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Frank Janssen, Sophie Bacq

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Frank Janssen

Center for Research in Entrepreneurial Change and Innovative Strategies (CRECIS)
Louvain School of Management
Université catholique de Louvain

Sophie Bacq

Professeure d'entrepreneuriat et innovation à la D'Amore-McKim School of Business
de la Northeastern University à Boston aux États-Unis

ABSTRACT

Nowadays, entrepreneurship appears as the driver of social and economic development (Observatory of European SMEs, 2003). Entrepreneurs are perceived as the pillars, if not the saviours, of market economy, and their activities as creating value, employment and multiple advantages for consumers. However, some recent studies (Shane, 2009) show that the entrepreneur seen as a hero would be nothing else than a myth. Most of the time, entrepreneurs would create ordinary firms that would not grow. Although the entrepreneur has largely been ignored by classical and neo-classical economic theory, the myth of the entrepreneur as a wealth creator finds its roots in the postulate of profit maximisation that would force firms to grow. However, actual competition, combined with the fact that, often, ownership and management are in the hands to the same people, allows entrepreneurs to pursue utility functions other than profit maximisation. Entrepreneurs often follow non-monetary aims like independence, power, or achievement. This leads them to voluntarily limit growth. The aim of this paper is thus to explain how this myth was born and to show that, if these alternative objectives are not taken into account, it is not possible to reconcile the entrepreneurial behaviour with apparent infringements to economic and management theories.

Keywords: growth, profit maximisation, neo-classical economics, economies of scale, entrepreneurial objectives

INTRODUCTION: A MISCONCEPTION OF THE ENTREPRENEUR AS A WEALTH CREATOR AND GROWTH SEEKER

Since the end of WWII and until the end of the 1970s, large companies have dominated the economic landscape. According to dominant management theories at that time, a large size was considered as unavoidable and firm growth was judged necessary to reach economies of scale. The small and medium-sized enterprise (SME) was only perceived as a stage in the firm's development. As a result, the economic climate was more prone to the study of large corporations, or even multinational companies and, therefore, entrepreneurship research was rather left aside.

At the end of the twentieth century, the combined effect of globalization and of the information and communication technologies revolution led to a decrease in capital and information transfer costs from costly locations, such as Europe and the US, toward low cost price economies (Thurik, 2011). As a consequence, in high cost price economies, there was a shift from traditional inputs such as land, capital and labour toward knowledge-based competitive advantages. Hence, policy makers suddenly realised the economic importance of SMEs and start-ups. In that context, the "entrepreneurial economy" (Audretsch and Thurik, 2001, 2004), based on flexibility, turbulence, diversity, creativity, newness or new forms of networks, was erected as a new model of economic and social development, making the entrepreneur "modern economy's most important actor" (Lazear, 2005).

Nowadays, entrepreneurship seems to impose itself as the "driver of economic and social development worldwide" (Observatory of European SMEs, 2003). In these times of crisis, entrepreneurs are welcome as the pillars, if not the saviours, of the market-based economy, and their activities are perceived as creating value, jobs, and multiple advantages for the consumer. Acknowledging the importance of entrepreneurship for economic growth led public authorities to promote it and, in particular, high-growth firms that are at the source of many jobs. The entrepreneur is henceforth erected as the hero of modern times.

This accession to the rank of heroic symbol results from an economic construction, but also from cultural, political and moral ones. Indeed, beyond the entrepreneur's contribution to the economic development and common welfare, he/she serves as a reference in our culture based on democracy and freedom, as well as his/her way of life becomes a model to be followed. His/her qualities of efficiency, innovation, and creativity are opposed to bureaucracy's inefficiency, routine, or disillusion (Jones and Spicer, 2009).

However, some research results contradict this picture. For instance, Shane (2009) tried to demonstrate that the entrepreneur perceived as the hero of modern times would be a myth: venture creation would not be an activity carried out by exceptional people but, most of the time, a non-innovative activity, creating few jobs and/or limited wealth. Very often entrepreneurs would create "ordinary" ventures that would not be meant to grow. Numerous entrepreneurs would generate their own job only which, often, would be less paid than a salaried job. In the US, the "typical" new venture would be capitalised at 25,000 USD (mostly coming from the founder's savings), would have as an objective to generate revenues around 100,000 USD within five years, would be located in the founder's home, would operate in a highly competitive sector characterised by low entry barriers and a high failure rate, would have a high probability to disappear within the five first years and would create jobs that are less paid and less stable than in other companies (Shane, 2009). We suspect the European entrepreneurs' situation to be similar.

These research results call into question the utility of public policies stimulating entrepreneurship in a broad meaning. Shane (2009), among others, speaks in favour of stopping subsidising the average new ventures and rather focusing on high-growth potential enterprises[1]. Birch and Medoff (1994) show that, from 1988 to 1992, 4% of all US companies—known as "gazelles"—accounted for 70% of all new jobs in the US and represented, on their own, 60% of the total employment in the American economy. Based on an analysis of firms created in 1977 and 1978, and their evolution until 1984, Kirchoff (1994) confirms that 4% of US new ventures created 75% of jobs during the period under study. A study from the OECD (2002) also observes that 50 to 60% of job increase can be associated with high-growth firms. Another international study, based on data from the Global Entrepreneurship Monitor (GEM), observes that only 10% of companies plan to create 20 jobs or more in the five coming years, which represents 75% of job creation expected in this period (Autio, 2007). In Europe, in a study covering the whole of the then-called European Economic Community, Storey and Johnson (1987) observed that in 12 years, less than 10% of the firms created at the beginning of the period grew beyond 20 employees and that less than 1% of them grew over 100 employees. In Germany, from 1984 to 2002, 75% of jobs were created by 5% of the newly created enterprises, and 44% of jobs were due to only 1% of these (Fritsch and Weyh, 2006). In Finland, from 2003 to 2006, 90% of net job creation was due to high-growth firms (Deschryvere, 2008). These tendencies have been confirmed by studies conducted in Greece, Sweden (Julien, 2000), Ireland (O'Farrell, 1984) or certain regions of the United Kingdom (Gallagher and Miller, 1991).

For all the above-mentioned reasons, these high-growth companies interest policy makers who see in them the future champions of their national economies and the major source of jobs. Their actual and potential economic importance also explains why they interest financial institutions. As far as research is concerned, the main objective of scholars studying entrepreneurship—or at least those who got interested in growth—was to develop "prediction" mechanisms of growth. The aim was to determine *ex ante* conditions related to entrepreneurs, their firm, their strategy and their environment, that would maximise the company's chances of growth (Janssen, 2011). However, to date, research has not be able to isolate all the variables that

1. Let us note that recent studies contradict the association usually made between growth and performance by showing that public policies should support firms to pursue an initial profitability objective, rather than growth (Davidsson et al., 2009).

have a constant and recurring effect on growth, nor to build a complete prediction model of growth (Dobbs and Hamilton, 2006; McKelvie and Wiklund, 2010; Shepherd and Wiklund, 2009). Besides the fact that we know that it is highly complex, if not impossible, to identify today the champions of tomorrow, we believe that this question is linked to the myth of the economic profit maximisation postulate.

Although the entrepreneur has for long been ignored by economic theory, the myth of the entrepreneur as a wealth creator is based on the premise that profit maximisation forces firms to grow. It is thus the result of the neo-classical, or Marshallian, economic theory[2]. Among entrepreneurship researchers, this postulate is at the origin of the opposition between the so-called small business owner and the entrepreneur (Carland *et al.*, 1984). The former would start a business in order to meet personal objectives. The business is his/her main revenue source and can be viewed as an extension of his/her personality. To the contrary, the "entrepreneur", as defined by these authors, creates and manages a venture with, as main objectives, profit and growth. For Carland *et al.* (1984), innovation enables to differentiate entrepreneurs from small business owners. A number of interpretations based on Schumpeter's (1934) theory of the entrepreneur and creative destruction have largely conditioned public action in the field of entrepreneurship. Similarly, Shane (2009) argues that the majority of people who set up a new venture are not entrepreneurs in the sense of individual creators of ventures that grow and generate both wealth and jobs. These individuals would rather create a business in order to generate revenues to replace their salaries. Their firm would have more in common with the self-employed status than with high-growth ventures.

According to the neo-classical economic postulate, profit would constitute the entrepreneur's one and single objective and the main condition to his/her firm survival. Indeed, market forces under perfect competition conditions compel the entrepreneur to maximise his/her profit and, consequently, to minimise his/her costs, otherwise his/her business would have to get out of the market. That is also the reason why, for many years, it has been thought that all firms are forced to grow. However, the reality is different. Actual competition, frequently combined with the centralisation of power and ownership in the hands of the entrepreneur, enables the entrepreneur to follow objectives that are *different* from profit maximisation and, hence, lead him/her to voluntarily limit the firm's growth. Entrepreneurs frequently pursue non-monetary objectives, such as independence, long-term sustainability, power, or personal achievement, among others. In addition, one entrepreneur can have several objectives, and those can vary with time or with the organization's development.

Therefore, the objective of this paper is to explain how this myth of the entrepreneur as a wealth creator and growth seeker was born, and to demonstrate that, if alternative objectives are not taken into account, it is not possible

2. Neo-classical, or Marshallian, economics is composed of several research streams that have studied price determination, revenue production and distribution through supply and demand mechanisms, underlined by the hypothesis of utility maximisation and, in particular, profit maximisation.

to reconcile entrepreneurs' behaviours with apparent infringement to economic and managerial theories. According to Carsrud and Brännback (2011), the issue of entrepreneurs' motivations has been under-studied because this issue, and the field of entrepreneurship in general, has been dominated by economic thinking. In line with these authors, we contend that, by bringing the concern of motivations to the forefront of entrepreneurship research, it becomes clear that growth is not always desirable and that "non-growth" can actually be a legitimate objective pursued by entrepreneurs, among other alternative objectives.

The remaining of the paper proceeds as follows. In the first section, since entrepreneurship is above all considered as a phenomenon producing economic utility, we review neo-classical economics' rationales that consider entrepreneurship and growth as intrinsically related. In particular, we question whether entrepreneurial firms are forced to grow and maximise their profit or whether, on the contrary, they can pursue other goals. Then, in the second and third sections, we aim to show why entrepreneurs do not necessarily have to pursue objectives predicted by the neo-classical economic theory, i.e. growth and profit maximisation. In the second section precisely, we examine those alternative objectives, in particular those that are not profit-oriented. In the third section, we show how and why non-growth is a relevant objective for entrepreneurs. The last section concludes our reflection and paves the way for future research avenues.

NEO-CLASSICAL ECONOMIC THEORY AND THE GROWTH OF THE FIRM

Economies of scales play key role in the neo-classical economic model. They exist as soon as a larger firm, because of its size, is able to produce goods and services more efficiently than a smaller one (Penrose, 1959). For a long time, Viner's (1932) theory on economies of scale has dominated the economic thinking about the size distribution of firms (Lucas, 1978). Based on the hypothesis that all enterprises have an identical, U-shaped, long-term average cost function, this theory prophesizes the coming of single-sized firms within a given industry. At the equilibrium, each firms produces at the minimum point of the long-term average cost curve, firms' entries and exits adapting so that the total production in the industry is equal to demand at the equilibrium. Therefore, the optimal allocation of production—i.e. the one that minimises costs between firms—determines the size distribution of firms within an industry. Consequently, Viner (1932) thought that all enterprises within one sector would ultimately have the same size. Considering that the supply of entrepreneurs would be fixed, Kaldor (1934) reached the same conclusion.

However, evidence from different economic sectors shows that enterprises of very different sizes coexist in the long run. Some authors have highlighted the possibility to rapidly reach an optimum-minimum scale—i.e. the smallest acceptable size for an enterprise that does not wish to move away too much from the efficiency associated with the large dimension—or even the fact that the long-term average cost curve is not only influenced by production costs, or that its shape is not necessarily the one of a "U" (Scherer *et al.*, 1975). Others have highlighted the possibility to compensate these economies by other competitive advantages such as flexibility (Mills and Schumann, 1985), the existence of diseconomies of scale linked to the large size, be they related to production (Gould, 1968) or to management (Cyert and March, 1963; Scherer, 1980), or even the possibility to divide these economies through the development of networks (Marchesnay and Julien, 1990). Some have even questioned the reality of these economies of scale (Gold, 1981). These elements have enabled to understand firms' size heterogeneity within a sector. However, these explanations mainly relate to internal elements of the firm. Alternative explanations of the permanence of the sub-optimal size of modest enterprise can be found outside the firm itself, in the influence exerted by the environment.

The environment in which firms evolve is perpetually changing. Technological progress, the development of new resources and new industries, a change in consumers' taste, combined with the accumulation of savings and of capital that goes with increase in income, are usually considered as the main factors that favour market expansion and stimulate economic growth (Penrose, 1959). These changes are at the source of gaps between supply and demand and, therefore, represent as many market opportunities. Theoretically, thanks to their numerous competitive advantages, large corporations should be the most able to grab and exploit all these opportunities. Yet, a large number of these opportunities are not exploited by these companies because they are not able to perceive them, or because they do not want to, or cannot, exploit them. Large companies' ignorance of opportunities can be explained by several phenomena. Non-reaction can be linked to an information or knowledge management issue. It can also result from a lack of entrepreneurial spirit. Besides, the large company might have perceived the opportunity without exploiting it, be it voluntarily or by inability. This can be the case if the company cannot identify a sufficient interest, if it evaluates the risks as too high, or if the organization's rigid structure is ill-suited to take the opportunity. Furthermore, some of these opportunities do not lend themselves to a large-scale production. That is, for instance, the case of small markets created on basis of very specialised needs, local customs, geographical matters, or even high-end product demand (Julien, 1998).

Therefore, large corporations are forced to abandon a certain number of opportunities, which represent as many chances for small sized enterprises. Penrose (1959) calls these opportunities not taken by larges companies "market interstices". If existing firms cannot, or do not wish to fill all these interstices, often called "niches", then new firms will be created with success and, maybe, will quickly obtain a dominant position in that particular sector. Notwithstanding, this does not imply that the firm taking these opportunities will necessarily grow. The narrowness of some markets makes the small size preferable, or sometimes necessary. A larger size will be justified only if there exists sufficient demand on the market. Yet, for a series of products, demand is so narrow, or implies such product differentiation, that it is almost an individualised demand. Certain needs' specificity or specialisation require a high level of product or service differentiation. This diversity prevents any possibility of standardisation and mass production. Therefore, it is not exceptional that a SME has a "quasi-monopolistic" power on a restricted, regional, national, or even international, market.

Actual competition thus leaves firms some freedom that allows the coexistence of firms of different sizes with low cost differentials. Beyond questioning the economic mechanisms that enable enterprises not to grow, and, yet, not to disappear, as we did in this section, this observation has also led researchers to examine the reasons why the entrepreneurs search, or not, for profit and growth. We review them in the next section.

THE ENTREPRENEUR: IN SEARCH FOR PROFIT AND GROWTH. REALLY?

In the late 1950s, some authors (Baumol, 1959; Marris, 1964) stressed that, in firms in which power and control are dissociated, i.e. in which there is an agency relationship (Jensen and Meckling, 1976), managers pursue other objectives than profit maximisation, such as sales and/or market shares growth, power, prestige or personal revenues. In contrast, shareholders will try to set up mechanisms that will lead these managers to come back to a profit maximisation objective. These authors' studies only focused on large firms, often listed on the stock market.

In entrepreneurship, reasons to create a venture have been considered, until recently, as being linked to purely economic objectives (Carsrud and Brännback, 2011) and research has too often focused on questions of wealth creation through venture creation (Rindova *et al.*, 2009). Labour economics, for which venture creation is explained by the theory of the individual's behaviour on the job market, is related to this fact. This theory looks at the impact of the job market and of an economic agent's preferences on his/her choices for salaried versus self-employment. For Knight (1921), and labour economics in general, an individual is confronted with three possibilities of professional choice. In order to determine the optimum, he/she will compare the anticipated returns of each option. He/she will become self-employed if he/she perceives that the future returns' actualised value as an independent worker exceeds the actualised value of other alternatives (Staber and Bögenhold, 1993). For Baumol (1990), individuals decide to create their firm because they are motivated by economic gains that they will be able to obtain from their entrepreneurial activity. They will decide to become an entrepreneur if their utility, in terms of wealth, power and prestige, is maximised by that status, comparatively to the employee status. For Eisenhauer (1995), the decision to create will depend on the utility in terms of expected gains, on the one hand, and on the utility differential in terms of "work conditions" between the employee and the entrepreneur statuses, on the other hand.

In this approach, the entrepreneurship decision is thus only motivated by the expected reward, usually financial, linked to the future profitability of the entrepreneurial activity and, therefore, to profit maximisation. One can find an explanation of the functionalist paradigm's predominance in entrepreneurship in this approach (Perren and Jennings, 2005). Functionalism tends to erase the individual for the benefit of supposedly objective facts (Jennings *et al.*, 2005). We believe that there are two alternative explanations to the predominance of the economic conception in the analysis of entrepreneurs' objectives. First, this approach allows to mathematize entrepreneurship by restricting it to a maximisation operation. As stressed by Ogbor (2000), some researchers have pleaded for a more important mathematization of the field of entrepreneurship (Bygrave, 1993), mostly with the intention of scientific legitimisation—which is in line with a structuralist approach that favours empiricism. Second, scholars seem to largely share the public authorities' beliefs of the role of entrepreneurship in the economy (Perren and Jennings, 2005).

The explanation of the entrepreneurial act cannot be restricted to the sole concept of profit maximisation. The majority of individuals do not become entrepreneurs for growth or wealth creation reasons, at least not only (Shane, 2009). Motivations that can explain the individual decision to go into business are numerous and must be related to the entrepreneur's past experience, personal disposition, available information, among others (Gaglio and Katz, 2001; Shane, 2000; Shepherd *et al.*, 2007). Rindova *et al.* (2009) yet stress that research has paid far too little attention to autonomy or independence objectives, to the willingness to guarantee a revenue or a job for his/her family, to the wish to manufacture quality products, to creativity, to innovation, to power, to status, to achievement, to the venture durability, to the continuity of familial traditions, to the expression of personal values or social change, as in the case of social entrepreneurs, for instance (Baker and Pollock, 2007; Stratos Group, 1990).

Frequently, the separation between power and ownership, which is found in large companies, does not exist within young and/or small firms (LeCornu *et al.*, 1996) since power and ownership are concentrated in the hands of the entrepreneur (and/or the family in the case of family businesses). This relationship between ownership and power leads to an interpenetration of the objectives of the firm and of the entrepreneur. Yet, as we have seen, actual competition does not necessarily force the firm to grow. This element, combined with the gathering of power and ownership, enables the entrepreneur to pursue objectives other than profit maximisation.

Of course, profit can also be an objective in itself, but entrepreneurs often pursue non-monetary objectives (LeCornu *et al.*, 1996). These objectives often predominate financial objectives in explaining entrepreneurial motivations (Baker and Pollock, 2007). In the early 1970s, the Bolton[3] report showed that entrepreneurs are more motivated by the psychological satisfaction of being their own boss, than by profit opportunities (Bolton, 1971). Numerous authors underline the importance of independence among the objectives pursued by entrepreneurs (Hamilton, 1987; Johannisson, 1990; O'Farrell and Hitchens, 1988). The entrepreneur wants to be the sole in command and to free

3. This report bears the name of Professor Bolton, President of the Commission that was asked by the British authorities to analyse the problematic of SMEs in the United Kingdom, following a decrease of their population during the "golden sixties". It was the first large-scale report on SMEs conducted in a European country, and it still constitutes a reference in the field.

him/herself from conventional authority and earning-generation structures (Baker and Nelson, 2005). Preserving his/her independence regarding management and control therefore often constitutes one of his/her main preoccupations. This also enables to explain why entrepreneurs are often reluctant to delegate their power to others.

According to Julien and Marchesnay (1996), entrepreneurial motivations are often implicit, complex and complementary. Entrepreneurs can, for instance, simultaneously look for satisfying financial revenues, maintaining power and control, or even satisfaction associated with their job (Storey, 1990). Furthermore, these objectives are likely to vary with time and with the evolution of the firm (Stanworth and Curran, 1976), when a new manager is hired or when the capital is opened to external shareholders, for instance.

In economic terms, this could mean that entrepreneurs maximise their own utility function rather than simply maximise profit (McMahon and Stanger, 1995). Profit could work as a constraint within their utility function (Julien and Marchesnay, 1996). They could attach some importance to it insofar as monetary revenues can constitute a benchmark of their success, or allow them to assure a satisfying standard of living.

Some researchers have tried to model those utility functions. For instance, Osteryoung *et al.* (1992) suggest the following utility function:

$$U = U(I, P, L, A)$$

where I stands for the monetary income; P stands for in-kind benefits; L stands for leisure time; and A stands for self-esteem as well as desire for success. According to these authors, the relative importance attached by the manager to financial and non-financial factors determines the firm's propensity to grow.

McMahon and Stanger (1995) propose a utility function integrating the dimensions of independence and growth limitation:

$$U = (P, Nt, Nn, \text{Ø})$$

where P stands for pecuniary income (e.g. capital remuneration and wages); N*t* stands for non-pecuniary benefits related to the financial domain (e.g. diversification, liquidity, transferability, flexibility, control and responsibility); N*n* stands for non-pecuniary benefits *not* related to the financial domain (e.g. lifestyle, self-esteem, family well-being); and *Ø* stands for the total risk associated with the financial and human investment of the firm's owner-manager.

If the manager tries to preserve his/her independence, he/she will favour N*t* and will be opposed to external funding. On the contrary, if he/she wants to go public, he/she will favour P. If N*n* prevails, this will boil down to limit firm growth, as well as if N*t* is favoured.

Besides, it could be that the maximisation principle itself must be rejected in the case of SMEs. Rice and Hamilton (1979), for instance, consider that the concept of "satisficing result" developed by Simon (1959) for large companies is a dominant factor in the decision-making process within small enterprises. Moreover, this result will be satisficing only with regard to a certain level of aspiration. Performance therefore can only be assessed as a function of an organization's objectives. Hence, in the case of a SME, performance will depend on its entrepreneur's objectives. The non-quantifiable character of some components of this function makes performance measurement extremely difficult.

Entrepreneurs' non-economic objectives also explain why a majority of them try to avoid growth. We elaborate on the association between non-economic objectives and growth in the next section.

GROWTH AND NON-GROWTH AS A DELIBERATE DECISION

In order to take place, growth must be desired by the entrepreneur. Growth, as well as non-growth, can constitute an objective in itself and is a result of the entrepreneur's conscious choices (Sexton and Bowman-Upton, 1991). According to Starbuck (1965), growth is not a spontaneous neither random phenomenon, but well the consequence of a decision[4]: the decision to hire and/or not to fire, the decision to increase supply in response to an increase in demand, or even the decision to stimulate demand. For this author, although these decisions do not systematically lead to the organization's expansion, an organization's growth necessarily depends on those decisions and subsequent actions. Upstream, those decisions depend on the objectives of the organization's members. Consequently, he considers that organizational growth is only possible if a larger size is positively correlated with organizational objectives. As noticed by Kolvereid (1992), if the decision to create an organization depends on the founder's choice, one can suppose that it is the same for the decision to grow. The entrepreneur must desire growth for it to happen (Ginn and Sexton, 1989). This choice is not only dictated by financial reasons, far from that. Wiklund *et al.* (2003) observe that non-economic preoccupations are more important than the expected financial results to explain the entrepreneur's behaviour toward growth.

Growth can be used as a benchmark for the success of the manager and the company, as well as for the "progress" made by the latter (Starbuck, 1965). To the extent to which it cannot be reached without overcoming internal obstacles and mastering external elements, growth is subjected to some sort of social recognition. It can result from the manager's taste for risk or adventure. Starbuck (1965) assumes that it can also be a means to reach other objectives, or a consequence of the pursuit of other objectives, such as higher wages, security, prestige or power. According to Child and Kieser (1981), in firms of some size, growth enables to satisfy the aspirations of the different members of the organization. It enables to relieve internal tensions by creating promotion opportunities and by leading to wage raises (Coad, 2009). It can also reinforce the firm's position compared to its competitors, its clients and suppliers, reduce its dependence on other firms or give it a better control of its environment, for instance through increased negotiation power that will reduce the

4. Penrose (1955) already considered growth as an intentional process.

level of uncertainty to which it is confronted (Child and Kieser, 1981). The rise in the firm's relative size[5] increases its market power. It can also result from a willingness to enhance the firm's chances of survival (Starbuck, 1965). In that sense, it becomes synonymous of more security for the company and its members (Whetten, 1987).

Most entrepreneurs do not include growth among their objectives (Chell, 1986; Davidsson, 1989; Gibb and Scott, 1986; Hakim, 1989; Kolvereid, 1992; Wiklund *et al.*, 2003). The authors of a survey on SMEs' strategies, conducted in 8 European countries[6], observe that growth only gets the thirteenth position among 15 objectives suggested to the surveyed entrepreneurs (Stratos Group, 1990).

Insofar as autonomy is one of the main objectives of many entrepreneurs, survival will often be preferred to growth. Indeed, a growth strategy is often synonymous of ownership dilution (O'Farrel and Hitchens, 1988) and loss of independence. Moreover, growth implies some power delegations, as well as changes in the decision-making process. It possibly can lead to a heavier workload, decrease professional satisfaction and/or alter work atmosphere (Davidsson, 1989; Kolvereid, 1992). A larger company could constitute a less motivating work environment for employees because "routinisation" and bureaucratisation could replace the initiative-taking spirit and dynamism, more associated with SMEs (Coad, 2009). Beyond a certain size, it will be impossible for the manager to directly control all the tasks conducted within the company. Johannisson (1990) considers that this threshold approximates 20 employees. Davidsson (1989) observes that, above 5 to 9 employees, the barriers to growth perceived by the entrepreneur become more important than motivations. Based on a survey carried out among Swedish small businesses' owner-managers, he considers that the fears of loosing control in the supervision, and of decreasing the workers' welfare, are the most important hindrances to growth. According to this study, in very small firms, growth is perceived as potentially positive because it reduces the organization's dependence on its clients, suppliers or moneylenders. When the firm grows above a certain size, independence increasing effect weakens and can be supplanted by a fear of control loss.

Those thresholds can also be explained by national particularisms (Kolvereid, 1992), linked to the social legislation, for instance. In developed countries, there often exist thresholds beyond which lay-off costs become higher and, consequently, SMEs close to such a size choose to limit their growth (Coad, 2009). Depending on the country, this threshold lies between 8 and 15 employees (Schivardi and Torrini, 2008). Let us note that higher hiring and lay-off costs, combined with higher administrative costs linked to venture creation and weaknesses in the financial systems, could help explain why American new ventures grow more than their European counterparts (Bartelsman *et al.*, 2005).

5. That is, compared to other economic actors (competitors, suppliers, clients).

6. Austria, Belgium, Finland, France, Germany, The Netherlands, Switzerland and United Kingdom.

LeCornu *et al.* (1996) observe, on a sample of Australian SMEs, that managers search for and plan growth only if it does not conflict with their other objectives, such as independence, firm durability, self-financing, or the maintaining of a low level of indebtness. Besides, these last two objectives are only the financial expression of their willingness for autonomy.

Another study, conducted on medium-sized Belgian enterprises, shows that, to finance their activities, 66% of these firms uppermost use self-financing, 30% use debt, and only 4% open their capital (Wtterwulghe and Janssen, 1998). This financial hierarchy likely results from the objectives pursued by the entrepreneurs. Indeed, most of the firms studied had been founded more than 25 years ago, and had a debt ratio lower than 40% of the total debit (well below the Belgian average of 64.4% for the period studied). They thus show a low risk of failure. In addition, most of these enterprises consider their financial needs as well defined, believe that it is quite easy to find external funding, and are satisfied of their relationships with banks. Given their age, low indebtness and good relationships with bankers, these enterprises are probably not rationed by the latter. However, most of them still operate at a relatively small size. As a consequence, Wtterwulghe and Janssen (1998) conclude that they voluntarily limit their growth to their self-financing capacity.

Most firms therefore do not grow beyond a certain size that some call "the comfort stage"—i.e. a stage at which sales are important enough to ensure the firm's survival, a satisfactory standard of living for the entrepreneur and his/her family, as well as a certain return on investment (Perry, 1987). Their objective is therefore more to maintain a certain standard of living and/or the survival of their firm, rather than to create wealth through growth (Deakins, 1996; McMahon and Stanger, 1995). This is also why numerous enterprises operate at so-called sub-optimal financial levels (Baker and Pollock, 2007), which are less important for the entrepreneur than the other satisfactions he/she gets from his/her firm. It is however obvious that, in the case of a succession, for instance, the new manager could opt for a radically different objective than the one of the founder and aim at growth rather than survival.

Finally, let us stress that the concept of growth is polysemous. Depending on whether it is a founder, a non-founding manager, an investor, a money-lender, a provider, a client, a worker, or public authorities, growth will be formalised and interpreted differently. For each stakeholder, the perception of the desired size and type of growth is likely to be different (Leitch *et al.*, 2010). For public authorities, who are motivated by job creation and economic growth, an organization's size will be have to be the largest possible, within the boundaries imposed by competition laws. For these authorities, growth is synonymous of job creation because the latter is a proxy for economic growth (Kirchoff, 1991). For society at large, employment growth is a proxy for the firm's economic contribution to the common welfare (Dunkelberg and Cooper, 1982). Therefore, numerous economists and sociologists have used employment growth as a measure of performance. It seems, however, that entrepreneurs themselves disagree with authorities and researchers who focus on that criterion. For these entrepreneurs, close to their employees, creating a job is inseparable from the risk of lay-off (Achtenhagen *et al.*, 2010). For most entrepreneurs, growth will often be avoided and voluntarily limited to a size that allows them to preserve the organization's independence and the entrepreneur's control. For the entrepreneur who chooses to grow, as well as for his/her family members, growth represents more a personal, professional and familial development than an increase of the firm's size (Achtenhagen *et al.*, 2010). Stakeholders' expectations and objectives can vary with time, which complicates things even more. Thus, growth is a social construction that takes different meanings for different stakeholders, which does not ease the dialogue between them. On the contrary, it is a potential source of confusions and misunderstandings (Leitch *et al.*, 2010).

CONCLUSION: TO GROW OR NOT TO GROW, THAT IS THE QUESTION

In this contribution, we have argued that not all entrepreneurs choose to grow. Actually, most choose not to grow. This can be explained by two main elements that have underlined our reasoning. First, growth results from the entrepreneur's motivations, which are plural and differ from the sole search for profit—as assumed by neo-classical economic theory. Second, growth is a social construct and thus takes various meanings, depending on the group of people and the context of use. In this discussion and conclusion, we would like to come back to our main observations, as well as to the relevance of such a critical reflection for the field of entrepreneurship.

Most entrepreneurs choose not to grow. Their objectives and motivations are different from the ones of the minority who would favour growth. However, numerous studies analyse the entrepreneurial phenomenon in an undifferentiated way, taking the "average" entrepreneur as a reference (Gartner *et al.*, 1989). According to Gartner (1985), one of the main objectives of entrepreneurship research has been to demonstrate that entrepreneurs share common characteristics that differentiate them from non-entrepreneurs. Yet, there are only few similarities between the owner of a small store or the craftsman, and the manager of a high-growth, innovative company, for instance. Therefore, it is necessary to go beyond the concept of "average" entrepreneur in order to comprehend the phenomenon in its complexity and diversity (Gartner *et al.*, 1989). Individuals who neither look for profit nor for growth cannot be excluded from this designation. Thus, entrepreneurship does not cover a universal and stable set of individuals. Moreover, it is not possible to consider it without taking the time and environment in which it evolves into account.

This diversity also appears when looking at the entrepreneur's objectives. This issue is central since economic objectives are not a priority for most entrepreneurs and only work as constraints in the way they conceive their objectives. This has a direct impact on the concept of entrepreneur itself. To us, individuals who would not search for profit or growth cannot be excluded from this denomination. Following Calas *et al.* (2009), we propose to go beyond the conception of the entrepreneur as an economic agent of whom the action can maybe result in social change to a conception of the entrepreneur as a social change agent of whom the action can have multiple results. The concept of the entrepreneur's economic utility itself is not obvious. Let us think, for instance, of illegal activities such as selling drugs (Baumol, 1990) or, more largely, of all the entrepreneurs who fail (Jones and Spicer, 2009). Finally, does the question of utility creation really mean something? Should not we come back to questions on the way entrepreneurs build sense and understanding (Gartner, 1990, 1993)? We should not limit our understanding to the entrepreneur's actions ("what does the entrepreneur do?"), but should also consider the mechanisms that take place to achieve these actions ("how does the entrepreneur do?"). This would contribute to bring the issue of motivations to the forefront of entrepreneurship research—motivations that had been a bit quickly abandoned, when researchers took distance from the trait school in the 1990s (Carsrud and Brännback, 2011). This would also contribute to a better understanding of why the entrepreneur is not necessarily a hero, at least not a wealth-creating and growth-initiating hero. Taking those objectives into account would allow reconciling entrepreneurs' behaviours with false infringements to the economic and management theories.

Our critical analysis of the conception of the entrepreneur in connection with growth leads to several implications for future research in entrepreneurship. In this contribution, we suggest to put the entrepreneur's objectives at the core of the debate. Hence, more attention should be paid to the complexity of the process of growth, and not only to quantitative results. In line with Leitch, Hill, and Neergaard (2010), we argue for an integrative research approach that puts growth into context. That is, a research approach that takes into account the meaning of growth for the entrepreneur, and the extent to which growth aligns, or not, with the entrepreneur's objective. Consequently, it becomes clear that different modes of growth (e.g. organic growth, growth by acquisition, hybrid growth, or the absence of growth) coexist and depend on distinct mechanisms, determinants and objectives (Gilbert *et al.*, 2006), and require distinct resources and competences. Entrepreneurship scholars should pay attention to these distinctions when studying different situations of growth. Finally, as much as growth should be considered as an idiosyncratic process that manifests itself in an infinity of ways (Delmar *et al.*, 2003; Dobbs and Hamilton, 2006), situations of non-growth should also be recognized, accepted and investigated. Given their actual importance in the economic landscape, research on small-sized enterprises, and especially on those remaining and/or wanting to remain small, should not only be encouraged, but also be acknowledged as very honourable. There are no first- and second-class firms, and the individuals founding and/or leading these should all be considered as entrepreneurs, but entrepreneurs with different objectives. This is also important for public authorities that need to be aware of the fact there is no such thing as a general, regional or sector policy that could stimulate the firms' growth at large. It is our hope that the present contribution will help move in these directions.

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Frank JANSSEN, MBA, PhD, est professeur d'entrepreneuriat à la Louvain School of Management de l'Université catholique de Louvain où il dirige le programme interdisciplinaire en création d'entreprise (CPME). Il est Président du Louvain Research Institute in Management and Organizations (LouRIM) et président de l'Association Internationale de Recherche en Entrepreneuriat et PME (AIREPME). Ses recherches et publications récentes portent sur la croissance de la firme, l'entrepreneuriat social, les études critiques en entrepreneuriat et les motivations entrepreneuriales et la pédagogie entrepreneuriale.

Sophie BACQ est professeure d'entrepreneuriat et innovation à la D'Amore-McKim School of Business de la Northeastern University à Boston aux Etats-Unis. Elle est détentrice d'un doctorat de l'Université catholique de Louvain. Ses recherches portent actuellement sur l'entrepreneuriat social, la performance sociale des organisations et la gouvernance des organisations aux objectifs multiples.