interest in this section. Hitt (1991) refer to his findings in 1989, when he found that "differences in incentive

compensation affected the criteria executives used to make strategic decisions”.

### *2.2.5 Cognitive complexity*

Assumed by Hitt & Tyler (1991) is the minimum amount of cognitive complexity owned by top executives. The broad range of situations and problems they are dealing with implicates a certain level of cognitive thinking. His main conclusion on this topic is the way executives see of uncertainty as an influence on their performance. Depending on that, is the way information is being processed.

### *2.2.6 Risk orientation*

There are various levels of risk orientation. In the decision-making process, executives with a high tolerance for risk could choose alternatives with uncertain outcomes. This also means the criteria that are used in the evaluating process, may be affected.

## *2.3 Environmental Dimension*

Following from their findings on the organizational dimension of the decision-making process, Vermeulen and Curşeu (2008) propose that “successful decision-making requires an accurate understanding of the environment in which that decision will be played out.” The environment of the organization contains for example the stakeholders, consumers or competition. All these factors will influence company performance, being either an opportunity or a threat. They argue that each organization has to align its actions with these environmental factors. Of course, these factors cannot always be predicted, and a high level of uncertainty is present. This is where the risk tolerance becomes of interest again, which is involved in most decisions.

## *2.4 Structural Determinants*

Knowing what stages are involved in a general decision-making process, the next step will be to analyze the determinants that are of interest when passing through these stages. Structural determinants are firm characteristics that pressure or help decisions to be made. Besides the personal characteristics, it is largely dependent on these structural determinants how speedily the process will evolve. Wally & Baum (1994) have divided the structural determinants into centralization, formalization, and size. The last determinant is industry effects, capturing the environmental influence, which is also involved and of great importance in strategic decision-making. Research of Eisenhardt & Zbaracki (1992) also includes this occurrence of and the difference in the process of decision making because of changing problems, opportunities, choices and people.

### *2.4.1 Centralization*

According to Wally & Baum (1994) centralization is about the extent to which authority and information is concentrated. In organizations where authority is central, fewer people will be involved in processes of decision-making and the process is more likely to be faster in the design activity stage and the choice activity stage because the time of information sharing is much less and especially because little conflict is involved. According to Eisenhardt (1989), the process is likely to speed up in the environment of autocratic decision makers because of the fact that they rely less on consultation. In centralized firms, executives are likely to have obtained all necessary information on alternatives, which allows the design stage of the process to elapse faster.

#### 2.4.2 Formalization

Formalization is about the routines that are explicitly made clear by the organization, mostly written. Every procedure and every policy existing within the firm is included in this formalizing process. The absence of formalization is expected to have a negative impact on the speeding up of the decision-making process, because of inertia (Wally & Baum, 1994). When an organization has clear routines, it is more likely for decision processes to become routine as well.

#### 2.4.3 Size

Wally & Baum (1994) refer to Pugh (1968) according to whom formalization and centralization within organizations are likely to be present to a higher extent, if the size of the firm is bigger. If this is the case, complexity within the firm has a larger shape. Although centralization and formalization are described to be factors which are likely to speed up the decision-making process, complexity is not.

#### 2.4.4 Industry Effects

The aim of most companies is to make fast decisions. Especially when they are operating in an industry that is rapidly changing in the area of, for example, customer preferences. This is why these industry effects to a large extent influence the decision-making process of organizations.

### 3. Entrepreneurship

According to Miller (1983), entrepreneurship can be defined as the process by which organizations renew themselves and their markets by pioneering, innovation and risk taking.

Although literature seems to divide the determinants of entrepreneurship in the three categories of personality factors, the role played by the structure of the organization, and the importance of strategy making, argued still, is the role of the individual entrepreneur and the extent to which he is responsible for entrepreneurship within the organization (Miller, 1983).

The aim of this chapter is to describe the entrepreneurial characteristics of the individual, and to show what effect this has on entrepreneurship within the organization. This chapter will discuss this aspect of entrepreneurship on an individual level. Because the managerial characteristics are of more importance in simple firms (Miller, 1983), this thesis will focus primarily on Small- and Medium sized Enterprises.

#### 3.1 Entrepreneurial Traits

Most literature seems to agree on the most significant psychological traits that are owned by entrepreneurs. In this section, a distinction is made between the traits that were defined by Sexton and Bowman (1985) and the traits that have been made explicit by Vermeulen and Curşeu (2008), based on several researchers' work. According to Sexton and Bowman (1985), entrepreneurs have the following traits: moderate risk-taking propensity, ability to tolerate ambiguity, an internal locus of control, high need for autonomy, dominance, independence and self-esteem, and a low need for conformity and support. In this section, these characteristics are explained. Vermeulen and Curşeu (2008) take a view that is not only present within the organisation, but in the psychological life of the entrepreneur.

#### 3.2 A Model on an Organizational Level

In literature, there are various models which attempt to clarify the typical entrepreneurial traits.

Sexton and Bowman (1985) use a model which shows the traits in an organizational context. Below these traits are being discussed, referring to Sexton and Bowman (1985).

### *3.2.1 Risk-taking Propensity*

It might be the most important trait of entrepreneurs, that they have a different risk perception than other persons. Or at least, their characters are less risk avoiding. This has been shown in different studies and shows significant features in the process of decision-making.

Dealing with uncertainty successfully, is likely to improve overall performance. Hitt et al. (2003) refer to Alvarez & Barney (2002) who state that 'the entrepreneurially minded can identify and exploit new opportunities because they have cognitive abilities that allow them to impart meaning to ambiguous and fragmented situations'.

### *3.2.2 Ability to Tolerate Ambiguity*

Entrepreneurs seem to have a different cognitive structure than managers when it comes to their tolerance towards ambiguous situations. Ambiguity can be perceived very different by different persons or executives. On one hand it can be undesirable, because it means uncertainty and less available information. On the other hand it is seen as a challenge, which is the case for entrepreneurs. Their tolerance towards uncertainty is greater and therefore, they do not hesitate to find all the adequate environmental information needed in their problem-solving.

### *3.2.3 Internal Locus of Control*

Locus of control is an indicator for the way persons allocate events in their past to be within their circle of control, or outside this circle, both referred to as internal or external focused. Sexton & Bowman (1985) propose that entrepreneurs are more internally orientated. The second factor of interest when it comes to the focus of control is that entrepreneurs seem to be always seeking to reduce uncertainty by gathering all the information necessary for their problems or actions. Their control is therefore bigger, and outcomes are usually better than managers' outcomes.

### *3.2.4 Need for autonomy, Dominance, Independence and Self-esteem*

Traits that are typical for entrepreneurs are the need for autonomy, which is indicating self reliance and independence, dominance, independence and self-esteem. The research of Sexton & Bowman (1985) showed evidence on the significant features of differences between entrepreneurial students and other students. The entrepreneurs were in the possession of these traits to a much higher extent than the non-entrepreneurs.

### *3.2.5 Low Need for Conformity and Support*

Probably resulting from their independence and self-esteem, entrepreneurs do not need as much conformation and support as any other managers.

## *3.3 A Model on a Psychological Level*

In the previous section, traits have been discussed, which are visible in the organization to a high extent. But what about a more personal approach? Listed below are the psychological traits that were summed up by Vermeulen and Curşeu (2008) to be the most important traits for the character of an entrepreneur. The traits which separate them from other managers:

### 3.3.1 *The Need for Achievement*

Several researchers have proposed the distinction about positive “pull” factors and negative “push” factors which determine the way new business is likely to have been set up. The push factors tend to have a more negative effect on the entrepreneur starting the business. An example of these push factors is frustration. The writers also name the achievement for motivation to be a factor with significant importance. It is an entrepreneurial trait that is about openness to a challenge and the risk that comes along with that challenge.

### 3.3.2 *Desire to be Independent and to have Control over Situations*

Just like Sexton and Bowman (1985), the writers have approached this trait to be of great value. They propose that the typical adventure and risk seeking trait of the entrepreneur can be explained by their need for autonomy and independence.

### 3.3.3 *Individualism*

Following from the previous trait, individualism is a typical entrepreneurial trait. The writers here refer to Sexton and Bowman (1985), just as was described above. They argue that, because of their need for autonomy and dominance, entrepreneurs feel little need for conformity and support. Their motivation also leads to the aim of achieving individual results which can be ascribed to them.

### 3.3.4 *Locus of Control*

Locus of control is a way to describe how people feel about determining their own destiny and whether they feel they have control over it. “Internals” are people who ascribe a lot of events to be the result of their own actions. “Externals” are people who ascribe these events to other environmental factors. According to Vermeulen & Curşeu (2008) an entrepreneur is an internal. It has to be said that this locus of control is relevant for the bigger thinking like controlling situations. But when it comes to the mindset that of entrepreneurs is not controlled. At least for a great part, it operates automatic. Baron (2007) indicates that ‘automatic processing’ is based on intuition and it seems to be more fast and effortless in practice. This last fact however, does not mean that entrepreneurs do not end up having all the control needed, which is likely to be the case.

### 3.3.5 *Ability to Focus and Pursue a Goal*

Vermeulen and Curşeu (2008) state that there are stimuli which define the ability to focus on one specific task and that this is what determines the reaction of the entrepreneur to react, and to be highly motivated for high performance. According to Hitt et al. (2003), entrepreneurs focus on new goals to obtain competitive advantage. Unlike managers who set goals too, focus is more on innovation than it is on optimizing current conditions, because focusing on things that meet more and growing customer demands, creates a better and more stable market position.

## 4. **Entrepreneurial Strategic Decision-Making**

‘Recognizing a moment that needs a decision is the responsibility of the decision-maker. He or she will detect a situation which is not satisfying enough or which shows some weakness in the organization or environment of that decision-maker.’ The concept of decision making explain the aim of decision-making with the stage of recognition, as stated above, this is all about improving the current situation. Right here, in the beginning of the strategic decision-making process, the



relevance of entrepreneurship becomes clear, opportunity recognition being one of the most substantial traits of the entrepreneur. It is here, right from the start on, where entrepreneurial decision-making differs from decision making by managers.

#### 4.1 *The Entrepreneur and the Organizational Dimension*

As a part of the organizational dimension, each stage of the decision-making process needs personal characteristics in order to complete them successfully. These characteristics have been defined. The organizational dimension of the strategic decision-making process consists of three stages: intelligence activity, design activity and choice activity (March & Simon, 1958). For the intelligence activity, information processing and gathering is very important (Wally & Baum, 1994). Thus, the executive performing the stage should have the ability to efficiently acquire and handle the information needed to sum up all possible alternatives in a later stage. As it has become clear entrepreneurs, in spite of their locus of control, tend to reduce uncertainty by gathering all the information available. Furthermore, they are linked closely to the CEO within the organization which means they have access to the information needed. The way the information is being processed is dependent on cognitive complexity. As stated before, it is the entrepreneurs who have greater cognitive complexity. It is cognitive complexity too, which results in a successful design activity stage. Here, the need for evaluating all the alternatives is of significant importance. Because of cognitive complexity, entrepreneurs are very good evaluators.

In the choice activity stage, in order to successfully end the decision-making process, an executive needs to have good judgment and cognitive complexity. Entrepreneurs, who seem to have both, are especially successful in this last stage because of the amount of cognitive constructs, which allows them to see more opportunities in decisions. Besides that, entrepreneurs are less risk-avoiding than managers, which is why they will be able to make any decision faster and more effortless.

Concluded from the previous section can be that it is the cognitive complexity and the risk taking propensity of entrepreneurs which shows significant difference in the process of decision-making from managers. Success in this process is likely to be good, if not better than managers, for entrepreneurs, because of their skills in information gathering and evaluating. The speed and the effort is less with the entrepreneur because of his ability to handle uncertainty or to reduce it with the skills as named above.

#### 4.2 *The Entrepreneur and the Personal Dimension*

As a part of decision-making, personal traits and factors have been defined (Hitt & Tyler, 1991), which can speed up the decision-making process or make it more successful. Can the entrepreneur ascribe these to himself? Below, linkages between the best personal factors for decision-making and the traits owned by entrepreneurs are shown.

*Age.* Younger executives have more risk-taking propensity, which is good for decision-making. (Hitt & Tyler, 1991) There is no reason to assume that there are younger entrepreneurs than there are younger managers, so there is no substantial difference between the two.

*Educational background.* Because a higher level of education provides more innovativeness and overall performance, it is likely to assume that it is good for successfully passing through the stages of decision-making (Hitt & Tyler, 1991). But, in this stage, there again is no difference between entrepreneurs and managers.

*Experience.* Overall work-experience leads to the ability of effectively make decisions again. Top executives tend to have a lot of experience. It is likely to assume that because of the responsibilities they face in their current function areas (Fredrickson, 1985; Hitt & Tyler, 1991). Normally, this experience would cause executives to make better decisions. Shepherd, Zacharakis and Baron (2002) however, state that there is a danger for entrepreneurs who tend to make

shortcuts by over generalizing in the process because of their experience and confidence. These shortcuts could make them do the same thing as executives without this experience and could lead to serious mistakes. On the other hand they propose, experience provides an insight on relationships between certain variables of interest, creating the ability to gain insight on the process more speedily.

*Level of executive.* Being close to the CEO, or being the CEO himself, means availability of and access to information needed (Hitt & Tyler, 1991). Concluded can be that both entrepreneurs and managers can be at this same level. Entrepreneurs, however, have the tendency to scan the environment somewhat better, feeling the need to reduce their uncertainty as explained above. This could mean that although the access is the same for both groups, entrepreneurs could obtain more information because of them pressuring the situation.

Two personality factors that are in fact different for entrepreneurs and managers are cognitive complexity and risk orientation. Researchers have stated that entrepreneurs have greater cognitive complexity and more cognitive constructs, which make them, recognize and handle situations differently from managers (Hitt & Tyler, 1991; Vermeulen & Curşeu, 2008). Together with their tolerance for risk, this implies that entrepreneurs can handle decision making situations better than managers, because of the little amount of effort and time they need. Both of them resulting from cognitive complexity and the low perception of risk.

However, entrepreneurs' risk orientation can also cause them to choose uncertain alternatives as the best outcome for the decision to be made. It depends on their intuition and experience whether this outcome has a chance of being successful. This section has shown that there is not a real difference between entrepreneurs and managers having the personality factors needed for a good decision-making process, in the field of demographic factors (age and educational background) and of personality traits (experience and level of executive). The difference, however, does become clear while reviewing the cognitive styles of both groups. Cognitive complexity is present more at entrepreneurial personalities and so entrepreneurs will have a better chance at good performance (in the decision-making process). Entrepreneurs also have a higher tolerance for risk and uncertainty. However, this last factor can be either positive or negative. It is positive because of the ease with which entrepreneurs complete the process, but negative because outcomes of their actions are not as sure as they are when being made by managers.

#### 4.3 *The Entrepreneur and the Environmental Dimension*

The environmental dimension is all about being aware of the changes in the environment surrounding you. This includes competition, but also growing or changing customer demands (Vermeulen & Curşeu, 2008). The seeking and recognition of opportunities and threats are the starting point of every strategic decision-making process and it is here where entrepreneurs distinct themselves from managers the most. Hitt et al. (2003) propose that managers are looking for ways to improve their current situation, but are less able to identify new opportunities. According to them even, 'discovering and exploiting profitable opportunities is the foundation for wealth creation through entrepreneurship'. They also agree on viewpoints that state opportunity recognition to be the heart of entrepreneurship..

#### 4.4 *The Entrepreneur and the Structural Dimension*

The structural dimension of strategic decision-making is about the structure of the firm, and the way it influences the decision-making process. There are four factors, which can speed up the process for executives: centralization of the firm, formalization of the firm, size of the firm and industry effects (Wally & Baum, 1994).

#### 4.5 Can a difference between entrepreneurs and managers be detected?

Central authority in highly centralized firms speeds up the process, but is the same for entrepreneurs as for managers. This goes for formalization of the firm too. It is size and industry effects where their ways separate. Because entrepreneurs are more present in small and medium sized companies, they are likely to have less centralization and formalization present in their firm. Managers will more easily make use of the benefits that these factors bring along in bigger firms. Industry effects, however, gives entrepreneurs an advantage because of their opportunity recognizing style and their risk tolerance. Entrepreneurs are able to have a better understanding of what is needed to stabilize their position in a changing environment. The factors above imply that the structural dimension offers chances as well as threats for both entrepreneurs and managers so none of them has an advantage over the other.

### 5. Conclusions

Comparing the significant factors needed for successful decision-making to entrepreneurs and managers has shown that there are fields with no difference between the two, fields where managers benefit more from their skills or surroundings, and fields where entrepreneurs have more ability to successfully complete the process. This paper has shown that, whenever factors are different for entrepreneurs than they are for managers, entrepreneurs seem to have more abilities and skills which are needed. Managers are solely in favor when it comes to centralization and formation of the organization. Whether the importance of these structural determinants should not be underestimated, entrepreneurs are beneficial in more situations, due to their personalities. Besides that, centralization and formalization of the firm only benefits managers in the field of information gathering and processing, something that entrepreneurs are very good at already. So if managers would have an advantage in this field, entrepreneurs still seem to be better capable to handle decision-making situations because of several traits. The most important traits are their cognitive complexity, their tolerance for risk and their ability for opportunity recognizing.

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