

The behavioral complexity of small firm entrepreneurs and the relation to firm growth: a framework

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Principal Topic

The answer to the question of how managerial and entrepreneurial behavior relate to small firm growth has been asked for (Gartner, 1988; Gartner, et al., 1992; Sarasvathy, 2001) and addressed in different ways (Delmar 1996; Sadler-Smith et al., 2003) during the last decade. In this paper we propose a new approach in the search for a better understanding of this relationship; an approach that draws on both long traditions and new thoughts within general management theory. In line with this approach we will in this paper develop a conceptual framework that can guide future empirical work. Our knowledge on managerial behavior is so far mainly based on self-reports rather than independent observations and with a main focus on executives in large organizations. It is therefore relevant to explore the behavior of small business managers, including entrepreneurs. In this endeavor, it is, however, important to consider that an exclusively behavioral perspective has been criticized for being a too narrow perspective on entrepreneurship (Carland et al., 1988). As argued by Sadler-Smith et al. (2003 p.61) "It may be helpful sometimes to attempt to combine different perspectives and to use existing concepts and vocabulary to aid the description and classification of the characteristics of the phenomenon and the way it behaves". In a similar manner, Gartner and Carter (2003) propose the use of a variety of theories and methodologies in the exploration of the behavior among managers/entrepreneurs. This paper is an initial attempt to fill a gap in our understanding of what makes certain small firms grow while others do not, by exploring the relation between managerial behavior of small business managers/entrepreneurs and firm growth. Theoretically the paper will draw on a "paradoxical perspective" on leadership (cf. Hooijberg, 1996; Hooijberg & Hunt, 1996; Quinn et al, 1982), according to which previous conceptualizations of managerial behavior are said to adopt a too simplistic view of what makes some managers/entrepreneurs more efficient than others. The paradoxical perspective implies that it is difficult to understand efficient managerial behavior using simple categories and taxonomies in which certain behavioral styles are perceived more efficient than others. Instead, it is argued, efficient managers/entrepreneurs are more behaviorally complex, which means that they have the ability to both conceive and perform multiple and contradictory roles (Denison et al., 1995, p. 525). The paper takes its basic point assumption from this paradoxical perspective. This point of departure states that small firm managers or entrepreneurs that are efficient in terms of generating firm growth will show a wider behavior repertoire and differentiation than their peers in slow-growing firms. The purpose of this paper is to create a framework which will facilitate empirical studies of managerial behavior and its relation to firm performance in small firms which can be used across the two fields of entrepreneurship and management theory. Based on this framework, we will state a number of hypotheses that should be tested in future research.

Methodology/Key Propositions

In pursuing our purpose we will rely on and learn from previous research on managerial as well as entrepreneurial behavior. The paper will therefore draw on three areas of research, namely entrepreneurship research, research on managerial behavior/work and on behavioral complexity within general management theory. Already in the early nineties it was suggested that the fields of entrepreneurship and research on organizational behavior could be seen as "the link between the phenomena of organizational emergence and the phenomena of the already in-existence-organization" (Gartner et al., 1992:15). Consequently, we propose that we in the renewed orientation of managerial research, i.e. the search for the answer to the question of what small business managers/entrepreneurs do and how this is related to firm growth, adopt knowledge from

general management theory, and especially the extensive field of research on managers' jobs and from the more recent paradoxical perspective on leadership.

Results and Implications

Theoretically, a conceptual framework is proposed implying that future research on managerial behavior in small firms should adopt a paradoxical perspective on leadership from which it is argued that efficient small business managers or entrepreneurs are more behaviorally complex. This in turn, means that they have the ability to both conceive and perform multiple and contradictory roles. From this framework, leadership behavior is based on two underlying dimensions of stability vs. flexibility and internal vs. external focus. From the approach suggested in this paper it follows that future research should use leadership roles/functions in order to classify the behaviors of managers and entrepreneurs in empirical studies, in order to differentiate what separates growing firms from their non-growing counterparts.

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