Journal of Leisure Research
2001, Vol. 33, No. 2, pp. 121-136

Articles

Strategic Decision-Making in Small Businesses Within The Leisure Industry

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This paper explores the manner in which decisions are made in small leisure businesses and the factors that constrain the decision choices of their owners. The data for the study come from in-depth interviews with 16 small business owners. The results show that these individuals engage primarily in adaptive decision-making. Their decision choices are constrained by factors such as limited time, the desire to retain control of their business, and maybe unique to the leisure industry, the fact that in nearly all the cases studied the activity which formed the basis of the business was also the owners' hobby. This latter factor was constraining in that the individuals involved still wished to pursue their hobby while simultaneously operating their business.

KEYWORDS: *Strategic decision-making, leisure organizations, small business, hobby motive*

Introduction

The leisure industry has become an increasingly important component of the economy of many of the world's industrialized nations. Gratton and Kokolakadis (1997), for example, point out that 54 of the world's top 500 companies (as identified by the *Financial Times*) are leisure companies. In Europe, the corresponding figure is 49 of the top 500 corporations. In the United Kingdom, the growth of the leisure industry over the period 1993-2001 is projected in terms of employment, to increase by approximately 2.6% per annum, compared to a 0.8% increase in employment across the entire economy (Skills and Enterprise Network, 1996). As the leisure market has grown, the proportion of a consumer's spending on physically active leisure (sport, outdoor pursuits, water activities, etc.) was predicted to increase from 14.9% in 1990 to 15.6% in 1998. This represents an increase of nearly £1 billion in the economy (Reebok, 1995).

One of the important contributors to the growth of the leisure industry is the small business sector (Berrett, Burton, & Slack, 1993). For example,

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in the United Kingdom, the latest available figures show that over 99% of businesses in the "recreational, cultural, and sporting industry" have under 250 employees, with nearly 85% having fewer than 10. Those businesses with under 250 staff account for just over 60% of employment within the industry and over 60% of financial turnover (Department of Trade and Industry, 1995).

The importance of small businesses to the leisure industry is not unique. The agriculture and fishing; construction; wholesale, retail, and repairs; hotel and restaurant; business services; and education industries are all heavily populated by small businesses (Department of Trade and Industry, 1995). This increase in importance of the small business sector has been paralleled by an increased interest among the academic community. Researchers have examined a number of unique features of small businesses, in order to help the managers of these organizations gain a competitive advantage (Lee, 1995; Schrader, Mulford, & Blackburn, 1989; Pleitner, 1989; Storey, 1995). The central focus of much of this research has been the investigation of the presence or absence of strategic management in small businesses (Robinson & Pearce, 1984).

However, despite these initiatives, studies of small businesses within the leisure industry have been relatively sparse (cf. Berrett, Burton, & Slack, 1993). This is problematic given the increasing importance of this area to the economy and the burgeoning of leisure management as a viable field of academic inquiry. Consequently, the purpose of this paper is to examine the decision-making activities undertaken by small business owners[1] within the UK leisure industry. Specifically, we focus on identifying those factors that constrain the ability and desire of these owners to engage in strategic decision-making.

From the possible array of strategic activities from which we could choose, we focus on decision-making because it is generally considered to be "the most significant activity engaged in by managers" (Harrison, 1996, p. 46). Also, as Robinson and Pearce (1984, p. 136) note, the success of small businesses is very much dependent "on the quality of strategic decisions made by [the] principals in such businesses." Furthermore, the leisure industry is quite volatile (Gratton & Kokolakadis, 1997). That is to say it is growing and becoming increasingly diverse and is strongly influenced by changing contextual pressures. This volatility, combined with the fact that small businesses face greater levels of environmental uncertainty and hence have less tolerance for inefficiency than do large firms (Storey, 1995), means that decision-making is particularly important to these organizations.

The paper begins by exploring the nature of the leisure industry and leisure organizations. An examination of the theoretical literature on the

[1]In most small business the person who is the owner of the business also works as its manager. Consequently, within the literature on these types of organizations the two terms are often used interchangeably.

concept of strategy, its utility within small firms, and the related concept of bounded rationality is provided. Salient factors which distinguish strategic processes in small firms from large firms are identified as well as some prominent views on the strategic decision process as it occurs in small firms. This is followed by a discussion of the method utilized in the study. The results of 16 personal interviews with the owners of small businesses within the leisure industry are then presented and the constraints which limit the strategic decision-making abilities of these individuals are discussed.

Theoretical Background

The UK leisure industry continues to grow and is now worth an estimated £150 billion (Torkildsen, 1999). Within the last decade, a wave of consumerism, "customer power and competition" has washed over the public and private sectors of the leisure industry (Robinson, 1999, p. 201). A significant catalyst of this expansion is Britain's increasing demand for leisure products/services and expectations of "value for money" (Torkildsen, 1999).

With the average full-time employee working longer hours now than a decade ago (Office for National Statistics, 1998a), but placing considerable importance upon the necessity of leisure time, people are becoming discerning and meticulous about their leisure consumption. Characterized by its diverse and volatile nature, the UK leisure industry is heavily dependent upon demographics, social behaviors, changing markets, fashion, and income (wealth and poverty) trends (Office for National Statistics, 1998a, 1998b). Therefore, this industry continues to expand in a dynamic and competitive environment.

A significant increase in the commercial leisure market has occurred in Britain in the past few years. This increase has come about as a result of a growing number of sports clubs, outdoor recreation facilities, hobby shops, amusement parks, themed restaurants and so on (Torkildsen, 1999). The commercial leisure sector now consists of literally thousands of businesses from small local retailers to giant multinationals, the latter exerting a considerable influence over market trends.

A single definition of a leisure business is difficult to create, due to the diversity in size and type of businesses. However, many of the leisure businesses in the UK are service orientated firms, rather than manufacturing, they are small entities which operate in the uncertain and highly competitive markets which characterize this dynamic field.

Storey (1995) noted that a key factor which distinguishes small firms from large ones is the greater amount of uncertainty and dynamism within the small firm's external environment. Small business managers must conduct their operations in increasingly turbulent environments with limited human and financial resources. As such, they are often affected by the operations and policies of larger organizations (Schrader et al., 1989, Lee, 1995). As mentioned previously, this is clearly evident in the leisure industry, where the multinational corporations exert significant control over the external environment. Additionally, the majority of small businesses, both within and beyond the leisure industry, operate with limited capital and low market share, resulting in a lack of market power which further increases environmental uncertainty (Westhead & Storey, 1996). Gore, Murray, and Richardson (1992) stated that a low market share, if combined with a limited portfolio of products or services (as is common in many small leisure firms) means that an organization has little power to change market demand, and therefore is exposed to considerable economic fluctuations. Thus, the actual size (number of employees and turnover) of small leisure firms can act as a constraint to owners in that limited human and financial resources translates into inadequate or limited power to affect market share and hence to affect the large firm competitor. Size is a relevant constraining factor to take into account in the leisure industry, given that a majority of firms are considered to be small (Department of Trade and Industry, 1995).

The effect of the above mentioned constraints upon the small leisure firm owners' decision-making orientations is considerable. With limited human/financial resources and low market share, small firms and their owners are vulnerable to economic fluctuations in the complex and turbulent external environment that often characterizes this sector. Thus, the uncertainty creates a sense of instability, leaving the owner skeptical of the benefits and validity of strategic management and decision-making. Feeling constrained in dealing with environmental pressures, and unable to influence the market or large firm competitors (i.e., multinationals in the leisure industry), small firm owners may view strategic-decision-making as a non-essential or irrelevant process. Therefore, these mangers would conceive that operational decision-making is more crucial to their organization's success. Operational decisions are those concerning "how the component parts of the organisation in terms of resources, processes, people and their skills effectively deliver . . ." (Johnson and Scholes, 1999, p. 13). The concept of strategic decision-making is more difficult to define but it is developed more fully as we move through this theoretical framework. However, it is generally accepted that the term refers to the long-term direction of the organization as a whole (Johnson & Scholes, 1999).

Dean and Sharfman (1993) suggested that failure to make flexible strategic decisions may have severe implications for small firms. In fact, a study conducted by Mathews and Scott, (1995), revealed that as environmental uncertainty increased, small and entrepreneurial firms were characterized by a decrease in strategic (and operational) planning. Therefore, the small business managers were preoccupied with the short-term operation of the business, rather than the long term (strategic) direction. However, the study also revealed that in contrast, the response to uncertainty by large firms was to increase strategic planning practices (Mathews & Scott, 1995).

Explanations given by these researchers, as to the divergence in response to environmental uncertainty indicated that small firms experienced considerably greater human and time related constraints than did the large organizations. Moreover, due to the small firm manager's typically low level of managerial expertise, they were less certain as to what their response options to uncertainty entailed. Specht (1987) also indicated that small firms usually do not participate in strategic planning due to their lack of planning experience, ineffective planning in the past, and perceived inability to analyze the environment. This uncertainty and/or inability can be problematic in that managers with access to a large number of decision-making approaches will likely make better strategic choices (Nutt, 1993).

Although the effects of the external environment upon any small firm are turbulent, some researchers emphasize that the key distinction between small and large firms lies within the internal environment in that managerial motivations exert a greater impact upon the small firm (Storey, 1995; Gore et. al., 1992; Lee, 1995; Gray, 1992). Gore et al. (1992) stated that the decision-making process within small firms is influenced by the high degree of informality between employer and employees. Jennings and Beaver (1997, p. 65) describe the small firm management process as one of "closeness of the key role players to the operating personnel and activities being undertaken," in which relationships are quite informal with no definitive duties, responsibilities, rights, or obligations assigned to any member of personnel. Therefore, management processes, including strategic decision-making, cannot be investigated in isolation from the key influences of the owner (Jennings & Beaver, 1997).

The personal motivations and career aspirations of many small firm owners are often those of "independence and autonomy, rather than profits and growth" (Gray 1992, p. 61). These personal objectives restrict the owner in that they often resist choices that would decrease their control of the organization (Storey, 1995). For example, small firms do not always have 'growth' as their primary objective (Lee, 1995; Gray, 1992). The desire for independence and to remain one's 'own boss' may be more important than profit maximization (Gore et al., 1992). That is, growth of the firm would mean that the owner must delegate authority, thereby giving up a portion of his/her personal control, a direct contradiction to the small business owner's primary aim of independence (Gray, 1992). Gallante (1986) suggested that as a result of this need for independence, the small business owner may be more inclined to adopt a single product range and is less likely to engage in strategic decision-making.

Given the personal connection between a small business and its owner, the association between firm and owner is more intimate than it is between the shareholders and a large business (Storey, 1995). The owners' business objectives are strongly influenced by their personal values and social aspirations simply because there is little distinction between 'professional' and 'personal' objectives. The small business owner usually exerts total control over decision-making with little or no opposition from staff members. According to Birley (1989), organizational objectives in the small firm are determined by the owner's personal lifestyle and family considerations as well as commercial contingencies such as to remain competitive or increase profit.

The constraints imposed upon the owner, with regard to decision-making orientations, by internal and external factors provide the basis from which this study has evolved. The theoretical underpinnings of this study are based upon the notion of bounded rationality, as articulated by Simon (1945). That is, small firm owners, bounded by internal and external constraining factors unique to the small firm sector, experience an underdeveloped or non-existent appreciation and confidence in strategic decision-making processes. The central premise of Simon's theory is that managerial decisions are not only constrained by factors such as those identified above but also by the manager's personal characteristics, emotions, limited cognitive capacities, time constraints, and imperfect information (Simon, 1945). Due to these 'constraints', managers can not make rational decisions, as any attempt at rationality is shaped by the manager's emotions and previous experiences (Simon, 1945).

The notion of rationality, as conceptualized by Simon (1978) and Tribe (1973) is that of 'calculated' or 'instrumental' action, in which a person's behavior is reasonable and logical. Rationality is also a concept of fundamental importance to economists, who equate individual rational behavior with "utility maximization", i.e., the choice of that alternative for which the greatest utility is expected (Dean & Sharfman, 1993, p. 588). Research performed by Simon (1955, 1956), Cyert and March (1963), and March and Simon, (1963) investigated the inadequacies of rationality and it is from this that the model of bounded rationality emerged.

The theory of bounded rationality has been a useful heuristic in many management-related academic disciplines, including policy formulation (see Amis & Burton, 1996), economics (see Simon, 1955), and strategic decision-making (see Dean & Sharfman, 1993). However, this theory is especially relevant to small leisure firms when considering the implicit role played by the emotions, personal motivations, and characteristics of small firm owners. Given the multifunctional role of small firm owners in the context of the dynamic external environment of the leisure industry, rational strategic decision-making appears to be entirely too rigid for such a complicated situation. Studies performed by Frederickson and Mitchel (1984) found that an unstable (dynamic) industry's performance is negatively proportionate to the required comprehensiveness of strategic-decision-making processes, whereas a stable industry's performance is positively proportionate to the comprehensiveness of strategic decision-making. Bounded by the relatively limited time, skills, and resources available to them and their emotions, personal motivations, etc. small business managers appear to be less able to engage in systematic, sophisticated forecasting or rational strategic decision-making (Sexton & Van Auken, 1982).

As the leisure industry grows, to understand the impacts of the increases in complexity upon small firm owners, an approach is needed which encourages a wider and deeper understanding of the context under investigation, rather than a superficial review of a different small firm sector (leisure industry), checking for previously identified constraints. Simon's theory encourages a more critical view of potential constraining factors, beyond an audit of physical constraints such as time and resources, to consider *inter alia* the emotions, personality, and motivations of owners.

A well accepted premise in the small firm literature is the notion that small firm strategic orientations (i.e., strategy formulation, planning, and decision-making) are different from those adopted by large organizations. Specifically, small firm's engage in adaptive modes of decision-making (Mintzberg, 1973), or a process of muddling through (Lindblom, 1959), and do not usually participate in the traditional, rational, and linear form of strategy which use formal, written plans (Ansoff, 1965; Chandler, 1962) as is more common in large organizations. This research aims to investigate the factors which constrain the decision-making tendencies and abilities of small firm owners within the leisure industry. To accomplish this aim, it is necessary to attempt to understand how small firm owners within this industry make decisions, and then attempt to identify, "through the eyes of the manager," the internal and external factors which constrain the inherent decision-making process.

Method

The objective of this study is to investigate factors which influenced the decision-making orientations of small firm owners in the leisure industry. Specifically, we are interested in those factors which constrain owners from engaging in strategic decision-making.

In order to investigate the constraining factors which underpin the small business owners' decision-making orientations, personal in-depth interviews were selected as the data-collection method. As noted by Berg (1995), the interview method of data collection is particularly effective in investigating the perceptions and assumptions of participants. Miles and Huberman (1994) also advocate the appropriateness of the qualitative research interview in examining individual perceptions of processes within organizational settings or social units.

In deciding upon appropriate interview questions, a review of literature pertaining to decision-making in small firms was conducted. According to the literature, internal and external pressures unique to the small firm sector act to constrain owners in their decision-making orientations and strategic options.

From this literature search, an interview schedule was developed by first compiling an outline of all the broad categories of interest which were deemed relevant to the study. This outline included, for example, the owner's background, the nature of the employees, business history, competitors, and strengths and weaknesses of the business. To ensure a comprehensive and complete interview agenda, a table was constructed as a visual aid to understanding what constraining factors (including how and why factors acted as constrains) had been identified in the literature and who identified the factors. For example, Gray (1992) found the primary goal of independence as a constraining factor in that independence was more important to managers than profits; therefore, profit margins suffered. Lee (1995) reported that managers who lacked education were unaware of strategic management techniques or did not realize their application to small businesses; therefore, decision-making tended to be reactive and short-term orientated. In total, there were 14 constraints identified by 9 different authors.

Next, various questions appropriate to the broad categories were outlined, along with complimentary 'prompts' to encourage the interviewee to provide comprehensive answers of depth and meaningful content. For example, a question asked owners to describe the history of the business, from start-up to the present (prompts related to where the business started, any moves in location, the age of the business, details about growth or any reduction in numbers of staff, difficulties in the organization's history, owner's role and expertise). Another question was asked regarding the owner's background (prompts related to education, employment, planning experiences, short courses and conferences attended, and family commitments).

Other more general open-ended questions about decision-making in the small firms studied were included so as not to limit our focus to constraints already identified in previous research. For example, Westhead and Storey (1996) stated that due to external environmental uncertainty (caused by lack of power in the marketplace), small firm managers were more concerned with short-term problems/issues and therefore favored short-term planning/decision-making. To expand upon this, a question was asked as to if there were any factors in the external environment which inhibited the owner's operations or constrained their time (prompts included issues related to local by-laws, central government regulations, economic trends, etc.).

From these various questions, a semi-structured interview format was constructed which was designed to examine the factors which acted to constrain owner's decision-making tendencies. The development of the interview agenda was continuous throughout the study. As indicated by Miles and Huberman (1994), modifying the interview guide through including topics which unexpectedly emerge in interviews, or deleting questions/topics which consistently fail to be providing a useful contribution to the investigation, is an acceptable and often useful aspect of the qualitative interview method. The final interview schedule included questions focused on such areas as how strategic planning was carried out, the educational/employment background of the respondents and their past experiences in planning, their awareness of environmental changes/competition and how they responded to such issues, and the respondent's personal circumstances, motivations for being in business and how this influenced their decision-making.

For the purposes of this study, the definition of a small business, as depicted by the Department of Trade and Industry (1995), is adopted. That is, a small firm is considered to have fewer than 50 employees. All businesses in which interviews were conducted were in the East Anglia Region of the United Kingdom. This helped to ensure that as much as was possible a consistent economic and social environment was being considered in relation to potential constraining factors. The Yellow Pages, listing businesses under Leisure Centers, Health Clubs and Fitness Centers, Golf Clubs, Outdoor Pursuits, Sports Clubs and Associations, Sports Goods Shops, Tennis Courts, Tack Shops, Book Shops, and Hobby Shops was used as a sampling frame.

The method used in selecting the businesses in which to conduct interviews was one of convenience. There was no certainty that every business owner in the sampling frame would be willing to participate, and indeed several of the owners contacted were either just starting or closing their business. Therefore, businesses were randomly selected from those that met appropriate criteria. Their owners were contacted by telephone, and asked to participate in a personal interview. The owners of businesses who had been in operation for more than 3 years, and had less than 50 employees were selected. While there was some purposiveness to the selection (size and length of time in business were important), the selection of subjects was primarily a matter of convenience.

While the sample taken could not be used for representative purposes, it offers a fairly diverse range of leisure businesses. It is therefore felt that the sample while small was indicative of the nature of the industry. The findings from this sample are intended to (and can only) offer an insight into potential constraining factors rather than prove a cause and effect relationship between constraining factor(s) and a lack of strategic decision-making.

From the 28 businesses originally contacted a total of 16 interviews were conducted with owners of organizations within the leisure industry. The businesses represented included sports retail shops, specialist holiday operators, a residential tennis center, fitness studios, craft stores, a pinball arcade, a tack shop, and a theater/concert ticket agency. All businesses were owned and managed by the same person (with the exception of 1 sports retail shop and the pinball arcade).[2] Each interview lasted, on average, seventy minutes, and in total produced approximately 250 pages of text about 62,500 words.

Data analysis was conducted throughout the study. Following each interview, the tape was transcribed and read thoroughly. Analysis of the data was conducted in several stages. First, data were coded descriptively, to reduce the amount of information and to focus on the issues identified in the theoretical framework. Descriptive codes entail little interpretation, rather they attribute a class of phenomena to a segment of text (Miles & Huberman, 1994). This is somewhat like Strauss' (1990) open coding. The phenomena identified often may relate to concepts that emanate from the theoretical framework or other broad categories that seem to be meaningful. This process produced a provisional start list of codes. These codes were then clustered, which is a technique suggested by Miles and Huberman (1994, p. 249) for the process of "forming categories and the iterative sorting of things—events, actors, processes, settings, sites—into these categories." In our work,

[2]For purposes of clarity all interviewees in the study are referred to as owners.

these categories related to the nature of the decision process, the external contingencies seen to limit decision-making (for example, competitors, government regulations, and local by-laws) and those internal factors that were seen (for example, informal employee relations, lack of education/experience, and negative planning experiences), by the respondents, as restricting their decision choices.

Next a more interpretive form of coding was employed. Interpretive codes get at the underlying rationale behind what has been identified in the descriptive codes and require repeated reading of the interview transcripts and the contextual material which informs the coded text. For example, as is shown later in our results, an initial reason given for control of decision-making by the owner was independence, which is consistent with previous literature. However, a deeper interpretive analysis showed that this desire for independence was in several cases related to a desire for the interviewee to remain personally involved in the activity in which s/he was practicing business.

Results and Discussion

The results of this study provide details of the way decisions are made in small firms in the leisure industry and suggest that there are numerous contingencies which impact and constrain the decision-making processes of the owners of these firms. While some constraining factors were congruent with previous literature, other factors and situations, conceivably unique to the small leisure firm, are also evident. In this section we report the findings that emerge from the data analysis, and discuss the significance of these findings.

The decision-making process within the small firms in this study appeared to be primarily of an adaptive nature (Lindblom, 1959; Mintzberg, 1973). Adaptive decisions are made in response to environmental contingencies or circumstances, including, for example, competitors, suppliers, changing economic conditions, government policy, weather, consumer demand, or current trends. These decisions were not long-term or strategically oriented decisions. Rather, they were mainly day-to-day decisions, or immediate decisions made in 'quick response' to changing circumstances. The responses of several owners, when asked if they had any current business plan or written plans for future directions, clearly illustrates the adaptive nature of decision-making. With regard to plans for future directions, one respondent answered: "We just go day by day really. We're like chameleons; we pass through, we adapt and change. . . ." Another respondent, with reference to strategic planning, stated "In large business you have to do it [strategic planning] . . . ; it's far easier in a small concern [business] to adapt."

Owners did not merely 'adapt' complacently to environmental demands, as is suggested in Mintzberg's (1973) description of adaptive strategy-making in large organizations. There were personal (and indeed, business) oriented motivations directing the owner with regard to 'how' they were adapting to environmental contingencies. As the owner of the sports trophy shop stated, ". . . I find it better to know what I want to do, know where I want to go, keep it in me head [sic] and change it, as and when I need it. . . ."

Therefore owners were not practicing decision-making in a rational, proactive manner. In fact, their ability to make decisions in this manner with a clear strategic focus, was bounded by various internal and external factors. These are discussed below.

A majority of the interviewees (13 owners) responded that the central reason for starting their own business was their desire for independence, to be their own boss. However, underpinning this was the owners' personal interest in the particular leisure activity upon which he/she started the business. Each owner in this study, except one, started their business from a hobby or personal interest.

All owners who started their own business based on a hobby or personal interest were constrained in their tendency to practice strategic decision-making in that they wanted to continue engaging in the hobby (the leisure activity) and still realize enough profit to make an adequate living. Therefore, decision-making tended to reflect this dual purpose, rather than solely a desire to create a successful and highly profitable business through long-term planning and strategic decision-making orientations. Such similar constraints would be difficult to imagine in many other industries as it is fairly safe to assume that small news-agents, shoe stores, butchers or hardware retailers were unlikely to experience the dual interest where the nature of their business was also their hobby. A quote from one owner, illustrates this desire to maintain the hobby element of what was also his business.

> . . . we want to continue to engage in tours five or six months of the year because that's why we got into it. We didn't get into this to spend twelve months of the year in the office.

Many owners in this study did not differentiate between their 'hobby' and their 'job.' Essentially, their hobby was their livelihood. One interviewee responded to a question concerning the nature of her business, "as you can see it's arts and crafts materials, it's grown out of a hobby for me. And, it's obviously very nice to make a living from a hobby."

Another owner conveyed that it was his strong affection for the sport of tennis, and his long history as a participant of the game that enabled him to run a successful business. He stated assuredly, "I think if I wanted to make money I wouldn't have been in this business... I wouldn't work such long hours if I didn't enjoy it [tennis]."

Owners possessed a thorough knowledge of the leisure activity upon which the business was founded. Interviewees suggested that their personal interest in their hobby, which was now their business, provided them with a considerable competitive advantage in that they possessed an intimate knowledge of products and could provide a quality, bespoke service to clientele. In fact, one owner insisted that it was essential to develop his business from a hobby due to the high specialization of the service. When asked how he became interested in operating such a business (bird watching holidays), he stated:

> I was already interested in birds . . . you have to have expert bird watchers, and you only really have expert birdwatchers from people who come from it as a hobby or interest, . . . they can't be made you know . . . it's from a hobby thing, you can't just train them up for a few months and say 'off you go, lead a trip to South America.' So it's all come from hobbies, everyone I know, all the people running bird tour companies, both in Britain and the States [USA], have all come to it from a hobby side to begin with and turned the hobby into a profession.

Although the knowledge they had derived from their involvement in their hobby come business was an advantage for the owners we interviewed in starting and continuing their business; their desire to continue active involvement in this activity, as we have shown, subsequently became a constraint on their ability to make strategic decisions.

In addition, even though owners had a proficient understanding of their hobby/business activity, many lacked various technical skills often necessary, and always beneficial to, the operation of a viable business. With regard to business courses and seminars, one owner expressed his feelings of constraint when he stated: ". . . I could probably gain from doing some [take business courses] but . . . I've found often, a lot of the time that I'm so busy just running the company that I don't have time to think about taking time out to go and learn new things." Several owners expressed that they would like to do more strategic planning and decision-making; however, after working through most of the technical details, they were now occupied with simply operating the business on a daily basis.

All owners suggested that they had little or no time for planning or 'strategic' decision-making simply because they were too busy either learning about or performing numerous aspects of managing the business. In fact, none of the owners interviewed used the term 'strategic' to describe their decision-making practices, while some even gave an indication that 'strategic' management, decision-making, and long-term planning were activities which benefited only large organizations. The misconception of the benefits of strategic decision-making by small firm owners is also cited by Lee (1995), who notes that small firm managers who lack managerial education are often unaware of 'strategic' techniques and therefore do not appreciate the application of such techniques to the small firm.

Constrained by time and limited knowledge, owners chose to learn through the experience of operating their own business. Of the 16 interviewees, only one owner who had previous managerial experience and education, regularly utilized conferences, seminars, and workshop opportunities and believed that the competitive advantage gained from these for staff and management, far outweighed the monetary cost. In essence, the owner viewed this continuous training as essential. With a well qualified workforce, this owner felt confident to leave the employee's in control of day-to-day operations, leaving him free to tend to medium or even long term concerns regarding the business. This was clearly evident when he replied to a question regarding the role of staff versus his responsibilities by saying, "We very much rely on workers to be independent . . . Day-to-day the employees are in control of the situation."

The business objectives of this sample of owners were also of a 'personal' nature, rather than the 'rational' objective of profit maximization through expansion or growth. The majority of small business owners interviewed (9) communicated their disinterest and/or skepticism of expanding their business; however, they did wish to increase net profit. A smaller number of owners (4) cautiously indicated that they would like for the business to expand provided the growth was slow and controlled. All owners were rather ambiguous regarding the notion of business expansion as an objective simply because they felt that as the firm expanded, they would lose control of the business' operations. Many owners were concerned that expansion translated into an increased administrative role for which they would have to take responsibility, and would no longer be able to enjoy the 'hobby' aspect. Most owners felt that expansion, especially if too rapid, would result in a loss of personal service, an attribute which all owners said differentiated their business and gave them a competitive advantage over, for example, larger firms.

This unwillingness or lack of desire to expand is also evident in studies of small business management practices in other industries. Gray (1992), upon review of 200,000 job generation studies from a Dunn and Bradstreet database, found little empirical evidence to support the widespread desire or ability of small firm owners to expand their business. Often managers are content with the current state of their business, and feel that further growth would result in a loss of personal control (Gray, 1992).

The business objectives expressed by the owners in this study: little or no growth, retain control of business, enjoy hobby aspect of work, and provide a personal service, constrain their tendency to practice strategic decision-making. As such, this provides further evidence of small business owners' desire to remain independent, and how their personal wants affect the decision-making and strategy of their organization. Previous literature on small firm strategic decision-making does suggest that the owner's tendency to practice strategic decision-making is rather limited or even nonexistent (Schrader et al., 1989). However, the hobby motive as a constraint to strategic decision-making is not cited in the literature and may be unique to small firms in the leisure industry as a possible explanation as to why these firms do not engage in strategically oriented thought or planning processes.

Conclusion

The economic importance of the small business sector and the growth of the leisure industry have been widely cited in the literature (Lee, 1995; Skills and Enterprise Network, 1996; Department of Trade & Industry, 1995;

Reebok, 1995). This has resulted in the growth of academic studies that have investigated both of these phenomena. However, small businesses within the leisure industry have been given scant attention. This paper has highlighted a number of factors which may constrain or enable the strategic decision-making tendencies of small business owners within the leisure industry. Consistent with previous research on small firms, this study identified factors such as limited time, retention of control, and skepticism about planning which constrained the decision-making abilities and tendencies of small firm owners within the leisure industry.

Maybe unique to leisure businesses, however, is the 'hobby motive' as a reason for a small business start-up. The majority of owners within this study (95%), started their business from a hobby or personal interest. This enabled the owners to effectively operate their business on a day-to-day, or operational level due to their knowledge and enthusiasm for the service/product they offered to customers. However, the 'hobby motive' subsequently came to act as a constrain to the owners' strategic decision-making abilities. This was due to their desire to continue participation in their hobby but also to make an adequate profit from that business to support themselves and their family. As suggested by Simon (1955), rationality (increase profits) is "bounded" by emotion (the desire to continue to participate in a hobby).

The results of this study provide an insight into the constraining factors on small firm owners in the leisure industry. The sample size is relatively small and was very much a convenience sample, therefore generalizations about small leisure businesses should be made cautiously. However, the sample consists of a variety of small businesses which mirrors the diversity of the UK leisure industry and is therefore argued to be a relevant sample. To increase the validity of the sample, it would be useful to replicate this study on a larger scale, perhaps sampling from a wider area of the United Kingdom and/or other countries, taking into consideration the unique socio-political, economic, and regulatory influences of each area.

A cause and effective relationship between the 'hobby motive' and lack of strategic planning in small leisure organizations can not be implied. Rather, the data suggests the 'hobby motive' is a major constraining factor in the use of strategic decision-making in small leisure firms. We believe that such a finding is unlikely outside of this sector.

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