

## Chapter 4

# High–Growth SMEs: A Specific Research Object

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### ABSTRACT

*This essay tries to highlight the economic importance of the high-growth SMEs phenomenon. In doing so, an attempt to define and specify this type of firms was conducted. From the authors' literature review it was found that there is no single definition of high-growth. Each researcher adopts a definition according to his research interests. Trying to discuss the economic importance of SMEs gazelles, analysis led to identify three main features of high-growth: high-growth persistence, the novelty and strategic voluntarism. These characteristics make the high-growth SMEs a specific research object.*

### INTRODUCTION

Since 1990s, a lot of researches are devoted to the study of the growth phenomenon (Birch & Medoff, 1994; Storey, 1994; Storey, 2011; Henrekson & Johansson, 2010; Moreno & Casillas, 2007; Davidsson & Delmar, 2006; Delmar et al., 2006). This tendency can be seen as the direct result of the important contribution of this phenomenon to the generation of new jobs and to the creation of the new value. Although the majority of companies suffer from absence or low rate of growth (Daunfeldt et al., 2012), a minority enjoys high potential of growth, and consequently, participate significantly to the job creation and to the creation of the new value. Indeed, 70% of increase in the rates of employment is allotted to high-growth companies (Birch & Medoff, 1994).

Strong growth, high-growth, gazelles, hyper-growth, etc., are all some terms that are used to describe these fascinating businesses. Despite the diversity of terms, the concept of growth remains ambiguous and poorly defined due to the lack of research and conceptualizations about it, hence the importance of this paper.

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## **High-Growth SMEs**

Several studies have emphasized the need to distinguish between the growth taken in its overall dimension and the high-growth as a particular phenomenon (Moreno & Casillas, 2007; Delmar et al., 2006). Companies with high-growth are regarded as particular entities quite different from other firms (Moreno & Casillas, 2007; Storey, 2011; Davidsson & Delmar, 2006). The specificity of the phenomenon requires suitable methodological approaches and new theoretical perspectives.

Various factors explain the craze of researchers to the study and analysis of SMEs growth determinants especially when it is a question of high-growth SMEs. Indeed, many authors admit today that SMEs are not anymore considered as the miniaturized replica of large firms (Shuman & Seeger, 1986). SMEs are particular organizations, very different from large companies. They are seen as true levers for the creation of jobs and wealth in economies. Albeit there is a consensus about the prevalence and the importance of SMEs in the global economies, the weight and the impact of high-growth SMEs compared to the high-growth large companies constitute a point of divergence between researchers.

This essay is inscribed in the course of specificity (Torres, 1997). At first, the specificity of SME compared to large companies, and then, the specificity of high-growth as a particular aspect of the firm growth phenomenon. In this vein, this document tries to discuss the following conceptual question: to what extent does SME constitute a specific and legitimate search object within the phenomenon of high-growth?

The big part of literature on high-growth firms is descriptive (Sheppard, 2010). It tries to draw up a portrait of this phenomenon by describing its characteristics of high-growth firms. The high-growth SMEs occupy a central place in this literature. This essay is divided into two main points. The first one seeks to clarify the concept of high-growth firms. The second try to sit the legitimacy of the high-growth SMEs as a specific and a relevant research subject.

## **HIGH-GROWTH SMES: DIVERSITY OF DEFINITIONS**

Moreno and Casillas (2000) indicate that high-growth is identified through two main features. Firstly, the achievement of high-growth, and secondly, the concentration of this high-growth in a short period of time. This definition raises three central questions:

- From what level are we talking about high-growth?
- How can we measure this growth?
- On what interval of time do we have to make sure of the persistence of the high-growth to indicate a firm as gazelle?

Following a literature review, it was found that there is no single answer to these questions, and therefore no consensus on the definition of high-growth firms (Henrekson & Johansson, 2010; Moreno & Casillas, 2007). Several approaches can be considered to define the concept of high-growth. In this vein, present two methods to identify the high-growth companies. According to Daunfeldt et al. (2012), most of studies take as high-growth firm a proportion Y % having realized the strongest growth on that industry, very often (1%, 5% or 10%). Furthermore, these two authors added that some studies indicate by gazelles any company having realized a growth rate upper to a well determined rate.

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