THE HYPER-GROWTH OF FAMILY SMES
(SUMMARY)

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SUMMARY

THE HYPER-GROWTH OF FAMILY SMES

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Principal Topic

By understanding hyper-growth firms, researchers may better understand the features involved with firm growth and success in general, and dynamics of new job generation and general economic development. The phenomenon constitutes a theoretical and empirical challenge to classical stage-based growth models and is still largely overlooked by academic research, especially in Europe.

Consistently with the Resource-Based View (RBV), recent research papers suggested that high performance can be explained in terms of existence of unallocated resources within the firm. These (non-financial) indivisibles resources - called slack - are available in quantities greater than necessary and are expected here to be one of the main causes and incentives for hyper-growth. It is therefore in particularly interesting to study firms that have idiosyncratic approach to resource; this is the case of family business, which are surprisingly disregarded as far as hyper-growth is concerned. A significant influence of the family on hyper-growth may be expected in light of two main reasons: the managerial parsimony that characterizes the family governance archetype; the non-economic goals that drive the behavior of family firms.

Method

We test whether hyper-growth firms have higher availability of slack resources and whether the level of family involvement positively moderates such relationship. We test these hypotheses through multiple regression analyses on 307 European hyper-growth SMEs, identified as a firm that turns from small-sized (i.e., the firm’s turnover is lower than 10 € mln) to large (turnover higher than 50 € mln) in a period of 4 years, by growing at least 20% each year.

Results and Implications

Our findings give full support to our hypothesis, emphasizing the important role of family involvement for the assessment of hyper-growth patterns. Furthermore, our analysis offers interesting insight on the interaction between slack and family involvement, and on a number of control variables such M&A, IPO, and demographic variables; main results from previous research are corroborated by this analysis, that introduces new theoretical perspectives supported by rich empirical evidence. This study represents therefore an important contribution to both the literature on strategic entrepreneurship and on family firms.

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