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DEVELOPING AN ORGANIC GROWTH MODEL FOR SMES: AN EMPIRICAL COMPARISON OF GROWTH FACTORS AT GAZELLES AND NON-GAZELLES IN THE NETHERLANDS (INTERACTIVE PAPER)

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**DEVELOPING AN ORGANIC GROWTH MODEL FOR SMES:
AN EMPIRICAL COMPARISON OF GROWTH FACTORS AT
GAZELLES AND NON-GAZELLES IN THE NETHERLANDS**

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Principal Topic

Scholars have identified that it is important to develop SME growth theory around growth-as-a-process and how-firms-grow. Based on a literature review of growth in six top entrepreneurship journals a conceptual model was designed. By means of in depth interviews with CEOs of gazelles and non-gazelles a model for organic growth as a process was designed. Nine factors that correlate with organic growth were identified and grouped into three constructs: growth intention, giving organizational direction and staff motivation.

Method

Gazelles were contrasted with non-gazelles to discover patterns. Following the general accepted Dutch definition of gazelles, a gazelle is a company that organically grew minimum 20% in the period 2010 - 2012. Non gazelles' sales were stable for this period. The financial performance of the companies were evaluated in cooperation with an auditing firm.

The population consisted of financially audited SMEs in the Netherlands. A matched sample regarding industry, service or manufacturing was taken and consisted of 20 companies.

In depth interviews with the CEOs of the 10 gazelles and 10 non-gazelles were held to verify whether the factors found were complete, and how, why and in what way these factors contribute to growth. The topic list had 15 questions and after the interview a summary was sent to each interviewee.

Results and Implications

Causal evidence was found for the developed 3-step growth model. The model consists of growth factors applied by the CEO which leads via growth momentum at individual staff level to individual and company performance. Gazelle CEOs create growth momentum by ensuring that staff understand the strategy, are motivated to execute it and have the opportunity to perform. Growth momentum is created by CEO growth intention, giving direction to the organization and staff motivation instruments used. Gazelles see staff motivation as the most important CEO task to make staff perform as good as possible to reach company objectives. Company culture and performance feedback are important instruments for staff motivation.

Further research is planned at staff level to validate the model qualitatively and a quantitative follow up is planned to test the strength of the model.

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