Strategic Marketing Decision Making: Evidence from a Philippine Micro Enterprise Perspective

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Abstract

Despite the continuous growth of micro, small, medium enterprises (MSMEs) in the Philippines, extant literature reveal that MSMEs suffer unsatisfactory firm performance as a result of poor strategic marketing decisions. Using Jocumsen’s (2004) proposed model for strategic marketing decision process, we determined how MSME business owners make decisions through steps, methods, and contextual factors as variables.

Adopting a qualitative case study research design, we conducted in-depth interviews at LMT Enterprises, a micro-firm based in Davao City, Philippines. Using descriptive analysis, we determined the similarities and differences in the process proposed by Jocumsen (2004) for small businesses. Our study revealed that a strategic marketing decision process exists at LMT Enterprises, with decisions involving large-scale investments such as innovations on processes and products; capability development for employees; and diversification decisions.

Consistent with previous findings, decision-makers follow less-complex, nonsequential steps in collecting relevant information, analyzing financial needs, and in committing to strategic marketing decisions. However, our findings on the extensive use of inherent competencies such as heuristics and intuition with the owners’ external networks differed from those of previous researches. In contrast to the early findings of Jocumsen (2004) that only internal context impacts strategic marketing decisions, our study reveals that external contextual factors such as the importance of financial availability, market uncertainties, and technology trends influence decisions.

Key implications include the evident interplay of business owners’ personality, networks, and availability of financial means in carrying out these decisions. Future research is recommended to encourage further support from the government and private organizations in contributing to the sustainable growth of MSMEs in the Philippines.

Key Words: strategic marketing decision; strategic marketing; firm performance; micro small medium enterprise

Introduction

Construed as a specialized field of study in marketing (Varadarajan, 2017), strategic marketing has been an intrinsic element of several decision-making activities for organizations (Jocumsen, 2004; Makhitha, 2016; Brooksbank, Subhan, & Miller, 2016). In small businesses, strategic marketing serves as an important guide to the alignment of the firm’s objectives and operations in creating and delivering valuable products and/or services (Brooksbank et al., 1992;
Baum & Wally, 2003). As a burgeoning industry (Philippines Statistics Authority, 2015; 2018), small businesses have gained increasing attention from governments, researchers, and entrepreneurs (McLarty, 1998; Lee, Lim, Tan, & Wee, 2001).

Using the theoretical framework of Jocumsen (2004), this study illustrates strategic marketing decision making from the perspective of a micro enterprise. Specifically, this study determined how strategic marketing decisions are made at LMT Enterprises, a Davao-based, family-owned business that provides retail products and services for agricultural uses.

Jocumsen’s (2004) work about strategic marketing decision process has been cited by numerous studies (Huang, 2009). However, the proposed process was not tested in various business settings, specifically in the context of Philippine-based MSMEs. The confirmatory study of Jocumsen (2004) states that small businesses decide with simple, non-sequential steps. These steps start with decision initiation and followed by the intervening steps of information gathering; financial analyses and assessments; and internal matters. After these initial steps, decision-makers usually enter into the final decision commitment.

Aside from the steps, Jocumsen (2004) also included methods and contextual factors that may influence strategic marketing decisions. These include internal and external networks; learned and inherent competencies; and external and internal factors in the business environments. While decision-making process has been explored in research studies, the concept of strategic marketing decisions in the context of MSMEs remains under-researched and attached to conventional marketing instead of being distinct on its own (Simpson & Taylor, 2002; Hunt, 2015).

This empirical paper begins with a literature review of strategic marketing decisions. Research methods are also described in the following sections, including significant discussion on results and implications that are relevant for MSME owners, managers, researchers, and marketing practitioners in general.

Review of literature

Strategic marketing decisions and MSMEs

MSMEs in the Philippines have contributed to the economic growth of the country (Senate Economic Planning Office, 2012; Bersales & Bautista, 2018). By definition, a micro enterprise has assets up to PhP3,000,000, with one to nine employees. Small-sized enterprises have an asset size of PhP3,000,001 to 15,000,000, with a total of ten to 99 employees; and a medium-sized enterprises would have assets of up to PhP100,000,000, with most organizations having 100 to 199 employees.

According to several studies, small to medium-sized businesses have achieved limited success in terms of overall firm growth due to poor strategic marketing decision-making processes (Jocumsen, 2004; Frosen, Jaakkola, Churakova, & Tikkanen, 2016). In essence, marketing occupies a central role in strategic decisions among organizations (Kumar, 2015). Spanning from the strategic orientations that businesses often use in carrying out large-scale decisions, Varadarajan’s seminal work (2010) has differentiated strategic marketing from market strategy.
and marketing strategy. Its domain includes two aspects. First, it deals with firm behavior in its chosen marketplace, as well as the interplay of organizations with its competitors, internal and external customers, and stakeholders. Second, it involves the “general management responsibilities of the marketing function” among firms (Varadarajan, 2010, p. 126).

On the other hand, market strategy focuses on markets wherein firms may decide to enter while marketing strategy outlays the activities on how firms compete through decisions covering promotions, distribution, sales, products, and pricing (Varadarajan, 2017; Kumar, Sharma, & Gupta, 2017). In other words, market and marketing strategies are “sub-domains” of strategic marketing (Kumar et al., 2017; Morgan, Whitler, Feng, & Chari, 2019; Varadarajan, 2019).

Further, strategic marketing decisions are “marketing decisions that are of crucial importance from the standpoint of their potential impact on the long-term performance of the firm” (Varadarajan, 2017, p.3). Agic, Cinjarevic, Kurtovic and Cicic (2016) chronicled that strategic marketing decisions stemmed from strategic orientations of firms, enabling business owners to create strategic decisions based on marketing capabilities and market-based resources. Researchers contending about the theoretical foundations of strategic marketing (Hunt, 2015; 2017) argue that theories about firm resources should encompass how marketing decisions influence firm performance.

These related theoretical underpinnings in strategic marketing include the resource-based view of the firm (RBV), wherein strategic marketing choices in the deployment of resources are prioritized to maximize profits (Fahy & Smithee, 1999). Morgan (2011) observed that when a firm’s resources are strategically deployed to carry out innovative and marketing-related decisions, firms experience faster returns due to advancements against competitors (Ahmed, Kristal, & Pagell, 2014). While several research studies have supported RBV, Sok, O’Cass, and Sok (2013) asserted that not all firms are endowed with abundant resources. In order to succeed, business owners must exercise management tools and philosophies carefully. This is similar to the resource-advantage (R-A) theory of competition popularized by Hunt (2015), which argues that a firm’s resources can build competitive advantage and yield valuable market offerings.

While Morgan (2015) and Hunt (2017) assert that R-A theory addresses the economic and environmental aspect of strategic marketing, Varadarajan (2015; 2017; 2019) classified the theory as a description related only to marketing strategy. This ongoing discourse among strategic marketing scholars is far from over and interestingly sparks further empirical and theoretical studies to advance the field of strategic marketing (Makhitha, 2016; Kumar et al., 2017).

Consequently, empirical researches about strategic marketing decisions have provided an enriching view on the differences between MSMEs and large organizations (Brooksbank, Kirby, & Wright, 1992; Nyathi, Nyoni, Nyoni, & Bonga, 2018). In a study of 12,530 Swedish participants from the MSME sector, Yazdanfar (2013) found that profitability can be achieved as long as decisions are focused on maximizing profits and long-term customer relationships. In Great Britain, Brooksbank (1991) surveyed 423 firms and study results indicated the importance of strategic marketing towards firm growth.
Similarly, market orientation among firms plays a crucial factor in strategic marketing decisions and sustainable company performance (Spillan & Parnell, 2006; Laukkanen, Nagy, Hirvonen, Reijonen, & Pasanen, 2011). With 231 small businesses, Brooksbank et al (1992) argue that MSMEs do not formally execute strategic marketing decisions through a documented process, unlike large organizations (Jocumsen, 2004). Marketing practices such as commitment from business owners and managers; objective setting; timely situation analysis; use of strategic planning tools (Brooksbank et al., 1992; Brooksbank, Subhan, Garland, & Rader, 2015); and long-term vision are essential for the success of MSMEs (Brooksbank, 1991; Kirca, Jayachandran, & Bearden, 2005).

As small business owners are often the managers of their own firms, the characteristics of these strategic marketing decisions are influenced by the owners’ personality attributes (Bocconcelli, 2018; Singh, 2019). In South Eastern Europe, Agic et al (2016) surveyed 220 firms to assess the various strategic marketing patterns and found that a synergy between market-oriented culture and marketing capabilities yields strategic marketing decisions that impact the overall performance of firms. To compete in fast-paced industries, Makhitha (2016) encourages small business owners to engage in strategic marketing decisions.

Moreover, Jocumsen (2004, p.660) further defined strategic marketing decisions as “marketing-related decisions of significant importance to the firm in terms of business and financial performance, long-term survival, and the significant impacts they have upon all or most of the other functional areas of the business.” Varadarajan (2010; 2015; 2017) described strategic marketing decisions as decisions involving massive resource deployments and are usually spread over a longer-term horizon. Additionally, these decisions entail resource commitments that allow firms to achieve cost or differentiation advantage. These are often enacted by business owners themselves or the top management. Also, these decisions include certain tradeoffs due to high costs and are made in consideration of other strategic decisions in the company.

Although strategic marketing decisions have been discussed in the available literature, a concrete decision process has not been established in the context of MSMEs (Jocumsen, 2004; Hunt, 2017; Bocconcelli et al, 2018). In examining different strategic marketing decisions from 32 small and medium-sized firms in Australia, Jocumsen (2004) found that MSMEs were experiencing failure rates and unsatisfactory performance. The existence of business rivals, technological changes, poor strategic marketing decisions, and unstable market environments contribute to these poor performances.

In Asian countries, there are few studies about the strategic marketing decision-making aspects of MSMEs (Ghosh, Liang, Meng, & Chan, 2001; Ndiaye, Razak, Nagayev, & Ng, 2018). Huang (2009) tested the proposed model of Jocumsen (2004) with 35 Chinese firms and results revealed that good relationships among networks, effective management, and marketing have made these companies survive despite the challenging business environment. The ability of the decision-maker to bargain, take risks, and be spontaneous are critical factors that may influence the improvement of firm performance (Brooksbank et al., 2016; Singh, 2019).
Strategic marketing decision steps, methods, and contextual factors

Jocumsen (2004) reviewed the available strategic marketing decision-making research studies and described the process through steps, methods, and contextual factors. Steps refer to the process adopted by decision-makers. Originally, there were seven sequential steps in Jocumsen’s theoretical research. However, his confirmatory study revealed only five steps that are practiced by small businesses. Figure 1 illustrates the similarities and differences between the indicated steps.

Figure 1
Various strategic decision making process among micro and small business
(adapted from Jocumsen, 2004)

In his final model, these steps are found to be non-sequential and may overlap with other steps. It begins with the initiation phase, during which MSME owners or managers identify the issues that need large scale decisions and resources. The intervening phases of information gathering, financial assessment, and internal matters are then considered. Information gathering refers to the collection of relevant data that helps business owners and managers in validating their
observations and proposed actions. After this, an assessment of financial capability is normally performed by MSME owners and managers.

Internal matters such as family, ethical considerations, social welfare of employees, and feedback from customers are also considered. Jocumsen (2004) observed that when these three phases are simultaneously addressed, MSME decision-makers enter into a final commitment phase, during which decisions are formalized and implemented in the firm.

Further, Jocumsen’s (2004) study also revealed that decision-makers utilize two major methods in strategic decision making. These are competencies and networks. Learned and inherent competencies form part of the decision itself while networks are identified as the connections developed by small business owners and managers (Carson, Gilmore, & Rocks, 2004). Figure 2 illustrates these methods.

**Figure 2**
*Methods used in the strategic marketing decision process as described by Jocumsen (2004)*

<table>
<thead>
<tr>
<th>Two Types of Competencies</th>
<th>Two Types of Networks</th>
</tr>
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<tbody>
<tr>
<td><strong>Learned Competencies</strong></td>
<td><strong>Internal Networks</strong></td>
</tr>
<tr>
<td>• Formal analytical tools</td>
<td>• Colleagues in the company</td>
</tr>
<tr>
<td>• Rationality</td>
<td>• Founding family</td>
</tr>
<tr>
<td>• Formality</td>
<td>• Other family members</td>
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<tr>
<td>• Training</td>
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<tr>
<td><strong>Inherent Competencies</strong></td>
<td></td>
</tr>
<tr>
<td>• Intuition/gut feel</td>
<td></td>
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<tr>
<td>• Heuristics or “trial-and-error”</td>
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</tr>
<tr>
<td>• Level of creativity</td>
<td></td>
</tr>
<tr>
<td>• Learning/experience</td>
<td></td>
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<tr>
<td>• Long-term strategic thinking</td>
<td></td>
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<tr>
<td><strong>External Networks</strong></td>
<td></td>
</tr>
<tr>
<td>• Professional experts</td>
<td></td>
</tr>
<tr>
<td>• Financiers (e.g., banks)</td>
<td></td>
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<tr>
<td>• Government agencies</td>
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<tr>
<td>• Customers</td>
<td></td>
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<tr>
<td>• Suppliers</td>
<td></td>
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<tr>
<td>• Competitors</td>
<td></td>
</tr>
<tr>
<td>• Friends from other businesses</td>
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</tbody>
</table>

Contextual factors also influence strategic marketing decisions. Jocumsen (2004) classified these factors into internal and external. The interfusion of these factors on strategic marketing decisions affects decision speed, which further impacts the whole decision-making process (Baum & Wally, 2003). Figure 3 outlines the two types of contextual factors.
The aforementioned studies have shed light on the existence of strategic marketing decisions across numerous MSME settings. Arguments on the importance of marketing decisions are further sparked with influences from the owners’ predicaments toward the achievement of business goals (Nyuur, Berecic, & Simintiras, 2016; Nyoni & Bonga, 2018) as well as financial and constraints on human capital, knowledge, expertise, and level of competition in the external business environment (Cravens, 2006; Nyathi et al., 2018). In this study, Jocumsen’s (2004) proposed model for strategic marketing decision process will be used and analyzed.

**Methodology**

Using a case study approach, this cross-sectional research employed a single-case study design. Yin (2009) suggests that the utilization of a single-case study design is applicable when a single unit of analysis is used, specifically if the case involves an organization, program, or group. The profile of the identified firm as a case in this research are described in the succeeding sections, including the participants’ profile, research instruments, and procedures used.

**Profile of the business**

As a case in this study, LMT Enterprises is located in Davao City and has been operating for seven years. Presently, the company is engaged in agribusiness retailing and sells personal protective equipment (PPEs), pre/post-harvest materials, and agriculture industrial supplies to agribusiness owners and workers. Annual sales for the past two years averaged up to PhP10,000,000, with annual profits of PhP5,000,000. The company has a total of seven employees: two persons from the management team, one operations manager, two administrative and order processing employees, an office secretary, and a delivery man. Based on the MSME characteristics in the Philippines, the company is categorized as a micro-firm.

**Profile of the participants**

The respondents include the top management, which is composed of a husband and wife tandem and all employees. The husband assumes the highest position in the firm as the general
manager. He holds an engineering degree, with previous business experiences in computer programming, sales, and marketing. Currently, his external networks include the Davao Chamber of Commerce and the Davao City Young Entrepreneurs Association. On the other hand, the wife, who has a degree in accountancy, is the finance manager and has been involved with their own family business at a young age. She also has connections with various business leaders and government workers in Davao.

Major business functions are currently managed by the operations manager who oversees two administrative officers, delivery personnel, and an office secretary who is in charge of invoicing. The manager had previous exposure to managing people in Davao-based service firms. The rest of the employees are college-level and college graduates, basically with experiences in sales and retail businesses.

**Research instrument and procedures**

For this research, we utilized in-depth interviews. The unstructured interviews allowed us to gather important information, as the key informants freely presented their answers and opinions based on the theme of the interview (Saunders, Thornhill, and Lewis, 2009). Anchored on Jocumsen’s (2004) study, the interview guide details different themes and specific questions under each area of the strategic marketing decision process through steps, methods, and contextual factors. The interview was executed during a two-day period in March 2019. Upon receiving the signed consent from the general manager, we scheduled interview sessions based on the availability of each employee. In total, there were six employees who participated in in-depth interviews.

After collecting and organizing the data, we requested the participants to validate the interview answers. As part of qualitative analysis, we used pattern matching, content analysis, and descriptive conceptualization to draw out similarities and differences among the responses (Yin, 2009) in order to develop significant findings that are discussed in the next section of this study.

**Results and discussion**

Based on the procedures discussed, significant findings were drawn from the in-depth interviews. We present the data vis-à-vis the strategic marketing decision process proposed by Jocumsen (2004).

**Steps in strategic marketing decision making process**

Top management leaders reveal that their strategic marketing decision-making process is not formally structured, with non-sequential steps involving the following phases.

**Decision initiation step**

To determine if the company performs this initial step, we asked the respondents about their level of involvement in their job functions and the type of strategic marketing decisions that were made or planning to be implemented in the firm. We also asked them if they are aware of the
objectives of these decisions. Results reveal that top management leaders are fully involved in all strategic marketing decisions at LMT Enterprises. On the other hand, the firm’s middle manager and the rest of the employees expressed limited involvement in strategic marketing decisions, and only focused on decisions related to the delivery of products, processing of orders, interaction with clients, and monitoring of quality.

In sorting out the decision types identified by the respondents, we used the guide that Varadarajan (2010) proposed so that strategic marketing decisions are identified clearly. To recall, strategic marketing decisions are those decisions that involve irreversible resources that are usually large-scale; entail commitment for long-term vision and can be spread out in a lengthy period; include decisions for the purpose of obtaining cost leadership advantage and differentiation in the market; entail tradeoffs; and are usually made at the higher levels of the organization, with the context of other strategic decisions.

Respondents enumerated the following four categories of the types of decisions made in the company, which can be considered as strategic marketing decisions:

1. Product and process-related innovation decisions such as the purchasing of new equipment, improvement in processing orders, and new product development.
2. Service-related innovation decisions such as extensive training programs, and technological resources for customer service processes.
3. Diversification decisions such as related diversification through tapping other industries with new products related to the core offerings; and unrelated diversification through tapping industries outside of the core business with new product offerings outside of the existing core products.
4. Expansion and relocation decisions such as multiplication of branches, as well as the development of facilities through adding well-equipped showrooms, new office buildings, and additional satellite units to reach more customers and increase market share.

These decisions entail large resource commitments that are hardly reversible in the future and are usually made with a long-term outlook. This result is consistent with the study findings of Siu, Fang, and Lin (2004) which indicates that long term perspective in strategic marketing can optimize business-to-customer relationships in providing competitive, value-added products. Initiating these decisions include serious tradeoffs and must be aligned with other strategic decisions. Also, top management leaders commonly initiate and implement these decisions.

In terms of objective setting, all employees confirmed that they work cohesively in developing realistic objectives. These objectives are communicated properly by top management leaders toward its employees. These results support Jocumsen’s (2004) findings that top management in micro firms do set objectives for decisions (Greenbank, 2001) and initiate these decisions most of the time.

**Intervening steps of information gathering, financial assessment, and internal matters**

In assessing these steps, we asked the interviewees to identify the type of data that they commonly gather for decision-making activities. Data gathered include competitors’ analysis, market trends, customer and supplier information, historical sales data and customer feedback.
Also, results reveal that all respondents are sourcing information from internal networks which would include all employees within the firm. This result resembles the findings of Islam, Khan, Obaidullah, and Alam (2011) among Bangladesh-based SMEs about inter-firm information and cooperation as important activities in business success. Additionally, top management leaders extensively source out information from external networks, such as friends, competitors, financiers, and professional experts. Given these results, Jocumsen’s (2004) assertion on the role of internal and external networks in decision making is supported.

Similarly, financial analysis and assessments are done before finalizing strategic marketing decisions. Respondents emphasized cost considerations on quality, price, customer expectations, and customer benefits for strategic marketing decisions involving huge financial resources. This result is also consistent with the findings of Makhitha (2016), which highlighted the importance of market and finance-related assessments during the decision making process.

Financial information such as cash flow, inflation, and interest rates guide the finance manager in pursuing strategic marketing decisions. Simple metrics such as return on investment (ROI), return on assets (ROA), and return on sales (ROS) are also adopted by LMT Enterprise in terms of evaluating these decisions. Non-financial metrics involve operational indicators such as turn-around time to service customers and positive customer feedback. These findings are related to the work of O’Donnell, Gilmore, Carson and Cummins (2002), in determining profit levels, customer loyalty, and organizational growth as frequently used performance outcomes among MSMEs.

Further, results suggest that during information gathering and financial assessments, micro enterprise owners and managers consider internal matters in between. However, these matters are seldom documented and are communicated in a less formal way compared to large organizations. In the case of LMT Enterprises, long-term objectives include goals to diversify products and markets; forging of long-term customer relationships; growth in profit; backward and forward integration; goals for market leadership and first-mover advantage. Other internal matters considered are manager’s traits and past experiences; associated risks; and the ethical and social considerations concerning employees and customers.

In view of these pieces of evidence, results confirmed Jocumsen’s (2004) observations that data gathering, financial planning, and assessment of internal considerations are done non-sequentially and may overlap with other steps in the decision-making process.

**Final commitment step**

According to Jocumsen (2004), the last step of the strategic marketing decision process is the final commitment. We asked interviewees to rate the decision speed in the firm. Fast, moderate, and conservative paces were the type of responses received for this item. In this study, fast decisions refer to decisions made in a span of one to three months; moderately-paced decisions are those which are made within four to six months, and conservatively-paced decisions are usually done seven months and above.
Results emphasize that fast decisions were done for investments in training, new product improvements, and software acquisitions that enhanced internal business processing. Moderately-paced decisions were done in hiring additional employees and the acquisition of additional equipment. Further, conservatively-paced decisions involved purchase or investments in big-ticket items such as relocation, renovation, expansion of market coverage, and diversification of product lines within and outside of agribusiness such as construction-related products.

Final decisions are further based on financial viability, intuition, long-term goals, contribution to profit growth, and on the data gathered (Nyuur et al., 2016; Kumar et al., 2017). The smaller the financial resources needed, the easier it was for top management leaders and managers to commit to certain strategic marketing decisions. Given these findings, LMT Enterprises applies the same steps proposed in Jocumsen’s (2004) framework.

**Methods utilized in strategic marketing decision making**

According to Jocumsen’s findings, less of the learned competencies are utilized by small business owners. These competencies are further limited to basic analytical tools, less formal written activities, and perceived rationality of doing things as it feels right to them. Jocumsen (2004) also highlighted that intuition/gut feel is extensively used as a dominant inherent competency. Contrary to his findings, top management leaders at LMT Enterprises equally utilize both methods. Also, results suggest that dominant inherent competencies included heuristics or the practice of “trial-and-error.” In the validation of these results, the owners revealed that during the start-up phase, inherent competencies are dominant, while during the growth phase of the business, both competencies are equally used.

In terms of networks, Jocumsen’s findings indicate that small businesses immensely use internal networks since most MSMEs are family-owned, while the use of external networks is considered to be very low. Contrary to Jocumsen’s findings, the results of our study reveal that top management leaders at LMT Enterprises use external networks more extensively than internal networks. Our interviews reveal that the owners relied on professional consultants, financiers, long-time customers and trusted friends in evaluating and finalizing strategic decisions. These results complement the works of Nyongi and Bonga (2018) and Bocconcelli et al (2018), which show that small business owners utilize social relations and networks to obtain the necessary business support and gain access to available resources that are not under their control. Table 1 presents a summary of our findings, specifically on the methods utilized by business owners.
Table 1

**Summary of findings**

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td><strong>A. Steps</strong></td>
<td><strong>Five Sequential Steps (Please refer to Figure 1)</strong></td>
<td><strong>Similar to Jocumsen’s five sequential steps</strong></td>
</tr>
<tr>
<td>Seven Sequential Steps</td>
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<td></td>
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<tr>
<td>(Please refer to Figure 1)</td>
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<tr>
<td><strong>B. Methods</strong></td>
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</tr>
<tr>
<td>Competencies:</td>
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<td></td>
</tr>
<tr>
<td>Learned competencies identified as rationality, formality, written/unwritten, and formal analytical tools.</td>
<td>Less learned competencies identified as basic analytical tools, reasonable written activity, less formality, and perceived rationality.</td>
<td>Equal use of learned competencies, specifically basic analytical tools, less formality, and perceived rationality.</td>
</tr>
<tr>
<td>Inherent competencies identified as intuition/gut feel/instinct, learning/experience, creativity, and long-term strategic thinking.</td>
<td>Extensive use of inherent competencies with dominance for intuition/gut feel/instinct.</td>
<td>Equal use of inherent competencies. Heuristics or “trial-and-error” technique and intuition are dominant.</td>
</tr>
<tr>
<td>Networks:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal networks such as family/founder and employees.</td>
<td>Extensive use of internal networks and family as a dominant network.</td>
<td>Less use of internal networks, specifically family.</td>
</tr>
<tr>
<td>External networks such as professional experts, financiers, public or government agencies, customers, suppliers, other businesses, and friends.</td>
<td>Very low use of external networks and limited to bankers, accountants, and government departments.</td>
<td>Extensive use of external networks dominated by professional experts, financiers, customers, and friends.</td>
</tr>
<tr>
<td><strong>C. Context:</strong></td>
<td></td>
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</tr>
<tr>
<td>Internal contextual factors such as decision types (urgency, importance, complexity); manager’s education, leadership, and personality; and business (portfolio, size, culture, organizational structure, history).</td>
<td>Limited internal contextual factors such as decision importance, firm size, firm structure, risk tolerance and education of manager.</td>
<td>More influential when small-scale decisions are about to be made.</td>
</tr>
<tr>
<td>External contextual factors such as market uncertainty, regulatory environments, technology, availability of financial means, competitors, policies, and political instability.</td>
<td>External contextual factors do not influence the strategic marketing decision process of small business owners and managers.</td>
<td>More influential when large-scale decisions will be made, and is dominated by technology, competitors, and financial means.</td>
</tr>
</tbody>
</table>


Contextual factors influencing strategic marketing decisions

Jocumsen’s (2004) study revealed that external contextual factors do not influence strategic decisions in small businesses, while internal contextual factors have a limited influence on these decisions. Interestingly, our study contradicted these early findings.

As shown in Table 1, when small-scale decisions are considered, internal contextual factors are more influential. These factors include urgency, manager’s leadership, and organizational culture. However, when large-scale decisions are considered, external contextual factors become more influential. The external contextual factors are usually dominated by technology, competitors, and financial availability. Owners also revealed that some strategic decisions were not pushed through due to financial constraints. These differences open up possible relationships between the magnitude of strategic decisions and contextual factors.

With all the similarities and differences, the manager’s inclination towards both factors could influence existing and future strategic marketing decisions (Nyathi, 2018). Considering all the results gathered, Jocumsen’s (2004) steps in decision making are similarly applied in micro firms such as LMT Enterprises. While there are similarities, significant differences were also observed. Contradicting results in terms of utilizing inherent competencies, networks, and contextual factors suggest that the strategic marketing decision making process may vary depending on the owners’ networks, personality, long-term objectives, exposure to financial resources, and business acumen (Makhitha, 2016; Singh, 2019).

Conclusions and future research

In conclusion, this research contributes to the evolving literature concerning MSMEs by describing the existence and process of strategic marketing decision making based on Jocumsen’s (2004) model. We conclude that Jocumsen’s model can be applied to Philippine MSMEs, particularly to LMT Enterprises.

Significant findings discussed are consistent with the observations of Jocumsen (2004), specifically on the steps of how strategic marketing decisions are made. Evidence of strategic marketing decisions includes technological investments; employee capability investments; process improvement investments; new product innovations; and diversification to new business industries. We also conclude that MSMEs, as exemplified by LMT Enterprises, adopt a less complex and less formal strategic marketing decision process. A clear reading on the internal needs of the organization and the understanding of the specific nuances in the organizational culture allowed the top management to make the strategic marketing decision process more open to employees.

In addition, our study concludes that external networks and external contextual factors could highly influence the strategic marketing decision making of micro firm owners, contrary to the findings of Jocumsen (2004). Internal matters such as learned and inherent competencies also affect marketing decisions depending on the urgency and magnitude of these decisions.
Since this paper conducted the research on a single micro-firm, existing limitations such as the possible differences in how business owners from small and medium enterprises decide should be considered. Future research can be done, specifically involving numerous firms from the MSME sector of the Davao region to ascertain the processes in strategic decision making.

Overall, our study shows how top management efforts are imperative in making sound strategic marketing decisions, and how the adoption of a simpler process seems more appropriate for smaller firms such as LMT Enterprises. The utilization of networks, competencies, and information about markets, competitors, customers, and financial means will aid in predicting future outcomes of strategic marketing decisions. Obtaining additional information on how strategic marketing decisions are made by the business owners of MSME can aid the government, private business sectors, and non-government agencies in crafting possible sustainable policies and interventions.

References


