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Understanding and Promoting Small Business Growth



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Development



amed
developing people
developing organisations



Guest Editor: Simon Raby

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Editorial: Understanding and Promoting Small Business Growth

Simon Raby



Accepting the invitation

I was honoured when the Association of Management Education and Development ([AMED](#)) invited me to play a guest editorial role for a special edition of their Journal *e-Organisations and People* ([e-O&P](#)) on the theme of *Understanding and Promoting Small Business Growth in this Post Election Era*. It was an easy engagement to agree to, as it provided an opportunity to work with others who I admire and respect, and in an area that I am deeply passionate about. Beyond these factors came the opportunity to demonstrate the value that academic research has beyond academia. I strongly believe that the academic world has a lot to offer those who run their own businesses and deliver services to business. That is, if it can be understood; and delivered in a medium that is accessible and meaningful.

Who am I?

I wouldn't class myself as a traditional academic. I first worked in industry in change management. As a fresh-faced university graduate I had a lot to learn, and many mistakes to make. For all the hard work, and improvement in the company's performance, I will be forever appreciative of the opportunity afforded to practice and experiment with what was essentially a blank canvas. As workplace change took hold, a question kept entering my mind: If one organisation is like this, what are the others like? My quest to find an answer took me out of organisational practice and into research, a choice that has since allowed me to spend many enjoyable hours listening to business owners as I seek to understand how they and their organisations work.

In the course of my research, many business owners and senior leaders have asked me “What’s next? What else can you help me with?” Through the more recent period of my career, I have spent considerable time sharing the findings of the research. The more I have shared, the more others have embraced debate, learning and challenge. This has led me to translate the findings of my research into growth programmes and networks for business founder/owners and senior leaders, and those with whom they work. This endeavour continues to challenge me today, as I learn and find different ways of bringing the worlds of academia and practice together to converse, share and develop new ways of thinking.

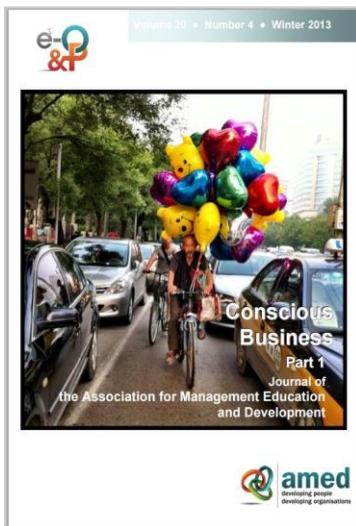
One such example is the translation of rigorous research findings into [a video cartoon](#) that explores the characteristics that lead to higher performance. It tells the story of ‘John,’ a fictional character who represents the average performing SME. Through his journey of discovery, John encounters the ten characteristics of high performance, lenses that challenge and support John and others like him to review and challenge the way they approach leadership and personal and organisational growth.



For me, the power of knowledge is truly demonstrated through its application. I have continued to find myself drawn towards those – including kindred spirits within AMED - who also want to share their understanding for academic and practitioner audiences. In academia, these individuals are relatively few and far between. The typical academic currency is blind peer-reviewed and ranked journal publications, many of which are not suitable for consumption by a practitioner audience. This is where AMED’s journal is different. It provides anyone with an opportunity to share their world view, their experiences, their understanding. You won’t find long and hard to-understand articles here. Instead, you will be able to satiate your curiosity for knowledge of the social world through short, snappy and relevant – yet always rigorous and thoughtful - writings.

How this special edition came about

It was an Autumn day that I arrived at the London Metropolitan University at Moorgate, to take part in a post-publication workshop on ‘*Exploring Conscious Business Practice: sensing as we act, reacting to what we sense*’ ([Burden and Warwick, 2014](#)). Facilitated by AMED in partnership with the Centre for Progressive Leadership (CPL), I was drawn to the idea of ‘consciousness’ in business. As a practicing coach, I had explored the notion of consciousness at an individual level, and had yet to consider it at a group or organisational level; something I thought this workshop would provide the perfect opportunity to explore.



What struck me on entering the room, and connecting with some of the participants, was the diversity of the event. There were academics as well as practitioners and business founders/owners, all of whom were open and approachable. The event was also relatively unstructured. There was a short introduction, and little agenda beyond this. Despite this, there was considerable depth and dimension to our discussions, and an engaging and powerful learning environment surfaced.

I have since discovered that the relationship between writing and speaking does not have to be linear or formal, like the siloed production line that I have often experienced in academia. Write your paper, present it, publish it, and move on. Through the creation of this special edition, I have

experienced a fluid, emergent and very much a back-and-forth process between creator and audience. This promotes the belief that the narrative is never finished, there is no one answer and a deeper understanding emerges through debate and discussion. I was to later learn that this approach had been coined 'critical friendship' (MacKenzie, 2015), and is a key philosophy of AMED and their Journal e-O&P. This approach has provided authors of this edition with an opportunity for constructive, open and supportive feedback that respects difference and celebrates nuance and uniqueness.



It was within one of the small breakout groups at the Conscious Business workshop that I met Bob MacKenzie, whom I would later find out is one of the linchpins for AMED and the commissioning editor of their Journal e-O&P. I enjoyed Bob's contribution into the group, and I later learnt that this was reciprocal. At the time, it unconsciously felt like a meeting of minds and underpinning philosophies; unspoken yet ever present. After the event I found myself contacting Bob. I wanted to learn and share. I wasn't clear on what this was or looked like, and I was keen to continue our conversations.

We spoke in the New Year, and Bob proposed that I play an editorial role for their Journal e-O&P that focused on the growth of Small and Medium-sized Enterprises (SMEs). There was a certain topicality too, with the call for the first part of this edition to be released immediately after the general election. Contributions would therefore be created in a formative period immediately after the election, and it was (and is) our hope that the writings and discussions provide a springboard to explore new ways of entrepreneurial being and doing.

An introduction to this special edition of e-O&P: entering the 'growth' room

By way of introduction to this special edition, I want to briefly share with you some of my own observations of the state of our knowledge in the area of Small and Medium-sized Enterprise (SME) growth through a personal experience. This particular experience was at a conference focused on the growth of SMEs, those organisations defined as having fewer than 250 employees, and less than 50m Euros in sales revenue (European Union). The room was filled with some very clever people, all passionate about their work, about SMEs, and about growth. What could possibly be wrong with that? One of the key themes that emerged for me as a result of attending the conference was how we define, discuss and understand the concept of 'growth'. Here I will highlight three particular approaches, all of which are distinct. They concern 'output measures', 'chance' and 'personal and organisational transitions'.

Output measures

Some academics see growth as an 'output', a measure (sometimes the only measure) of performance, often calculated by an increase in size of firm (e.g. in employment or sales revenue). In this world, considerable time is spent trying to identify those firms that are achieving higher rates of growth than others, in the belief that the high growth firms hold all the answers. This is the world of large datasets and where much of the government policy, and as a consequence funding, has typically been allocated. For example, support available through the current UK Government's [Business Growth Service](#) is open to those businesses that can forecast the likelihood of achieving high growth over a three-year period, with 'growth' calculated using a formulaic and financial measure of 'Gross Value Added'.

Chance

Research also shows that growth is discontinuous. Just because a firm grows in a previous period does not determine that it will grow in the next. We cannot predict growth, as much as the government would like us to! This has led some to postulate that growth is, at best, a 'random walk'; a result of chance (e.g. Storey, 2011). Entrepreneurs in this world are portrayed as 'gamblers', placing bets on their future, from their bank of 'chips' that represent available funds. Those with deeper pockets can make bigger gambles, and get to stay at the table for longer. Some would say this is an overly simplistic way of viewing growth (and decline) of organisations and that we can and should understand more about the complex process of growth.

Personal and organisational transitions

In the process world, and one for which I have a particular affinity, researchers focus on the *transitions* that entrepreneurs and organisations make during the growth process. The world has moved on since early growth models (e.g. Greiner, 1972) and the belief that firms pass through a set of defined and predetermined 'states' or 'stages'. Rather, it is about understanding personal and organisational transitions. What made us, as entrepreneurs; choose one option as opposed to another? What factors influence the way we and our organisations change and develop? The challenge here is the depth to which one has to dive. This type of work can become complex and in its nature is context-specific. Some also question how 'representative' these cases can be of the wider business population. I would argue that respecting and understanding difference is an important part of developing our awareness and conceptualising what was, and could be.

Because of the different approaches that are taken to investigate 'growth', other methodological issues aside, it is evident that research is rarely cumulative. As a consequence, one could question whether we are developing a greater, more nuanced understanding of growth. For me, there are more fundamental issues however, that are blocking our progress. These relate to a need to focus on the needs of entrepreneurs.

Focus on the needs of entrepreneurs

It may come as no great surprise to you that the attendees at the conference I was talking about were exclusively academics. I searched long and hard for a business owner, and could not find one! It may be unlikely that many invitations made it to the small business owner community. Even if they had, business owners may be hard-pressed to attend and may not see the relevance of such gatherings. This, for me, is where much of the problem lies in understanding and promoting SME growth.

Through my work with entrepreneurs I have come to understand that the concept of growth, in the way that the academic community typically define it, is often unhelpfully narrow and restrictive. In running workshops on growth, business owners quickly move to the question of what *success* means to them. If you ask an entrepreneur how they define success, they may well respond by saying it provides them with the opportunity to:

- provide for their own and their families basic needs
- be in control of their own destiny, able to make their own choices
- work with those they enjoy working with
- achieve fulfilment and personal growth
- live their values, and be true to themselves
- deliver a social good, and so on...

As you can see from such responses, rarely is success defined upfront exclusively as growth in profit and/or sales revenue, and success is certainly not defined by business owners as the OECD definition of 'high growth', which equates to the achievement of an annualised employment (or sales) growth exceeding 20% over a three-year period. What we are really talking about is not calculable, but rather human behaviour and social process. Entrepreneurs are passionate about achieving their aspirations, and these aspirations are not discrete or formulaic.

For me, the typically contrasting worlds of the academic and the entrepreneur represent the challenge that lies at the heart of understanding SME growth. Academics and entrepreneurs are working in different rooms, for different purposes and speaking different languages. The only way to break down the wall is to ask the question "What is it that entrepreneurs want and need?" This requires academics to shift their awareness, for part of their time, to the end consumer - the entrepreneur - beyond seeing those individuals and their organisations as simply sources of data for their ranked journal articles. The business case for this change is building, and will become ever more important over the coming years. Ultimately, this is a challenge of engagement and impact - how we as diverse stakeholders engage, listen and learn together.

I hope that this special edition of *e-O&P* will be seen as a contribution and a general commitment to take up this challenge, and that you, as I have, find the stories you read here of value to you, your organisation and your work.

This edition consists of six short and thought-provoking articles presenting a gamut of views on small business growth in this post-election era. To help you identify contributions of particular interest to you, I have provided a brief overview of each one.

A brief overview of the articles in this edition

Professor Stephen Roper and **Professor Mark Hart** present an approach to identifying those SMEs that are contributing, in a disproportionate way, to the growth and internationalisation of the UK economy. Through this article Steven and Mark coin the new labels of 'growth heroes' and reluctant exporters' and propose ways that these types of SMEs can be best supported to achieve greater levels of small business success.

In a highly personal account, **Toby Lindsay** takes us on a journey that challenges us to look beyond success by engaging with, and learning from, episodic failure which he sees as an inevitable – and invaluable - aspect of entrepreneurship. Toby offers a rallying call to entrepreneurs to develop communities of practice through which to share experiences, reflect, learn and develop together.

Professors Monder Ram and **Trevor Jones** provide a voice for largely unacknowledged role of the low-end migrant entrepreneur. Monder and Trevor invite us to look beyond the shiny world of technology-intensive development and the creative and cultural corporate industries to respect the diverse world of minority ethnic entrepreneurship, in order that we may gain greater awareness of the essential and significant economic and social contributions that ethnic minority entrepreneurs make to a modern, successful economy.

Through a case study of the veterinary sector, **Professor Colette Henry** and **Dr Elizabeth Jackson** discuss the gender disparities that exist in business ownership and leadership. Colette and Elizabeth debate and propose ways that female veterinary business and entrepreneurial leaders can best be supported to realise their potential.

Katie King explores the role that technology increasingly plays in the success of SMEs. Technology has opened the global marketplace and created new opportunities for growth. Concomitantly, businesses are experiencing enhanced levels of change and competition. To prosper, SMEs will need to understand how to leverage the interaction between people and technology and harness, develop and embrace new technologies.

Magnus McFarlane issues a rallying call for business owner-managers and their organisations to come together to collaborate. In sharing his practical experience of a successful collaboration in product innovation, he draws attention to the dichotomy between those individuals and organisations that are closed and protective and those that building an open and shared approach to doing business. With the help of a case study derived from personal experience, Magnus illustrates the important role that third parties, including Universities, can play in helping to facilitate access to knowledge that can drive competitive advantage.

Our plans for a post-publication Gathering, and a Part 2 of this edition

As I said at the beginning of this piece, writing, talking and engaging in other related actions concerning entrepreneurial activity and small business development are interrelated and interdependent. So we are actively looking to identify a space as early as possible in 2016 for a post-publication Gathering. This will happen some time between the publication of this Part 1 edition and the appearance of a subsequent Part 2. Inevitably and intentionally, this Part 2 will be inspired amongst other things by the interactions that take place in our Gathering. So please watch this space for more details about both initiatives, and please feel free to get in touch with either myself (S.O.Raby@kent.ac.uk) or Bob MacKenzie (bob@amed.org.uk) with your ideas for either or both this forthcoming gathering or an article or suggestions for themes for Part 2 of this edition. Join us to demonstrate that it is indeed a small (business) world!

Acknowledgements

I would personally like to thank **all the authors** who have contributed to this special edition of *e-O&P*; I have thoroughly enjoyed being a part of the creation process, and your articles are fantastic. I would like to celebrate **Bob MacKenzie's** contribution in the role of commissioning editor. Bob has been highly supportive, always generous with his time, and ever inquisitive and passionate about the area of SME growth. I would also like to thank **David McAra** and the rest of **AMED's editorial team**, who have made the publication of this Journal presentable and enticing. The Institute of Small Businesses and Entrepreneurship ([ISBE](#)) have been fully supportive of this enterprise, and we look forward to collaborating with them over the forthcoming post-publication Gathering. Finally, I would like to acknowledge the important role played by the practice of '**Critical Friendship**' in providing us all with the conditions within which to thrive.

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About the Guest Editor

Dr Simon Raby is passionate about the growth and optimum performance of individuals and organisations. Simon approaches his work as a 'pracademic', seeking to bridge the gap between academia and practice. In a career spanning 13 years, Simon has worked with hundreds of organisations in his attempt to understand "what drives growth and performance?" Simon is a founder/owner of [Business Improvement and Growth \(BIG\) Associates](#), a global business with the vision of becoming the 'go to' place for business founder/owner research and development. Simon is currently fulfilling an International Leverhulme Fellowship in partnership with the Haskayne School of Business' Hunter Centre for Innovation and Entrepreneurship at the University of Calgary, in his role as Researcher and Deputy Director of the Centre for Employment, Competitiveness and Growth (ECG) at the University of Kent's Business School. Simon would love to hear from you; and can be contacted on S.O.Raby@kent.ac.uk.

A note about AMED



AMED stands for the Association for Management Education and Development, www.amed.org.uk. We are a long-established membership organisation and educational charity devoted to developing people and organisations.

Our purpose is to serve as a forum for people who want to share, learn and experiment, and find support, encouragement, and innovative ways of communicating. Our conversations are open, constructive, and facilitated.

At AMED, we strive to benefit our members and the wider society. Exclusive Member benefits include excellent, discounted professional indemnity cover, free copies of the quarterly journal e-O&P, and discounted fees for participation in a range of face-to-face events, special interest groups, and our interactive website. We aim to build on our three cornerstones of **knowledge**, **innovation** and **networking** in the digital age. Wherever we can, AMED Members, Networkers and Guests seek to work with likeminded individuals and organisations, to generate synergy and critical mass for change.

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