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GROWING, GROWING, GROWN – MEASURING THE ENTERPRISE GROWTH (INTERACTIVE PAPER)

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Erratum
The second author was inadvertently omitted from the original version of this interactive paper. This revision corrects that omission.
INTERACTIVE PAPER SESSION

GROWING, GROWING, GROWN – MEASURING THE ENTERPRISE GROWTH

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Principal Topic

This study examines the phenomenon of enterprise growth from the measurement point-of-view. The nature of enterprise growth has attracted great attention in the field of entrepreneurship and SME research. The research questions in this study have revolved around the multidimensional and dynamic nature of growth as well as the measurement of growth. The term growth means, depending of the context, very different things and it can even be defined by more than 30 different ways according to e.g. by Brush and Vanderwerf (1992). Due to the varying definitions and indicators of growth the comparison of the results of different growth research has been difficult. Moreover, it has been maintained that the selection of a certain definition of growth has an effect on the end result. Research question was to explore if the use of different growth measures will end up different number of growth enterprises and secondly, how these growth enterprises differ in their demographic features.

Method

In total 32 different growth measures presented in related literature were used in order to identify growth enterprises. Analyses, like frequencies and cross tabulations, were made with a representative survey data collected from Finnish SMEs through telephone interviews (n=498) in 2004.

Results and Implications

Results show that the prevalence of growth companies is dramatically affected by the measures adopted. Similarly, enterprises with different, even opposite, demographic features profile as growth companies depending on the choice of growth measures. Thus, both theoretical and practical implications follow. Researchers as well as policy makers need, in their own fields, to be aware of the consequences of using various growth measures and pay attention to defining the type of growth they are interested in within a certain context. For example, the popular strategy among enterprise policy makers of picking the winners (i.e. growers) is anything but easy to put into practice solely from the perspective of defining which type of growth is pursued.

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