

Please note! This is a self-archived version of the original article.

Huom! Tämä on rinnakkaistalenne.

To cite this Article / Käytä viittauksessa alkuperäistä lähdettä: Hautamäki, P., Brandt, T. & Routamaa, V. (2017) Identifying the orientations of growth entrepreneurs in Finland. Proceeding the role of entrepreneurship and business management in shaping collaborative economy. The Sixth International Conference on Entrepreneurship and Business Management (ICEBM 2017) Hanoi, Vietnam – November 16-17, 2017. Jakarta: Universitas Tarumagara. ISSN: 2598-7976, e-ISSN: 2598-7968, pp. 95 – 98.

IDENTIFYING THE ORIENTATIONS OF GROWTH ENTREPRENEURS IN FINLAND

Pia Hautamäki^{1),2)}, Tiina Brandt²⁾, and Vesa Routamaa³⁾

¹⁾Tampere University of Applied Sciences, Tampere, Finland

²⁾Tampere University of Applied Sciences, Tampere, Finland

³⁾Leadec Leadership Development Center Ltd., Vaasa, Finland

Corresponding author: pia.hautamaki@gmail.com

Abstract

This study focuses on Finnish entrepreneurs with the high prospects and expectations for growth. The purpose was to explore the characteristics of growth intentions of Finnish entrepreneurs and find out if the Finnish growth entrepreneurs have common themes that are typical for their growth intentions. To this study, these Finnish entrepreneurs were selected based on their success as high-growth company founders. As governmental statistics indicate, the amount of high-growth companies in Finland is low and, for this reason from the educational and governmental point of view, additional interest is to find out new ways to support entrepreneurs' intentions to grow. In this respect, twelve entrepreneurs were interviewed in Finland. Results of this preliminary study indicated that growth entrepreneur's orientation towards growth, organizational culture and leadership, professional development and importance of mentors indicate to have parallel thoughts.

Keywords: Entrepreneurship, Entrepreneur education, Growth Entrepreneurs, Intention towards Growth

Introduction

Entrepreneurship has been noted long time as strength of countries to develop the progress of the state and also to smoothen downsizing in situations of recession. In this current economic situation, many countries would benefit the companies with growth potential. For example in Finland, only SMEs have increased their exports, but when the proportion of middle size and growing companies is quite small, the possibilities of small ones are also quite limited. Thus, as a whole, generally weak export amount decreases the chances of small ones also. In Finland, 93% of small companies have less than 10 employees, i.e. 264 440 companies, and only 0,9% (588) are big companies employing 250 or more employees. It would be important to support small firms that have possibilities and enthusiasm to grow (Anderson et al., 2015).

Earlier studies confirm that the high-growth companies have a major effect to the whole society's welfare (Pajarinen et al., 2009). For example 70% of the employment situation is composed of the companies, which employ at least ten employees. Additionally in Finland, international business and export activities are mostly based on growth-targeted companies (TEM, 2009). However, there is not any single theory, which could clearly explain the small business growth. This is partly because there are many different factors affecting to growth (Smallbone, Leig, & North, 1995).

Earlier studies on growth entrepreneurship have focused on personality-dominated approaches, market-led approaches or on organizational development approaches (Gibb & Davies, 1990). More recently, Storey (1994) identified three key elements according the growth of small firms, which were the characteristics of the entrepreneur or organization and types of growth strategy. In this study, the focus is on established companies. For educational and governmental point of view, it is more effective to focus on established companies because studies show that it is more cost effective to invest on established companies, which grow faster than start-up's (Storey, 1993).

However, the individual aspect of entrepreneurs personality is an interesting topic, because often growth entrepreneurs are seen to be original persons who often orientate themselves strongly towards growth (Papadaki & Chami, 2002; Routamaa, et al. 2016). In the extant literature, the growth entrepreneur is seen to orientate hopefully to new opportunities, to work proactively and is engaged to aim the targeted goals (Penrose, 2009.) Although, it is said that instead of allocating time to plan for resources, processes or strategies, growth entrepreneurs activities are based mostly on utilizing new opportunities (Hodgetts & Kuratko, 2001).

Katz and Brockhaus (1995) defines growth entrepreneur to be a person, who calculates the success with the size of the company or with the growth of a company, is the leader of his own life and seeks autonomy in ownership.

The purpose of this paper was to find the orientations of growth intentions by Finnish growth entrepreneurs and with this new knowledge to find new ways to enhance growth of Finnish companies via educational services in the entrepreneurial context.

Methods and data

The methodology in this study follows a typical inductive qualitative research structure (Eisenhardt, 1989; Eisenhardt & Graebner, 2007). The process of the research was iterative where the process started with focusing on earlier studies and after this, going deeper into the topic by starting the interviews. The target was to build a deeper understanding of the empirical material while conducting the research and simultaneously developing theory (Dubois & Gadde, 2002).

The method of this study was qualitative, and the half-structured interviews were made for twelve Finnish entrepreneurs. The data was revisited based on emerging themes, thus developing a theoretical understanding of the phenomenon of the growth intentions of Finnish growth entrepreneurs.

The definition of growth company was based on OECD's classification for growth companies. OECD defines that an enterprise is defined as a high-growth company when the average annualized growth is greater than 20% per annum, over a three-year period. All of the twelve interviewed enterprises may be defined as a high-growth company.

The data was collected during the spring of the year 2017. Each interview took about one hour and all of the data collected during the interviews was transcribed after the interviews, and analyzed by the researchers. Identification of the themes to emerge from the 12 interviews was carried out independently. After the analyses, the researchers discussed of the findings and the analyses were deepened. Each transcribed interview was read twice through and themes concerning entrepreneurial orientation of growth intention were taken off and transferred to a separate document. Afterwards, all the themes were organized to a five entrepreneurial orientations. The quotations in this study were translated from Finnish to English and then once again checked by other researcher so that the translations were made properly.

During the researchers' individual analyses, it was begun to see reoccurring patterns related to the orientations towards growth intentions between entrepreneurs. The researchers agreed the findings, and it may be said that the validity of the themes was high.

Results

According to the analysis, there were four main themes developed by the analysis process, which were orientation to growth entrepreneurship, orientation to professional development, orientation to organizational culture and leadership, and importance of mentors.

Orientation of growth entrepreneurship. It seemed that the alternative to work as a growth entrepreneur was the only choice for these entrepreneurs. They said that they want to have freedom to work and they wanted to build an environment where they can support their dreams come true. These entrepreneurs had a clear vision into what they believe and they truly wanted to help their customers to succeed on the selected business area and topic. The quotations below illustrate explored entrepreneurship orientation:

"That is when you have a dream... what you want to implement... that is the reason to work hard and persistent..."

"It isn't rational to do something that you do not like... the reason for being an entrepreneur is that you are able to do what you like..."

Interviews revealed that the mindset of growth was important for growth entrepreneurs. They said that as entrepreneurs they wanted to test their own borderlines, competence and strengths on their chosen business area. They had a strong belief that they are able to change the world via their company and they had willingness to challenge the thinking of their customers. Especially entrepreneurs who worked on health sector said that they had intentions to change the ways that Finnish society is working. Overall, they saw that as growth entrepreneurs they are able to do work that is meaningful for them and includes a purpose for their life.

"...so that I have the growth all the time in my mind... especially if I see I have possibilities to change some things in our society..."

”...It brings changes... growth from the point of view of influence... changes that I’m able to do meaningful tasks... and able to get into interesting discussions... This also may affect to company’s desirable image...”

Orientation to professional development. Based on analysis, these interviewed entrepreneurs see that all the possible times need to use to learn new things. For example, one of the entrepreneurs said that he always listens podcasts when driving the car, and some said that taking to another entrepreneur is the best way to develop own professional skills in needed area.

It was interesting that growth entrepreneurs did not have any special processes for professional development although they said that when they need to do new things that they have not done earlier, these “hands on” situations are the best ways to learn new. However, it seems that growth entrepreneurs read a lot and they often have several books under review.

”... you are able to learn what is the most important and meaningful... so that you learn to do right things on right moments...”

Almost all of the informants also rose up how important it is to have skills to lead oneself and also manage own time.

”...yes ...then is probably also the self-leadership... the growth to learn how to lead oneself... when you work to someone... you have a clear role what you do and where to focus... but now when you do everything... if you haven’t had time during your day, you need to take your own time... but I have needed to learn a lot of how to use my time and my resources... so that all the sectors would be handled...”

Orientation to organizational culture and leadership. It seemed that entrepreneurs use modern ways to lead their people. Especially the point of view of growth as a person and that the growth of your team is on an entrepreneur’s responsible. Additionally the culture in growth companies is based on openness and on coaching methods.

”...the roles may vary depended on your own interests, willingness and competences... the biggest thing I have learnt as an entrepreneur is that if you want to grow your company... you need to have people who also grow...”

”100 % to the openness and trust and then focus on training the people... and to coach... so that all the employees are able to develop the company... not only the owners... I think that we all have the responsibility and permission to develop this company...”

Importance of mentors. The entrepreneurs also highlighted that it is important to use different kind of mentors and seek also support openly. The problems they had have occurred in the situations were the board members were not concentrated to truly help or to be committed to help the owner to grow.

”...we definitely need a board... and a person to a board who is able to help us and have done similar operations earlier...”

“...is that we wanted to have a trustful chairman to our board... a chairman who would want us to grow... it is truly so that the value of a company is based on the owners...”

”...that kind of real advisor... who also want to help us... I think we understood to take more role on this later... in the beginning we were too newcomers... we were listening too much our board then.”

”...so that always find solutions and use help from outside... it isn’t worth to try to survive always just by yourself...”

Discussion

In conclusion, we set out to understand that high-growth entrepreneurs have common intentions on four orientations of growth. From the educational and governmental point of view it would be important to support entrepreneurs’ growth mindset and try to build up networks were these company owners are able to change ideas about growth and entrepreneurship between other entrepreneurs. Additionally it would be beneficial to bring together entrepreneurs from different business areas so that they are able to learn from each other’s. Boards are also a lot untapped in SMEs, yet.

Acknowledgement

This study was supported by Tekes – the Finnish Funding Agency for Innovation. We want to thank Tekes for funding the project Innovation Scout, project number: 4898/31/2016.

References

- Anderson, S., Kuusniemi S. & Routamaa, V. (2015). *Perustettujen yritysten tilanne ja taloudellinen vaikuttavuus. Uusyrityskeskusten kokonaistilanne*. Kokoomajulkaisu Uusyrityskeskusille.
- Dubois, A., & Gadde, L. E. (2002). Systematic combining: An abductive approach to case research. *Journal*

- of Business Research*, 55(7), 553–560. [https://doi.org/10.1016/S0148-2963\(00\)00195-8](https://doi.org/10.1016/S0148-2963(00)00195-8)
- Eisenhardt, K. M. (1989). Agency Theory: An Assessment and Review. *Academy of Management Review*, 14(1), 57–74. <https://doi.org/10.2307/258191>
- Eisenhardt, K. M., & Graebner, M. E. (2007). Theory building from cases: Opportunities and challenges. *Academy of Management Journal*, 50(1), 25–32.
- Hodgetts, R. M., & Kuratko, D. F. (2001). *Entrepreneurship: a contemporary approach*. South-Western/Thomson Learning.
- Katz, J. A., & Brockhaus, R. H. (1995). *Advances in entrepreneurship, firm emergence, and growth (Vol. 2)*. JAI Press Incorporated.
- Papadaki, E., Chami, B., & Branch, S. B. P. (2002). *Growth determinants of micro-businesses in Canada*. Ottawa: Small Business Policy Branch, Industry Canada.
- Penrose, E. T. (2009). *The Theory of the Growth of the Firm*. Oxford university press.
- Smallbone, D., Leig, R., & North, D. (1995). The characteristics and strategies of high growth SMEs. *International Journal of Entrepreneurial Behaviour & Research*, 1(3), 44–62. <https://doi.org/10.1108/13552559510100657>
- Storey, D. (1994). *1994, Understanding the Small Business Sector*. Routledge, New.
- Storey, D. J. (1993). *Should we abandon the support to start-up businesses?*. Centre of Small and Medium Sized Enterprises, Warwick Business School.

Authors' Bibliography

- Brandt, Tiina, Finland 8.4.1975. Doctor of Science (Econ.), University of Vaasa, Finland. Major research of organizational behavior field, mainly about leadership, personality, and entrepreneurship.
- Hautamäki, Pia, Finland 27.1.1978. Doctor of Science (Econ.), University of Vaasa, Finland. Major research about leadership, business-to-business selling, and entrepreneurship.