Exploring Entrepreneurial Orientation and Strategic Awareness among Small Business Owner-Entrepreneurs

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1. Introduction

Small firms usually represent the direct result of a person's proactiveness (the entrepreneur), his/her desire to create something new and his/her ability to manage uncertainty and identify and exploit opportunities of business. Thanks to the central role played by the owner-entrepreneur, small firms are described as entrepreneurial organizations which focus on newness and novelty in the form of new products, new processes, and new markets, whose goal is to pursue growth and profitability.

Emphasis on subjective factors strictly connected to the person of the owner-entrepreneur (e.g. innovativeness, discontinuity, creativity, risk management capacity, aggressiveness, need of achievement, locus of control) and his or her influence on firm creation has led to the idea that entrepreneurship is more diffuse in small firms, while larger organizations (on which strategic management concentrates) are more concerned with the administration of an existing competitive advantage, focusing on managerial practices that assure continuity rather than searching for discontinuity (Stanworth and Curran, 1973; Marchini, 1995; Meyer *et al*., 2002).

It is true, however, that neither a firm focusing merely on searching for new opportunities and innovation but incapable of translating innovativeness into future profits, nor a firm which does not search for new sources of competitive advantage and profits can survive in dynamic and uncertain environments. Research suggests that to make profits and create wealth, firms need to integrate entrepreneurial with strategic actions. This is exactly what the concept of strategic entrepreneurship suggests (Hitt *et al.*, 2001; Ireland and Webb, 2007).

Supporters of strategic entrepreneurship have traditionally analyzed its constitutive elements and potential benefits with reference to large corporations - citing examples like Apple or big tobacco companies - or in relation to new ventures (Hitt *et al*., 2001; Hitt *et al*., 2003; Ireland and Webb, 2007 and 2009). These contexts seem to be the perfect arena in which to practice strategic entrepreneurship. In the first case we have the resources and structures needed to «simultaneously exploit today's competitive advantages while exploring for innovations that will be the foundation for tomorrow's competitive advantages» (Ireland and Webb, 2007, p. 50). Think for example about the dual organizational structure described by Ansoff and McDonnel (1990), where company divisions carry competitive duties and strategic business units have the goal of developing innovation and entrepreneurial strategies. New ventures instead, represent the perfect example of innovative firms that have to evolve from a technology-driven to a market-driven management philosophy in order to survive for more than a few years after their foundation (Berry, 1996 and 1998).

Since not many studies using the strategic entrepreneurship "framework" are concerned with established small firms, we analyse whether or not Italian small sized firms do already converge opportunity-seeking behaviours with strategic perspectives or if the concept of strategic entrepreneurship should be more diffuse to help them develop sustainable competitive advantages and perform better.

Data for our research are collected from a semi-structured questionnaire used to interview small business entrepreneurs. Thus, results will indicate if small business owners are aware that the adoption of a strategic management perspective may provide a more suitable context for entrepreneurial ideas and actions, leading to better economic performances. To this end, after presenting the theoretical bases and the study methodology, we discuss the results of empirical research conducted on a sample of 55 firms and try to draw some conclusions.

2. Literature Review

2.1. Entrepreneurship & Entrepreneurs

Entrepreneurship has been a topic for discussion since the eighteen century and it continues to attract the interest of economists, sociologists, management experts and several other scholars because of its key role in generating growth, jobs, and economic development. Although there is no single definition of entrepreneurship, most authors agree on the fact that the core process of entrepreneurship is the recognition and exploitation of opportunities in the form of new products or services, new processes, new sources of provisioning, new administrative techniques and other manifestation of newness in order to create wealth (Lumpkin and Dess, 1996 and 2001; Shane and Venkataraman, 2000; Hitt *et al*., 2003; Choi and Shepherd, 2004).

Innovation is somehow the primary activity of entrepreneurship (Drucker, 1985). Entrepreneurial behaviour, however, is not only characterized by innovation, but also involves risk-taking and proactivity (Covin and Slevin, 1989; Marchini, 1995; Entrilago *et al.*, 2000). Entrepreneurial firms value qualities as innovativeness, aggressiveness, creativity, proactiveness and autonomy (Lumpkin and Dess, 1996): elements that several psychological studies have identified by analysing the person of entrepreneur (Brockhaus, 1980; Sexton and Smilor, 1986; Chell *et al*., 1991). Actually, the concept of entrepreneurship itself is derived from the figure of the owner-entrepreneur (Marchini, 1995).

With reference to small sized firms, researchers have usually recognized a strong identification between these organizations and their owner-entrepreneurs since the owner (and a few other key subjects who usually belong to the same family) constitutes the principal, if not the only, management team with decision power (Marchini, 1995; Kets de Vries, 1996). An owner-entrepreneur's personal traits strongly influence his/her company orientation as the entrepreneur's vision shapes the organization's objectives, strategies, structures and actions (Stantworth *et al*., 1989). This has led to the idea that entrepreneurial orientation is broadly diffuse in small firms. Here most cognitive resources are aimed at finding new business combinations and only residual attention is devoted to improving existing organizational routines, industrial processes and managerial practices (Stanworth and Curran, 1973; Marchini, 1995).

Small firms' activeness in searching for new opportunities to exploit is attributed also to their residual market position, their chronic lack of resources and the reduced organizational dimension that makes it difficult for them to maintain existing competitive advantages in the long term and impedes the pursuit of economies of scale. Because of their scarce influence over the external environment, these firms are mainly preoccupied with seeking new market opportunities rather than improving their internal efficiency and effectiveness (Marchini, 1995).

Research on small business owners has shown, however, that not all owner-entrepreneurs have an entrepreneurial attitude (Carland *et al*., 1984; Churchill, 1992; Stewart *at al*., 1998). There are owners whose main concern is securing an income, achieving personal goals such as self esteem and stability of his/her family members, who do not engage in innovative practices and do not search for company's performance maximisation (Brush and Chaganti, 1998). Evidence is given by several studies that adopt a typological approach and provide a list of different types of entrepreneurs and firms (Stanworth and Curran, 1973; Scase and Goffee, 1980; Marchini, 1995)[1].

Such differences in small business owners' search for new opportunities and company's growth are attributed to both personal characteristics (personality traits, social background, and previous experiences) and exogenous factors linked to the industry context such as the presence of mature markets, technological turbulence, and a high competitive environment which set more questions on existing firms' competitive advantages, pushing firms to find new sources of profits (Covin and Slevin, 1989; Marchini, 1995). In other words, when the environment threats existing competitive position and profits, all organizations have to introduce more entrepreneurial practices to survive (Lumpkin and Dess, 1996 and 2001; Wiklund and Sheperd, 2005).

2.2. Strategic management practices in small firms

Strategic management is a discipline originating in the 1950s with the work of Chandler, Selznick, Ansoff and Drucker. As a concept it refers to all decisions, processes, and actions that enable an organization to define and control strategies for achieving long-term objectives. Thus, it involves the specification of a company's vision, mission, and objectives, developing plans and programs, as well as allocating resources to implement them. Its underlying assumption suggests that companies can reach their goals if they are in step with the environment, hence it involves being able to analyse internal and external situations to align a firm's activities with the environmental context (Selznick, 1957; Ansoff, 1965 and 1979).

Like research on entrepreneurship, strategic management research is also focused on how firms adapt to environmental changes and create wealth (Kuratko and Audretsch, 2009). Moreover, they both become more important in times of uncertainty (Gavetti *et al*., 2005). However, strategic management has put more emphasis on how to establish competitive advantages since they are considered key determinants of a company's ability to obtain above-average returns (Hitt *et al*., 2001 describe firm's behaviour as advantage-seeking). Moreover, it stresses the importance of using managerial tools such as strategic planning which is the major component of strategic management and gives rationality to the formulation, implementation and evaluation of strategies (Hax and Majluf, 1991).

In the context of small businesses, strategic management is not largely diffused, especially as devised initially as the sum of two distinct processes: strategy formulation and subsequent strategy implementation (Andrews, 1971). In small firms both strategic and operational responsibilities are cen-

[1] For example, the Stratos Group survey (1980) identifies different types of small business entrepreneurs according to the prevalence of 'administrative' and/or 'innovative' behaviour. In the first case the entrepreneur relies more on rationality, analytical thinking, and organizational competences, while in the second case the entrepreneur is more similar to the Schumpeterian innovator.

tralized in the owner-entrepreneur's hands and decisions do not have to be formalized and communicated to employees because he or she directly executes and controls activities (Marchini, 1995; Raffa and Iandoli, 2005).

Owner-entrepreneurs usually do not feel the need to rationalize company strategies, nor to adopt tools for strategies' implementation. In small organizations, the entrepreneur's vision and company goals are an outcome of an intuitive and unstructured process that depends on the entrepreneur's perception of the external environment – which is typically undisclosed (Marchini, 1995; Raffa and Iandoli, 2005). No systematic screen of environmental trends is carried out, nor instruments for strategy formulation are used. With reference to implementation, managerial tools are considered too bureaucratic to be effective instruments and they contrast with the traditional small firms' business model based on organizational flexibility. Moreover, the introduction and maintenance of such mechanisms (as well as the recruitment of experienced professional managers) are seen as too costly and considered unnecessary because the entrepreneur itself is involved in operational activities.

In the past, several authors have suggested that after the first stage of development, when size and complexity grow, any organization will need to introduce principles and functions of strategic management and related managerial practices (Churchill and Lewis, 1983; Robinson and Pearce, 1984; Scott and Bruce, 1987). In other words, they believed that small firms must adapt philosophically and organizationally as the business grows, core technologies mature, and competition intensifies. Nevertheless empirical data indicate that not all small firms follow this path and they eventually begin to think and act strategically only when a crisis occurs inside the organization (Bracker *et al.*, 1988; Aram and Cowan, 1990; Marchini, 1995).

An essential prerequisite for strategic management in small firms is the owner-entrepreneur's strategic awareness. He or she has to be able to analyse "where the company is" and "where the company might go" (Gibb and Scott, 1985). This means being able to identify the current competitive position, the impact of present and future actions, and possible future strategies based on a precise understanding of relevant environmental trends and company's resources stock. However, not all small business entrepreneurs demonstrate strategic awareness (Pencarelli *et al.*, 2008). This ability mainly depends on subjective factors such as entrepreneur's attitude to learning and his/her past experiences (Gibb and Scott, 1985; Bracker *et al.*, 1988; Berry, 1998; Gielen *et al*., 2003). When absent, the introduction of managerial tools (e.g. benchmarking or SWOT analysis) can help entrepreneurs increase learning as they facilitate assessing environmental trends, visualizing internal resources and understanding relationships among company strategies, organizational resources, competitive advantage, growth, and profitability (Robinson and Pearce, 1984; Covin and Slevin, 1989). Particularly important is the fact that management tools can direct an organization's attention to focus on its internal environment when too much concentrated on expanding and pursuing market opportunities regardless of resources currently controlled - as in the case of high entrepreneurial firms. These firms assume that they can find a way to fill the resource gap in the future (Stevenson and Jarillo, 1990), failing to remember that internal resources and capabilities are the foundation of competitive advantages.

3. Research Focus and Methodology

From this brief literature review, it emerges that small firms where the owner-entrepreneur has a central role, with scare resources and which occupies residual market positions should be fairly active in searching for new opportunities to exploit, unless the owner-entrepreneur pursues personal goals other than company growth and renewal. At the same time, studies indicate that strategic management is scarcely diffused in small firms and that owner-entrepreneurs can lack in strategic awareness. This presumably translates into poor decision-making processes (formal or informal strategy formulation) and/or inadequate combinations of organizational resources to perform planned strategic actions (strategy implementation).

As a consequence, we hypothesize that, while benefiting from the entrepreneur's ability to recognize new opportunities, small firms tend to underperform because they do not fully translate the opportunities identified into innovations that create new sources of competitive advantage. In other words, innovations in products, processes, technologies, administrative systems, strategies and business models will not lead to company growth and wealth creation because of insufficient use of strategic management concepts in small organizations.

Specifically, we decided to conduct an empirical analysis focused on small firms operating in the shoe-manufacturing industry, which more than other industries in Italy calls for new entrepreneurial responses as well as for attention to strategic issues in view of the structural crisis it is suffering[2]. Moreover, focusing on one single manufacturing sector will reduce firm differences toward entrepreneurship orientation usually attributed to the industry context, so the existence of different business types will depend mainly on the entrepreneurs' personal profiles.

We administered a semi-structured questionnaire to a random sample of 360 companies located in the Fermano-Maceratese shoe-manufacturing district which is one of the most important industrial district in Italy and comprises about 4.000 small and medium sized firms[3]. We obtained a response rate of about 16%. One company, however, had to be eliminated because it was a large organization, while two companies provided incomplete answers. Thus, only 55 questionnaires allowed us to identify company strategies and management practices adopted.

Entrepreneurship and its outcome (innovations) were the first dimension analyzed. Since entrepreneurship means identifying new opportunities for profits and growth that translate into changes (introduction of new products, engagement in new methods, search for new markets and/or new sources of supply, etc.), we asked entrepreneurs to indicate which changes they decided to pursue in the first half of the decade 2000-2010 in order to respond to environmental uncertainty.

The second dimension refers to strategic management. Since we did not want to influence respondents by spelling out the supposed link between entrepreneurship, managerial practices and performance, owner-entrepreneurs were asked to indicate freely which factors have eventually blocked the company in exploiting the opportunities identified. Moreover, we searched for planning and control tools in use (from financial statement analysis to budgets and long-term plans) as they represent formal instruments that usually sustain strategy formulation and implementation.

Then, we looked at company performance. Performance can be defined in many ways and measured in both a quantitative and qualitative manner. In small business studies, however, performance

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[2] The crisis dates back to the begin of the century when environmental turbulence caused by globalisation, strong international competition, significant changes in consumer behaviour, and the emergence of new Asiatic players and consumers highlighted a competitive landscape with substantial uncertainty (Gregori, 2005). Since then, companies have began to look for new opportunities for growth and an attentive use of managerial practices has become crucial considering that the industry's traditional competitive advantage based on specialization and cost containment (reached first through forms of local co-operation and then with delocalization to countries with low labour costs) has lost its power.

[3] Data for this research derive from a larger study conducted by Ciambotti, Aureli, Salvatori (2010). In order to analyse businesses of various dimensions and organisational complexities while preserving the representativeness of the total population, the 360 companies have been sorted by legal status.

has been usually evaluated in terms of sales growth, return on sales, net profit, and gross profit (Lumpkin and Dess, 2001). Since in Italy the amount of profits is strongly influenced by the company's polices on financial statements aimed to reduce taxes and considering that most literature agrees on defining growth and wealth creation as entrepreneurial objectives (Carland *et al.*, 1984; Stevenson and Jarillo, 1990; Hitt *et al*., 2003), we decided to measure company performance in terms of increase in turnover sales. The period of observation is from 2005 to 2007 as some years are usually necessary to translate ideas and strategies into economic results. Although available, information on increases in employee numbers and company assets where not considered since companies of this shoemaking district outsource extensively (TrendMarche, 2007; Banca d'Italia, 2010).

4. Results

General description of the companies of the sample

The companies in the sample are primarily independent, small joint-stock companies. Employees number ranges from zero to a maximum of 75 units, while the mean is 19 employees. Average revenues equal about 3.8 million euro. Companies interviewed are either subcontractors or retail companies that sell the finished product on the market. They all occupy a residual market position (we did not interview leader companies such as Ema srl of Diego Della Valle which produces worldwide famous brands such as Tod's and Hogan). Foundation ranges from early 1950s to the 1990s. Partners are usually members of the owning family (in 85% of the cases) and the role of CEO is always filled by one of the owners. These companies are strongly tied to the owning partners, who directly supervise many of the operative activities such as production (in 73% of the cases), purchasing (64%) and sales (60%). Delegation is rare and in only a few cases do companies employ external managers. Thus, we encounter all typical characteristics of small sized firms: a residual market position, the central role of the entrepreneur, scarce presence of professional managers and no separation between strategic and operational responsibilities.

The entrepreneurial dimension

Respondents reported the following reactions to uncertainty created by globalization, high international competition and decrease in product demand:

- new product development (e.g. extension of product offering)
- product innovations (mainly related to materials used)
- production process innovations
- entrance into new market segments (usually movement to adjacent arenas)
- internationalization of sales
- delocalisation of production processes to foreign countries
- improvements of some internal processes related to administration, marketing and other organizational functions
- company restructuring/downsizing.
- Trying to measure the companies' entrepreneurial dynamism we identified:
    - 4 static firms who did not plan any kind of change (low entrepreneurial attitude),

- 35 entrepreneurial firms who identified one or two new strategies to develop,
- 16 highly entrepreneurial firms which decided to pursue three or more possibilities at the same time.

Interestingly, not all entrepreneurial and high entrepreneurial firms can be described as growing organizations (Table 1), yet literature on entrepreneurship has usually associated growth with innovative behaviour. Half of these firms records no development or even a decrease in sales in the following three years, while the other half can be labelled as high growth organizations (with a sales increase of more than 50%) or medium growth organizations (sales expansion ranges from 10% to 50%). They probably found some obstacles that have impeded full exploitation of identified opportunities.

Table 1: Entrepreneurial dimension vs. growth

ENTREPRENEURIAL ATTITUDE					
		29	*14*	*12*	*55*
	High	8	5	3	*16*
	Medium	19	8	8	*35*
	Low	2	1	1	*4*
		No	Medium	High	

GROWTH

Elements of strategic management

From questions about which problems blocked entrepreneurs from pursuing their ideas (for non-growth organizations) or they have successfully overcome (for growing organizations), a large range of aspects emerged. Interestingly, all 51 entrepreneurial firms cited at least one obstacle.

Most recurrent problems are attributed to a lack of resources caused by the small size (75%), insufficient financial resources (43%) and high competitive pressure caused by Asian and new developing countries (33%). Moreover, obstacles derive from inadequate acquisition and management of internal resources (31%), erroneous comprehension of environmental trends (18%) and legislation (16%).

Comparing these answers with those given by static firms that claimed to have competitive problems (obviously in existing markets and with existing products), there are some interesting differences (Table 2). Besides the widespread idea that the small dimension can inhibit companies' actions - both in terms of strategic initiatives (e.g. entrance in new markets) and routinely activities (e.g. limiting access to bank credit) - we observe that obstacles for static firms only consist of external and structural factors that cannot be managed such as their small dimension, an aggressive and hostile international competition from newcomers and bureaucracy and limits set by legislation. Differently, about one third of (high and medium) entrepreneurial firms recognize that they also failed in estimating the financial resources needed to perform new company strategies, did not correctly foresee and managed the organizational resources required to execute new projects, and did not properly understand environmental trends leading to incorrect forecasts and strategies. Thus, they ascribe failure also to internal problems that accurate processes of strategy formulation and implementation could have avoided.

Table 2: Entrepreneurial attitude and problems hindering performance

OBSTACLES TO IMPLEMENTATION	ENTREPRENEURIAL ATTITUDE		
	high	medium	low
small size	69%	77%	75%
no financial resources	38%	46%	0%
no internal change	38%	29%	0%
no info on external trends	25%	14%	0%
foreign competition	19%	40%	25%
legislation	25%	11%	50%
other	0%	6%	0%

An attentive exam of entrepreneurial firms which give importance to one or more aspects that contribute to strategy formulation and implementation, in opposition to entrepreneurial firms that attribute their problems only to external factors, indicates that actual performance is not significantly affected by owners' consciousness of the role played by a structured evaluation of the internal and external context (Table 3).

Table 3: Entrepreneurship, strategic aspects and growth

		Growth		
	N. firms	**NO**	**Medium**	**High**
high entrepreneurial	***16***	***50%***	***31%***	***19%***
no attention to strategic aspects	6	50%	50%	0%
attention to one or more strategic aspects	10	50%	20%	30%
medium entrepreneurial	***35***	***54%***	***23%***	***23%***
no attention to strategic aspects	12	50%	25%	25%
attention to one or more strategic aspects	23	57%	22%	22%

Attention to strategic aspects contributes only in shifting company's growth from medium to high levels in case of high entrepreneurial dynamism. Moreover, with reference to single obstacles cited, we note that environmental analysis is more important among successful firms, while the same firms devote lesser attention to organizational issues compared to non-growth firms (Table 4).

Table 4: Entrepreneurial attitude, growth and problems hindering performance

OBSTACLES TO IMPLEMENTATION	**HIGH ENTREPRENEURIAL** ***(16 firms)***			
	no growth ***(8 firms)***	**%**	**yes growth** ***(8 firms)***	**%**
small size	5	63%	6	75%
no financial resources	4	**50%**	2	**25%**
no internal change	4	**50%**	2	25%
no info on external trends	1	13%	3	**38%**
foreign competition	2	25%	2	25%
legislation	2	25%	2	25%
other	0	0%	0	0%
OBSTACLES TO IMPLEMENTATION	**MEDIUM ENTREPRENEURIAL** ***(35 firms)***			
	no growth ***(19 firms)***	**%**	**yes growth** ***(16 firms)***	**%**
small size	14	74%	13	81%
no financial resources	8	42%	8	**50%**
no internal change	8	**42%**	2	13%
no info on external trends	2	11%	3	**19%**
foreign competition	10	**53%**	7	44%
legislation	2	11%	2	13%
other	1	5%	1	6%

Trying to understand what characterizes entrepreneurial firms whose owners are aware of the role played by correct environmental analysis and/or internal predisposition of organizational and financial resources we found that size is influential as well as the extension of entrepreneurs' responsibilities and involvement in different functions (Table 5). Mainly, they distinguish themselves for a greater use of managerial tools (compared to the whole sample) devoted to predicting future company objectives (long-term plans) and translating them into operational goals and actions (budgets).

Lastly, it is worthy of note that firms devoting greater attention to management of organizational resources are bigger (both in terms of n. of employees and volume of sales), distinguish themselves by a more intensive use of all managerial tools examined and have a greater entrepreneurial involvement in two key functions strictly correlated to internal adaptation to firm's strategies: personnel and finance.

Table 5: Firms considering strategic aspects

Characteristics	no info on external trends	no internal change	no financial resources	tot. sample (55 firms)
n. firms	9	16	22	55
average turnover (mil €)	3	5,5	4,3	3,8
average n. employees	22	26	16	19
managerial tools				
balance sheet analysis	44%	56%	27%	42%
budget	55%	75%	54%	**51%**
analysis of variances	11%	18%	14%	18%
long-term plans	22%	44%	27%	**20%**
entrepreneur's responsibilities				
production	67%	69%	73%	73%
administration	22%	25%	32%	42%
sales	56%	56%	50%	60%
personnel	0%	50%	36%	47%
supply	56%	69%	59%	64%
finance	33%	69%	36%	44%

5. Findings and Conclusions

First of all, we find that small firms lead by an owner-entrepreneur and operating in uncertain environments and mature markets (as in the shoe manufacturing sector) are relatively active in looking for entrepreneurial opportunities. In this case, opportunities have mainly translated into strategies of (using the words of Covin and Miles, 1999 and Kuratko and Audretsch, 2009):

- *sustained regeneration* (introduction of new products and entrance into new markets),
- *organizational rejuvenation* (alteration of internal processes and structures),
- *strategic renewal* (repositioning efforts that imply concurrent changes in products, technologies and processes of the firm).

No firm has redesigned its core business model, nor created a completely new product-market arena (also called blue oceans) that others have not recognized. Thus, innovations pursued cannot be classified as revolutionary or disruptive.

Of course, there may always be some static firms that do not search for new sources of profits. This entrepreneurial inertia does not always means poor performance as there are also static firms with increasing sales turnover, probably due to current competitive advantages, but these firms are exposed to serious risks: as the market changes they will not have opportunities to pursue and exploit in the future.

Secondly, we found that not all entrepreneurial companies are able to transform these opportunities into growth and wealth creation: 27 out of 51 entrepreneurial firms in our study did not grow or registered a decrease in turnover. In this case, low performance is not significantly related to entrepreneur’s unconsciousness of the importance of formulating and analysing strategies in a more structured way. Among successful entrepreneurial firms there are some more sensible to environmental analysis (which leads to the identification of threats and opportunities and help evaluate alternative strategies), but their limited number is not sufficient to explain better performance. In addition to this, it seems that low attention to the management of organizational resources does not hinder strategy's results. Thus, with reference to our initial hypothesis we can state that realization of potential growth derived from opportunities in entrepreneurial companies is probably more related to other factors different from adoption of a strategic approach.

Anyway we can affirm that the citation of internal obstacles by some business owners (about one third of the sample) indicates that there are some small firms which already try to define company's objectives and subsequent actions in a more strategic way. Interestingly these small firms demonstrating a greater sensitivity to strategic approach are characterized also by a larger use of budgets and long-term plans but we cannot affirm if entrepreneur's strategic mindset has favoured the adoption of such formal instruments or vice versa.

Another main result emerged from this study is that all entrepreneurial firms are more attentive to strategic management aspects compared to companies that focus on routine activities (stable companies). In fact, entrepreneurial firms are more aware that they do not have the cognitive resources necessary to develop a comprehensive strategic and competitive analysis, test assumptions and choose the solution most compatible with existing resources among all alternative strategic options detected. This seems to confirm results of previous research (Shuman *et al.*, 1985; Bracker *et al.*, 1988), that describe entrepreneurial firms as more likely to engage in strategic management practices than conservative firms, although in a limited number of cases.

Insights deriving from this study suggest that most small business owner-entrepreneurs still purse opportunities exploitation in a unstructured and informal way. Thus, strategic management is still a unknown in many small firms. However, considering that strategic awareness and adoption of managerial tools do not necessarily translate into superior results, we should not regard absence of a clear strategic approach like an important weakness.

This leads us to conclude that, probably, Minzberg's concept of strategic thinking is more suitable for small firms rather than the classical strategic management approach and its traditional managerial tools such as strategic planning. Strategic analytic thinking contrasts with owner-entrepreneurs heuristic approach and tools should be further adapted to SMEs' needs of simplification without losing their informative value. In any case, entrepreneurs still represent the key through which introducing strategic thinking in small firms.

Advances could regard a second round of interviews with the same entrepreneurs in order to evaluate if the more recent worldwide financial and economic crisis has gave birth to additional innovation efforts and pushed firms to introduce strategic management practices.

Notwithstanding, several limitations in this study should be considered. Firstly, the sample regards only one industry sector, thus it is auspicial to compare these results with whom of other small firms operating in more or less mature markets. Secondly, we collected data trough a questionnaire while it would be beneficial to use other research methods and methodologies to investigate the presence of informal procedures or other unstructured managerial practices that firms can adopt and to better understand the role of entrepreneur's personal characteristics (e.g. using an ethnographic approach). Lastly, we decided to use turnover sales as indicator of growth while also other quantitative and qualitative parameters could be used.

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