

# THE STRATEGIC DECISION-MAKING PROCESS IN MERGERS AND ACQUISITIONS: THE PERSPECTIVE OF ACQUIRED COMPANIES FROM THE SOUTH OF BRAZIL

*O PROCESSO DECISÓRIO ESTRATÉGICO EM FUSÕES E AQUISIÇÕES:  
A PERSPECTIVA DAS EMPRESAS ADQUIRIDAS DO SUL DO BRASIL*

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## ABSTRACT

This study aims to analyze how the Strategic Decision-Making Process (SDMP) occurs in organizations from the perspectives of acquired companies in processes of Mergers and Acquisitions (M&A). The study includes checking the motives influencing the SDMPs from the perspective of the companies acquired, identifying the stages of SDMPs in those M&A, as well as analyzing the convergence of strategic decisions of M&A processes analyzed under the SDMPs' approaches found in literature. The research was conducted through the adoption of multiple case studies on strategic decisions related to M&A processes, so that it would search for a replication of the phenomena studied. Characteristics from more than one approach among those analyzed in this study can be observed. The analysis identified how the process of mergers and acquisitions occur from the viewpoint of the acquired companies as well as what are the steps that strategic decision-making processes undergo in these situations. Furthermore, from the literature, the approaches related to strategic decision-making that most occur in such situations was found. Understanding how such approaches occur in the course of strategic decision-making processes allows understanding more clearly how the decision makers, under uncertainty, loss risk, or insecurity surrounding these situations, tend to act.

**Keywords:** Strategic Decision-Making Process, Mergers and Acquisitions, Acquired companies.

## RESUMO

Este trabalho tem por objetivo analisar como ocorre o Processo de Decisão Estratégico (PDE) em organizações a partir da perspectiva das empresas adquiridas em processos de Fusões e Aquisições (F&A). O estudo compreende a verificação dos motivos que influenciaram os PDEs sob a perspectiva das empresas adquiridas, a identificação das etapas do PDE nessas F&A, bem como a análise da convergência das decisões estratégicas dos processos de F&A analisados com as abordagens de PDE encontradas na literatura. A pesquisa foi conduzida por meio da

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adoção de estudo de casos múltiplos de decisões estratégicas relacionadas a processos de F&A, de forma a se buscar uma replicação dos fenômenos estudados. Pode-se observar a existência de características de mais de uma abordagem, dentre as que foram analisadas neste trabalho. A análise dos resultados identificou a forma como os processos de F&As ocorrem na ótica das empresas adquiridas, bem como quais são as etapas pelas quais passam os processos decisórios estratégicos nessas situações. Além disso, constatou-se quais são as abordagens ligadas às decisões estratégicas, obtidas na literatura, que mais ocorrem em tais situações. A compreensão de como tais abordagens ocorrem no transcurso de PDEs permite estabelecer um entendimento mais claro de como os tomadores de decisão, sob a influência de incerteza, risco de perda ou insegurança que caracteriza tais situações, tenderão a agir.

**Palavras-chave:** Processo Decisório Estratégico, Fusões e Aquisições, empresas adquiridas.

## INTRODUCTION

The decision-making can be considered as corresponding to an administrative activity (Simon, 1963; Barnard, 1979). "Organizations are, in large scale, decision-making systems" (Morgan, 2007, p. 171). Regarding its strategic character, the decisions made by executives have critical effects on health and organizational survival (Eisenhardt and Zbaracki, 1992). The non-structured character of strategic decision, its complexity, as well as the lack of an explicit and pre-determined set of answers ordered in the organizational area make the strategic decision-making a peculiar situation for the executives in the companies (Simon, 1955; Mintzberg *et al.*, 1976; Eisenhardt and Zbaracki, 1992). The decision-maker deals with the incompleteness of information, the uncertainty regarding how much the time horizon will be affected by the decision, the range of its influence inside or out of the company and the difficulty in reversing it.

Given the quantity of variables involved, the participation of companies in processes of merger and/or acquisition (M&A) implicates in a time full of challenges to the life of an organization (Tanure, 2001). Besides the structural, procedural, and integration aspects, there is a number of interests at stake during the operation, making a Decision-Making Process (DMP) often to be long and complex (Héau, 2001). Especially regarding the situation of the company that was prospected to participate in a M&A operation, the reasons influencing the decision-makers include aspects connected to the subsidiary of the business and personal motivations of the entrepreneurs (Graebner, 2001). This makes the DMP investigation riveting, both because of the better scientific understanding on the phenomenon and the contribution for a better equation of such situations in the organizations.

Graebner (2001) states that, in the studies of M&A about companies, the empirical researches have focused almost exclusively on the activities of the acquiring company. According to the author, it is because generally open capital companies

have a known market value and potential purchasing companies, in this case, do not demand managerial consent in order to start a process of M&A with majority ownership. Thus, the ability of a public target company has to determine the outcome of an incorporation offer may be limited. Because of this, the author points out those studies on this subject have focused primarily on the decision-making process under the buyer's perspective. On the other hand, Graebner (2001) states that managers of closed capital companies can have a higher power on the sale, requiring the need to better understand the DMP of those managers. Hence the importance of investigating, from the point of view of prospected companies in a merger and / or acquisition operation, as in the strategic decision making process triggered under these situations.

Thus, the need to investigate the aspects regarding M&A processes is justified. Particularly, this research draws attention to companies in Services and Information Technology segment in Rio Grande do Sul, since according to Fochezatto *et al.* (2008), it has presented in this state an average annual growth in number of companies about 10% per year. The state is the fourth in the country in number of economically active companies in the segment, with a share of 6.5% in relation to other states. It has also been the third state in number of M&A operations of the country, notably in the same segment. In this context, because frequent operations of business combinations involving companies in this state occur, gives rise to the need for a better understanding of their DMP in M&A processes.

This study aims to analyze how the Strategic Decision-Making Process (SDMP) occurs in organizations from the perspective of companies acquired through M&A processes. The study includes checking the motives influencing the SDMPs from the perspective of the companies acquired, identifying the stages of SDMPs in those M&A, as well as analyzing the convergence of strategic decisions of M&A processes analyzed under the SDMPs' approaches found in literature.

Therefore, this study takes a qualitative research method descriptive and exploratory, since, in this way, is to better

understand the phenomena studied based on the vision of the ones involved in the situation under study. Three cases were presented, involving two companies in each (a total of six companies) belonging to the Services and Information Technology segment in RS.

In addition to this first introductory part, the paper presents the theoretical framework, focusing on the approaches of the Strategic Decision Making. The next topic shows the adopted research method, scrutinizing aspects related to its characterization as well as the form adopted for data collection and analysis. In the sequence it is presented the topic on the comparative analysis of the cases. And the last topic, addresses the final considerations with the presentation of the conclusions, labor contributions, research limitations and suggestions for future research to be conducted on the subject.

## MERGERS AND ACQUISITIONS

The Brazilian Legislation considers that incorporation is an operation through which one or more societies (being incorporated) are absorbed by another (incorporating), thus extinguishing the companies that were incorporated (Brasil, 1976). Mergers are also characterized as operations where two or more societies are extinct through the formation of a new company, which follows their rights and obligations.

M&A are motivated by the intention of growth and expansion, rise of market share, acquisition of new distribution channels, entry in new markets, increase of the portfolio with new products, reduction of deadlines and costs of products along with improvement in quality, reduction of competitors, and strengthening of reputation and image (Zilber *et al.*, 2002). In some cases, an M&A can represent the complementarities of companies strategically related (Barney and Hesterly, 2007). Graebner (2001) points out that the chance of an M&A process to have good results depends on the strategic motivation and the integrative approach used: reversal of a previous poor management, search for scale economy, and the creation or reconfiguration of strategic resources. Besides, the concern with the integration of the structures of companies involved in the operations, and retention of employees from both companies are important points to consider in these operations.

Despite these potential gains, M&A processes can generate high control cost, which is potential for great implementation problems of the initiative due to restrictive laws regarding the economic concentration in the countries, problems of cultural compatibility and difficulties for reversal of the process in case of failures (Silva Jr. and Ribeiro, 2001). In this context, Barney and Hesterly (2007) point out that the most significant challenge in the integration of companies refer to cultural differences, which along with strategic and operational differences can be potentiated in case the process occurs in a hostile manner. Thus, the difficulties associated

with the implementation of an M&A strategy may represent an additional cost to the process.

From the perspective of the acquired company, Graebner (2001) points out the existence of two factors that lead managers to get interested in selling: obstacles for the life of the company to expand, such as drop in sales and struggling to find financial support; and the personal motivations of the managers in selling, which depend heavily on their individual history. Besides the motivations for the sale, managers also make decisions about potential buyers, by selecting them considering the analysis of personal affinities and potential of combination.

## THE DECISION-MAKING PROCESS

According to Mintzberg *et al.* (1976, p. 250), the SDMP "[...] is characterized by novelty, complexity, and open-endedness [...]", and the limitation of the effects over time. So, these authors say that organization, normally, starts with a little understanding of the decision situation it faces or the mean for a solution, which in truth produces a vague idea of what might that solution be and how it will be evaluated. Therefore, decisions can be categorized by the stimuli that evoked them throughout a continuum, including opportunity decisions, crisis decisions, and problem decisions. From the perspective of solution, decisions can be classified as determined, ready, customized, and modified. These definitions established the bases for the creation of a SDMP general model, shown in Figure 1, which is composed of three phases: Identification, Development, and Selection. Inside each phase, the main routines (recognition, diagnosis, search, design, evaluation-choice, and authorization), support routines (decision control, communication and policies), and dynamic factors are determined (Mintzberg *et al.*, 1976). These authors state that the SDMP general model is characterized by not having a simple sequential relationship between phases and loops can occur within each one according to the dynamics of the decision-making process. Within these occasional loops occur factors called dynamic factors according to Mintzberg *et al.* (1976), they are used to slow, stop, restart, causing acceleration and branch into a new stage in the strategic decision making process. They can be configured in interrupts, scheduling delays, feedback delays, timing delays and speedups, comprehension cycles or failure recycles. The occurrence of dynamic factors is typical of strategic decision-making, showing its nonlinearity, complexity and not structure.

The study by Mintzberg *et al.* (1976) allowed the classification of strategic decisions according to the configuration of the DMP, this being divided into simple impasse; political design; fast search; modified search; basic design; blocked design; and dynamic design. In any case, the classification of strategic decisions according to the configuration of the course of the decision-making process depends largely on the type of solution adopted and the nature of the dynamic fac-

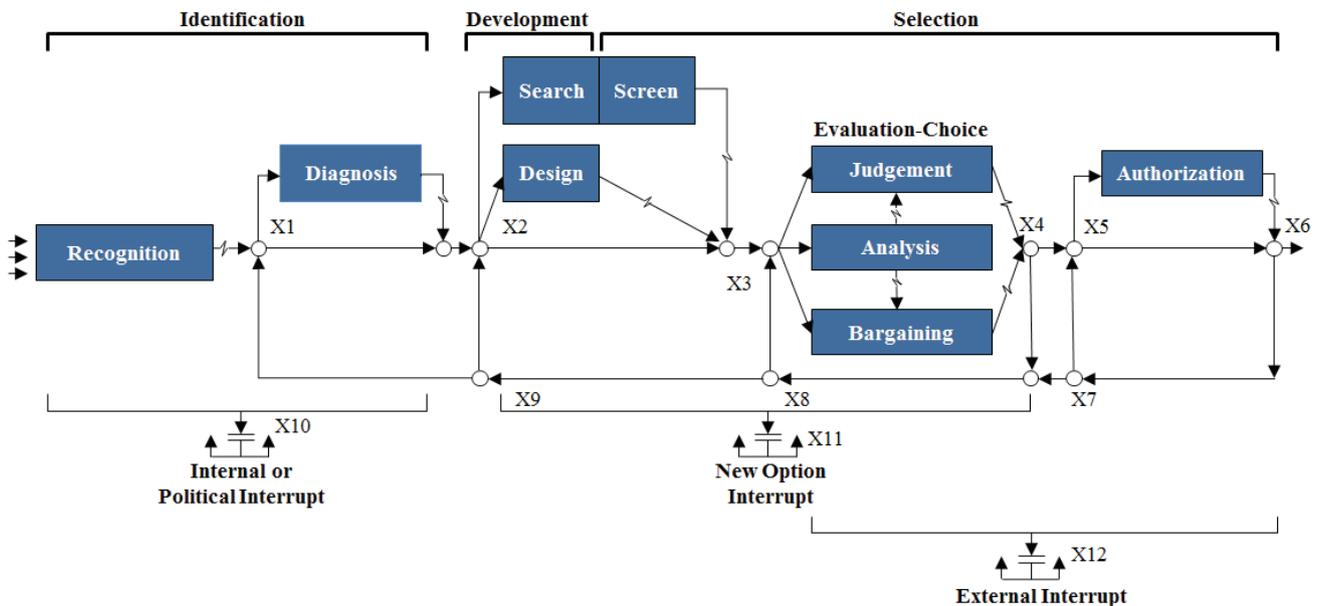


Figure 1. General Model of the Strategic Decision Process.

Source: Mintzberg *et al.* (1976, p. 266).

tors involved (Mintzberg *et al.*, 1976, p. 268). To evaluate if the situation involves the equalization of a problem or crisis, or even if it is shown when an opportunity is taken, besides the quantity and intensity of DMP interruptions, will implicate on the way to be followed and the results over time.

### APPROACHES OF THE DECISION-MAKING PROCESS

Since the initial thoughts of Herbert Simon, going to a multiplicity of resulting ideas of a large number of authors, the evolution in the study of strategic decision-making in the

last fifty years has revealed mature paradigms, but with incomplete approaches (Eisenhardt and Zbaracki, 1992). Several researchers have sought to collaborate in the composition of integrated models of strategic decisions. By observing the evolution of the studies on DMP, it is possible to identify that several researchers present convergent proposals that, though using different nomenclatures, can be pooled in five different approaches to DMP: rational, political, logical incrementalism, "garbage can", and cognitive.

Table 1 summarizes the theoretical reference consulted pointing these approaches in their integrated models.

Table 1. Theoretical References about Strategic Decision-Making Approaches.

Approach	Theoretical References
Rational	Hickson, 1987; Lyles and Thomas, 1988; Hitt and Tyler, 1991; Eisenhardt and Zbaracki, 1992; Hart, 1992; Dean and Sharfman, 1993; Schwenk, 1995; Das and Teng, 1999.
Political	Hickson, 1987; Lyles and Thomas, 1988; Eisenhardt and Zbaracki, 1992; Hart, 1992; Dean and Sharfman, 1993; Schwenk, 1995; Das and Teng, 1999.
Logical Incrementalism	Hickson, 1987; Lyles and Thomas, 1988; Hart, 1992; Schwenk, 1995; Das and Teng, 1999.
Garbage Can	Hickson, 1987; Lyles and Thomas, 1988; Eisenhardt and Zbaracki, 1992; Das and Teng, 1999.
Cognitive	Lyles and Thomas, 1988; Hitt and Tyler, 1991; Schwenk, 1995; Das and Teng, 1999.

Source: Literature review by the authors.

### **RATIONAL APPROACH: THE LIMITED RATIONALITY IN THE STRATEGIC DECISIONS**

The decision-making rational approach derives from the classical economic theory, which entails that the human being (*homo economicus*) is gifted with excessively overbearing rationality, which is omniscient enough to make his own choices (Shimizu, 2006). This rationality entails that the decision maker considers all available alternatives, identifies and assesses all the consequences that may result from adopting each alternative, and selects the preferable alternative in terms of best value for its end (Meyerson and Banfield *in* Hart, 1992), resulting in an optimal solution for the problem being analyzed. However, Simon (1955) proved that these decisions occur under limited rationality, which involves concepts connected to the sequential attention to goals, partial resolutions of conflicts, and meeting of objectives and criteria (Dean and Sharfman, 1993). The decision-maker is cognitively limited by a "triangle" composed by his/her capacity, habits, and unconscious reflections, by his/her values, and by his/her knowledge of their own work, being more properly defined by the concept of "administrative man" (Simon, 1965). Thus, according to Morgan (2007), both individuals and organizations solve their problems based on a "limited rationality" and "satisfactory" decisions, which are in turn on simple empirical rules, as well as limited research and information.

This approach is characterized by trustworthy and detailed quantitative analyses of the alternatives to the decision, by the relatively clear delimitation of the problem being analyzed, by the search for the optimization of solutions based on an identification structure, by the development and selection of the alternative to the decision, by the search for risk minimization, instability of the environment, and uncertainty, and by the top-down direction of power, with a pre-determined hierarchical relation prevailing (Mintzberg *et al.*, 1976; Fredrickson and Mitchell, 1984; Eisenhardt and Zbaracki, 1992; Dean and Sharfman, 1993, 1996).

### **POLITICAL APPROACH: POWER, COALITIONS, AND CONFLICTS IN THE STRATEGIC DECISIONS**

This approach is originated in studies on the field of political sciences in the 1950s involving analyses about conflicts and coalitions between government decision makers (Lindblom, 1959). It is based on the finding that organizations are coalitions of people competing for different interests. Under the political bias, it is not the organization that has objectives, but the people that are part of the organization (Fernandes *et al.*, 2007). The capacity to influence the results of organizational decisions can be considered a renowned source of power. In this context, DMP can be understood by solving conflicting demands of individual and groups interests (Pettigrew, 1977).

This approach is characterized by the negotiation, conjugation of interests, fight for power and creation of coalitions

for conflicts solving, by the privilege of personal objectives when analyzing the alternatives to be chosen, in detriment of global objectives, by power disputes and influence tactics determining the prevalence of decisions, due to the collision of political forces in the organizational scope, by tactics of using the time, opportunism and domain of communication channels reflecting on the power disputes and persuasion for the determination of the preferred decision choices (Eisenhardt and Bourgeois, 1988; Eisenhardt, 1989a; Eisenhardt and Zbaracki, 1992; Dean and Sharfman, 1993).

### **INCREMENTAL APPROACH: THE LOGICAL INCREMENTALISM**

While observing North-American public managers, Charles Lindblom, in 1959, identified that decision makers actually do not clearly know the values and objectives of the organization, but choose apparently in a fragmented and confused way between the conjugated options of values, objectives, and different paths, by incorporating aspects of power and experimentation on the decision (Lindblom *in* Mintzberg *et al.*, 2000). Values and policies are chosen simultaneously, in a process marked by interdependency, where there is a high capacity of improvement and adaptation. Quinn (1978) identified that decision makers do not act in an incoherent way but conceive the organizational strategies incrementally inside a logic that "put the pieces together" called Logical Incrementalism. It is a combination between rational planning and acceptance of the existence of emerging strategies. More effective strategies would tend to emerge from a number of "strategic subsystems", with each one attacking a specific class of strategic issues in a disciplined manner, but once they are combined incrementally and opportunely in a coherent pattern, they would become the company's strategy.

The incremental approach to strategic decision making is characterized by the instinctive process of choosing alternatives, built based on learning and experimentation; by the problem analyzed not being fully clear; by the generation of alternatives as the objectives are clarified for all; by the search for the creation of a stable environment aiming at the exchange of knowledge; by the decisions to be made inside the organizational subsystems, so that they are incrementally implemented globally; by the implementation of solutions through bargain and building of understanding and compromise; and by the direction of power being shared (Quinn, 1978; Simon, 1987; Lyles and Thomas, 1988; Das and Teng, 1999).

### **THE "GARBAGE CAN" MODEL OF ORGANIZATIONAL DECISION-MAKING**

This model comprises the decision made without the due consistency, when the manager does not try to identify and analyze the problem before designing the possible solving

alternatives. Cohen *et al.* (1972) state that this model deals with DMP in highly ambiguous environments called as "organizational anarchies," which are impregnated with problematic preferences, obscure technology, and fluid participation. The organizational decisions in the "Garbage Can" model, thus, do not result from the individual analysis proclaimed by the limited rationality and power coalitions, but from a random confluence of events (Eisenhardt and Zbaracki, 1992). It can be said, therefore, that decisions based on model "Garbage Can" stem from choices looking for problems, problems looking for choices, solutions looking for problems to answer, and decision makers looking for something to decide (Eisenhardt and Zbaracki, 1992).

This approach is characterized by the process of choosing alternatives being confusing, not structured and ambiguous (organizational anarchy), by the analysis of the problem being informal and superficial, with fluid participation from any member of the organization, without a clear notion of direction and objective, by the nature of the organizational environment being complex and unstable, so that the decisions are made without clear criteria of analysis of the problem, by negligence regarding the discussion of alternatives, by the course of the deadline or lack of appreciation from the part involved with the decision-making process, by the decisions being made only when problems are accumulated, and by the solutions of the problems occurring in a random gathering of choices searching for problems, problems searching for choices, solutions to be implemented searching for problems and decision makers searching for something to be decided (Cohen *et al.*, 1972; Eisenhardt and Zbaracki, 1992).

### **THE COGNITIVE PERSPECTIVE ON THE STRATEGIC DECISION-MAKING PROCESS**

According to Lyles and Thomas (1988), the subjectivity is involved with the process of defining problems and their alternatives. Schwenk (1988) complements that the decision makers are prone to selective perceptions, since they are unable to assess all the relevant variables for the decision. Schwenk (1984, 1988) elaborated a SDMP model based on the following specific topics of strategic cognition: use of heuristics and cognitive biases, strategic presupposition, cognitive maps and schema, and analogies and metaphors. These topics comprise the background through which we can understand how the decision makers frame and solve strategic problems.

The cognitive approach to strategic decision making is characterized by the process of choosing alternatives being based on the previous experience, beliefs, values, perception and knowledge of decision makers, by the influence of intuition, built on previous experiences with the analysis of alternatives and decision-making, by the creation of strategic schema supporting decisions based on decision-makers' presuppositions, that could generate "super-trust" on their personal views of the

world, while overestimating or underestimating consequences derived from the strategic choices, and by the definitions of alternatives to the solution of problems being limited to the capacity of perception from the decisions makers (Duhaime and Schwenk, 1985; Schwenk, 1988, 1995; Das and Teng, 1999).

### **METHODOLOGY**

This study adopts a qualitative investigation method, with descriptive-exploratory content, with the aim to understand the phenomena studied based on the view of the involved with the situation being analyzed. The research is cross-sectional, since the data were obtained, regarding SDMP, at the same time. The research is conducted through the adoption of multiple case studies on strategic decisions related to M&A processes, so that it would search for a replication of the phenomena studied (Yin, 2005). In this study, the literal replication (prediction of similar results) was aimed.

The criteria adopted in the definition of the cases were: (a) the strategic decision-making processes must have been concluded for at most two years (Mintzberg *et al.*, 1976), so that the facts about the situations and resolutions were still fresh in the memory of the participants; (b) the M&A cases had involved acquisition of Brazilian companies with closed capital (Graebner, 2001) with original headquarters in the state of Rio Grande do Sul, in order to restrict the influence of different economic, social, and cultural variables in the analysis; (c) the entrepreneurs had to sit in the directive group of the acquired companies during the involvement with the M&A process and had to be involved with the SDMP, with the aim to gather information connected to both rational and political aspects (Eisenhardt and Zbaracki, 1992) and incremental and random aspects in the strategic decisions (Das and Teng, 1999), as well as the influence of cognitive factors connected to the decision makers (Schwenk, 1988; Busenitz and Barney, 1997). Such criteria aimed to control differences deriving from environmental variables and their effects on the study of the strategic decision-making processes being analyzed (Eisenhardt, 1989a).

Besides defining the limiting characteristics for the cases selection, the study of the theoretical references allowed establishing three thematic categories, summarized at Table 2, to analyze and consequently determine the instruments for data collection: (a) *Merger and/or Acquisition Process (MAP)*: the examination involved evaluating the course of the process of business combination in each case, serving as a background for analyzing the SDMP; (b) *Stages of the SDMP (SSDMP)*: for this category, the attention was on the very development of the SDMP itself, in order to establish a mapping and understanding of its course, considering the model proposed by Mintzberg *et al.* (1976); (c) *Approaches to SDMP (ASDMP)*: in this thematic category, the concern was on the identification of which characteristics connected to the

Table 2. *Thematic categories.*

Thematic categories		Topics of Analysis		Theoretical references
MAP	M&A Process	MAP1	To check the strategic objective of the acquired company being researched;	Mintzberg <i>et al.</i> , 1976; Graebner, 2001; Silva Jr. and Ribeiro, 2001; Zilber <i>et al.</i> , 2002; Barney and Hesterly, 2007.
		MAP2	To identify the motivating factors for a company to participate in a M&A operation;	
		MAP3	To analyze the conditions to have a strategic intention with the M&A process from the acquired company's point a view.	
SSDMP	Stages of the SDMP	SSDMP1	To verify the stages of the SDMP;	Mintzberg <i>et al.</i> , 1976.
		SSDMP2	To identify the dynamic factors used or present during the SDMP.	
ASDMP	Approaches of the SDMP	ASDMP1	To identify aspects of the rational approach of the SDMP;	Mintzberg <i>et al.</i> , 1976; Fredrickson and laquinto, 1989; Dean and Sharfwman, 1993; Dean and Sharfman, 1996; Eisenhardt and Bourgeois, 1988; Eisenhardt, 1989a; Quinn, 1978; Hart, 1992; Das and Teng, 1999; Lyles and Thomas, 1988; Cohen <i>et al.</i> , 1972; Schwenk, 1988; Schwenk, 1995.
		ASDMP2	To identify aspects of the political approach of the SDMP;	
		ASDMP3	To identify aspects of the logical incremental approach of the SDMP;	
		ASDMP4	To identify aspects of the garbage can approach of the SDMP;	
		ASDMP5	To identify aspects of the cognitive approach of the SDMP.	

Source: Research data.

different approaches prevailed or stood out in the strategic decisions analyzed in each case.

Interviews were occurred until two years at most after the finish of M&A processes (Mintzberg *et al.*, 1976), in order to guarantee that the facts were still fresh in the memory of the interviewed. The questions applied to respondents were based on the topics of analysis of this work (in accordance with Table 2). The duration was of about one and a half hour to the main talk of each case and approximately one hour for secondary interviews.

Some precautions were taken, in order to reduce the occurrence of distortions and faults due to the lack of memory of the ones involved with the decision-making processes that could hinder the replication of the results. The search for evidence took place in multiple data sources, with initial interviews with the main managers of the companies being studied and with the other participants in the latest DMP that somehow were involved in the process (Mintzberg *et al.*, 1976). A descriptive summary of each DMP was elaborated and guided by the research protocol, with details of the stages noticed in

the interviews. This would serve as a basis for later checking with the informers and guarantee that the situation was fully understood, as well as the validity of the construct.

The relevance of Services and Information Technology sector in Rio Grande do Sul economy, as well as the highlight of the occurrence of M&A processes in this segment, made this research to fall upon its analysis on three distinct cases. The case A involved the Beta companies of small range, and Gama, medium-sized, resulting on the BetaGama Company. In case B, the AlfaStigma Company resulted from the union of the Stigma and Alfa companies, both medium-sized. In turn, the C case was characterized by the combination of Delta Company, medium-sized, and Sigma company, large sized, resulting on the Sigma Brazil Company. Due to the nature of M&A operations and strategic nature of information for companies involved in this study, the names of those interviewed and their respective companies have been preserved. For identification, fictitious names were adopted, maintaining the confidentiality of information provided by participating companies and establishing focus specifically on the study results themselves,

as commitment set out between researchers and their sources and executed in the research protocol.

In case A, company Beta, four people were interviewed: A1 (main manager), A2, A3, and A4 (professionals who participate in the DMP). In case B, company Stigma, two were interviewed: B1 (main manager) and B2 (professional who participates in the DMP). In case C, company Delta, two more people were interviewed: C1 (main manager) and C2 (professional who participates in the DMP). A number of eight interviews were conducted. Aiming at preserving the confidentiality of the information provided by the participating companies, fictitious identifications were given to the interviewees and the companies. Other data sources were accessed, such as information in websites and informal conversations with the employees of the companies being studied by means of personal or telephonic contacts. This information was the basis for a report of each case study and later convergence of information, aiming the triangulation of the data obtained.

The content analysis technique through thematic categorization was used (Bardin, 2010). The procedure of analysis followed the conduction of some phases. First, the data were trialed and organized by each case. Afterwards, all the interviews were transcribed in order to provide the analysis and identification of the particularities of each case, as well as its content. Next, categorical analysis was performed following the themes established, in order to generate codification of the material collected. According to Yin (2005), in this stage it is possible to examine, categorize, classify the data, or, if necessary, re-combine the evidence obtained, aiming the initial propositions of the study. Initially, the content of the interviews with the main executives of the acquired companies was analyzed. Subsequently, the content of secondary interviews with another informers involved with each DMP studied was also analyzed, besides the data from documents provided by the companies. Such procedure aimed to provide the conditions for the data triangulation, in order to achieve the internal validity of the research. Finally, data inference and interpretation was performed in order to establish the conclusions of the study.

Data were piled and consolidated, establishing a comparative analysis of common and complementary points found in each case study, aiming to identify common evidence and patterns (Eisenhardt, 1989b). The comparative panorama allowed the assessment of the way such as strategic decision-making processes in companies of the Services and Information Technology segment in Rio Grande do Sul were involved in business combination operations.

### COMPARATIVE ANALYSIS OF THE CASES

This section presents the results of the analysis of the cases studied based on the three thematic categories mentioned above.

### CHARACTERIZATION OF THE MERGER AND/OR ACQUISITION PROCESSES (MAP)

When analyzing the type of business combination strategy that was configured in the cases investigated, it was found that, except for the case B, which resulted in the merger of two similar companies, the cases A and C showed growth strategies through acquisitions. However, there are differences in these two cases. In case A, the classification found was an acquisition by the acquiring company Gama, with horizontal diversification conglomerate type, since the intention was, in fact, the assembly of a holding of companies with complementary actions. The case C, however, is a purchase with direct vertical integration, since Sigma, which acquired the Delta Company, wanted to expand its operations in the Latin American market in order to meet companies operating in this market that were already its customers in other operating markets.

Regarding the strategic objective checked with the acquired companies (MAP1), the focus was to find out what the acquired companies wanted by accepting the business combination invitation made by another. It sought to analyze, too, if the strategic intentions of the companies surveyed were satisfied with the M&A operation. Thus, while the involvement in these operations were seen as an opportunity for the acquired companies, in the cases A and B this also represented a chance to overcome difficulties to the expansion of business, that alone, would not be overcome.

Another item analyzed sought to determine what reasons (MAP2) instigated the acquired companies to participate in the M&A process that were involved in. The theoretical reference points to, especially about issues related to increased competitive capacity, economies of scale, optimization of resources, access to new technologies and the possibility of the partners investment income (Mintzberg *et al.*, 1976; Graebner, 2001; Silva Jr. and Ribeiro, 2001; Zilber *et al.*, 2002; Barney and Hesterly 2007).

The reports obtained from the investigated companies have shown that M&A transactions were configured in a good opportunity for interchange between companies, from both technological and commercial point of view. In cases B and C, cultural alignment and personal affinity between the involved leaders of both parties was highlighted. Mutual trust and open communication channels met the expectations of representatives of invited companies. Furthermore, the possibility of personal gain, either in monetary terms or in terms of professional development, was another point noted.

Respondents were also questioned about the factors that determined the performance of M & A transaction (MAP3). Graebner (2001) points out aspects of both the acquirer and the negotiation itself, as the achievement of the operation M&A. In the cases analyzed, the financing of the operation was done with the applicant own resources. In acquired companies' overview, this condition gave them, besides the certainty as

to the investment capacity of the incorporating company, the beginning of the association of two companies without the need of commitment to third-party financing sources.

Strategic decisions tend to be faster if the decision-making power is centralized or have few participants involved, when the amount of interruptions due to political conflicts can be small and when fewer alternatives are to be analyzed (Eisenhardt, 1989a). The common thread in the cases analyzed was the centralization in conducting the strategic decision making process. While other members of the companies have participated directly or indirectly in strategic decisions, the dialogue with the applicant company was made by its chief executive. This executive has assumed the function of communicating the development of negotiations for those involved in the process and facilitates possible internal conflicts once arising during operation, minimizing the occurrence of interruptions to its resolution. This combined with the absence of other candidates to trading companies merging and / or acquisition, generated a climate of closeness and mutual trust among stakeholders, influencing the speed of business setting process.

M&A processes analyzed were characterized by direct negotiation between the parties, without the intermediary of external agents (investment banks or specialized consultants). However, contrary to the model proposed by Graebner (2001), the use of financial and legal advisors in the negotiation by the company acquired in the case C, did not represent an obstacle to the closing of trading; on the contrary, the use of consultants as support on technical matters relating to the operation helped to define important items of trade and contributed to its successful completion.

This atmosphere of confidence, coupled with the search for greater integration among the companies aiming enjoyment of strategic complementarities, has enabled the leaders of the acquired companies to remain performing their original functions by the time of the execution of the M&A operation. Although there have been hierarchical changes, as where top executives from Beta and Delta companies had their roles changed and began to respond to a higher level (previously nonexistent), such changes did not substantially alter the management dynamic of these companies. In the view of the respondents, this was seen as a sign of integration and respect to the preliminary organizational culture.

Finally, another point highlighted by respondents was the strategic alignment resulting from the business combination. Companies arising from M&A processes, emerged in better competitive conditions. Participation in a business combination transaction allowed BetaGama, AlfaStigma and Sigma Brazil, to obtain important competitive advantages due to the integration of technology, knowledge, personal, financial and proceedings arising from their parent companies. In the interviews, it allowed them to an organizational reconfiguration, resulting in increased management of these companies to new heights.

The summary of this evidence collected in the case studies are presented in Table 3.

### **ANALYSIS OF THE STEPS OF STRATEGIC DECISION-MAKING PROCESSES (SDMP)**

The second thematic category analyzed in this study is about the stages through which SDMP (SSDMP1) spent in the M&A operations in each of the cases studied.

For the companies, the participation in M&A processes represented a business opportunity. Though in cases A and B the invitation made by the proposing companies have referred to the solving of problems connected to the competitive capacity of the companies, the passive (so to speak) condition regarding the process of business combination allowed these companies to examine the proposals received in the light of this condition at the time. The DMP was conducted with the adoption of a customized solution for the companies (except for case C, that adopted a prompt solution, following the proposal of the purchasing company), aiming to adapt the proposals offered by the potential acquiring companies to the needs and wishes of the acquired companies.

It is noteworthy that in none of the cases studied there was a hostile proposal of merger and/or acquisition. Eventual restriction or negative reactions to the proposals of business combination practically did not occur. It made possible for conflicts allegedly be inexistent between the parts and collaborated for the time with the SDMP to be relatively short in both cases, being in average five months and a half. Though the companies acquired were prone to participate in the business combinations, none had the intention to be acquired. This influences the configuration of the type of SDMP prevailing in the cases, while characterizing the occurrence of dynamic factors inside of design routines in the phases of development of all the cases being analyzed.

The existence of the search and pre-selection stage was not verified, as predicted in the model proposed by Mintzberg *et al.* (1976). The solutions were presented to the companies (merger and/or acquisition proposal), and they would have to analyze them, request alterations, considering their interests and objectives, and inform their consent. The stage of authorization was configured in none of the cases, as suggested in the model by Mintzberg *et al.* (1976). This is because the previous stage, evaluation-choice (of the type of negotiation), was conducted in each case by the main managers.

The use of support routines was detected in the cases studied in this research. Since information is used to help with the progress of the negotiations, the dissemination of information, during the process, was the most extensively used routine. This is due to the need, manifested by the interviewees, to involve other members of the prospected company with the issue. Furthermore, it was important to minimize eventual resistances in the stages of integration between the companies and gathering necessary

Table 3. Characterization of Merger and/or Acquisition Processes (MAP).

Topics of Analysis		Case A Company Beta	Case B Company Sigma	Case C Company Delta
MAP1	Strategic objective with the M&A operation	To make Beta a company operating in national level with a strong brand in the market.	To enhance the market share, while strengthening its position in the market in the face of a competition that was showing to be stronger.	To enhance the national performance of Delta, in addition to s entering other market segments yet to be explored, in order to work in the future through association with other international company.
MAP2	Motivating factors for a company to participate in a M&A	Strategic complementarities between the companies; The acquiring company agrees to maintain the way Beta works, considering structure, headquarters, management board, and roles played by the professional from Beta in the business; The low risk of financial loss (personal injury) as perceived by the Beta's associates with the acquisition operation.	Complementarities of the business from both merged companies, generate competitive advantages the would not be placed by the companies one alone; Increment of the joint turnover of the participating companies when they are united; Enhancement of the sales potential and technical support for products and services of the company resulting from the merger.	Access to global clients from the purchasing company, while having alignment of local businesses with the ones already made internationally; Financial contribution made by the acquiring company; Possibility to insert Delta's products and services into other global markets attended by the acquiring company, and contribution of technical knowledge and Sigma's market into Delta's processes; Cultural similarity and relationship based on mutual trust.
MAP3	Evaluation of the performance of M&A process	Conditioning from both companies to participate in a process of business combination; Lack of competitors that also aimed to acquired Beta; Direct negotiation between the parts, without intermediation of external agents (investment banks); Additional gains surpass the amount paid for the company's associates of the company Beta, mainly with the influence of professionals of Beta in some parts of business management of the purchasing company (financial e commercial director board); The acquisition influenced the improvement of the financial health of Beta, with more cash flow capacity of the holding allowing for a rapid reaction to the environmental conditions caused by the world economic crisis of 2008-2009.	Use of own resources from the companies involved for merger financing; Competitive strengthening of the company resulting from the operation in the market and from the merger, in order to raise barriers to the entry of new competitors or hamper strong competitors; Maintenance of director board of both companies in the business; Optimization of the administrative structure of the company resulting from the operation, making it more efficient and functional because of the reconfiguration of indirect costs.	Propensity for the business to be concluded from both parts; Negotiation process based on trust in the performance of the acquiring company; Business alignment from both companies; Use of external advisories specialized in aspects of the acquisition operation that Delta did not have conditions to analyze (financial and law areas); Delta's Board is maintained for conducting the subsidiary Sigma Brazil; Integration of processes, technology, and knowledge, while generating synergies and strengthening competition of the company emerged with the acquisition.

Source: Research data.

support to obtain information and analyses relevant to the negotiation, whenever it is needed. Moreover, political activity took place, as mentioned in case A, as well as the routine to control the decision in case B – inherent characteristics of the organizational culture, as subliminally highlighted in the interviews.

The comparative analysis of the strategic decision-making processes, with its classification, stages, and respective dynamic factors is shown in Table 4.

Another aspect investigated in the evaluation of the stages of the SDMPs was the dynamic factors (SSDMP2). The dynamics of the Strategic Decision-Making Processes, according to Mintzberg *et al.* (1976), is influenced by these factors. Therefore, the use of these subterfuges in the SDMPs studied affected its progress, whether when political meetings interrupted the negotiations, or when the use of tricks to speed up the position of the other part of the conversation. However, these situations cannot be seen as obstacles to the strategic decision flow, but inherent to the process.

In addition, in order to help to visualize and understand the strategic decision-making processes analyzed here, Figure 2 presents an overview of the DMP of the three companies, based on General Model of Strategic Decision-Making (Mintzberg *et al.*, 1976).

**ANALYSIS OF THE APPROACHES TO STRATEGIC DECISION-MAKING PROCESSES (ASDMP)**

The third thematic category used in this paper involved the analysis of the strategic decision-making processes in the light of five approaches to the strategic decisions found in literature. The SDMPs studied in cases A, B, and C were examined from the point of view of the rational (ASDMP1), political (ASDMP2), incremental (ASDMP3), "Garbage Can" (ASDMP4), and cognitive (ASDMP5) approaches. The political and incremental approaches prevailed in the cases studied, with aspects connected to the cognitive and "Garbage Can" approaches occurring.

From a rational approach (ASDMP1) point of view, whose comparative analysis of the identified points in the cases is shown in Table 5, the decision-making processes, from the acquired companies' point of view, obeyed to a general logical linking, sequentially in the phases of identification, development, and selection. Loops were identified, which the literature describes as deriving from the dynamic factors present in the decision-making process (Mintzberg *et al.*, 1976). In case B, it was also seen a precaution in the early stage of the M&A process with the planning of the following stages, by analyzing which issues would be discussed, which information would be necessary, which source or people would make them available and the time that would be approximately spent with each one. On the other hand, a characteristic from the rational approach, identified in case A, was the early setting of the strategic objective to be reached with the SDMP. Such objective, previously

Table 4. Stages of the Strategic Decision-Making Processes.

Cases / Companies	Type of SDMP				Quantity of stages			Dynamic factors		
	Per stimulus	Per solution	Per process	Identification			Development		Type	
				Recognition	Diagnosis	Design	Evaluation-Choice	Authorization		Interruptions
Case A Beta	Opportunity Problem	Customized	Political design	1	1	2	1	-	2	Delays and Speed-ups; Political interruptions
Case B Stigma	Opportunity Problem	Customized	Basic design	1	1	2	2	-	1	
Case C Delta	Opportunity Ready	Basic design	Basic design	2	1	2	2	-	1	

Source: Research data.

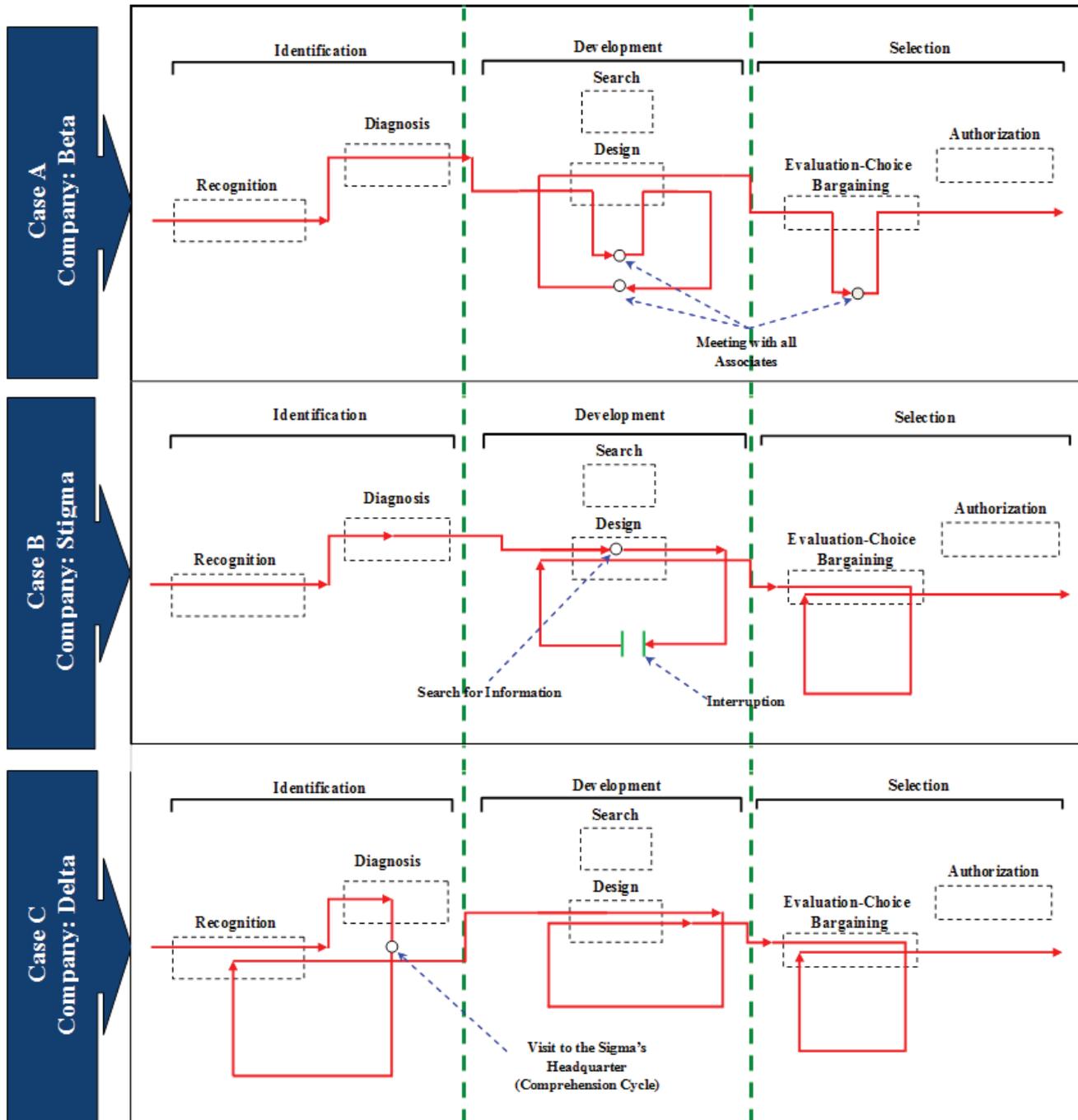


Figure 2. Strategic Decision-Making Processes - Panorama of the cases A, B, and C.

Source: Research data.

predicted in the planning of the company acquired, served as an orientation to the decision makers during the negotiations, with this being reached when the operation was concluded, as reported by the interviewees.

Considering the political approach of the strategic decisions (ASDMP2), mainly in cases A and B, political tactics were used and were aimed to maintain the previous status quo to the M&A process. The evidence from the interviews point to, for

example, the search for maintaining the management council of Beta in case A, or the equal distribution of management positions in the companies Alfa and Stigma, maintaining the power balance in case B. The use of political tactics in case A influenced its course, while interrupting or speeding the SDMP in the dynamics aimed by the part using that tactic. Table 6 presents a comparative analysis of the evidence identified in the cases here studied.

Table 5. *Rational Approach of the Strategic Decision-Making Process.*

Cases / Companies		ASDMP1
		Rational Approach
Case A	Beta	Clear sequence of the SDMP stages, with associates' meetings taking place as each stage is concluded; Clear definition of the objective to be reached with SDMP.
Case B	Stigma	Determination of the stages of the SDMP course, with previous planning of the information to be gathered, people who would be involved with it and the agenda to be followed.
Case C	Delta	Use of financial and law advisers to assist in technical aspects of the operation that the decision makers are not experienced with.

Source: Research data.

Table 6. *Political Approach of the Strategic Decision-Making Process.*

Cases / Companies		ASDMP2
		Political Approach
Case A	Beta	Negotiation of items, in the operation with most of the capital of Beta for Gama, so to guarantee that Beta's management board is kept (advisory connotation) as representation of the associates in the company BetaGama; Use of political tactics of influence during the SDMP: coalition, co-opting, and friendship relationship.
Case B	Stigma	Maintenance of power relations previously practiced in the original companies, while establishing an equalitarian definition of the shareholding control of the new company.
Case C	Delta	Essentially political characteristics during the SDMP being studied were not shown.

Source: Research data.

Regarding the incremental approach (ASDMP3), in the interviews it was noticed that the strategy adopted by the acquired companies were emergent, since they did not intend to be acquired until the moment they were invited to be so. Thus, the approach underlying the strategic decisions in this context, notably in cases A and C, was an incremental one. The interviewees often stressed that their companies were not ready to be acquired, but able to purchase other companies. Thus, the proposals they received produced related actions that influenced aspects of the respective strategic decisions. They reported that, in these cases, as the main objective was met during the negotiation (the access to a national market and a strong brand, in case A, and reaching the price offered to the proposing company, in case C), other items were discussed as they came along during the negotiation, while adapting to one or another aspect so that both parts were satisfied. Thus, the business strategy for these companies was taking shape. Table 7 presents a summarized analysis of the cases based on an incremental approach.

Regarding the "Garbage Can" approach of strategic decisions (ASDMP4), the reports showed that, mainly in the

stage when the negotiation was being concluded, items not previously discussed were defined "right at the time", without being thoroughly analyzed or checked, but superficially, so that those situations did not impact on the final result of the negotiation. Though no evidence was found about it, it is inferred that, in some points of the negotiations, occasional issues that were delicate or could risk the viability of the operation if they were discussed, according to the negotiators, were not analyzed in due time. When this aspect emerged in the negotiation, the solution was superficial and informal, in order to avoid hindering the progress of the operation. This issue, whose characteristic is typical of the "Garbage Can" approach, is summarized in Table 8.

Finally, the analysis on the cognitive approach of the SDMP (ASDMP5) regarding the cases in this study identified that mainly analogies with previous experiences were used by the representatives of the acquired companies being analyzed. The use of intuitive judgments for the issues emerging during the negotiations was evidenced in the interviews. It shows that this use had a significant impact on the conclusion of the negotiations. Moreover, in case A, features of the heuristic "illu-

Table 7. *Incremental Approach of the Strategic Decision-Making Process.*

Cases / Companies		ASDMP3
		Incremental Approach
Case A	Beta	The determination of the sale value of Beta presented characteristics of the incremental model, while considering both rational aspects (financial values of income) and political aspects (commercial relationship), uniting both for a projection of the value of the business to be presented.
Case B	Stigma	Characteristics referring to the incremental approach during the SDMP being studied were not shown.
Case C	Delta	The evidence of adopting an emerging strategy of business, from Delta, denoted prominently incremental characteristics when the SDMP was being conducted in this case study. Since Delta had no intention to participate in an M&A operation, the invitation made by Sigma generated adaptive action from the company acquired that permeated most part of the DMP. Once the financial value of the operation was determined, other details were being treated gradually and incrementally, from the integration of processes, procedures, and structures until the performance of the company resulting from the operation under the new name Sigma Brasil.

Source: Research data.

Table 8. *"Garbage Can" Approach of the Strategic Decision-Making Process.*

Cases / Companies		ASDMP4
		Garbage Can Approach
Case A	Beta	Characteristics of the garbage can approach emerged when the negotiation was being concluded, when important issues of the negotiation, but neglected so far, were decided by the companies involved superficially, without previous analysis or by turning a blind eye.
Case B	Stigma	Aspects connected to the garbage can approach to the SDMP were not identified in the interviews.
Case C	Delta	There were reports of situations where some details were not discussed, but these did not show to be relevant for the result of the operation.

Source: Research data.

sion of control," found in literature (Schwenk, 1988) were seen, once that sometimes it was noticed the idea that "everything is under control" (overconfidence) from the representative of the company Beta, overestimating the result of their actions based on previous experience. Such evidences supports the work of Schwenk (1988), which shows some of the major heuristics and biases that can affect strategic decisions: (a) Availability, where individuals tend to judge as more likely the events they remember better than those which are not as easily remembered; (b) Selective Perception, which is when the expectations of individuals can generate biases on the observations of relevant variables for the strategy; (c) Illusory Correlation, which occurs when individuals tend to consider as most likely the correlation between two specific events of a larger set of events which this relationship takes part; (d) Conservatism, in which individuals

tend not to revise their predictions, even when they have new information; (e) Wishful Thinking, which is the tendency of individuals to overestimate the probability of desired results; and (f) Illusion of Control, where individuals tend to overestimate their degree of personal control over the results.

Schwenk (1988) points out that both biases and heuristics and cognitive simplifications affect the strategic decisions to the extent that the schemes of the decision makers are used in the diagnosis and formulation of new strategic problems. Hence the importance of understanding the use of analogies, biases of the decision makers, because it will affect how strategic decisions are made.

Table 9 presents the comparative analysis of the cases from the point of view of the cognitive approach of the strategic decision-making processes.

Table 9. *Cognitive Approach of the Strategic Decision-Making Process.*

Cases / Companies		ASDMP5
		Cognitive Approach
Case A	Beta	In the SDMP of creating BetaGama, the analogy with previous experiences, the use of intuition, and illusion of control were aspects of the cognitive approach and were identified in the actions of decision makers of the Beta company.
Case B	Stigma	The use of intuition during the strategic decision-making, based on previous experiences that involved both companies, was mentioned during the process, considering the cognitive approach.
Case C	Delta	Analogies with previous experiences of the representatives of Delta were reported, and they chose to focus on the main issue (financial value of the operation) at the expenses of some points of the negotiation, aiming to minimize the risk of not concluding it due to animosities.

Source: Research data.

## CONCLUSIONS

This study found out that companies that do not project the participation in processes of business combination tend to act incrementally facing the proposals of purchasing companies. By conducting the negotiations often adaptively, these potentially acquired companies try to keep relevant aspects of their businesses, such as maintaining the managers in the resulting business and the information and technologies exchange aiming to establish strategic synergies.

In the case here analyzed, the motives influencing the executives of prospected companies to sell their business, or to merger with another company, consider the search of strategic complementarities in situations where the organizational growth through their own means presents several obstacles. Therefore, when the companies receive an invitation to adhere to a business combination proposal, they see the situation as a growth opportunity. However, this happens when there are combinations and similarities between the companies involved, whether in relation to cultural, commercial, or technological aspects, by showing that getting involved with a merger and/or acquisition operation will not highly compromise their organizational identity built so far. Actually, according to Wernerfelt (1984), the analysis of the resources detained by the company to be acquired might point to the production of competitive advantage also for the acquiring company, if it already has resources available that can be extended or complemented by others, through combination. Especially in the M&A processes involving companies of the Services and Information Technology segment, where the item "technology" is relevant and strategic, the potential of business combination operations will increase as much as the businesses complementarities and the knowledge and technology used by the companies involved in the conception of new products and services are seen, while impacting on the competitive capacity of the company resulting from it.

Regarding strategic decision-making processes, from the acquired company point of view, once the similarities between acquired and acquiring companies are identified, the tendency is that the SDMP occurs rapidly. Important issues in the negotiation, such as the amount to be paid by the proposing company, maintenance of the current director board in the business resulting, search for synergy between the structures, and strategic complementarities, start to outweigh less important items, which are discussed and solved as they emerge in the negotiation. Thus, the SDMP stages tend to present both a short period during the identification phase and occasional loops and dynamic factors in the design stage. Moreover, since the essential information is clear for both parts, the evaluation-choice (negotiation) stage will tend to be brief as soon as the objectives from both sides are already reached.

Regarding SDMP approaches, it must be stressed that there was no dominance of a specific approach in the processes studied. From the acquired companies' point of view, there were characteristics mainly referring to the incremental and political approaches, such as use of political tactics of coalition and persuasion, for example. It was also observed aspects connected to the "Garbage Can" approach, mainly when the negotiation was being concluded, and the use of biases, heuristics, and analogies with previous experience (which are characteristics of the cognitive approach) whenever the decision makers identified uncertainty situations, or even risk that the operation would fail against their will.

In strategic-like decisions, it could be observed the existence of characteristics from more than one approach alone, among the ones that were analyzed in this paper. Understanding how such approaches occur in the course of strategic decision-making processes allows understanding more clearly how will the decision makers tend to act under uncertainty, loss risk, or insecurity surrounding these situations. Intrinsic factors to the process, such as time, availability and domain of information, personal characteristics of the decision makers,

etc., collaborates to boost the process. Thus, understanding how strategic decisions take place can provide conditions to make them more effective.

In order to base this study on the main references available about the topic "SDMP," theoretical reference was built, thus allowing the SDMP approaches, which are rational, political, logical incremental, "Garbage Can", and cognitive to be more assertively described. Therefore, though this study deals only with the main paradigms about organization decisions, that is, the limited rationality and political perspective (Eisenhardt and Zbaracki, 1992), it contributes to highlight the other three approaches about organizational decisions.

Very little was seen about the analysis of the strategic decisions from the perspectives of the "Garbage Can" model and especially of the cognitive model. The latter seems to be against the rational, technical-scientific paradigm, which gives very little space to intuition in organizations. From the perspective of the "Garbage Can" approach, "not deciding" is in short also a decision. Many organizational decisions, represented in the cases studied here, involved "not deciding," or superficial decision, lacking a better analysis and foundation. This research showed the need for this perspective of the strategic decisions to be considered, pointing out its relevance.

Similarly, the use of cognitive biases on strategic decisions showed foundation in this study. The main contributions of Cognitive Model of Strategic Decisions are the use of intuition in organizations, analogies with previous experience, precaution in the use of biases and heuristics in decision-making under risk and uncertainty and the use of cognitive maps in companies. This model, when it is revealed in the analysis of strategic decisions, can clarify important aspects in order to be understood. Thus, this research shows the cognitive model of strategic decisions, which is still little used in the Brazilian scientific production. Therefore, it was intended to show the relevance of the investigation also about this DMP approach, in order to understand the effects of cognition and intuition on the organizational decisions and collaborate for a better foundation regarding this understanding.

As limitations of this study, an important aspect to highlight involves the nature of investigation about the strategic decision-making processes, previously mentioned in the literature. A strategic decision is not a phenomenon that can easily be observed in loco, that is, while it happens: it is only possible to check the effects deriving from the decision made. So it is necessary to refer to the memory of the ones involved with the decision and collect their reports. Specifically regarding strategic decision-making process, this difficulty is increased, since the effects of a strategic decision often will take years to be manifested and to be evaluated. Thus, one limitation of this study is the dependency on the memory of the actors participating in the strategic decision-making processes here studied. Though this study presents more than one method of data collection aiming to identify redundancies and triangulate

the data, the oral registrations can be hindered due to lapses of memory from the interviewees. Moreover, the examination of the documents related to these decision-making processes, however, allows describing the effects of the decisions, but not the report of how they took place. In addition, many respondents presented some reservation when disclosing information about the researched topic. This is due mainly because of the confidential character frequently given to these topics inside the organizations. In order to cancel this effect, more interviews were necessary so that the reports were safely founded.

The survey on the Brazilian production about strategic decisions in the last years shows that it is a topic still to be more explored by the academic community in the country, when compared to the scientific production abroad. In addition, many published studies are still orbiting around the so-called prescriptive-like economic mathematical normative theories, or the dichotomy "limited rationality x organizational politics," refraining from analyzing the decisions to other levels – the Logical Incrementalism, the "Garbage Can", and the Cognitive Perspective, just to quote the ones that were addressed in this paper.

As a suggestion for future research, the exploration of the topic "strategic decision" is advised, in order to privilege, mainly, the descriptive approaches in detriment of prescriptive methods or, in other words, in order to focus on how organizational decisions actually take place, instead of how they theoretically could take place. Also as a way to enrich the writing of future studies, the investigation of the strategic decision-making processes in M&A through the combination of both views (from the acquired company and from the acquiring company) is suggested. Considering its viability as a research, possibly the results of this study would add a valuable contribution to the understanding of this topic. Promoting studies under this approach can help collaborating for a wider vision of the processes of business combination, being the basis of knowledge on the topic and allowing the improvement of future operations.

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