The Phenomenon of High-Growth SMEs (Gazelles), Part 2: A Conceptual Model and Research Agenda

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ABSTRACT

The primary objective of this paper is to advance the theoretical knowledge on the phenomenon of gazelles by integrating the findings of previous studies into a conceptual model that would account for a sustainable high growth. A theoretical explorative and deductive method is adopted. A number of published works on gazelles were systematically reviewed. Based on this review, the paper attempts to identify the key factors that have been found to explain the high growth of the gazelles and its discontinuity, and integrate them to form a conceptual model. The proposed model illustrates the linkages between Entrepreneurship and Marketing disciplines. Five building blocks of the model are identified. It is developed based on previous studies on gazelles which are majorly mixed sector studies. Therefore, to refine the understanding of the phenomenon of HG-SMEs, future research suggestions would be to enrich the concepts obtained from the literature by gathering the data from the field and to test the new model in HGSMEs operating only in the service industry.

KEYWORDS

Conceptual Model, Customer Value, Gazelle, High Growth SMEs, Innovation, Sustainable High Growth

1. INTRODUCTION

It is widely recognized that High Growth SMEs are principal engines of the economy and of growth (Acs & Mueller, 2008; OECD, 2002; Julien, 2000; Deschryvere, 2008; Almus, 2000) but only few of them achieve and sustain their high growth for long periods of time (Daunfeldt & Halvarsson, 2015; Barbero et al., 2011; Gabrielsson et al., 2014). High Growth Firms (HGFs) or Gazelles, a term coined by Birch (1981), are found in all industries (Gabrielsson et al., 2014; Daunfeldt & Johansson, 2015), represent in any country a small portion (3-12%) of the totality of all firms (OECD, 2010; Julien, 2000) and contribute disproportionately to social and economic wealth through the creation of (all) new jobs (Acs & Mueller, 2008; Julien, 2000; OECD, 2002). The outstanding performance of these firms makes one understand why they recently become the major focus of many researchers and policy makers.
There is no general agreement among researchers on how a gazelle is defined (Henrekson & Johansson, 2010; Harms, 2009; Perez, 2010; Janczak & Bares, 2010; Mitsu & Schimke, 2011; Carrington & Huot, 2006) and the consideration of a particular definition is dependent on the objectives pursued by the researchers and on the available data (Carrington & Huot, 2006). Coad et al. (2014) note that there are two ways for defining a High Growth Firm (HGFs): Defining them as the top x% of firms in a population in terms of chosen growth indicators or as firms growing at or above a particular rate between a start and end year. For example, OECD defines high growth firms as follows: “All enterprises with average annualized growth greater than 20% per annum, over a three year period, and with ten or more employees at the beginning of the observation period” (OECD, 2010, p. 18). This definition, recently criticized by Daunfeldt et al. (2015), remains the standard approach for operationalizing the concept of HGF (Coad et al., 2014) and it is even expected, for some reasons that many future studies on HGF will apply it (Daunfeldt et al., 2015).

Several studies from different contexts about gazelles were conducted trying to identify the characteristics that distinguish them from other firms (slow growth firms) (Julien, 2000, Janssen, 2002; OECD, 2002; Julien, 2002; Barringer et al., 2005; Boston & Boston, 2007; Harms, 2009; Almus, 2000) and the factors that are behind their high-growth slowdown and challenges that should be managed for a sustainable high growth (Julien & St-Jean, 2008; Hambrick & Crozier, 1985; Nicholls-Nixon, 2005; Chan et al., 2006). However, despite the importance of the literature reviews in advancing our knowledge in a particular field (Tranfield et al., 2003; Ted & Nittaya, 2006; Torracco, 2005) and that of conceptual models and frameworks in guiding our research, describing, understanding and explaining or predicting complex phenomena (suchlike the phenomenon being studied in this paper) related to organizations (Ravitch & Riggan, 2012; Miles & Huberman, 1994; Meredith, 1993; Raymond-Alain & Coll, 2007), only few attempts at reviewing the existing literature on gazelles and at proposing conceptual models and frameworks that would assist in understanding this phenomenon have been made (Guilmi & Mokhtari, 2016) (see for example reviews and frameworks proposed by Barringer et al., 2005; Zhang et al., 2008; Julien, 2000; Julien, 2000; Janczak & Bares, 2010; Moreno & Casillas, 2013; Fabiana & Coad, 2015).

The paucity of studies that have rigorously investigated and explored theoretically the phenomenon of HGFs could be therefore one of the reasons why our knowledge about them is “still very limited”. So, advancing our theoretical knowledge on this phenomenon and hence filling the theoretical gap identified in previous studies is the primary objective of this paper. To this end, the present paper integrates the findings of a systematic review of the literature on gazelles, undertaken more recently by Guilmi & Mokhtari (2016) into a unifying conceptual model that would account for a sustainable high growth and assist scholars and policy makers in understanding these particular firms. The findings integrated in the proposed conceptual model include not only the important variables that scholars have found to influence the high growth of the gazelles and those explaining its discontinuity but also ideas and solutions suggested for a sustainable high growth. In other words, the paper addresses the following questions: “What are the main characteristics that enable HGSMEs to achieve the high growth?” and “What are the main factors behind the growth slowdown of these firms?” and, more particularly explores how HGSMEs can actively sustain their growth rhythm within a specific context.

To answer these critical questions, the present paper considers two distinct approaches: the deterministic and descriptive approaches (Dobbs & Hamilton, 2007). The reason behind this consideration is that the focus will be not only on what causes the high growth but also on how gazelles make changes and adapt internally to continue growing. Having considered these approaches, the proposed model locates principally itself within theory of the firm’s growth (Penrose, 1959) the resource-based view theory (Barney, 1991; Eisenhardt & Martin, 2000), the contingency theory (Burns & Stalke, 1961; Lawrence & Lorsch, 1967) and the organizational learning theory (Huber, 2007), and it integrates some concepts from strategic management and change and from marketing discipline. It is hoped that it will be useful to gazelles that are attempting to achieve and maintain...
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