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Abstract: Firm growth has received wide attention from policy makers during recent years. However, there is a research gap in examining the value of entrepreneurial ecosystem related to growth firms. The concept of entrepreneurial ecosystem refers to the interaction that takes place between a range of institutional and individual stakeholders so as to foster entrepreneurship, innovation and SME growth (Isenberg 2010). The aim of this paper is to examine how the entrepreneurial ecosystem can either enhance or hinder firm growth. This paper contributes to understanding the effects of the entrepreneurial ecosystem related to growth firms using case study method. The objective of this study is to analyse how the entrepreneurial ecosystem related to growth firms supports 1) the motivation of entrepreneurs to grow the firm, (2) the organic and non-organic growth strategies of firms and (3) managing the consequences of firm growth. The data of this case study consists of thirteen interviews from different stakeholders of the entrepreneurial ecosystem related to growth firms in the region of South Ostrobothnia in Finland. The stakeholders represent the fields of finance, private and public experts, education and local universities as part of the ecosystem. Data is analysed using conventional content analysis. Results show that the entrepreneurial ecosystem acts in three levels: individual/firm level, micro-environmental level and macro-environmental level. The support of the entrepreneurial ecosystem is seen most difficult in the individual/firm level. Motivation of entrepreneurs to firm growth is hindered with different psychological factors of acting stakeholders. On micro-environmental level the support is active especially with non-organic growth strategies but there seems to be a problem with the connectivity and with the finance. Macro-environmental level refers to public policy and cultural attitudes to firm growth. These results shed the light on how to design growth policy initiatives and how such policies actually impact to the growth of SMEs.

Keywords: Entrepreneurial ecosystem, Growth firms, SME, Entrepreneurship

1. Introduction

Nordic firms very rarely grow into large firms in a short period of time. According to Nordic Growth Entrepreneurship Review (2012), a good level of start-up activity exists across the region, and also a relatively good level of young gazelle companies; it is with the scaling up of young companies that the Nordic region seems to struggle most. It can be said that the entrepreneurship ecosystem works, but the entrepreneurial ecosystem doesn't. Over time, policy initiatives have grown in variety and scope, and much effort is today attached to enhancing co-ordination among different support initiatives to nurture entrepreneurship ecosystem (Autio et al. 2014).

Growth orientation in Finnish start-up companies has been among the lowest in global comparisons in GEM studies. In recent GEM study, recognition of business opportunities was higher in Finland than in most innovation-driven economies, but the downturn in the economy discourages people to exploit them (GEM, Finnish 2014 report). According to a growth report (TEM 2016), the number of highly growth-oriented enterprises is limited in Finland and these companies accounted for all SMEs is only 8 percent. Although there is wide interest in entrepreneurship as a way to solve emerging societal challenges such as unemployment (Autio et al. 2014)

Policy makers have explicitly targeted SMEs and new ventures during the past 30 years (Autio et al. 2014). Entrepreneurship policy has targeted to start-ups. There are much less policies targeted to established companies. However, currently regional policies for entrepreneurship are going through a transition from increasing the quantity of entrepreneurship to the quality of entrepreneurship. The entrepreneurial ecosystem approach has been heralded as a new framework accommodating these transitions. (Stam 2015.) The entrepreneurial ecosystem approach has only occurred during the last few years. There is not yet a widely shared

definition. Isenberg (2010) defined that the concept of entrepreneurial ecosystem refers to the interaction that takes place between a range of institutional and individual stakeholders so as to foster entrepreneurship, innovation and SME growth (Isenberg 2010).

The aim of this paper is to examine how the entrepreneurial ecosystem can either enhance or hinder firm growth. This paper contributes to understanding the effects of the entrepreneurial ecosystem related to growth firms using case study method. The objective of this study is to analyse how the entrepreneurial ecosystem related to growth firms supports 1) the motivation of entrepreneurs to grow the firm, (2) the organic and non-organic growth strategies of firms and (3) managing the consequences of firm growth. The present study aims thus at filling some gaps in previous research

2. Literature review

2.1 Growth firms and firm growth

In this study, growth firm refers to a firm that increases its sales and also creates new jobs. These kind of firms have also been called "high-impact" firms: they play an especially important role in the process of job creation over time compared with either the plants of large existing firms or very small startups that tend not to grow (Acs, Parsons and Tracy 2008). The growth of the company may be restrained because of inadequate resources and/or low growth motivation of entrepreneur. Hence, ecosystem should support the company's ability and entrepreneur's motivation to grow the company. According to Davidsson (1991), the company and entrepreneur should also have need to grow. In addition, environment should provide opportunities for grow, too.

Researchers has found a positive relationship between growth motivation and actual growth (Delmar & Wiklund 2008). In other words, growth motivation has a causal effect on firm growth. However, past growth would be a better predictor of future growth than would growth motivation (Sorama et al. 2015). It has also been noticed that environmental constraints are instrumental in firm growth. Environment provide resources such as funding, know-how and manpower.

Small business managers may want to expand their firms but can achieve growth of the business in many different ways: they can grow organically or they can acquire another firm, they can increase sale by outsourcing production and thus expanding sales but not employment. (Delmar & Wiklund 2008.) These options are different ways dependent on the resources. The possibility of implementation will depend on the opportunities offered by the environment.

2.2 Entrepreneurial ecosystem

High-growth firms need access to specialized resources that differ significantly from resources supporting new start-up firms. Well-functioning ecosystems have critical mass of dedicated investors, established businesses, knowledge institutions and service providers specialized and geared towards working with growth firms. The present of these actors is crucial. Strong ecosystems are characterized by dense network and collaboration between the key actors. Although strong ecosystems for growth firms are not easy to replicate, it is important to understand the dynamics, driving forces, value creation and collaborations in the ecosystems. (Napier & Hansen 2011.) However, the entrepreneurial ecosystem approach often narrows entrepreneurship down to "high-growth start-ups".

Entrepreneurial ecosystem is rather recent concept, with no shared definition yet. The entrepreneurial ecosystem concept stresses how entrepreneurship is enabled by a comprehensive set of resources and actors, which have important role to play in enabling entrepreneurial action. Most of these appear to be locally, often requiring face-to-face contacts or local mobility. (Stam 2014.) Stam (2014) defined an entrepreneurial ecosystem as an interdependent set of actors that is governed in such a way that it enables entrepreneurial action. The entrepreneurial ecosystem approach does not include the traditional statistical indicators of entrepreneurship, but more adequate measures such as innovations and growth-oriented entrepreneurship is increasingly emphasized in the entrepreneurship literature (Stam 2015; Henrekson & Sanandaji 2014).

3. Methods and collection of empirical data

This study is qualitative in nature and represents a constructivist perspective. As Merriam (2014) notes, the purpose of the qualitative research is to understand the meaning people have constructed. The focus is in deepening the understanding of the phenomena by examining a single case: one entrepreneurial ecosystem in

South Ostrobothnia in Finland. Qualitative case study is a research strategy that is in search for meaning and understanding, the researcher is the primary instrument of data collection and analysis, inductive investigative strategy is applied and the end product is richly descriptive (Merriam 2014). Yin (2008) defines a case study as an empirical inquiry that investigates a contemporary phenomenon within its real-life context. A case can be a single person, a program, a group, an institution, a community or a specific policy (Merriam 2014). In our study, the case is one entrepreneurial ecosystem especially related to growth firms.

The data was gathered by interviewing thirteen different stakeholders of the ecosystem. Table 1 presents the basic description of the interviewees.

Table 1: Basic description of the interviewed stakeholders of the entrepreneurial ecosystem.

<i>Interviewee</i>	<i>Field</i>	<i>Gender</i>
Interviewee 1	Finance (Bank)	Female
Interviewee 2	Finance (Finnvera)	Male
Interviewee 3	Higher education (University of applied sciences)	Female
Interviewee 4	Higher education (University)	Male
Interviewee 5	Private expert (consultant)	Male
Interviewee 6	Private expert (consultant)	Male
Interviewee 7	Public expert (local public development company)	Male
Interviewee 8	Public expert (Centre for Economic Development, Transport and the Environment, also representing TEKES)	Male
Interviewee 9	Public expert (The Regional Organization of Enterprises in South Ostrobothnia)	Female
Interviewee 10	Public expert (The regional Chamber of Commerce)	Male
Interviewee 11	Education (Vocational Adult Education)	Female
Interviewee 12	Education (Finnish Institute of Enterprise Management)	Female
Interviewee 13	Entrepreneur (Entrepreneur of a high growth firm, also consulting other growth firms)	Male

All of the interviewees were actively involved in developing the regional entrepreneurial ecosystem for enhancing firm growth. They represent different actors that are building conditions for growth firms by offering finance, research, capabilities and networks.

The theme interviews were made in fall 2015. First an open question “How do you think this current ecosystem supports growth firms?” was presented to interviewees. After that the following questions related to three themes: 1) How the motivation of entrepreneurs to grow the firm is supported, (2) how the organic and non-organic growth strategies of firms are supported and (3) how the managing of the consequences of firm growth is supported. Themes were based in the framework of Davidsson, Achtenhagen and Naldi (2013), where the growth is seen as a complex phenomenon of antecedents of growth (in our study the motivation to grow), growth mode (in our study organic and non-organic growth strategies) and effects of growth (in our study managing the consequences of firm growth). Interviews lasted from 45 minutes to two hours. All of the interviews were recorded and transcribed. Data analysis was made with content analysis by coding and building categories. In coding phase, analytical coding was used. Analytical coding is a process of grouping open codes. Richards (2005) notes that analytical coding comes from interpretation and reflection on meaning.

4. Results

The results are presented in relation to research questions. In all of the different themes (motivation of entrepreneurs to grow the firm, the organic and non-organic growth strategies and managing consequences of

firm growth) were found three levels: individual/firm level, micro-environmental level and macro-environmental level. In this study individual/firm level refers to the psychological factors of the entrepreneur and to the resources of the firm. Micro-environmental level refers to the regional level of the entrepreneurial ecosystem and also to the business environment of firms that the ecosystem tries to influence. Macro-environmental level refers to the wider operating environment.

4.1 Motivation of entrepreneurs to grow the firm

Most of the stakeholders felt that on the individual level, it is really difficult to affect the motivation of entrepreneurs. Some felt that this kind of task is almost impossible, like interviewee 11 says: *“Nobody can bring motivation from outside, it is an inside matter”*. Stakeholders also felt that this was the major obstacle for firm growth: there are too little entrepreneurs with a desire to grow the firm. However, they felt that motivating the entrepreneurs is the main task for the entrepreneurial ecosystem. Interviewee 9 describes this as follows: *“It should be our main concern how we could get more enterprises and more entrepreneurs to pursue growth, however I am not convinced that we have enough firms here that are motivated to grow”*. Also a negative aspect on the individual/firm level was that there are many services for firms to support firm growth but the firms do not find these services. So the problem is connectivity: these services are not connected with each other and are still separate functions despite of efforts to connect them. Interviewee 13 looks this from a growth firm perspective: *“We need someone to build bridges with public services and firms. We need someone to find firms with a motivation to grow the firm and then bring these services to them.”* However, some interviewees were certain, that a motivated entrepreneur will find these services, but the major problem is that there are not enough motivated entrepreneurs.

Stakeholders felt that the entrepreneurial ecosystem related to growth firms is really active on micro-environmental level. This was seen as many intervention programmes related to growth firms and as active communication and forums where firm growth is the major issue. The regional organisations are very active in developing projects to enhance firm growth. Also research organisations in the region are focusing on firm growth. Interviewee 5 describes this as follows: *“We have put much of our efforts systematically in recent years to foster growth firms. I don’t think much more could have been done”*. However, psychological factors are still hindering the communication on micro-environmental level. The word “growth” was seen problematic. Interviewee 10 clarifies this: *“We are too afraid to use the word “growth”, because it evokes strong feelings in the target group. We should more boldly say that the firm growth is an important goal.”*

The macro-environmental level was felt to be really important in relation to motivation of entrepreneurs to grow the firm. This macro-environmental level is reflected on all the other levels of the entrepreneurial ecosystem. Interviewee 4 feels that it is not so easy to be a growth oriented entrepreneur in Finland: *“There are many factors in Finland that do not support growth entrepreneurs and incentives are weaker than in other countries.”* Also Interviewee 8 feels the same way: *“In a longitudinal perspective, it is really important what is done on the macro-political level to motivate entrepreneurs to growth.”* On the other hand stakeholders feel that there are many positive factors to support growth firms on macro-environmental level: good infrastructure, public policies and the rising importance of enterprise education in all school levels. Table 2 summarizes the results of the first theme.

Table 2: Factors hindering and fostering the motivation of entrepreneurs to grow the firm.

How entrepreneurial ecosystem supports the motivation of entrepreneurs to grow the firm		
<i>Individual/firm level</i>	<i>Positive</i>	<i>Negative</i>
	<ul style="list-style-type: none"> Active entrepreneurs (“elite”) have the ability to search for services related to growth firms 	<ul style="list-style-type: none"> Not enough entrepreneurs motivated to growth Inner motivation impossible to create from the outside Problem with the connectivity: many entrepreneurs do not find suitable supporting activities
<i>Micro-environmental level</i>	<ul style="list-style-type: none"> Supporting interventions Funded projects related to growth firms 	<ul style="list-style-type: none"> Fear of to use the word “growth” when communicating with target firms about business environment

	<ul style="list-style-type: none"> • Active communication about growth firms • Forums connecting different stakeholders related to growth firms 	
<i>Macro-environmental level</i>	<ul style="list-style-type: none"> • Good infrastructure • Public policy • Enterprise education at all school levels 	<ul style="list-style-type: none"> • No incentives for entrepreneurs • Attitudinal climate in Finland

4.2 Organic and non-organic growth strategies

On the individual/firm level the entrepreneurial ecosystem supports growth firms by offering support for single firms to develop opportunities for growth, which means resources, new markets and customers. Interviewee 5 says: “No firm grows organically without the growth of the business. It is important to activate demand and offer resources to firms.” However, the same problem exists with the growth strategies than with the motivational issue: majority of the firms do not even have a goal to grow.

Majority of the stakeholders felt that the entrepreneurial ecosystem supports very well non-organic growth strategies on the micro-environmental level. Much effort has been put to non-organic growth in the region by actively communicating the possibilities of acquisitions. Interviewee 10 describes the situation: “There has been good work related to successions and acquisitions about ten years in this region. I think most of the growth comes by non-organic growth strategies”. There are many experts specialized in non-organic growth, so many services are available. Also there has been years of research in the area focusing on acquisitions and successions. However, some stakeholders thought that organic growth is more demanding and there is not enough support on micro-environmental level for organic growth. For non-organic growth there is more of “a straight way” to find support in contrast to organic growth. Also there seems to be a lack in integration of these different strategies. Support for designing growth does not exist. A big problem is also funding. There is a lack of private capital and investors in the region. Interviewee 9 states: “Entrepreneurs have a strong opinion that there is no funding matching the needs.”

On the macro-environmental level many stakeholders expressed their concern related to taxing and the cost of succession in Finland. In table 3 the results are summarized.

Table 3: Factors related to growth strategies and the support of the entrepreneurial ecosystem.

How entrepreneurial ecosystem supports the organic and non-organic growth strategies of firms		
<i>Individual/firm level</i>	<i>Positive</i>	<i>Negative</i>
	<ul style="list-style-type: none"> • Firm level activation: building opportunities for demand and growth by offering resources to firms 	<ul style="list-style-type: none"> • Not enough entrepreneurs motivated to grow the firm with either strategies
<i>Micro-environmental level</i>	<ul style="list-style-type: none"> • Expert services for non-organic growth strategy • Active communication about the possibilities in acquisitions and successions • Strong research related to non-organic growth 	<ul style="list-style-type: none"> • No clear support for organic growth • Problem with funding: no private capital and investors • No integration between different growth strategies: no support in designing growth
<i>Macro-environmental level</i>		<ul style="list-style-type: none"> • Taxing • Cost of succession

4.3 Managing the consequences of firm growth

On the individual/firm level some stakeholders expressed that entrepreneurs have a fear towards growth. Interviewee 8 describes the situation: “Many entrepreneurs are satisfied with a certain firm size and they have

a kind of glass ceiling related to firm growth. There is not enough courage to go global.” A positive thing is that there are programmes designed for growth entrepreneurs, but the problem is that they do not participate in these programmes. Most of the participants are consultants or sparring partners. One aspect is also a difficulty in changing the mode from an entrepreneur to enterprise mode. “They want to keep the power in their own hands”, as interviewee 8 says.

On micro-environmental level stakeholders feel that the regional infrastructure supports well growth firms. There is a wide network of experts to help in managing the consequences of firm growth. Strong research related in the consequences of growth exists. However, some stakeholders thought that there is a lack in expertise related to financial management, funding, legal issues and export. Interviewee 3 states: “We have strong research in this area but the rest of the ecosystem is not working properly. We need more financial expertise and services related in managing firm growth.” The ecosystem needs also more connectivity with different counterparts. More tailoring should be made for different kind of growth firms. Educational institutions are key actors in developing programmes for growth firms.

There were not many mentions related to managing the consequences of firm growth on macro-environmental level. Only some stakeholders noted that the operations of national public organisations supporting export activities are not sufficient. Table 4 summarized the results.

Table 4: Entrepreneurial ecosystem and managing the consequences of firm growth

How entrepreneurial ecosystem supports managing the consequences of firm growth		
<i>Individual/firm level</i>	<i>Positive</i>	<i>Negative</i>
	<ul style="list-style-type: none"> • Programmes designed for firms to help managing the consequences of firm growth 	<ul style="list-style-type: none"> • Target group does not participate in the programmes designed for growth firms • Fear towards growth • Difficulty to move from entrepreneur mode to enterprise mode
<i>Micro-environmental level</i>	<ul style="list-style-type: none"> • Good local infrastructure • Network of experts • Strong research 	<ul style="list-style-type: none"> • Not enough expertise in financial management and services related to management • Lack of funding expertise • Lack of legal expertise • Not enough tailoring of the services for different kind of growth firms • Network not connected enough • Lack of expertise in export
<i>Macro-environmental level</i>		<ul style="list-style-type: none"> • Lack of supporting export activities nationally

5. Conclusions

The objective of this study was to analyse how the entrepreneurial ecosystem related to growth firms supports 1) the motivation of entrepreneurs to grow the firm, (2) the organic and non-organic growth strategies of firms and (3) managing the consequences of firm growth.

This study shows that the entrepreneurial ecosystem acts on individual and firm level and on two environmental levels: micro- and macro-level. Micro-level refers to the factors related to business environment in which the entrepreneurial ecosystem tries to influence and the regional aspect of the ecosystem. Macro-level refers to the wider operating environment. This is consistent with previous research. Although no uniform model for the firm growth has been created (Wiklund, Patzelt and Shepherd 2009; McKelvie and Wiklund 2010; Shepherd and Wiklund 2009; Gilbert, McDougall and Audretsch 2006; Davidsson 1991), former research has recognized different growth factors that are related to growth. As in this research, these factors relate to entrepreneur as

a person, to the resources and strategies of the firm and to the environment (Davidsson et al. 2002; Naldi and Sjöberg 2003; Davidsson 1989, Delmar 1996). These levels appears through all the growth process: the motivational issues, the growth strategies and managing consequences of firm growth.

There appears to be also positive and negative aspects with these levels. When examining the entrepreneurial ecosystem, the most problematic challenges relate to the individual/firm level. The most difficult task of the stakeholders in the ecosystem was to try to influence the motivational issues of growth. However, stakeholders of the entrepreneurial ecosystem can more easily influence on the micro-environmental level by offering services related to different growth-strategies and actively communicating the possibilities for growth. Like Davidsson et al. (2009) states, one important factor that enables firm growth is the profitability of the firm. Entrepreneurial ecosystem can enhance firm growth by offering services, funding, consultancy, education and development projects to growth firms. In addition to micro-level, the macro-environmental level is also important in creation of operating environment favorable to growth firms.

As Napier and Hansen (2014) stated it makes little sense to view ecosystems as global or even national entities, although strong ecosystems certainly are well connected both nationally and globally. Authors argued that ecosystems for growth firms are regional enclaves. (Napier & Hanse 2011.) The entrepreneurial ecosystem can either enhance or hinder growth firms. There are challenges on the individual/firm level (motivational and attitudinal issues), on the micro-environmental level (connectivity, funding and expertise issues) and on the macro-environmental level (public policy, lack of incentives) but also many supportive factors exist. In order to improve the impact of the entire ecosystem, more connectivity with the stakeholders would be important. In this study, the importance of entrepreneurial recycling was not raised by the stakeholders. However, like Mason and Brown (2013) claim, the most supportive entrepreneurial ecosystems have this kind of recycling where successful entrepreneurs support new entrepreneurial activity. In case of developing entrepreneurial ecosystem, the impact of this entrepreneurial recycling should be noted.

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