Different determinants affecting managerial decision-making:
The international expansion of medium-sized companies in the Italian food sector.

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Abstract

This study investigates the influence that newspaper news and other determinants exercise on the decision-making of executives and hence on the expansion strategies and the performance of medium-sized companies in the Italian food sector. This sector is characterized by companies that have a turnover between 10 and 50 million Euros and, for the bigger ones in this range, around 100 and 200 employees.

The use of interviews (questionnaires) and secondary data, combined with a news gathering process are adopted by the authors in order to describe how managers respond to the information coming from newspapers and what other types of knowledge (or intangible assets) there are that can help to downplay the increasingly negative reports of the general downturn in the Italian economy.

Evidently, as these companies show growth in revenues and a tendency to adopt exporting as the main strategy to go abroad, newspaper reports seem not to have an influence on managers’ decisions whereas know-how, instinct and personal experience are considered important factors, crucial for the achievement of the companies’ success.

Keywords: Food sector, company size, decision-making, news, uncertainty, international expansion.
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1. Introduction

1.1 Problem statement
The current international scenario is characterized by the continuous integration of markets, favored by a number of factors such as low institutional barriers to open markets, efficiency in logistics and the development of communications technologies. International relationships are faster and easier to build, allowing companies to get access to information more readily (ECB 2012). These phenomena, and the instability that now characterizes the world economy, affect small and medium-sized companies, who see the continuous changes as important challenges to cope with, requiring them to rethink their strategic position (Ghemawat 2000). Despite the difficulties and the pressure, these companies need to adapt their business to the new environment in order to overcome uncertainty, create value and improve their competitiveness on an international level.

On the basis of this scenario the authors have identified international commitment and uncertainty as the main conditions of the research. They intend therefore to investigate the decision-making process of managers to expand their business internationally notwithstanding uncertainty, starting from the possible influencing determinants to arrive at the actual internationalization strategies applied.

In particular, the authors have chosen to center their investigation first on the impact, if any, of newspaper news on the decisions of managers of medium-sized Italian companies operating in the food sector. Once the influence exercised by newspapers has been established, the authors intend to investigate additional variables that could significantly affect the decision-making process of managers. Finally, they focus on the strategies resulting from this decision-making process in terms of entry modes, international paths and foreign countries to invest in.

1.2 Approach of the study
The study starts with the importance of newspapers thanks to their informative function, covering myriad topics, both domestic and international. The authors approach the research with the expectation that the information generated by newspapers is important for the decisions of managers, in terms of additional informative data gained. Managers, in fact, need to be informed and the more information managers have, the easier it is for them to make their determinations (Efficiency Unit 2010). In the current scenario, newspapers and media seem to
worsen Italian economic conditions by the diffusion of negative and pessimistic future prospects, and one would expect that to have a negative influence on the decision-making process of managers. Vice versa, the authors expect that a possible positive attitude of managers towards the future regardless of negative news could indicate that the real economy is not influenced by the social and the political climate spread by newspapers, and further that managers continue to have the potential to develop their business and be successful. This would be a positive sign for the Italian economy or at least a sign of hope. Determining this influence is the purpose of the authors’ first research question.

With the second research question, the authors go beyond the role of the news to extend their investigation to other determinants that influence the decision-making process of managers. The determinants that emerge from the current study are expected to be helpful information for other managers operating in a context of internationalization and uncertainty, who can learn from and profit from the experience of their peers. The experience of successful companies should provide useful knowledge about the factors that influenced the decisions of their managers, and this information could assist others in identifying threats and opportunities. The authors are aware that the future will bring new contingencies; however, they expect their study’s findings to be helpful to other managers in terms of acquired experience, in order to simplify their approach towards economic changes.

The decisions of managers to expand internationally are influenced by specific determinants and result in concrete internationalization strategies. Identifying these strategies is the aim of the authors’ third research question. These strategies might differ among companies but they have the common aim of helping managers to create a new way of doing business, suitable to the changed environment. The authors decided to investigate entry modes, international paths and preferred foreign countries because they wanted to cover the entire topic of international expansion. By answering the questions: “HOW do managers enter?”, “WHAT path do managers follow?” and “WHERE do managers go?”, the authors expect to achieve their goal. The strategies resulting from the decision-making process are considered by the authors as “models” useful for similar companies (in terms of dimension and sector), in their operational process. By learning, acquiring and testing strategies already adopted, future managers can follow the successful paths and avoid the less profitable strategies. The expectation is that the results in the international expansion field could generate new insights and inspirations for
managers, helping them to cope with downturns and/or other economic changes.

1.3 Focus of the study
The study focuses attention on medium-sized companies because of their relevance to Italy’s economy, not only for building the structure of the Italian productive system but also for contributing greatly (together with small companies) in terms of employment and added value (Confcommercio 2009).

The choice of the sector is determined by the presence, in Italy, of a wide range of highly certified products that are, in the majority of cases, related to Italian traditions and culinary culture. In addition, the Italian food industry can be seen as a means of diffusion of the “Made in Italy” brand throughout the world (Federalimentare 2009).

1.4 Outline
This paper is divided into three parts. The first part puts forth the purposes of the study by the formulation of three research questions, followed by a review of literature and a theoretical framework. The authors develop the framework following the three main topics: the influence of newspaper news on the decisions of managers, other determinants affecting the decisions of managers to expand and finally the results of management decisions in terms of the companies’ international operations.

Subsequently, the paper will mention the methodology adopted to gather and analyze empirical data (questionnaires, news gathering analysis and secondary data analysis) and will explore and discuss the empirical findings. Finally, the study’s results will be summarized providing some conclusions and some limits of the research.
2. Research questions

The authors elaborated three research questions in order to extend the research to the three main purposes.

- *Are managers in their decision-making process affected by newspaper news when operating internationally and when the domestic climate is dominated by uncertainty?*

The general condition of uncertainty, emphasized by newspapers, led the authors to wonder whether Italian managers tend to “stagnate” in their conservative business or to look for new horizons and new opportunities. Of interest to the authors is to “measure” the impact that newspaper news has, thereby gaining new knowledge from past research.

- *What are the main determinants adopted by managers in their decision-making process when operating internationally and when the domestic climate is dominated by uncertainty?*

The authors are interested in seeing if rationality and the analysis of real facts prevail over instinct and intuition in managers’ decisions when stability is lacking. They will propose several variables and look at the crucial ones, possibly offering a contribution to previous studies.

- *What internationalization strategies are emerging from management’s decision-making process when the company is operating internationally and when the domestic climate is dominated by uncertainty?*

Studying a particular sector of Italian industry, the authors are interested in “discovering” whether or not similarities exist in expansionary strategies of managers. Another topic of interest concerns the top international markets chosen by managers. The authors propose to explore the differences in these markets in order to evaluate the relative risk of investment.
3. Literature Review

3.1 Decision-making determinants under uncertainty

The literature is scarce when investigating how the news coming from newspapers affects the strategic decisions and the mindset of managers, especially in short (but important) term decisions. The social information processing perspective (Salancik and Pfeffer 1978) argues the influence of knowledge from past experiences and the social environment on individual work attitudes and actions. While considering strategic decisions, managers have to cope with risk in the sense that the outcomes of decisions are affected by some degree of uncertainty. A number of variables that may influence managers’ actions in response to risk can be found in the literature; the more relevant and explored have been grouped into individual, organizational and problem-related perspectives (Sitkin and Pablo 1992).

Individual perspective

Individual characteristics have been considered important determinants in risky decision-making processes (Sitkin and Pablo 1992). Previous studies identified these individual characteristics in risk preference, risk perception and risk propensity. Risk preference reflects the attitude of a decision maker to risk and it proved to have an impact on the actions of the person involved (Brockhaus 1980). Risk perception, or the evaluation of risk in a certain situation (Dutton and Jackson 1987; Jackson and Dutton 1988), has been considered a determinant as well. Finally, risk propensity suggests the tendency of individuals and organizations to cope with risk, both by taking and avoiding it (Sitkin and Pablo 1992).

Organizational perspective

Organizational characteristics are important in risky conditions, suggesting the influence of a group on individual decisions. Stoner (1968), for instance, argued the tendency to formulate higher riskiness for group decisions compared to individual ones. In addition, cultural risk values, better explained in the preference for following certain types of behavior or conduct shared by your “belonging group”, and the leader’s risk orientation are both considered part of the organizational characteristics and seem to affect individual risk behavior (Sitkin and Pablo 1992).
**Problem-related perspective**

Problem-related characteristics consisting in problem familiarity and problem framing have been highly studied. March and Shapira (1987) considered problem familiarity in terms of the decision maker’s past experience or familiarity with the situation occurred. The interpretation of issues or facts in a positive or negative way introduces problem framing as a determinant of individual actions in response to risk. Kahneman and Tversky (1979) elaborated their prospect theory, suggesting a more risk-avoiding attitude in positively framed situations and the tendency to have a risk-seeking attitude in negatively framed situations.

Even though over the years many variables and determinants have been argued and hypothesized, March and Shapira (1987) analyzing the theoretical conception of decision-making and risk, noticed that executives do not follow the theses proposed by the literature. In addition, they noticed the importance for managers to take risks, finding it difficult to classify the determinants of managers’ risk preferences into the classical and theoretical form. More recent research, reviewing previous studies and results, noticed contradictory findings, proposing, at the end, an updated and reconciled model where risk perception and risk propensity were the main determinants of the behavior of managers coping with risk (Sitkin and Pablo 1992). They observed that all previous risk-taking variables were not direct determinants and they saw risk propensity and risk perception as “mediators” between the variables and risky decision-making behaviors. The central role of risk propensity and risk perception was then consolidated by Sitkin and Weingart (1995).

**3.2 Biases affecting managers in their decision-making process**

The decision-making process is affected by a variety of biases. Festinger (1954), for instance, argued that the majority of people tend to compare their opinions and abilities with someone or something that is quite close to their way of thought, excluding the more divergent ones. In the same way, the confirmation bias has been tied to the managerial context; once a strategic issue has been interpreted and a decision has been made, individuals tend to gather information that confirms the initial interpretation, rather than discredit it (Mynatt et al. 1978; Darely and Gross 1983; Dutton and Jackson 1987). More recently, Kuvaas (2002) argued that having access to increasing information could result in either a confirmation of the initial interpretation or a deeper understanding of the issue, leaving open the possibility of modifying the initial interpretation.
The interpretation of the environment in terms of threats and opportunities (Dutton and Jackson 1987) together with the recognition and the assessment of strategic issues (Dutton and Duncan 1987) leads firms to react to uncertain situations in different ways. Studies observed that companies could adopt either internal or external changes (Chattopadhyay et al. 2001) and also either defensive or offensive approaches (Tan and See 2004). In particular, Bao and Yuan (2011) noticed that in a context of economic crisis the choice of adopting either a defensive or an expansionary approach is related to the interpretation of the top management. The identification of threats and the assessment of the strategic issue as urgent lead to a defensive reaction, whereas the expansionary approach is more congruent with controllability and a feasible assessment (Bao and Yuan 2011). In addition, the authors argued the rigidity that characterized the organizational responses provoked by the perception of threats, in contrast with the search for new alternatives originated by a “positive” interpretation. Thus, different types of problem framing are needed in times of crisis.

3.3 Strategies adopted by managers in their internationalization process, in a context of domestic uncertainty

The phenomenon that the authors intend to study in the research is the offensive approach consisting in expanding and intensifying the business into new boundaries. The literature presents the case of multinational investments in a context affected by volatility of exchange rates and instability of input prices (Campa 1994), where the degree of risk has a tendency to increase.

The current climate of uncertainty characterized by changing environmental conditions (macroeconomic forces, political issues and a competitive industrial environment) has had consequences on the cost of raw materials and on the demand for goods. Hence, firms have needed to adjust and often rethink their value chains to react to these changing conditions (Kogut 1991; Kogut and Kulatilaka 1994). A high degree of uncertainty has made it difficult for firms to adapt a suitable strategy, able to fit the new conditions, leading eventually to damaging effects on the operations and/or on the performance of firms (Rivoli and Salorio 1996). Seung-Hyun and Makhija (2009) found that firms experiencing high domestic economic uncertainty tended to have benefits in terms of flexibility, developing international investments in broader but less deep networks.
Seung-Hyun and Makhija (2009) saw that, the presence of an already established exporting infrastructure, for instance, allowed the company to react and provide a quick solution to sudden changing factors both in the domestic market and in international ones. The authors considered foreign direct investments and export activities and observed that both cases benefited Korean firms in terms of flexibility under uncertainty. Thus, firms already experiencing international expansion proved to be better prepared to adapt their operations and react to unexpected changes, contrary to those firms that had not invested in their international expansion previously.
4. Theoretical Framework

In order to respond to the stated research questions, the authors need to investigate three main areas: the influence of news from newspapers on decision-making, the influence of other determinants on decision-making (identified by the authors through five “clusters”) and the strategies implemented in terms of international expansion resulting from the decision-making process. These three main fields have been named for convenience respectively NEWS, CLUSTERS and INTERNATIONAL EXPANSION.

The authors have constructed a schematic view of the theoretical framework, where the crucial aspects are presented. The framework presents the possible variables that might influence the expansionary decision-making process of executives in conditions of uncertainty by the use of news from newspapers and the five clusters. Depending on the influencing variables, the authors will investigate the international expansion of Italian food companies resulting from the managerial decision-making process.

Theoretical Framework. (Source: Authors)
4.1 News

Are managers affected by the news from newspapers in their decisions? Before giving either a positive or a negative answer, the authors set up the criteria to identify the influence, if any, of newspaper news on managers’ decisions. Since the literature is scarce on this point, the authors decided to analyze two main criteria: managers must rely on the news from newspapers (RELIABILITY) and that such news has to be relevant for the managers’ business activity (RELEVANCE), in this case the food sector.

In addition, the authors decided to reinforce this point by proposing an analysis, called “news gathering analysis” that describes the tone of news in the current period of economic downturn and the kind of influence that the tone of the news from newspapers might exercise on managers’ expansionary decisions.

Why has reliability been selected as a criterion?

The authors see “reliability” as trust in the content of the news from newspapers. They believe that managers, reading newspapers and trusting in their news, could be more prepared, in terms of knowledge, to face the current scenario of uncertainty and to cope with businesses in foreign markets. Francis Bacon’s dictum “Knowledge is power” reflects the authors’ belief that managers need to acquire a sufficient level of knowledge, in this case using newspapers as sources. Beyond being represented as a key competitive resource of modern times (Drucker, 1993), knowledge has also been recognized as strategically and competitively important (Nag and Gioia, 2012).

The news from newspapers, if trusted, constitutes a source of knowledge that exerts influence on the managerial decision-making process.

Why has relevance been selected as a criterion?

The authors state the concept of relevancy in terms of importance. In their opinion, the content of news from newspapers has to be pertinent either to the food industry (managers’ business) or to the current economic scenario that surrounds and concerns the food industry; otherwise, the authors consider the content useless for managers therefore not “persuasive” for their decision-making process.

This first area of investigation aims to comprehend if managers are affected by the news from newspapers in their decision-making process, under the conditions of uncertainty and
presence abroad. The authors believe that a positive result, meaning the actual influence of newspaper news on managers’ thinking could be determined by the fulfillment of the criteria of reliability and relevance; otherwise news will be considered as a marginal element in expansionary decision-making situations.

4.2 Clusters

Supposing that newspaper news is reliable and relevant for managers’ decisions, is this news the only variable affecting managerial decisions? Is any other variable pushing managers, dealing with international operations, to take decisions under uncertainty?

To identify the main variables affecting expansionary managerial decisions, the authors have developed a pattern based on five “clusters”: Know-How (Human Capital and Skills of the leader), International dynamics, Production/Logistics, Financial issues and Strategy.

1) Know-How (human capital and skilled leadership)

The instability and the uncertainty that characterize the world today inevitably affect the stability and the performance of organizations. Companies need therefore to invest in human capital, providing their employees with the skills and knowledge that could result in an advantage for the firm in terms of global market success (Michael 2012). On this basis, the authors believe that the human resources of a firm can influence expansionary managerial decisions. A competent workforce is characterized by a fast learning process. This ensures the company the ability to face its new role in the market and/or in new markets as soon as changes occur and makes the decision-making process of managers easier (Michael 2012).

Apart from the value attributed to human capital, the complexity of an organization and its “mixed-motive goal structure” (Michael 2012) requires leadership to direct the firm’s collective effort. The authors believe that the technical competences together with the personal attitude and the charisma of the managerial class constitute a crucial influence on managers’ decisions in scenarios of instability and uncertainty. The confidence and the positive attitude toward risk of the leadership lead the whole organization to a lower level of stress by demonstrating how uncertainty and downturns can be turned into a positive vision, source of opportunities and international success for the firm (Walman et al. 2001).
2) *International dynamics*

Domestic uncertainty leads managers to expand internationally and gain benefits from their business activity abroad by realizing and improving the company's profit (Horne and Holmes 1998). The authors believe that there are several advantages pushing managers to expand internationally and influencing their decision-making process towards opting for an international “destination” that limits the domestic uncertainty.

The ability to gain advantages from favorable currency exchange rates is seen by the authors as a potential opportunity for the firm and as a variable that contributes to influence managers’ decisions when going abroad.

Another possibility considered is a lower international labor cost compared to Italy’s, which might generate favorable conditions for the organization. To give an example, Eastern countries such as Bulgaria and Romania are seen by Italian companies as “low-cost” countries in terms of labor cost, suitable for investments.

Even though the authors believe that the “International Dynamics” cluster could be seen in terms of opportunities, they are aware of the difficulties that companies might face in controlling these international dynamics, a prime example being exchange rate volatility.

3) *Production and Logistics*

The authors considered productive and logistic variables important factors for the executives’ expansionary decisions under uncertainty. In particular, they focalized their attention on changing raw material prices, as documented by current reports (ISTAT 2011), and the consequent instability in final prices, which show a growing trend towards increase.

The authors believe that the rising price of oil, for instance, has generated consequences in Italian industry, including the food sector. This hypothesis is based on the idea that expensive fuel might provoke a concentration of the companies’ business at a national level, decreasing the presence abroad or at least modifying the company’s international policy and thus having an impact on the expansionary decisions of managers.

4) *Financial issues*

The authors’ idea that financial issues and bank credit availability can influence the expansionary decisions of managers stems from the concept of “credit crunch”, or the difficulty in obtaining investment capital from traditional financial institutions (Creditcrunch.org 2012).
The authors believe that companies without financial support will have difficulty in expanding their presence abroad and that the solution adopted by the “suffering” companies would be to maintain their current clients and business dimension, renouncing potential expansion. In this sense, the authors argue that the credit availability issue is determinant in managerial decisions and that it has an influence on the company’s expansion process. The idea is that the consolidation of the business abroad and the implementation of international activities (for example the development of a wholly-owned subsidiary to keep labor costs lower) need to be financed and supported.

5) Strategy
As economic cycles fluctuate and the marketplace becomes more complex to manage, firms need to organize their management and their governance in order to “survive” and to perform better than other companies do (Perrot 2008). The changing and challenging environment put pressure on decision-making that has to be more and more rapid (Wartick and Heugens 2003) and, at the same time, able to respond to the demands of the market. Managers, under these conditions, implement their own strategies in order to achieve their objectives. In their framework, the authors posit that beyond a formal assessment and analysis of the changing circumstances, managers could adopt as an alternative strategy a more instinctive behavior, based mainly on their intuition. The authors believe that both strategies, analysis and intuition, will have an impact on managers’ decisions, in particular they argue that the condition of uncertainty will lead managers to use their intuitive feeling and knowledge much more than the knowledge coming from the perfect monitoring of key performance parameters or from any other kind of indicators.

Analysis
“To make good choices, companies must be able to calculate and manage the attendant risks. Today, myriad sophisticated tools can help them do so.” (Buchanan and O’Connell 2006).

The idea is to face uncertainty having in mind a precise scenario of future events, discussing the possible alternatives, testing the sensitivity of the forecasts when the key variables change and, according to the outcome, creating a strategy suitable to the scenario (Courtney et al. 1997). The authors believe that the described approach could be adopted in stable business environments because uncertainty seems to be underestimated. The underestimation of the
uncertainty can lead managers to make their decisions without considering the possible threats and without taking advantage of the opportunities that it might generate, even in an international scenario (Courtney et al. 1997).

**Intuition and instinct**

“Intuition means being able to bring to bear on a situation everything you’ve seen, felt, tasted, and experienced in an industry” (Ross Perot 1986).

The strategy based on instinct and intuition adopted by managers and influencing their decision-making process in reacting to uncertainty is based on inputs from facts, knowledge and past experience acquired throughout the years. Thus, as time goes by, managers tend to rely on their growing experience for their decision process (Khatri and Ng 2000). The authors believe that the climate of uncertainty, when there is no time to calculate and forecast the probability of possible outcomes, leads managers to adopt a strategy based on instinct influencing their decisions, in this case expansionary decisions.

The authors believe that these five clusters might have an influence on the decisions of managers to expand internationally in periods of economic downturn. The authors now want to investigate the internationalization strategies resulting from the decision-making process of managers that potentially can be affected by the impact of newspaper news, as well as the five clusters displayed above.

**4.3 International expansion**

The condition of the study requires that the companies in the authors’ sample operate in an international context. The aim here is to see which entry modes the companies prefer in a situation of uncertainty, when resource availability and the time of reaction could be or actually are limited. Subsequently, the attention of the authors will turn to the international path followed by companies and to the preferable foreign countries to invest in.

**Entry Modes**

Although the selection of the entry mode depends on a number of influential variables and factors (Hill et al. 1990) the authors decided to follow resource commitment as the main variable and to express the degree of risk of the entry modes.
Export and Licensing represent the least risky options in that from a resource commitment point of view exporting and licensing firms do not have to bear substantial costs and investments in the foreign market. In this way, risk and resource commitment are low, as is the associated profit return and the control of the firm is extremely limited (Chung and Enderwickan 2001). The authors believe that the features characterizing export and licensing are favorable in conditions of uncertainty, when the financial resources are limited and difficult to obtain and the risk is accentuated.

On the other hand, Foreign Direct Investment (FDI) such as through a joint venture or wholly-owned subsidiary, is considered a risky option because of the high commitment and the high complexity in terms of management that are required. However, it provides the company a high degree of control over its business operations abroad and greater profitability (Chung and Enderwickan 2001). The authors believe that the FDI option is less common under uncertainty because of the financial resource constraints, although the authors do believe in the existence of managers that see FDI as an opportunity, for instance in terms of lower labor costs, even under uncertainty.

*International Path*

With the expression “International Path” the authors intend to identify the preferences of managers in their international expansion, addressing some basic questions, such as: What is actually their first approach with an interesting international market or client? Do companies look for new international clients or are they passive? Do they study and analyze potential international buyers or are they just relying on luck? The authors argue that uncertainty leads managers to rely more on luck than on market mechanisms, even if a fortuitous event may impact company business either positively or negatively (Parnell et al. 2012).

*Preferable foreign countries*

Finally, the authors looked at the more common foreign countries managers decide to work with (in terms of export) or invest in. The authors believe that the selection of the country, in a scenario of uncertainty, is related to its economic stability together with the stability of its food demand in order to avoid worsening an already risky situation. The authors do not take into consideration the concept of *psychic distance*, whereby the firm gradually expands first in those
markets characterized by a cultural and geographic proximity to the domestic market and then into less proximate countries, initially with low resource commitment entry modes and subsequently with higher commitment entry modes (Johanson and Vahlne 1977). This choice was motivated by the time constraints on the research.
5. Method

This study intends to be carried out in Italy, focusing the analysis on medium-sized firms operating in the food sector. Italy was chosen due to the fact that in this period of economic downturn (the authors decided to study the period that goes from 2010 to 2012) the performance of the Italian economy and its financial markets seem to be more affected than in other peer countries. The authors decided to investigate internationally committed companies, considering their expansion in terms of exports turnover, investments in assets abroad, or a significant presence outside Italy. Medium-sized firms (dimension criteria are illustrated in the Selection of respondents section), and the food sector were chosen for their contribution to the Italian economy, which will allow the authors to form conclusions about the perception of uncertainty in one of the most consolidated sectors in Italy. In particular, medium-sized companies were selected rather than multinationals for which international consolidation would be predictable and expected, as would be their propensity towards “stability” even in a period of economic downturn. On the other end of the spectrum, the authors judged small enterprises to be only marginally concerned about international operations and thus unsuitable to the aim of the research questions.

The original purpose of the study was to examine both the mechanical engineering and the food sectors. However, due to time constraints the authors have decided to focus just on one. The food sector alternative has been chosen primarily because it took over first place in the export market in 2011, surpassing the automotive sector, and generating a turnover of more than 30 billion Euros for the Italian economy (UniversoFood 2012). Secondly, the Italian food sector was favored thanks to a greater availability of secondary data and information in general and a greater number of possible respondents to the questionnaire. The population has therefore been identified in all Italian companies of medium dimension that operate in the food sector and are committed internationally. The sample that the authors utilized is limited to 190 companies and the observations actually used are the ones obtained from questionnaire’s respondents (26 companies).

5.1 Survey

A survey was conducted in the research and a questionnaire, administered electronically using the Internet, was chosen for this study. Considering that the quality of the survey data is extremely dependent on the methods used to collect them, including how the sample is
selected and how the questionnaire is designed and administered (Lynn and Erens 2010), the authors dedicated particular attention to these aspects.

The aim of administering the questionnaire by email was to be able to reach a sizable population and to have enhanced control over the respondents. In fact, in the majority of cases, users tend to read and respond to their personal email (Saunders et al 2009) thus improving the reliability of the collected data.

Selection of respondents

In this study, the analysis is based on the Italian economy, considering medium-sized enterprises in a particular sector. The importance of medium-sized companies differs greatly across countries (Ayyagari et al. 2003). Italy, for instance, is characterized by 4.4 million firms operating in diversified industries and the vast majority of these are either small or medium-sized enterprises (KPMG 2010). The authors considered medium-sized enterprises as those companies with less than 250 employees and an annual turnover of between 10 and 50 million Euros (European Commission 2012). The companies answering the questionnaire were divided into different categories according to their annual turnover in order to avoid generalizing the results of the analysis, and to allow, where possible, the identification of trends linked to the turnover categories. The authors will indicate as a low turnover category those firms registering an annual turnover between 10 and 25 million Euros, as a medium turnover category those between 25 and 33 million Euros, and as a high turnover category companies between 33 and 50 million Euros.

The questionnaire was addressed to a sample of 190 medium-sized Italian enterprises that operate both in Italy and in international markets, following the employees and turnover criteria just mentioned above. The sample of the survey was randomly selected by creating a list of company addresses, using several Italian websites: Registro delle Imprese, Info Imprese and Guida Monaci. Two of them are directly linked to the Italian Chambers of Commerce; the latter is a private company that collects both personal data and the turnover category of each single firm. The three websites have a similar structure in terms of the company's research procedure. The authors proceeded with the exploration of these websites by selecting the food industry as the main criterion and investigating each single sector of the food industry (e.g. dairy, pasta, etc.). For each specific sector, there was a list of registered companies and, in the details area of some companies, indication of the turnover category and the number of
employees. On the basis of the information available in the different websites and the positive fulfillment of the stated criteria, the authors were able to select the companies that would be part of the sample. The authors listed suitable companies in an Excel spreadsheet and as soon as the list was completed, visited each selected firm’s website in order to find the most adequate e-mail address (export managers’ e-mail when possible) and the telephone number. A new detailed list was created following this procedure. Even though it is well known that e-mail surveys have a low response rate the authors used a limited sample of companies due to the fact that the websites did not always indicate the dimension (in terms of employees and turnover) of the companies. In addition, in many cases the websites did not provide the required information free of charge. Rather than having a higher response rate from unsuitable and “inadequate” companies, the authors preferred to be sure that all the companies queried were congruent and in line with the sample selection criteria. Due to the time that the authors spent to reach a reasonable number of companies constituting the sample, the time constraints of the research didn’t allow them to increase the number of companies suitable for the enlargement of the sample.

**Questionnaire**

In order to make the data collected consistent with the research questions, a data requirements table was created (Saunders et al. 2009). The questionnaire was composed of 18 questions of which 16 were multiple choice. The questionnaire was first formulated in English and then translated into Italian by one of the authors whose native language is Italian. The translator’s clear understanding of the country and the culture of the inquiry (Saunders et al. 2009) contributed to the creation of the questionnaire’s structure and to the use of correct and proper terminology in all of the questions. A pilot questionnaire was drawn up to make sure that the questions were clear, so as to avoid generating either misunderstandings or different interpretations. The questionnaire was created online with Google Docs and the direct link was sent by email to the list of addresses together with a covering letter explaining the purpose of the survey. The covering letter was written clearly and the purpose of the study was only briefly explained in order to avoid influencing managers’ thinking and obtain unbiased results.

The questionnaires were followed by a follow-up call in order to increase the questionnaire response rate. Of the initial sample of 190 companies, 2 sent an email explaining that they were not operating internationally, 160 did not answer, not even after the phone call, while 28
enterprises provided a response to the questionnaire. However, as 2 of these questionnaires were incomplete, in all 26 questionnaires were analyzed by the authors. All the questionnaires analyzed were collected within the space of a month.

All data were recorded through numerical codes in order to simplify the process of analysis and to make it straightforward. The data were represented through tables and a subsequent analysis followed, using correlations in order to explore and assess possible relationships between the questions in the questionnaire.

5.2 News gathering

The study takes into consideration a collection of articles and relevant news from a period that goes from January 2010 to February 2012. In order to narrow down their “news research” and be more effective in their study, the authors selected 5 newspapers, both Italian and international (Il Sole 24 Ore, La Repubblica, Il Corriere della Sera, Financial Times and The Economist), that according to the European Business Readership Survey (EBRS 2004) and to the survey results were and are more common among Italian executives. The next step was to search for keywords tied to the main economic events and that are in common use among managers and therefore able to capture their interest. The keywords used in the news gathering analysis were crisis, growth, credit and bankruptcy.

Crisis: this word was selected because it identifies the current condition of uncertainty. According to the authors, it was the most suitable word representing the core condition of the research. In addition, the word has a negative connotation and its diffusion would be a reason to argue the perception of a negative climate among Italian companies.

Growth: this word was selected because it reflects the concept of expansion and it can be considered both with a positive and a negative connotation. The authors decided to use this word because of the emphasis that they put on the concept of growth in the questionnaire’s questions and in the overall research.

Credit: this word was selected in order to see if credit availability is actually a “hot” topic for expansionary managerial decisions.

Bankruptcy: this word was selected because it creates a sort of connection between the first three keywords. Crisis, lack of credit availability and negative growth lead to bankruptcy and the authors want to measure the validity of that in the Italian managerial context.
The authors are aware of the subjectivity in the selection of the keywords. However, they believe that their choices are in line with the aim of exploring the impact of newspaper news on the decisions of managers in a climate of uncertainty.

After the selection of the keywords, the next step was to create a complete and representative database, in which the observations of each keyword were represented on a monthly basis, from January 2010 to February 2012. This database was developed using the original website of each newspaper and the authors proceeded looking for the amount of articles containing the selected keywords, one by one. The authors see this method as a good approximation of the frequency of each keyword in the newspaper news.

Subsequently, the task was to observe the trend in the articles containing these keywords, meaning the positive or negative tone of the news, and to begin to measure the relationships and the influence between keywords. The authors used statistical tools, correlation tables and dispersion graphs, to see how the word “crisis”, connoted negatively, might be combined and correlated with the other three keywords. The higher the correlation, the higher the likelihood of generating an impact, generally negative, when managers read articles containing all four keywords.

5.3 Secondary data usage

The study’s purpose has also been met with the use of secondary data, as a backup strategy to the main survey strategy. The study has been conducted through the use of documentary and multiple-source secondary data. In the first case Italian organizations’ websites have been consulted (ISTAT), while in the latter one, government publications, other organizations publications and industry reports have been considered (Federalimentare, Confcommercio).

The secondary data were integrated into the analysis and set into context with the research findings, while in several cases they were used as a comparison measure.

5.4 Measurement

The following table shows the theoretical concepts that have been used to formulate the questionnaire. It is important to point out that all the questions were drawn up having in mind the stated research questions. The complete questionnaire is available in the appendix section.
<table>
<thead>
<tr>
<th>Research questions</th>
<th>Theoretical concepts</th>
<th>Questionnaires’ questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are managers in their decision-making process affected by newspaper news when operating internationally and when the domestic climate is dominated by uncertainty?</td>
<td>Biases affecting managers in their decision-making process.</td>
<td>Questions 3, 4 and 5. Number of employees, total turnover range, percentage of sales abroad.</td>
</tr>
<tr>
<td></td>
<td>Criteria (reliability and relevance) formulated by the authors in order for the news to be significant.</td>
<td>Question 8. What do you do to keep updated about the main events of the international markets related to your business strategy? Question 10. Which newspaper do you read the most? Question 11. According to your experience, how reliable/accurate are newspapers’ news? Question 12. Do you think newspapers post relevant information with your company’s products?</td>
</tr>
<tr>
<td></td>
<td>News gathering analysis</td>
<td></td>
</tr>
<tr>
<td>What are the main determinants adopted by managers in their decision-making process when operating internationally and when the domestic climate is dominated by uncertainty?</td>
<td>Variables of decision-making under uncertainty (5 clusters elaborated by the authors).</td>
<td>Question 6. Which kind of factors has affected the company's international growth (both positively and negatively)? Questions 17, 18. Which kind of expectations do you have for next year in terms of international expansion? According to your previous answer, which factors lead you to take these conclusions?</td>
</tr>
<tr>
<td>What internationalization strategies are resulting from the managerial decision-making process when the company is operating internationally and when the domestic climate is dominated by uncertainty?</td>
<td>Strategies adopted by firms in their internationalization process (entry modes, international path, preferable countries to invest in)</td>
<td>Question 7. Top three international clients. Questions 13, 14. Which entry mode is preferable according to your business activity? Which path are you following in your international expansion process?</td>
</tr>
</tbody>
</table>

Here the authors are presenting the "clusters" used, first in the theoretical framework and then applied in the analysis, categorizing the variables mentioned in the possible choices in answer to the questionnaire:
<table>
<thead>
<tr>
<th>Know-How</th>
<th>Production/logistics</th>
<th>Financial issues</th>
<th>Strategy</th>
<th>International dynamics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Capital</td>
<td>Change in material prices</td>
<td>Change in bank credit availability</td>
<td>Other companies’ experience</td>
<td>Exchange rates</td>
</tr>
<tr>
<td>Knowledge (skills) of the managerial class</td>
<td>Logistic Costs</td>
<td>National Labor Costs</td>
<td>Strategy focused on the national market</td>
<td>Frequent bad news about foreign markets</td>
</tr>
</tbody>
</table>

| | General climate of uncertainty | International Labor Costs |
| | Change in the demand trend | |
| | Forecast/feeling of threats or opportunities | |

To arrive at conclusions regarding influences and connections, correlations were made as a statistical tool that can reliably show the link between the variables of the survey, the secondary data, and the news gathered.

**5.5 Method issues**

The *first* issue the authors faced was related to the structure of the research. What research strategy would be most suitable to study the factors influencing managers in their expansionary decisions?

The easiest way to find out how managers decide and act is to have direct contact with them and with this in mind the options that the authors considered were various.

Within the vast range of research strategies, *experiment, ethnography, action research* and *grounded theory* were rejected from the beginning due in part to time constraints but principally to the consideration that these methods are not suited to the purposes of the research, as they are not directly linked to managerial and decisional topics (Saunders et al. 2009). *Case study* was taken into consideration as a research strategy but was discarded because it is an approach more suited to the in-depth analysis of a very limited number of companies (generally one) and does not provide a general overview for an entire country.

The *survey* strategy was analyzed in detail. This approach included different kinds of data collection techniques and the authors took all of them into consideration: structured, semi-structured and unstructured interviews as well as the questionnaire. The leading reason for
considering the survey as a potentially effective research strategy was the possibility of using a sample in order to generate findings representative of the whole population.

The interviews option would have been possible by arranging meetings on Skype. Difficulties here were related to contacting and scheduling an interview with managers and then proceeding with the interview. This process would have led to a very limited number of responses due to the fact that the authors had no contacts in the food industry and reaching the right person in the company would have been difficult and presumably would have required too much time.

Interviews, especially of the semi-structured or unstructured types, would have afforded interaction between the authors and their interviewees. This would have made it possible to overcome any misunderstandings and to amplify on the range of responses. However, the intent of the authors was to conduct a quantitative analysis rather than a qualitative one.

The use of questionnaires meets this requirement, in that data is concrete, standardized and unbiased. In addition, gathering data through questionnaires requires less time than many of the other methods of research considered. For these reasons the authors were persuaded that the survey strategy through the use of questionnaires was the best research strategy.

The second issue was whether a questionnaire was sufficient as a model to measure the influence of newspaper news on managerial decisions. Indeed, through the questionnaire, the authors could understand three main issues:

- How managers keep themselves abreast of the main events in the international markets related to their business strategy;
- The reliability of newspaper news according to managers;
- The relevance of the news to the business activity of managers.

With indirect questions, the authors were able to ascertain if the news exerts an influence on the decisions of managers, avoiding questions that would be a source of biased answers. However, they needed data extracted directly from the news in order to define the general tone of newspapers and to compare the answers given by the managers to that tone.

The definition and connotation (positive or negative) of the tone of the news would allow the authors to build relationships between the results of the questionnaires and the data coming from the news, increasing the validity of the study. In this way it would be possible to explain attitudes of managers in response to the influence of the news.
This issue led to the need to go deeper in the analysis of the influence of newspaper news on managerial decision-making. The analysis focused the attention on this type of news, as being the most accessible source of information, especially in terms of traceability and availability (for instance through the internet).

Deeper analysis was not taken into consideration for the other determinants of managerial decision-making, such as “Chat with managers”, “Meeting with international sales people”, “Individual analysis/statistics/marketing research”, “Seminars/Courses” as the collection of further data about these determinants would have been costly in terms of time and money.

The next step was to find a way to transform the newspaper news into readily analyzable quantitative data germane to the aim of the study.

The authors were convinced that an integration of the questionnaire was essential to study the influence of the news on the decisions of managers. The solution was not easy because to the authors’ knowledge neither the literature nor statistical data (secondary data) have ever dealt with the influence of news on managerial decision-making. In particular, the authors met with difficulties in dealing with the huge amounts of news available every day and in the interpretation of the collected data. In fact, once the data were collected the obstacle was the transformation of simple figures into concrete, useful information for the authors.

The enormous amount of newspaper articles made it necessary to adopt a selection technique capable of reducing the amount of data to be analyzed to manageable proportions and making sure that the data produced was suited to the purpose of the first research question. The lack of data interpretation would result in the inability to reach conclusions regarding the influence of the news, making it impossible to create relationships with the data obtained through the analysis of the questionnaires.

The problems detected were solved through the development of a “news gathering analysis” as integration to the survey strategy of the newspaper news analysis. Further, in order to reduce the amount of data available, a selection criterion was implemented. The authors decided to adopt a number of keywords to analyze the news and to create relationships and correlations between keywords in order to interpret the data collected and to acquire relevant information. Even though they recognized the subjectivity in the keywords’ selection, the authors considered the keywords method an effective way of establishing the general tone of the news by measuring the frequency of each keyword in the newspaper news. The use of keywords represents one of the most common selection techniques. The fact that search engines adopt
this mechanism inspired the authors to adapt and apply it to their news gathering analysis.

The last method issue to be dealt with was the size of the sample, which was limited to the 190 companies interviewed due to the practical problems (lack of resources) that are explained in the “selection of respondents” section. Together with the limited sample, the authors faced a low response rate to the questionnaires. This eventuality was taken into consideration from the beginning of the study, as it is well known that e-mail surveys are usually characterized by low response rates. With this in mind, the authors made follow-up calls in order to improve the response rate to the questionnaires. As the response rate was still low, the authors decided to use archival research (secondary data usage) as the backup strategy.

The limited size of the sample would have resulted in a weak representation of the total population of medium-sized companies operating in the food industry; in addition, the low response rate would have meant an even lower representativeness of the total population. The consequence would have been the limited reliability of the study for readers.

The secondary data provided good backup to the survey and it helped the authors to enhance the credibility of the study. However, the secondary data solution could not be extended to all of the other determinants and international strategies due either to the fact that some of the reports and statistics had been collected for purposes other than the ones proposed by the authors, or that no secondary data was found. As a consequence, the results of the questionnaire were only partially integrated with data from secondary sources and some results and conclusions are based on just 26 observations that have to be considered as mere indications with limited value, because they are not supported by additional data.
6. Results and analysis

6.1 Turnover trends, international sales and top international markets

This first section creates a consistent and primary filter of the results of the questionnaires. Hence, analyzing at first the responses in an aggregated way, important elements for the discussion and the development of the study’s purposes will follow. In particular, the authors focused their attention on the general turnover trend, the positive or negative growth of international sales and on the top international markets.

General turnover trend

The majority of the responding companies fall into the low turnover category (58%) with the majority of this group experiencing stable performance. In the last 2 years of operations, 34.6% of the responding companies increased their turnover and just 7.7% lost sales. By category, the lower ones tended to have either stable (86.7%) or declining (13.3%) turnover. Sales of medium turnover firms showed, in the majority of cases, a positive growth performance ending up in the highest turnover category. The high turnover category is a solid one, where companies that begin with sales above 40 million Euros tend to remain at that level or even increase their performance (67%).

International sales’ positive or negative growth

Internationally, the sales trend is generally increasing from 2010 to 2011. In fact, 65.4% of all companies registered growth in their international sales, 23.7% faced a negative performance in absolute values and only 11.5% remained stable. Furthermore, companies do not change the “mix” of international sales as a percentage of their total turnover. Companies that depend a lot on international trade (from 40% to 100%) gave more importance to this in 2011 (5 out of 26), perhaps because of negative perceptions of domestic consumption. Moreover, the bigger the company, the more significance it gave to sales abroad.

There is no evidence of proportionality between the increase of international sales and total turnover among the responding companies. However, there are signals suggesting that low turnover companies are increasingly considering foreign demand, with 6 companies showing a share of 40% to 60% of turnover abroad in 2010. In any case, the strategy does not appear to
be highly aggressive, as in fact almost 83.3% of the respondents did not change significantly the presence of the firm outside the national market.

The data extracted from the questionnaires showed that companies with wider international horizon depended for more than half of their sales on international demand and experienced an increase of 20% in sales abroad. High turnover firms are the ones who benefited most from their international operations, with over half increasing turnover to 42 million Euros or more.

**Top international markets**

The results of the questionnaire show that EU countries represent the most common option among Italian food companies. Germany takes first place, chosen from a basket of 21 countries by 20% of the respondents, followed by France (17%), the UK (14.3%), the USA (7.1%) and Sweden (5.7%). Countries like Spain, Poland, Belgium and the Netherlands figure as secondary choices or perhaps as holdovers from the past.

Companies that are aggressive in national and international scenarios had wealthy countries as their top markets, increasing international sales over total sales as well as increasing total sales, placing them in a higher category of turnover. Germany, France and the USA are the most common markets for internationally growing firms, followed by northern Europe, especially the UK and/or Sweden. These last two are present in high turnover category companies. This could probably represent an expansion of the company in order to diversify its portfolio, looking for markets that are similar to the big ones and with the potential of pushing sales up.

**6.2 News**

*Updating tools. Is newspaper news reliable and relevant?*
The respondents gave weights to the variables represented in the graph with a score between 1 and 5. Values 1 and 2 were considered as low scores, whereas 3, 4, and 5 were considered respectively medium (3) and high scores (4-5). 58% of the respondents registered a medium/high score on “reading/watching the news” as a source of updating. Low turnover companies (66.7%) tended to use newspapers and TV news consistently in order to remain abreast of the main events in international markets and to keep their business strategy updated.

A consistent percentage of respondents (54%) gave a high score to the “chatting with other managers” variable. In fact, this represents the option most preferred by the answering executives registering a mean of 3.27 against 2.69 of the newspaper reading option (4th highest score). In addition, 80% of the managers that read newspapers seemed also to chat with other executives to get information about international markets.

The mean registered for individual analysis/statistics/marketing research is about 2.96, which is the second highest score and is much higher than the one registered for reading/watching the news. In addition, the authors noticed that these two variables are almost independent, as the correlation coefficient is 0.065.

Pertinent seminars/courses are quite common too, as the variable registered a mean of 2.85 (3rd highest score among the options) and proved to be related to the “meeting with international sales specialists/experts” variable through a strong positive correlation (0.76).

Even though 58% of the respondents report reading newspapers and getting useful business information from them, the reliability of news registered a mean of 2.88 and no observations gave a score higher than 3. The executives that assigned the lowest score (equal to 2) correspond also to the ones that gave the highest scores to “individual analyses/statistics/research” to get a clear understanding of the international markets situation. In addition, just 15.4% of the respondents considered the information from newspapers relevant for their company’s products, whereas 3 out of 8 declared that newspaper news is not relevant to their business activity. Thus, the criteria of reliability and relevance seem not to be satisfied by the current results.
Reliability of the news

(Source: Authors)

Relevance of the news

(Source: Authors)

News Gathering Analysis

News gathering from Italian and International newspapers (Source: Authors)
The main results of the *newspaper news gathering* (from Italian and International newspapers) show that when the word “crisis” is frequent in some months (example, April 2010, with 2742 observations, and the period from September to November 2011), there is a strong impact on other variables. This means that perhaps the word “crisis” generates other related topics and correlated arguments that makes the information that is spread even more negative, or with more impact in the context.

![Graph showing news gathering from Italian newspapers](image)

*News gathering from Italian newspapers (Source: Authors)*

Considering only Italian newspapers, the effects lead to the same conclusions, only with higher peaks. This suggests that over the same period of time, the pessimistic tone issuing from newspapers tends to increase the frequency of negative news, especially in the relationship between “crisis” and “growth”. It appears that the more information about crisis is in the news, the more the news tends to speak negatively about growth.

Actually, there is a positive correlation between news about crisis and about the rest of the variables, considering the Italian newspapers that managers read the most. Surprisingly, the highest linear tendency is with “crisis” and “growth”, which justifies the conclusions described above: information about crisis has negative effects in the news; the impact is related to growth; data shows that “growth” falls on the negative side. With the highest fit (an R-Squared
of almost 80%) the news gathering analysis reveals that people might tend to be more cautious about the future in business when reading newspapers, not only because of the actual crisis, but due also to less hope for positive growth. However, the responses to the authors’ questionnaires show a generally optimistic attitude among managers, confirming again the scarce reliability of newspaper news for the managerial class.

The previous analysis can be compressed in this graphic of dispersion. It shows a high positive trend of “bankruptcy” and “growth”. This conceptual dichotomy (of the words) shows a steeper line, meaning that every time the word “growth” is in the news, there is a high likelihood that also “crisis” is in the article, so that the message received by the reader becomes a negative one.

**Keywords from news Correlations**

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>T1</th>
<th>T2</th>
<th>T3</th>
<th>T4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crisis (1)</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bankruptcy (2)</td>
<td>0.761</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit (3)</td>
<td>0.711</td>
<td>0.811</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth (4)</td>
<td>0.891</td>
<td>0.775</td>
<td>0.735</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>T Crisis (T1)</td>
<td>0.648</td>
<td>0.545</td>
<td>0.609</td>
<td>0.470</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>T Bankruptcy (T2)</td>
<td>0.576</td>
<td>0.747</td>
<td>0.670</td>
<td>0.411</td>
<td>0.847</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>T Credit (T3)</td>
<td>0.192</td>
<td>0.294</td>
<td>0.436</td>
<td>0.029</td>
<td>0.836</td>
<td>0.796</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>T Growth (T4)</td>
<td>0.622</td>
<td>0.551</td>
<td>0.616</td>
<td>0.561</td>
<td>0.913</td>
<td>0.763</td>
<td>0.755</td>
<td>1.00</td>
</tr>
</tbody>
</table>

T stands for Total News gathered, meaning Italian and international newspapers. Without T, only Italian newspapers are considered. *(Source: Authors)*
The keywords “credit” and “bankruptcy” registered a high correlation (81%) when only Italian newspapers are considered. The tendency is even greater with the words “crisis” and “bankruptcy” in the international context (almost 85%). Obviously, the highest correlation was between “growth” and “crisis” in Italy (89%).

These findings show the climate that newspapers might generate in conditions of uncertainty, at times tending towards exaggeration and giving signals of a gray present and an even darker future.

In conclusion, the variable that seems to appear the most in the period of analysis was “crisis”, followed by “growth”, “credit”, and “bankruptcy”. The first two words are the ones with higher volatility, meaning that they registered marked peaks. When one of these keywords begins to appear, besides generating a series of other related words that tend to monopolize the news, it seems to create a strong impact on managers that is at first difficult to overcome.

6.3 Analyzing the “clusters”

What do managers base their decisions on?

Factors influencing the decisions of managers to operate internationally

(Source: Authors)

A large part of the executives scrutinized (50%) report that their international operations are driven by the knowledge and the high level of skills of the managerial class. This means that
the “Know-How” cluster is the main factor when taking decisions regarding foreign markets. An interesting fact is that 11 companies experienced both an increase in sales and/or an increase in their international sales as a part of the total revenues. Furthermore, the authors noticed that when Know-How is combined with an aggressive sales trend, companies seemed to have a bigger competitive advantage, establishing international markets as a pillar for the companies’ turnover (2 companies with at least 60% of international sales).

Even if the emphasis of the research places importance on the “International” cluster, only 17% of the firms take into consideration factors of this kind, probably because of the difficulties in forecasting the impact of the news and the trends in exchange rates, as well as being more marketing oriented and less familiar with international finance and control. Managers may be either focused on domestic dynamics due to the difficulty in controlling international factors, or they may consider international factors in combination with other main pillars such as “Know-How” or “Strategy”.

Concerning the “Production/Logistics” cluster, the relevant data that the questionnaire’s results reveal is that a change in raw material prices affects 19,2% of the respondents when operating abroad. In addition, in most of these cases (80%), the companies concerned show a decreasing international sales trend.

A significative percentage of high/medium turnover category firms (54,5%) consider “forecasts and feelings of opportunities” important when going abroad, whereas, just 26,7% of low category firms believe that these factors have affected their international expansion. In other terms, the second main cluster, “Strategy”, is driven principally by instinctive factors, in particular “forecast and feeling of opportunities” and “other companies’ experiences”, leading 50% of the respondents to expand internationally. A more realistic factor, the “change in the demand trend”, is considered significant as well with 36% of positive responses. Finally, 22 of 26 companies (84,6%) are affected by strategic variables in general.

Clearly, “strategic” and “know-how” factors were relevant in the expansionary decisions of bigger companies (high turnover category ones) and contributed to making them strong in both domestic and international markets, with the highest turnover and percentage of sales abroad.
Target markets are essentially the ones mentioned in the “Top International markets” section and the tendency, especially for high turnover companies, is to invest and operate in three main markets: Germany, France and the United Kingdom, maintaining however a strong dependence on the domestic market.

Concerning the **Financial cluster**, the relevant data here is represented by the fact that the “negative change in bank credit availability” factor was ignored. None of the respondents seem to be affected by bank credit availability when deciding to expand or reduce their sales abroad. This fact could be explained by the tendency of medium-sized companies in the food sector to use exporting (100%) as the main entry mode when entering foreign markets. However, according to ISTAT (the National Italian Institute for Statistics), medium-sized Italian companies (in general) asked for more financing in 2010 (52,2%) compared to 2007 (36,5%). In addition, the percentage of companies that asked and obtained financing from banks in 2010 dropped compared to 2007, decreasing from 86,6% to 78,4%. Banks remain the most important source, but the percentage of companies asking institutions for financing doubled, from 17,1% to 35,4%. ISTAT projects that in the next three-years more than half of all companies will ask for financial help in order to finance R&D (27,9%), exports (13,3%) and international activities (16,2%). Despite all of this, even in the ISTAT survey, only 20% of the companies mention the lack of financial resources as a factor that could hamper the company’s growth (ISTAT, 2011).

**How difficult is going/investing abroad? Strategy cluster: Analysis vs. Instinct**

As pointed out before, the general trend has been towards an increase in international sales in 2011. Analyzing the current year, the majority of respondents (65%) consider the expansion abroad in 2012 as difficult as in previous years, whereas 27% consider 2012 harder in terms of expansion in comparison to the past. Less than 10% think that now it's easier to expand internationally.

The forecasts for the future are generally optimistic, as no one is expecting worse conditions than last year’s; the majority, 54%, expects for next year the same result as this year, whereas 46% of executives seem to be optimistic and expect better results in the near future. Basically, high turnover category companies see next year’s challenge as similar to the one faced in the previous year, with 7 respondents saying that the situation will remain unchanged, whereas
more than 50% of low turnover category companies seem to expect a more positive scenario from next year's operations.

The sentiment and outlook of executives for the near future and their next international investments are driven by different kinds of factors. 27% of the respondents say they are affected in their decisions by both past experience and analytical tools such as marketing and financial analysis, thus mixing personal background with objective analysis. 50% of the executives operate according both to their personal experience and other irrational and instinctive factors as personal attitude, general opinion and trust/distrust in the future. Finally, 23% of the managers act only according to their marketing analysis and financial valuations.

**6.4 International Expansion, executives’ strategic decisions**

*Entry mode preferences*

To evaluate the strategies adopted by Italian executives of medium-sized companies to expand their boundaries internationally, the authors considered all the possible entry modes suitable for the internationalization of the company.

All of the executives answering the questionnaire report using mainly exporting when operating in international markets. However, 38% of them expand their business abroad also through licensing and 15,4% of managers report operating also through wholly-owned subsidiaries or joint ventures.

![Preferable entry modes among managers](image)

(Source: Authors)

Obviously, bigger companies can more easily afford to own a subsidiary abroad. Nevertheless, only 13% of the firms take on this cost. For Italian companies, exporting to closer countries
seems to be the preferred path to international commitment. In fact, 38% of the respondents export mainly to Germany, with France in second place. According to the results, the USA also represents a good solution for export, while the companies that deal with Sweden prefer to establish joint ventures.

The data collected through the questionnaires and a report published by Il Sole 24 Ore reveal the difficulty for Italian food companies to acquire or invest in subsidiaries abroad in order to expand their presence in distant markets (Il Sole 24 Ore, 2012).

**Preferable international path**

The results of the questionnaires show that medium-sized Italian companies are used to creating international business relationships following an initial “contact from the client” (92.3%) and then building thereon. 69.2% began operating internationally through licensing and 42.3% of the respondents developed business relationships by participating in international fairs. Executives do not employ market research to expand the company’s presence abroad; in fact, just 15% of the analyzed sample selected this option.

**Preferable foreign countries to invest in**

With the aggregate statistical information concerning the exports of Italy and of the food sector, data have been organized according to the average growth (AVG Growth) in order to study the trends in the average growth of exports for the top international markets. In addition, using the variance of the growth, the aim of the authors was to measure the risk of investing in one country rather than in another.

<table>
<thead>
<tr>
<th>Variables</th>
<th>AVG Growth</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>World (F&amp;B)</td>
<td>10.5%</td>
<td>0.1%</td>
</tr>
<tr>
<td>World (E)</td>
<td>11.8%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Germany (E)</td>
<td>14.2%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Germany (F&amp;B)</td>
<td>8.8%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Germany (M)</td>
<td>10.3%</td>
<td>0.5%</td>
</tr>
<tr>
<td>France (E)</td>
<td>12.5%</td>
<td>0.4%</td>
</tr>
<tr>
<td>France (F&amp;B)</td>
<td>8.7%</td>
<td>0.2%</td>
</tr>
<tr>
<td>France (M)</td>
<td>8.9%</td>
<td>0.2%</td>
</tr>
<tr>
<td>UK (E)</td>
<td>2.8%</td>
<td>1.3%</td>
</tr>
<tr>
<td>UK (F&amp;B)</td>
<td>5.2%</td>
<td>0.6%</td>
</tr>
<tr>
<td>UK (M)</td>
<td>4.9%</td>
<td>0.5%</td>
</tr>
<tr>
<td>USA (E)</td>
<td>15.8%</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

(E) Exports
(F&B) Food and Beverage
(M) Manufacturing
USA (F&B) | 10.2% | 2.6%  
USA (M)   | 20.5% | 8.7% 

AVG Growth and Variance was calculated by the authors from data extracted from the ISTAT 2010 and 2011 database (2012).

Basically, the food sector is not an industry that generates risk for exporters considering a variance of 0,1% in the period that goes from December 2010 to February 2012. Moreover, it is a dynamic sector, in which the average growth is more than 10%.

Germany, the main market selected by the companies, is in general terms one of the top clients for Italy's exports, growing at a rate of 14%, more than France (12,5%) and more than the world in general. It presents a small variance, meaning a lower risk for investors. The data taken from ISTAT (2012) reveal that Italian food companies have run low risks investing in Germany, where the food sector is growing at 8.8%. This was confirmed by the preferences expressed by the managers in the questionnaire.

As noted, exports to France grew more than the world average and slightly below the German trend. Even in this case, the data collected form the ISTAT database supports the observed managerial responses making France another good and stable market to invest in. In fact, the variance of the growth of exports in the food sector is 0,2%.

The UK behaves differently. This market is growing less than other markets, but the food sector is gaining more market share and growing at an average rate of 5.2%, with a higher risk factor relative to Germany and France (volatility of 0.6%), although lower than the volatility affecting exports to the UK in general. Here the demand for Italian food products is higher than for other Italian goods.

Exporting to the United States can be a rewarding decision, considering an average growth in the manufacturing sector of more than 20%. However, fluctuations in demand are high, making it more challenging and riskier for low turnover companies. The average growth in food exports to the USA (more than 10%) is higher than in other countries, meaning that Italian food products are appealing enough. However, the ISTAT data reveal high volatility and thus a higher risk for investments when compared to the other countries investigated.
6.5 Influences on managerial expansionary decision-making

Keywords from the news-International Expansion Correlations

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
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<tr>
<td>T Crisis (1)</td>
<td>1.00</td>
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<td></td>
<td></td>
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<tr>
<td>T Bankruptcy (2)</td>
<td>0.860</td>
<td>1.000</td>
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<tr>
<td>T Credit (3)</td>
<td>0.840</td>
<td>0.830</td>
<td>1.000</td>
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<tr>
<td>T Growth (4)</td>
<td>0.920</td>
<td>0.760</td>
<td>0.780</td>
<td>1.000</td>
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<td></td>
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<tr>
<td>World Exports (5)</td>
<td>0.020</td>
<td>0.160</td>
<td>-0.170</td>
<td>0.000</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU Exports (6)</td>
<td>-0.450</td>
<td>-0.470</td>
<td>-0.790</td>
<td>-0.380</td>
<td>0.510</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Food Exports (7)</td>
<td>0.070</td>
<td>0.140</td>
<td>-0.260</td>
<td>0.040</td>
<td>0.840</td>
<td>0.600</td>
<td>1.000</td>
<td></td>
<td></td>
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<tr>
<td>France (8)</td>
<td>0.160</td>
<td>0.260</td>
<td>0.010</td>
<td>0.160</td>
<td>0.920</td>
<td>0.320</td>
<td>0.690</td>
<td>1.000</td>
<td></td>
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<tr>
<td>Germany (9)</td>
<td>-0.010</td>
<td>0.090</td>
<td>-0.150</td>
<td>0.040</td>
<td>0.930</td>
<td>0.420</td>
<td>0.710</td>
<td>0.940</td>
<td>1.000</td>
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<tr>
<td>UK (10)</td>
<td>0.120</td>
<td>0.300</td>
<td>0.060</td>
<td>0.050</td>
<td>0.740</td>
<td>0.150</td>
<td>0.660</td>
<td>0.700</td>
<td>0.730</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>USA (11)</td>
<td>0.000</td>
<td>0.130</td>
<td>-0.190</td>
<td>0.100</td>
<td>0.740</td>
<td>0.520</td>
<td>0.590</td>
<td>0.610</td>
<td>0.630</td>
<td>0.410</td>
<td>1.000</td>
</tr>
</tbody>
</table>

(Source: Authors)

When managers think that the news is reliable, 31% of them affirm that the news is also relevant for the company and the development of the food sector. But the more they consider going abroad as a “growth” strategy, the less they believe that newspaper reports (especially local ones) are helpful to this end (negative correlation of 38%).

What is interesting is the power of the news per se. In these times of economic turbulence people often read negative words in the newspapers and the probability of finding negative stories concerning the food sector increases. This might explain the negative correlation between food exports and the economic situation reported in the news (-26%). Thus, the more managers rely on and give weight to newspaper reports, the more the authors expect these managers to be worried about their company’s business in the current economic climate.

From a sales perspective, the more sales increase, the less managers believe it is necessary to go abroad. The analysis reveals that there is a negative correlation between the current perceived situation and sales in general, with a lower impact on international sales. In general, those companies that see the present condition as negative tend to have a domestic focus, whereas the ones going abroad see internationalization as an escape route.

In this regard, the more established the company is in terms of revenues, the better the outlook of managers. Or at least, with a good level of sales, managers tend to see a brighter future.
The authors, in their analysis, found an interesting negative correlation between total sales and the percentage of international sales (not reported in the table above). It is not particularly strong, but it could explain the risk aversion to going abroad, or the weaker “strategic” and “know-how” competences geared to facing international markets of medium-sized Italian companies (and especially low turnover companies).

Therefore, combining the information from the “News Gathering Analysis” and the data collected on Italian exports, one can see a negative tendency between newspaper news focused on the word “credit” and Italian exports, especially in the Euro zone. This means that as news concerning “credit” increases, there is a negative impact on Italian food exports (-26%) and the phenomenon seems to be the same even for Italian food exports towards Germany (-15%) and the United States (-19%). This indicates, basically, that the news that managers read containing the word “credit” is perhaps related to Germany, the main international market, and to the United States, the riskier one.

On the other hand, France and the UK show a positive correlation, of 26% and 30% respectively, with the word “bankruptcy” and the correlation is slightly positive also with the word “credit”. It is probable that the more Italian managers read about bankruptcy the more they focus on going to markets that are closer and more stable (Germany), or more competitive in terms of price (USA).
7. Discussion

The empirical findings lead to conclude that the decisions of Italian managers have resulted in a general positive trend in turnover. Companies that performed stably and less aggressively in international markets during 2010, tended to remain in the same range of turnover also in 2011. Companies that invested in foreign markets increased revenues, with some changing category of turnover.

The decisions of managers are determined mainly by the company's competitiveness in the areas of competences clustered as “Know-How”, in which the knowledge of the decision-makers as well as human capital are very important. Furthermore, decision-making is linked to the strategic cluster, in which the reliability of knowledge and the ability to respond and to anticipate trends are the main factors.

The factors mentioned are the ones companies who already enjoy strong sales (high turnover category firms) are applying and benefiting from. Their steadiness in strong sales may be the reason why they don’t seem particularly eager to explore other markets, even if for growing companies international expansion can represent a powerful way to maintain strong growth.

7.1 Determinants affecting managerial decision-making

Newspaper news

There has been a significant increase of the news regarding sensitive topics that might affect the decision-making process of companies. The huge flow of potentially negative material provided by the media is not reflected in the actual managerial decisions of medium-sized Italian food companies. This is supported not only by an increase in sales of the medium-sized companies polled, but also by the performance of the entire Italian food sector (Federalimentare 2011).

The bleak scenario proposed by newspapers did not necessarily reflect the experience of the responding executives, who in the majority of cases saw positive international growth during the two-year period analyzed. The case might be that managers, having to cope with negative news, pessimistic predictions and threatening events, developed a risk-seeking attitude directed towards finding new opportunities through international expansion (Kahneman and Tversky 1979).

This explains how companies who started out with a low level of sales were able to avoid what the media said (newspaper news in particular) and focus on real issues, increasing their
revenues from 2010 to 2011.
Another interpretation could be the one advanced by Hackbarth (2008), who pointed out the tendency of people, top executives in particular, to be “excessively optimistic and overconfident”. Their inclination, in fact, is to predict favorable future events more positively than they actually are and to believe that they possess more knowledge about the future than they actually do. Now that newspapers flood managers with commentaries that might drive them to think that the situation is becoming worse and worse, managers may view the present situation negatively, but nevertheless maintain a positive and optimistic attitude towards the future. So, although newspaper reports might affect the first impression of managers, the responding managers do not think that the continuous negativism of newspaper news increases the risk the company will have and the struggles the company will face.

Know-How
Companies in their daily operations have to face risks and executives have to manage economic activities and find solutions by making decisions. When going internationally, the responding managers first look to the company’s personnel capabilities and skills (know-how cluster), assigning their success abroad to these factors. For this reason, firms invested the most in their know-how and human capital, following the belief that “talents management” is one of the key factors in achieving international success (Cheese 2008).

Production/Logistics and Financial issues
Companies seem not to be highly affected by the increase in raw material prices and the decrease in bank credit availability.
According to newspaper reports, financial resources, especially those provided by banks, are a significant issue. However, they are relatively accessible by “healthy” companies that can give banks guarantees in return for their financing. Nevertheless, there is some negative linkage observed between the news related to “credit” and the exports of the Italian food sector.

Strategy
Changes in the demand trend affect companies’ behavior. Companies need time either to adapt their strategy to the new market demand or to reshape their strategy to one more suitable to the new market requirements (Rivoli and Salorio 1996).
Besides the “rational” and objective factors, a large percentage of executives leading high/medium turnover category firms seemed to be driven more by instinct (feelings of opportunities, other companies’ experiences and news about the foreign market) when the decision to expand the company internationally was made. The personal propensity of executives towards risk seems to be positive (Sitkin and Pablo 1992), demonstrating a willingness to take on risk and to gain opportunities by expanding their business beyond national boundaries.

The findings reveal the great importance that executives place on other managers’ opinions and the value that these judgments have in affecting their decision-making process. The empirical results, in fact, confirm the belief that managers tend to compare and analyze opinions and take the best out of this information (Festinger 1954). On the contrary, executives do not consider newspaper reports and news coming from the media sufficiently reliable and relevant.

For opposite reasons, however, the information from newspapers and statistical/market analyses are options either too biased or too formal to entirely affect executives’ decision-making process. Under uncertainty, when complexity and discontinuity reign, the amount of time available to decide, act and react is increasingly tighter and executives seem to be more affected by their own initiative and instincts stemming from personal experience and propensity for risk. The common tendency is to think positively about the future and to share information, opinions and problems with other managers in order to join forces together. The dichotomy is that managers read newspapers, but they do not believe everything they read; they share information with others, and they optimistically expect a bright future for the company, even though the present that they are experiencing is not as bright.

Doing business, taking decisions and finding solutions have never been more difficult. Technology is developing, uncertain scenarios have to be faced and firms need to be more and more flexible (Seung-Hyun and Makhija 2009). However, the responding companies are or have to be optimistic about the near future, in contrast to the “general” information climate of negativity and pessimism. Food industry executives, when considering their expectations for the future and the future decisions that they will be forced to take, place strong emphasis on personal experience. When it comes time for making decisions, managers seem to have acquired their own evaluation of risk based on their past experiences and their individual
propensity. Despite the advances in technology and the analytical tools available, managers seem not to have discarded as outdated their reliance on instinct or their hunger for new opportunities. Even though quite often analysis and instinct are mixed together, the large majority tends only to rely on personal experience, general opinion and trust in the future. The results of the analysis show therefore that executives make their decisions based not just on facts, figures and industry data but mainly on positive thinking and personal experience.

7.2 International Expansion strategies

Entry modes
The determinants affecting decision-making lead managers to operate internationally using certain strategies rather than others. The choice of entry modes is a crucial decision for the future of the firm and it entails different implications in terms of the degree of control, the resource commitment and the risk undertaken (Hill, Hwang & Kim, 1990). Italian companies’ preferences fall on exports as the main practice adopted to operate internationally. Exporting, together with licensing, is the less risky entry mode in terms of resource/asset commitment (Hill, Hwang and Kim 1990). This practice, so commonly adopted in the country, could be seen as a limitation in a long-term perspective because Italian companies tend to extend and not deepen their international relations. The main reason has to be attributed to the Italian managerial culture, which by and large is not oriented to foreign markets, making the complete internationalization of firms difficult (Il Sole 24 Ore, 2012).

International path
Medium-sized companies do not appear to use marketing research and financial evaluations to study and analyze the foreign markets in which they are willing to start a business relationship. Executives tend to decide, act and react in terms of opportunities (commercial agents and international fairs) and chance (contact from the client first), giving luck a crucial role. The result is quite in contrast with the findings argued by Harris Bond in his study about Hofstede’s uncertainty avoidance dimension. In fact, Italy registered a score of 75, meaning that Italians tend to be uncomfortable in ambiguous and uncertain situations, preferring detailed planning to more flexible and improvised paths (Geert Hofstede 2005).

Preferable foreign countries
The analysis pointed out that Italian companies, especially the better performing ones,
managed to have important clients that, in the period analyzed, were not affected (as much as Italy at least) by either bad news from newspapers or bad forecasts. This is the case of having big markets with high purchasing power. Germany is a good example, followed by France and ending with a third market that might be Sweden or the UK (more related to price margin). Another country is the USA that, although considered riskier, shows strong demand for Italian food products.
8. Conclusions

At this point the authors can draw the conclusions of their research by addressing the three research questions.

*Are managers in their decision-making process affected by newspaper news when operating internationally and when the domestic climate is dominated by uncertainty?*

A climate of uncertainty and a decline in domestic demand might find a natural response in international expansion. However, a negative tone in newspaper news might also be expected to caution managers against investing resources in foreign sales.

This study shows that more than 65% of the companies investigated increased their sales to foreign markets notwithstanding the negative tone of the news, and that managers did not in general give a great deal of consideration to the reliability and relevance of the news in their decision-making.

*What are the main determinants adopted by managers in their decision-making process when operating internationally and when the domestic climate is dominated by uncertainty?*

International, financial and production/logistic variables appear to be not as crucial to a company’s international operations as human resource factors. The sound management of competences and knowledge positively affects managerial decision-making. This means that the achievement of a high level of know-how, through both the talent and skills of workers and management, is one of the two main pillars for expanding the presence of the company internationally and assuring solid performance. The second pillar is to have a “strategy” that makes it possible to gain profit from the acquired knowledge: learning from personal experiences and from the experiences of others, so that managers can generate better outcomes in international contexts.

*What internationalization strategies are emerging from management’s decision-making process when the company is operating internationally and when the domestic climate is dominated by uncertainty?*

Export and licensing are the most common strategies adopted to go abroad. The propensity of respondents to increase their levels of commitment abroad through joint ventures or riskier wholly owned subsidiaries is minimal.

The vast majority of the companies interviewed begin their international expansion with an
initial contact from the foreign client. Many start operating internationally through the work of agents while the development of business relationships through the participation in trade international fairs is a third important pathway.
Finally, the main target markets were found to be Germany, followed by France and other high-income countries like the USA and Sweden.
9. Limitations and further research

This type of investigation, involving different sources and attempting to establish relationships between different types of data, creates some limitations that form the basis of future studies for deepening the analysis and improving its accuracy.

With the empirical data of just one sector, comparisons with other internationally committed sectors in the Italian economy weren’t possible. In this regard, extending the scope of the research to other sectors would have given a fuller picture of the Italian situation. Another option would be to study the trends in domestic consumption, assessing the room for international expansion and consolidation.

The authors believe that a replication of this study enlarged to embrace other European economies struggling with the crisis but performing differently, would provide a good comparison with the Italian example and would offer an interesting scenario in this particular period for the European economy. In fact, different types of decision-making determinants might affect executives in other countries and might lead them to react differently to a financial crisis.
10. References


11. Appendix

11.1 Questionnaire structure

1. Company’s Name  ____________________________

2. Sector:  Food & Beverages  Metal mechanic

3. No. Employees  ____________________________

4. Total Sales Range in:


5. Turnover's % of Sales Abroad:
   2008  _________
   2009  _________
   2010  _________
   2011  _________

6. Which kind of factors has affected the company's international growth? (More than one answer is possible).

   Human Capital □
   Other companies’ experiences □
   Change in the demand trend □
   Logistic Costs □
Knowledge (skills) of the managerial class □
Forecast/feeling of opportunities □
Exchange rate □
Positive/ negative news about foreign markets □
Change in Raw Material prices □
National Labor Costs □
General climate of uncertainty □
Strategy focused on the national market □
Change in bank credit availability □
International Labor Costs □

7. Top 3 International clients according to your business activity
1 _______________________
2 _______________________
3 _______________________

8. What do you do to keep updated about the main events of the international markets related to your business strategy? (Order from 1 to 5, 1= I do not do it/rarely do it; 5= I do it frequently)

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<thead>
<tr>
<th>Activity</th>
<th>1</th>
<th>2</th>
<th>3</th>
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<th>5</th>
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<tbody>
<tr>
<td>Read/Watch the news</td>
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<tr>
<td>Chat with managers</td>
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<tr>
<td>Meeting with international sales people</td>
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<tr>
<td>Individual analysis/statistics/marketing research</td>
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<tr>
<td>Seminars- Courses</td>
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9. Do you think managers need more information than before to operate internationally in this sector?
Yes, it is necessary to consider the rapid market's evolution □
No, I consider past experience as a great tool for my operations and I don't need any further information □
10. Which newspaper do you read the most? (More than one answer is possible)
Il Sole 24 Ore ☐
La Repubblica ☐
Il Corriere ☐
La Stampa ☐
Financial Times ☐
The Economist ☐

11. According to your experience, how reliable/accurate are newspapers’ news? (Express your preference selecting a grade from 1 to 5, 1=strongly unreliable and 5=strongly reliable).
1 2 3 4 5
☐ ☐ ☐ ☐ ☐

12. Do you think newspapers post relevant information with your company’s products? (Express your preference selecting a grade from 1 to 5, 1=extremely useless and 5=extremely important).
1 2 3 4 5
☐ ☐ ☐ ☐ ☐

13. Which entry mode is preferable according to your business activity? (More than one answer is possible)
Export ☐
Licensing/Agents ☐
Joint Venture ☐
Merger/acquisition ☐
Wholly own subsidiary - Direct Investment ☐

14. Which path are you following in your international expansion process? (More than one answer is possible).
Contact from the client ☐
Agents ☐
Market Research ☐
15. What do you think about the following statement? "Not just the international expansion saves Italian companies?" (Express your preference selecting a grade from 1 to 5, 1=strongly disagree and 5=strongly agree).

1  2  3  4  5
☐ ☐ ☐ ☐ ☐

16. According to your experience, going abroad has become more or less difficult compared to previous years?
More Difficult this year than the previous ☐
Less Difficult than previous years ☐
Today is as hard as in the past years ☐

17. Which kind of expectations do you have for next year in terms of international expansion?
Better than this year ☐
Worst than this year ☐
Same as the current year ☐

18. According to your previous answer, which factors lead you to take these conclusions? (More than one answer is possible).
Marketing analysis of the international Environment ☐
Personal attitude (optimistic, pessimistic) ☐
Personal/Own experience ☐
Financial Valuations ☐
Trust/distrust in the future ☐
Economical Benefits Outside ☐
General opinion ☐