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## Rational and Intuitive Global Sourcing Decision-making in SMEs

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**Is it just a feeling?  
Rational and intuitive global sourcing decision-making in SMEs**

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**Summary**

Our research explores the use of, respectively, intuitive and rational decision-making within purchasing and supply management by smaller companies. SMEs are often argued to be more prone to rely on intuition, as they often lack resources to collect supply market knowledge (Ellegaard, 2006). The aim is to expand the relatively nascent discussion of intuitive purchasing decision-making. Interviewing purchasing managers at Danish SMEs, the study explores when these managers rely on intuitive and rational decision-making for purchasing decisions. The paper concludes with preliminary findings on when rational and intuitive decision-making is applied, as well as an initial discussion of factors influencing the choice.

**Keywords or phrases:** Intuition, buyer-supplier relationship, decision-making

**Submission category:** Working paper

**Introduction**

Global sourcing today is often characterized by constantly changing demands for new product developments, shorter delivery times, sustainable solutions and improved efficiency. It is a firmly established phenomenon in modern business practice, because of the competitive advantages global sourcing enables companies to achieve (Stanczyk et al. 2015). In these environments, characterized by a high degree of uncertainty, speed and hereby often time pressure in relation to decision-making, it is often a necessity for managers to make fast decisions (Riedl et al. 2013). Managers supposedly need to know a great deal about the industry, the markets, the social environment in which they work, and the decision-making process itself to make decisions well (Simon 1987 pp. 57). The decision-making process itself is increasingly supported by the development of technological decision-making tools, which have become significantly advanced and have played an essential role in promoting the notion of well-structured, rational, deliberative and more quantitative decision-making (Simon 1987). Thus, leaving less focus on the impact of more loosely structured, qualitative and intuitive decision-making (Akinci & Sadler-Smith 2012; Simon 1987). Yet, at the same time a theme among researchers in management has been the question of how human cognition, which is naturally bounded, can be utilized effectively and efficiently to handle the often time-consuming decisions and challenges that are in managerial work (Akinci & Sadler-Smith 2012).

The fact that decision accuracy is often reversed in relation to decision speed is a classic trade off and many researchers have turned to intuition as a means of approaching this trade off (Burke & Miller 1999; Dane & Pratt 2007). With the demands for fast decisions in organizations and human beings' limited capabilities for rational information processing,

intuition has been posited to help guide a wide range of critical decisions (Dane & Pratt 2007; Kaufmann et al. 2017; Sadler-Smith & Shefy 2004).

Over the years, there has been a considerable amount of PSM research about decision-making and its process in various streams such as supplier selection and evaluation, sustainability related decisions, and global sourcing decisions (Ho et al. 2010; Kaufmann et al. 2017; Riedl et al. 2013; Stanczyk et al. 2015; Wu & Pagell 2011; Zhuang et al. 2014). Rationality and fact-based thinking are often reported as efficient prerequisites for purchasing decisions and a great part of this research looks at rational decision-making processes. Supplier selection criteria and decision-making models have been the dominant focus within research on both rational decision-making and the use of intuitive processes. However, what determines which decision-making processes are applied when? Hence, the aim of this paper is to address what affects the choice of either rational or intuitive purchasing decision-making process and what affects the decision itself. We therefore ask the following research question: *What factors affect SME purchasing managers when they adopt a rational and/or intuitive approach to making key PSM decisions?*

The SME context has been chosen because SMEs have been known to frequently rely on less formalized decision-making (Ellegaard, 2006). Also, SMEs constantly face situations with high uncertainty, and the arising PSM decisions are often dealt with in a tacit way (Salles, 2006). We expect to contribute by studying PSM decision-making, but in the context of SME purchasing, another research stream, which has been growing in academia. The paper is organised as follows. First, we provide a theoretical overview of decision-making in general as well as in the PSM literature. Next follows a description of the research methodology. Finally, preliminary findings and expected contribution as well as future research are outlined.

### **Theoretical foundation**

Chester Barnard (1938), framed the term "decision making" and hereby laid the foundation for the study of this managerial concept. The phrase *decision making* helped change how managers thought about what they were doing and gave rise to the wish for a sharper clarification (Buchanan & O'Connell 2006). Simon (1997) explains parts of managers work as making decisions, communicating them to others, and monitoring how they are carried out. The scope of this paper will be limited to the decision-making itself, and not the following steps of communication and monitoring.

#### *Intuition and rationality*

In the literature, the understanding of how to make decisions is often explained in general by two different forms of information processing, namely the human thoughts "rational" and "non-rational", which can be traced back to Aristotle (Dane & Pratt 2007). Barnard explained the two directions of information processing as non-logical and logical (Simon 1987). By logical he meant thinking that could be expressed in words or other symbols and by non-logical he meant those processes not capable of being expressed in words or those processes only made known by a judgement, decision or action. Barnard was aware that the feelings and attitudes of human and other non-logical mental processes played an important role in a manager's individual decision-making just as the logical and conscious did for organizational decision-making. Later on, Herbert Simon, who was the first scholar to analyze the role of intuition in management and organizations in a scientific and systematic way (Akinci & Sadler-Smith 2012), explains the two forms of information processing as rational and intuition. A great deal of Simons knowledge was gained from the psychological and 'cognitive' sciences (Simon 1987). Simon understood intuition as the recognition of patterns stored in memory (Kahneman

& Klein 2009), and he offered a concise definition of skilled intuition: “*The situation has provided a cue: This cue has given the expert access to information stored in memory, and the information provides the answer. Intuition is nothing more and nothing less than recognition*” (Simon 1992 pp. 155).

In recent years, the field of psychology has adopted the *dual processing* framework with two different types of information processing systems in humans (Epstein 1994; Evans 2010; Sloman 1996) often denoted as system 1 and system 2. System 1 corresponds to the associationistic perspective, meaning that mental processes derive from combinations of simple behavioral and mental elements and is intuitive, implicit and fast, and system 2 is analytical, sequential, rule-based, explicit and slow (Sloman 1996; Stanovich & West 2000). In this paper, we distinguish between intuitive (system 1) and rational (system 2) decisions. Rational decision-making involves a completely different type of information processing system than the experiential system utilized in intuition. It is highly analytic and relies on logical connections. In the use of the concept intuition we adapt Dane & Pratt's (2007) focus on learning as an input to intuition as well as their view on processes and outcomes of intuition which differentiates their work from traditional research on nonconscious systems. Specifically, Dane and Pratt (2007) conceptualize intuition both by its process (referred to as intuiting) and on its outcome (which they term intuitive judgements), and they look into intuition and its applications in regard to managerial decision-making. The choice of the two concepts rational and intuition is linked to the fact that this paper wishes to explore the factors that affect the process of the various decisions taken by purchasing managers in SMEs.

Dane & Pratt (2007, pp. 38) mentions four characteristics that make up the core of the construct of intuition. It is (1) a non-conscious process, (2) involving holistic associations, (3) produced rapidly, which (4) result in affectively charged judgments. The intuitive *non-conscious* process – meaning that the process occurs outside of conscious thought - is one of the greatest scientific discoveries introduced by Freud, though recently scholars outside the psychoanalytic tradition has come up with a new view of the unconscious. This new unconsciousness is referred to as the cognitive unconsciousness, which automatically and intuitively organizes experiences and directs behavior. The new understanding maintains that most information processing emerges automatically and effortlessly outside of consciousness as it is its natural mode, a mode more efficient than the conscious thinking (Epstein 1994). Thus, the connection between non-conscious processing and intuition is the process, emphasized by the distinction between intuitive processes (intuiting) and outcomes (Dane & Pratt 2007). The *holistic associations* characteristic in intuiting is by Epstein (1994) and Kahneman (2003) explained by the links of elements, such as environmental stimuli being matched with nonconscious patterns or features. The process of matching these elements has been referred to by many as intuiting being associative. Instead of making connections between logical considerations, the intuiting recognizes forgotten information, features and patterns, which has conceptualized intuiting as holistic (Dane & Pratt 2007; Shapiro & Spence 1997). Thirdly, intuiting is *produced rapidly*. Most researchers view intuition as quite fast, especially if compared with the rational decision process (Dane & Pratt 2007). Barnard (1938 pp. 305) stated that intuition is a component of “*non-logical mental processes*” that are capable of handling a “*mass of experience or a complex of abstractions in a flash*”. The final characteristic of intuiting is that it results in *affectively charged judgment*. Dane & Pratt (2007) state that intuition is often used as a noun – as the product of the process. Consequently, they use the term intuitive judgement to signify intuition in its outcome state and the term intuiting as the process. Words such as “gut feeling” often appear in connection with the intuitive process. These “cognitive feelings” and the fact that intuitive judgements often involve emotions is why intuitive judgements are clarified as affectively charged (Chen & Chaiken 1999; Shapiro & Spence 1997). Together these

characteristics help clarify which types of decisions making processes are intuitive (Dane & Pratt 2007).

A question is: what makes an intuitive judgment effective compared to rational decisions? Dane and Pratt (2007) has made a review of the intuition literature and suggest two broad sets of factors of which influence decision effectiveness. These are referred to as 1) domain knowledge factors and 2) task characteristic factors (Dane and Pratt, 2007). *Domain knowledge factors* are those factors with various degrees of knowledge of domain knowledge, ranging from heuristics to expert schemas. The heuristic schemas are based on natural assessments that are routinely carried out as part of the perception of events and the comprehension of messages (Tversky & Kahneman 1983), while the expert schemas consist of information stored in memory to which a situational cue gives the expert access (Simon 1992). Now, how does individuals and managers build up these complex schemas needed for effective intuition? Dane and Pratt (2007) mentions that there may be a learning component in developing these schemas, both explicit and implicit learning. *Explicit* learning comes from repetitive decision practice over a long time period, or as explained by Chase & Simon (1973) in their experiments of the game of chess: experts deliberately develop a vast repertoire of patterns in memory that allows them to respond to contingencies in an automatic manner. In *implicit* learning the individuals are unaware of the learning and it is linked to the unconscious processing system (Dane & Pratt 2007).

Based on the study of intuitive decision-making in banking and finance by Hensman & Sadler-smith (2011), individual factors and organizational contextual factors also proves to have an impact of the intuitive decision-making process. Individual factors such as seniority, experience and expertise can confer credibility to decision-making competence, but also the power of individuals could give permission to exercise intuitive judgements. In terms of organizational contextual factors, organizational conventions, formal rules, politics and cultural norms and expectations, and the constraints they could impose on personal intuitive decision-making, were mentioned in the study.

*Task characteristic factors* also influence the effectiveness of intuitive decision-making. Problems to be solved are characterized differently and differ in their structure. These problems or tasks can be placed on a continuum of structuredness, with ill-defined problems at one end and well defined at the other (Shapiro & Spence 1997). Dane and Pratt (2007) state that intuitive judgements are more effective with regards to unstructured problems relative to rational decisions. These task characteristic factors are influenced by intellectual vs. judgmental tasks and by environmental uncertainty.

### *Intuition in PSM*

Carter et al. (2017) argue that intuition has merit in supply chain management literature due to the uncertainty and complexity faced by managers within the field. A study on the use of tacit knowledge, which is described as knowledge people may utilize unconsciously to make decisions, find that gut feeling, common sense and intuition is acknowledged as being relied upon by the surveyed purchasing managers (Giunipero et al., 1999). The notion of intuitive decision-making has, thus, been long-time present within the field of purchasing and supply management; however, the density and depth of the coverage is scarce (Stanczyk et al. 2015). Yet, recently a number of studies have been published. In their 2012 study, Kaufmann et al. (2012) focus on rationality in supplier selection decisions. Although not specifically focusing on intuition, the study still argues that due to complexity in global sourcing, managers may find it increasingly difficult to rely solely on intuition and instinct (Kaufmann et al. 2012). They conclude that rational decision-making is beneficial both in dynamic and stable environments (Kaufmann et al. 2012). Next, Kaufmann et al. (2014) research the use of rational procedures and experience-based intuition in sourcing teams, as study that has a theoretical foundation in

dual processing theory. Also related to the discussion of rationality and intuition, Stanczyk et al. (2015) study the concepts of creative intuition and procedural rationality in global sourcing decision-making. Dividing intuition into two types – creative and justified – these authors argue that one type is intrapersonal and related to gut-feeling, hence, difficult to communicate accurately; while justified intuition is related to prior experiences which can more easily be formalized (Stanczyk et al., 2015). Kaufmann et al. (2017) address the rational and intuitive decision-making made by purchasing managers when conducting supplier selection. In this latest study, the dimension of emotional processing is included as a second construct of intuition, the first being experienced-based intuition. Emotional processing is related to the gut-feeling of the individual purchasing manager (Kaufmann et al. 2017). Finally, in an effort to reconceptualize intuition in SCM, Carter et al. (2017) combine dimensions from previous studies arguing for a trichotomy of intuition; namely, experience-based processing, emotional processing and automatic processing (Carter et al., 2017). The majority of PSM studies directly related to intuition has, thus, applied a dual process perspective thereby acknowledging the co-existence of rational and intuitive decision-making.

#### *Intuition and purchasing decisions*

Most authors (e.g. Stanczyk et al., 2015 and Carter et al., 2017) addressing intuition within PSM agrees that the field is still relatively nascent. In addition, hereto, the predominant studies take a specific focus on either a general sourcing decision (e.g. Stanczyk et al. 2015) or on a specific decision, such as supplier selection (e.g. Kaufmann et al. 2014 and Kaufmann et al. 2017). Linking hereto is Stanczyk et al. (2015) focusing on global sourcing decision-making. Where studies have mainly focused on supplier selection, there are a number of other decisions made within purchasing, which is the focus of this research. While Guinipero et al. (1999) talks about purchasing decisions, this study aims at identifying the types of purchasing-decision where intuition or rationality are used as well as the factors that affect the choice (although we recognize that the choice is rarely that conscious).

#### **Methodology**

An explorative approach is applied to study not just if intuition is used, but also identify the types of decisions made using intuition. Finally, it is the aim to identify if the intuitive decisions are effective (Dane and Pratt, 2007).

#### *Researching intuition and decision-making*

Capturing intuition is not straight-forward, as intuition is inherent within the respondents. Following the argument of Hensman and Sadler-Smith (2011), a qualitative research approach is chosen. Since our aim is to gain insights into the respondent's perception of when, respectively, intuition and rationality in used when performing their jobs, conducting face-to-face, semi-structured interviews were chosen (Hensman and Sadler-Smith, 2011). Furthermore, we enrich the dataset by interviewing each respondent three times allowing for in-depth discussions of the types of decisions made using intuition. Being able to follow up upon points made in previous rounds of interview will, furthermore, enable a discussion of when intuition actually is used, as it will allow for rich information on when respondents perceive that intuition is used as well as how they identify that intuition is used. The design will allow the researcher to gradually uncover the use of intuitive decision-making by SMEs.

Without arguing that this is the sole trend, it may be said that until now, PSM research on intuition has primarily relied on quantitative data collection approaches with respondents self-reporting on items related to intuition. An additional aim of this study is to address, how a qualitative research design may enable other types of findings appropriate for researching a complex phenomenon such as intuition.

### *Case selection*

The Danish Textile and Apparel industry is characterized by very high time-to-market and fast changing trends. Intuitive decision-making is effective in situations with high uncertainty and time pressure (Carter et al., 2017, Dane and Pratt, 2007), which is characteristics of these small fashion companies. They all have processes such as design and sales in-house, while production is sourced from offshore global suppliers. The participating companies makes a wide array of purchasing decisions related to the buyer-supplier relationship. A total of ten cases (companies) are included in the research. Each of these cases are either an independent SME or a brand within a larger corporation operating its own design and sourcing processes and, thus, host the same day-to-day tasks as the other companies. Hence, comparison and cross case analysis are possible. Each of the ten participating brands fit the characteristics of having autonomy to make purchasing decisions and they also fit the definition of a SME. One leading purchaser was interviewed from each company partaking in the study and this respondent will partake in all iterations of the data collection.

### *Data collection*

Data collection follows an iterative, multi-phase approach moving back and forth between collecting, analysing and comparing data (Binder and Edwards, 2010). Interviews were transcribed verbatim and during an initial coding, analysis was performed very close to the data and the transcriptions were approached without direct consideration of existing theory (Corbin and Strauss, 2008; Charmaz, 2014). Such approach enables the exploration of multiple facets linked to intuitive and rationale purchasing decision-making in SMEs.

A structured approach of three iterations is chosen; each iteration holds its own focus - although it may be subject to change depending on the analysis of previous iterations. This work-in-progress paper is based on the initial coding of the first round of interviews. Two additional iterations are planned for spring and summer 2019. The scope of each round of interviews will differ. The interviews reported in this paper concerned a more general introduction aiming at understanding the context as well as gaining insights into the types of decisions the respondents make and the wording, they use to express the basis for decision-making. The second round will focus on enriching the data on decision-making involving both buyer and supplier. The final coding and analysis await the 3<sup>rd</sup> iteration of interviews.

### **Preliminary findings**

The preliminary analysis of the data obtained from the first round of interviews provides some insight into the use of intuitive and rational purchasing decision-making in SMEs. Having managers answer broadly in terms of how they interact with suppliers, four overall decision types revealed themselves as being subject to both rational and intuitive decisions. These decisions processes are: *selection, termination, negotiation and sustainability*. Summaries of the reasoning behind decisions made are presented in Tables 1 and 2. Furthermore, a number of characteristics are displayed in the tables. These characteristics exemplify how companies expressed the decision type.

### *Selection*

Supplier selection has previously been the topic of research on intuition (e.g. Kaufmann et al. 2012). This study also reveals selecting the right supplier as a decision often made intuitively; often mentioned as a gut-feeling emerging from a close buyer-supplier relationship. The respondent from company D explains that when you know your supplier you tend to rely on judgement calls and gut-feeling. Yet, the decision is also often described as rational and being

based on facts like performance, assessments, test results, supplier requirements e.g. on order minimum and references.

Comparing the tables 1 and 2, it can be seen that multiple companies talk about supplier selection decisions with both intuitive and rational characteristics. Hence, the same respondent from company D speaks about benchmarking: “...so we know we are at the right level or are we not at the right level. If we have got a price from three suppliers and all three are in the same segment, then we know that we are at the right level and it is actually a really good price”. Thereby, this purchasing manager utilizes both intuitive and rational decision-making when selecting suppliers. This could indicate that something external to the decisions themselves may influence whether the respondents opt for rational or intuitive decision-making, as respondents apply both decision-making types.

#### *Termination*

The decision-making process about termination of a buyer-supplier relationship is predominately mentioned as a rational process where decisions are based on evaluations. This is perhaps not too surprising, as termination is not an easy task for the SMEs. Hence, they may need to experience several incidents with a supplier, which may be documented, before termination existing business relationships.

#### *Negotiations*

On the other hand, decisions related to negotiations with suppliers appear to be mainly intuitive and based on gut feeling and close relationships. As the respondent from case C states about price-negotiations with existing suppliers; in particular about knowing when you reached the target price she states: “... it is just a gut-feeling and it is a feeling and a matter of judgement...”. Thus, it would seem that the relationship is promoting the use of intuitive decision-making, as the respondent is referring to knowing the supplier well. The type of relationship entered into by buyer and supplier, thus, present itself as a potential factor influencing whether a decision is made rationally or intuitively. Another reason could be the speed, as the textile industry operates at a high pace, which may promote intuitive and fast decision-making.

#### *Sustainability*

The decisions process concerning sustainability also seems to be dominated by intuitive decisions based on feelings. When rational decisions are linked to sustainability, it is often whether the supplier is certified or not. Yet, the respondent from case H formulates that she still needs to trust that suppliers are, in fact, compliant with their certifications and testing, as they as an SME do not have the resources to test all products themselves: “I cannot do much else. If we were to test everything we have [in the collection Ed.], then we would not have a business anymore”. Thus, the availability – or more accurate, the absence – of resources may also be a factor influencing whether a rational or intuitive decision-making process is adopted.

#### *The decision-making process*

As indicated above, the preliminary analysis of the first iteration of interviews do suggest that there are factors external to the decision itself that may very-well influence whether a purchasing decision in the participating SMEs are rational or more intuitive. Such factors may be the nature of the buyer-supplier relationship, as well as, time pressure or available resources. Exploring which factors that influence whether an intuitive or rational decision-making process is utilized may increase the effectiveness and efficiency of purchasing decision-making, as it gives insight into why managers decide in the manner they do.

Table 1: Summaries of intuitive decision-making

Strategic supplier decisions	Summaries of INTUITIVE decision-making
<p><b>SELECTION</b> (cooperation, order handling, specifications)</p> <p>Cases: A, C, D, E, G, H, I</p> <p>Characteristics: Trust, feelings, gut-feelings, personality, relationships, experience, chemistry</p>	<ul style="list-style-type: none"> <li>• Mutual trust because of close relationships</li> <li>• Choosing a supplier at an exhibition – you get this feeling I can't explain.</li> <li>• Sometimes you do have this gut-feeling</li> <li>• When knowing the suppliers, it is a judgement call and a gut feeling</li> <li>• The individual is very important – the persons behind. Do I feel safe in the cooperation – rely on experience.</li> <li>• If it gets too good to be true, I know they are lying</li> <li>• It's a gut-feeling whether or not I can trust them</li> <li>• Difficult to forecast based on trends – I have a gut-feeling</li> <li>• I visit the factories and based on experience and gut-feeling I choose</li> </ul>
<p><b>SWITCH/TERMINATION</b></p> <p>Cases: A, H, G</p> <p>Characteristics: Feeling</p>	<ul style="list-style-type: none"> <li>• Had a feeling that the suppliers were not compliant</li> <li>• It was just that feeling that something would go wrong.</li> </ul>
<p><b>NEGOTIATION</b></p> <p>Cases: B, C, D</p> <p>Characteristics: Feeling, gut-feeling, relationship</p>	<ul style="list-style-type: none"> <li>• I have a feeling of how far I can squeeze them</li> <li>• You just know how far you can go when negotiating</li> <li>• When knowing the supplier well you have a gut feeling of how far you can go</li> <li>• We always behave well – when negotiating we have a clear feeling of when to stop</li> </ul>
<p><b>SUSTAINABILITY</b> (trust, compliance)</p> <p>Cases: A, D, E, F, G, H</p> <p>Characteristics: Feeling, trust, close relationship, instinct</p>	<ul style="list-style-type: none"> <li>• Had a feeling that they (suppliers) were not compliant.</li> <li>• If you want the supplier to be certified – you can feel exactly if the supplier believes in it.</li> <li>• Because of our close relationships I trust them and their certificates</li> <li>• Based on audits we go in and feel whether it is good or bad.</li> <li>• One must have the feeling that they know what we mean.</li> <li>• I simply think basically, it has been about having known, just as we know it, instinctively it is, the right thing to do</li> </ul>

Table 2: Summaries of rational decision-making

Strategic supplier decisions	Summaries of RATIONAL decision-making
<p><b>SELECTION</b> (cooperation, order handling, specifications)</p> <p>Cases: A, B, C, D, E, F, G, H, J</p> <p>Characteristics: Supplier requirements, production quality, references, assessments, price, tests</p>	<ul style="list-style-type: none"> <li>• Supplier not selected because of too high order minimum</li> <li>• We choose them because of the quality</li> <li>• Supplier chosen on the basis of references.</li> <li>• Change in specification because of order minimum</li> <li>• Chosen because of capacity</li> <li>• When choosing suppliers, I look at the facts</li> <li>• Balance between price and quality</li> <li>• Are the suppliers compliant and what are their minimums?</li> <li>• I ask the assistants to draw some numbers.</li> <li>• We have the data - we decide everything regarding price, quality and design</li> </ul>
<p><b>SWITCH/TERMINATION</b></p> <p>Cases: C, D, G, J</p> <p>Characteristics: Bad cooperation, don't live up to requirements, evaluations, assessments</p>	<ul style="list-style-type: none"> <li>• Termination because of bad cooperation</li> <li>• Supplier are not complying with sustainability related requirements</li> <li>• We make evaluations and slowly we shut them out if they do not perform</li> </ul>

<p style="text-align: center;"><b>NEGOTIATION</b></p> <p>Cases: I Characteristics: Price</p>	<ul style="list-style-type: none"> <li>• <i>If the price received is based on 1000 pcs. and we want 10.000 the price has to be negotiated</i></li> </ul>
<p style="text-align: center;"><b>SUSTAINABILITY</b> (trust, compliance)</p> <p>Cases: A, B, D, F, G, H, J Characteristics: Certificates, 3rd part, self-assessments, production mapping, tests</p>	<ul style="list-style-type: none"> <li>• <i>I am sure because the supplier has the GOTS certificate</i></li> <li>• <i>Accepted because of certificate</i></li> <li>• <i>We make a self-assessment</i></li> <li>• <i>We do not choose a new supplier if they are not in process regarding sustainability requirements.</i></li> <li>• <i>We rely on 3<sup>rd</sup> part audits and certification.</i></li> <li>• <i>We map production methods before choosing.</i></li> <li>• <i>We make tests regarding REACH.</i></li> </ul>

### Expected contributions

This study aims at exploring the usage of, respectively, intuition and rational decision-making within PSM, especially focusing on the cases of SMEs, as they are argued to be more likely to rely on intuitive decision-making. The expected contribution within PSM relates to which factors that influences whether purchasing managers adopt a rational or an intuitive decision-making approach. Out preliminary findings suggest that both intuitive and rational decision-making is applied in all the identified purchasing decision types. This indicates that the nature of decision itself is not the determining factor for whether the adopted decision-making process is rational or intuitive. Hence, the initial findings indicate that other factors external to the decision itself is of interest. Thereby, the aim of the second iteration of interviews will focus on identifying which factors that may influence whether a purchasing manager utilizes intuition or rational decision-making in a given situation.

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