

A QUALITATIVE APPROACH OF STRATEGY FORMULATION OF GREEK SMALL-MEDIUM (SME) COMPANIES IN TIMES OF CRISIS FROM AN ACCOUNTING PERSPECTIVE

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ABSTRACT

This study explores the strategy formulation of small and medium enterprises (SMEs) in Greece by examining the two principal dimensions of the strategy formulation process, the normative/descriptive dimension and the individual/collective dimension. The main purpose was to analyze how strategies are formulated by SMEs while confronted with a major economical crisis.

For the purposes of the study a theoretical model of strategy formulation is proposed and evaluated, drawing upon the principles of contingency theory which presumes that there is no exclusive approach to strategy formulation which applies likewise to all firms in all circumstances.

Furthermore, the study examines the role of accounting and financial information on the process of strategy formulation by examining the relationship between the adoption of a specific strategy formulation approach and the information sources that SMEs use, the extensiveness of accounting information usage and the perceived usefulness of accounting information to SME managers. Using semi-structured interviews, it was found that organizational size, perceived environmental volatility, the level of technology and specific owner manager characteristics (experience and education) can be used to predict SMEs adoption of a specific strategy formulation approach.

In addition it was identified that accounting information usage is connected with the normative and collective strategy formulation approaches. More specific, SMEs which utilize a broad range of information sources, which engage in extensive accounting information utilization and which perceive accounting information as very useful are positively correlated with the normative and collective approaches of strategy formulation.

Key Words: Accounting information, strategy formulation, SMEs

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