

6-13-2015

GROWTH MOMENTUM: WHAT ENTREPRENEURIAL CEOS DO TO ACHIEVE HIGH ORGANIC GROWTH (SUMMARY)

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Recommended Citation

Geuvers, Paul and Dana, Léo Paul (2015) "GROWTH MOMENTUM: WHAT ENTREPRENEURIAL CEOS DO TO ACHIEVE HIGH ORGANIC GROWTH (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 35 : Iss. 5 , Article 17.

Available at: <https://digitalknowledge.babson.edu/fer/vol35/iss5/17>

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 SUMMARY **GROWTH MOMENTUM: WHAT ENTREPRENEURIAL
CEOS DO TO ACHIEVE HIGH ORGANIC GROWTH**

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Principal Topic

Some companies grow while others do not. A theory developing study on what CEOs of fast growing SMEs and stable sales SMEs do different in terms of applying growth determinants under their control that can explain the difference in performance, lead to an organic growth model. Determinants such as market, age of the firm and others that cannot be influenced were disregarded. This developed theory claims that the application of growth determinants by CEOs lead via the intermediate variable growth momentum to growth. Growth momentum comprises employees that (i) know company objectives, (ii) are motivated to achieve these objectives and (iii) have the opportunity to perform. The organic growth model is tested via 19 hypotheses.

Method

The population of the study consists of SMEs in the Netherlands each with more than EUR 8.5 million sales in 2013. Of this population of 40,000 companies, a sample of 4,600 received an invitation to participate in an online survey. Gazelles were defined as companies with more than 20% sales growth reported in the last 3 years. The model was tested with Gazelles and with firms having stable sales companies forming the control group. Stable sales companies had less than 10% sales growth reported in the last 3 years. PLS-SEM was used to analyse the various relationships and constructs of the model.

Results and Implications

Findings indicate that the difference in application of growth determinants by CEOs of Gazelles and CEOs of companies with stable sales indeed explains the difference in growth performance. Evidence was found that, unlike the stable sales CEOs, the Gazelle CEOs create growth momentum with the application of the growth determinants. Gazelles CEOs see staff motivation as the most important CEO task to make staff perform as good as possible to reach company growth objectives. Company culture and performance feedback are important instruments for staff motivation. What is new is the link between a business model as fixed strategy and as a guide for company employees. The current study's findings are relevant for today's business practice as they show the way for aspiring CEOs to learn what they can do in terms of interventions to increase their companies' organic growth.

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