ABSTRACT

To Grow or Not to Grow: Is That the Right Question?

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This paper explicitly questions the growth focus of a great deal of entrepreneurship research in light of the lack of growth motivations of many, if not most small business owners. The view is taken that measuring growth by a range of extrinsic factors that are largely developed by so-called experts and applied to the business is a false measure of success that, at best, only applies to a minority of small business owners. A considerable proportion of entrepreneurship research ignores the reality that many small business owners do consider success as unrelated to growth. The literature tells us that many small business operators choose not to pursue growth opportunities for fear of losing control and losing the firm's 'small' atmosphere. We also know from prior studies that many owners do not expand their business due to lifestyle and family choices or for other personal non-financial reasons. The paper considers appropriate theory to inform this standpoint and settles upon expectancy theory as a useful if imperfect lens through which to understand the small business owner. To examine the relationship between business growth and self-perceptions of success, a multi-sector sample of 272 small business owners in Western Australia was utilised. The analysis of this data set relies upon a four item scale of perceived success tested and refined in prior research that has proved a simple yet reliable and internally consistent measure of perceived success. A short growth intention scale then identifies business owners who have growth aspirations for their firm. The analysis shows that there is no correlation between the growth intentions of small business owners and their self-perception of success. Having established that no relationship between success and growth exists and that the scales used are valid we speculate that there are substantial differences between those who want to grow the business and those who do not. We then create a matrix of four groups of small business owner perceptions and growth intentions. The resultant groups are examined for evidence of meaningful between group differences. The quadrants were named: The Good Life, Growth Optimists, Growth Seekers and The Living Dead. The differences between the quadrants on demographic and performance characteristics are informative, with the Growth Seekers being younger and leaner businesses with much more potential upside in terms of their economic contribution. Conversely, the method identified a group of older owners who are working harder, employ fewer people and generally have a less promising future which we refer to as the Living Dead (AKA grumpy old men). It was interesting to note that the four subtypes that were created tended to cluster certain industry classifications more in one subtype than in another. The results have implications for a number of research agendas and policy settings by providing a means of focussing on the relatively few businesses that show a desire and capacity for growth. The results also indicate that researchers must take into account the non-financial lifestyle motives of many small business owners if they hope to come to any consensus understanding of how to effectively support this sector. The message is simple in the end, if you want to measure success of a small business, ask the owner for his or her criterion and don't be surprised if the answer has nothing to do with growth intentions and much to do with improving their own lifestyle.

Debating points

- Should unrestrained growth as a ‘heroic’ goal for entrepreneurs be discouraged in a resource constrained world?
- Can a small business be simultaneously both lifestyle and growth oriented?
- Is it theoretically and methodologically sound to compare the level of perceived success between respondents in different industries?

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INTRODUCTION

Why should researchers strive to develop external measures of 'success' when surely the owner is best placed to estimate their own level of success? Take for example the prevailing economic and political emphasis on achieving sustainable growth, whatever that may be. At a macro level, the principles of sustainability must surely lead eventually to a position where growth itself is not sustainable, to a place and time of maximised capacity and maximum efficiency. At the micro level, we observe in our own benchmarking research that many individual business owners seem to have worked this out, with significant numbers of owners eschewing growth in favour of a better lifestyle, whatever that may mean for them.

This paper adopts a contrarian standpoint on the value of externally developed methods of performance measurement of small businesses by experts, rather than measures developed internally by the business owner(s). At the core of this argument is the observation of the significant tensions that exist between the motivations and outcomes of the small business owner. In particular, the paper explores some of the many theoretical and practical contradictions between growth and lifestyle outcomes in small business. The growth mantra is obviously attractive to external stakeholders such as politicians and public officials, keen to be seen supporting small business growth, since growth is believed to lead [inexorably?] towards jobs and economic growth therefore 'must' be what everyone wants.

In order to position the argument for an atheoretic treatment of growth as a measure of small business success we highlight some existing theoretical explanations of growth from the entrepreneurship literature and explain why they are a generally poor fit with the typical small firm. Finally, the paper presents some empirical support for the thesis that there is not a broadly held view by the owner(s) that growth has much to do with success. Rather, for the majority of small business owners it is about a perception of success that is unique to each business owner that is difficult to calibrate or compare. To investigate this claim of a lack of relationship between business growth intentions and self-perceptions of success, a multi-sector sample of 272 Australian small business owners was established and their growth and lifestyle outcomes were examined and relationships between perceived success, growth intentions and lifestyle reported. Implications of the results are discussed with a focus on discerning the appropriate way to measure the performance of the small business, namely, perceived success.

Growth Oriented Entrepreneurs

Researchers frequently use the growth of the small firm as a measure of small business success (Baum, Locke, & Smith, 2001; Davidsson, Steffens, & Fitzsimmons, 2009; Dobbs & Hamilton, 2007; Wiklund & Shepherd, 2003). Certainly, growth, success and performance are often closely linked and even regarded as synonymous by some in entrepreneurship research (Reijonen & Komppula, 2007). Growth can be regarded as a measure of organisational performance and a firm's performance is viewed as critical to understanding small business success and failure (Murphy, Trailer, & Hill, 1996). According to Schutjens and Wever (2000), the use of employee numbers as a measure of firm growth and size is the most appropriate. Beyond employee growth, a variety of criteria are suggested to measure small business growth, including sales and turnover growth, increase in market share, increase in total assets, improving profitability and growth in employee numbers (Davidsson, et al., 2009; Dobbs & Hamilton, 2007; Glancey, 1998). Dobbs and Hamilton (2007) reviewed 34 studies on small business growth published since the mid-1990s and found the common measures of growth included sales growth, financial growth, growth in assets and employment growth. In nearly two-thirds of these studies, increase in employees was the key (and often the only) measure of small business growth (Dobbs & Hamilton, 2007). The predominant focus of economic policy studies on the contribution of small business to economic growth and job creation helps explain why employee numbers and growth are frequently used measures of small business success (Dobbs & Hamilton, 2007; Hoogstra & van Dijk, 2004; Schutjens & Wever, 2000).

Relying upon business growth to proxy for small business success is problematic. Not all (not even the majority) of business owners wish to grow their business (Walker &

Brown, 2004) and indeed, many business owners deliberately refrain from pursuing and exploiting opportunities to grow their firms (Wiklund, Davidsson, & Delmar, 2003). Does this mean these firms are purposefully aiming to be unsuccessful, of course not. Further, can we really assume that because some small firms are achieving growth, that the small business owners will perceive themselves as successful? Self-evidently this is not a likely assumption but it one often made. Take for example the common scenario where rapid growth leads to a cash flow crisis and economic failure, not all growth is good.

An external observers' view of small business success has little relevance if the entrepreneur or small business owner does not have a self-perception of success (Reijonen & Komppula, 2007). In other words, a small firm might be achieving growth of some revered kind, or exhibit some other extrinsic measure of success but the owner may still perceive themselves as unsuccessful if their personal goals and aspirations are not being addressed. This growth-lifestyle tension is recognised by researchers from Finland who observe:

> *"…non-financial meters of success that are affected by the entrepreneur's motivations and goals influence the financial performance of the small firm. Making a living is important, but going beyond that is not often seen of great concern. Consequently, the entrepreneurs are likely to measure their performance by other criteria"* (Reijonen & Komppula, 2007, p. 689).

So, it is likely that there are a myriad of goals and objectives that a small business owner hopes to achieve and by which success is measured (see Walker and Brown, 2004 and Reijonen & Komppula, 2007 for more detail). Many of these non-financial goals might be collectively described as 'lifestyle' motivated.

Lifestyle Entrepreneurs

Ateljevic and Doorne (2000) stipulate that lifestyle entrepreneurship drivers (business started for non-economic motives) are recognized as a significant stimuli for small business start-ups. In a similar vein Peters, Frehse and Buhalis (2009) show the importance of the lifestyle entrepreneur (as distinct from the growth oriented entrepreneur), suggesting amongst other things that there may be an optimal level of growth which also leads to positive quality of life effects.

In her study of wellness retreat operators Kelly (2010) noted lifestyle entrepreneurs display sentiments such as: "I have a lifestyle, I enjoy my job and have satisfaction. I earn enough money for a simple life', and, 'I don't have as much money in the bank as I once did but my quality of life is 1000 times more meaningful'. In New Zealand, researchers have characterised the lifestyle entrepreneur as often being more interested in freedom than simply lifestyle benefits and might be better referred to as a 'freestyler' who may be willing to grow the business for personal benefit, but not simply growth for growth's sake (Lewis, 2008). Morrison, Carlsen and Weber (2010) highlight the contradictions between the sometimes upbeat economic assertions and promised benefits of increased earnings, investment and jobs against the observed dominance in many economies of owners who seek not to grow or to employ but simply to sustain their preferred way of life. In many developed countries it seems it is now the case that the majority of business owners do not expand their business beyond self-employment, preferring (at least in theory) to pursue a balance of family and work time that leads to a better 'lifestyle'. Hessels et al speculate that the consequence of allowing such [lazy] lifestyle entrepreneurship to flourish can be dire for an economy with "Entrepreneurs [presumably non-lifestylers]… bound to contribute more to economic growth than their counterparts who have lower levels of aspiration and aim to survive in a corner of the market as a lifestyle entrepreneur" (Hessels, Van Gelderen, & Thurik, 2008, p 324). It has also been observed that many small business owners elect not to pursue growth opportunities lest they lose control and damage the firm's 'small' atmosphere (Wiklund, et al., 2003).

Despite their concerns about the impact of lifestyle entrepreneurs upon economic performance, Hessels et al (2008) conclude that a substantial cohort of independence-motivated entrepreneurs exists in most countries (discerned from the 2006 Global Entrepreneurship Monitor-GEM). These lifestyle entrepreneurs are happy to be able to do the work they want to do, for them earning a subjectively 'comfortable' living is success enough. Indeed, many small business owners appear content with maintaining the lifestyle their business affords them and do not want to risk losing this comfortable position by attempting to encourage business growth (Hessels, et al., 2008).

Values segmentation in the marketing literature also describes lifestyle entrepreneurs that view their business as an extension of themselves, not so much about being self-employed as it is about being true to their avocation. These are individuals who own businesses closely aligned with their personal interests, values, and passions, unlikely to generate significant profits and includes entrepreneurs seeking to escape bureaucratic or corporate environments (Kenney & Weinstein, 2010).

There are several theories that have been offered to explain the impetus behind many small business goals and success metrics, yet none seems to satisfy the requirement of a general theory that simultaneously copes with the success criteria of both growth and lifestyle oriented firms. As a way of informing the argument for an atheoretic approach to small business performance measurement this next section explains the intent and identified shortcomings of some theories that have been used prior to calibrate or explain small business success through growth.

Theories to explain growth intentions in SMEs

Behavioral Theory of the Firm

The behavioral theory of the firm (Cyert & March, 1992) has been proposed as a theoretical lens through which to understand business growth in small firms, in particular to predict why success and growth will reinforce each other (Zahra, Sapienza, & Davidsson, 2006). However, the behavioral theory of the firm (BTOF) stipulates that businesses consist of a coalition of many individuals that are likely to have many conflicting goals (Dew, Read, Sarasvathy, & Wiltbank, 2008). Bounded rationality is a key element of the theory which implies that businesses aim at satisfying set targets instead of optimizing the best imaginable solution for the firm (Pitelis, 2007). This is a poor theoretical fit for small business, given the majority of small businesses do not employ any staff, meaning that the coalition of many individuals cannot be achieved and rationality is in fact set at a boundary of one person making all decisions. It would seem that a key assumption (a coalition of individuals making decisions) will not exist (Greenbank, 2001). The theory argues that ultimately, the organizational goals that are set are achieved through a bargaining process where coalition members agree on mutual targets and objectives (Cyert & March, 1992), it is nonsensical to 'bargain' with oneself in a sole trading business. Cyert and March's framework is only efficient and applicable at explaining goal setting in larger, multi-product firms (Dew, et al., 2008). It appears this alignment of the theory with larger SMEs loses relevance when the organisation employs few or no employees (the majority of small businesses).

Theory of Planned Behaviour

The assumption implicit in applying the Theory of Planned Behaviour (TPB) to small business performance measures is that intentions are a valid predictor of actions and behaviours (Ajzen, 1991) and that small business growth (of whatever form) is an outcome desired by the small business owner. There is an established and substantial body of empirical evidence that intentions and self-predictions are valid pre-cursors of actual behaviours (Armitage & Conner, 2001). This theory can therefore be reasonably expected to apply to the small business owner to establish whether intention to grow will lead to actual growth, or at least to actions intended to support the desired growth.

One limitation of TPB is evident in the work of Zahra, Sapienza and Davidsson (2006) who claim that the behavioural theory holds that when firms succeed, they will likely continue to use the same resources, routines and initiatives that originally contributed to their success. Also, when firms do not succeed, self-serving bias and hubris will cause owners to blame this lack of success to luck or factors outside their control (Zahra, et al., 2006). In this case owners who have not ever felt successful (whatever that may be) do not have a successful model to perpetuate.

A further limitation of TPB is that it implies that goals are fixed in time and can be worked (planned) towards. However, the case with many, if not most, small businesses, is that ‘success’ is a moving target. Owners may well commence the business with ambitious growth targets but these ambitions often moderate over time into more modest goals of survival and in many instances swing from growth towards lifestyle outcomes (Weber, Geneste, Schaper, & Soontiens, 2009). TPB does not easily account for this change in goals over the span of an entrepreneurial career.

Expectancy Theory

It is argued that the cognitive process of goal formation leads to success perceptions. This is at its core, an application of expectancy theory (Vroom, 1964). Expectancy theory (ET) involves three relationships: valence, instrumentality and expectancy itself. A motivation or goal has *valence* commensurate with its importance, and *instrumentality* in comparison to other outcomes. Where *valence* and *instrumentality* are high and the owner perceives that requisite effort will lead to the desired outcome then *expectancy* of achieving the outcome is high. When expectancy is high and the goal is achieved, perceptions of success will likely be strong.

Expectations can vary from case to case in small business performance measurement, with both valence and instrumentality variable and personal in nature. For example, recent work on expectancy theory within entrepreneurship suggests that differences exist between the growth expectancies of men and women (Manolova, Brush, Edelman, & Shaver, 2012). Notwithstanding such variations, expectancy theory is of utility to predict the importance (salience) of a goal (and subsequent success perception) if the outcome will be both desirable and imaginable. However, once again the challenge of any performance measurement metric is the capacity to compare results, either temporally (same owner, two points in time) or between businesses for purposes of benchmarking.

Exploring the common ground, perceptions of success

Perceived success has been shown to be reliable in terms of stability of measurement of the construct over time and between subjects (Kaufman, Weaver, & Poynter, 1996). This is attractive since between-firm comparisons are fraught with problems of measurement equivalence that confound and usually restrict measurements to a single industry at a single point in time when traditional metrics are employed (Gomes & Yasin, 2011). Alternatively, by relying on the personal perceptions of business owners it is possible to estimate relative success if a well calibrated scale is applied. It has been observed that many small business owners do not perceive success as being solely a function of extrinsic rewards such as economic profit and growth (G. Jennings & Stehlik, 1999; P. Jennings & Beaver, 1997; King, 2002; Walker & Brown, 2004). Satisfaction can also arise from reaching personal or intrinsic perceived success through a subjective assessment of performance (Frese, Brantjes, & Hoorn, 2002), but performance by what criteria? Success can be a very personal thing as Jennings and Beaver (1997, p. 63) report:

> *Contrary to popular belief, and a great deal of economic theory, money and the pursuit of a personal financial fortune are NOT as significant as the desire for personal involvement, responsibility and the independent quality and style of life which many small business owner-managers strive to achieve.*

Jennings and Beaver (1997) submit that a better measure of success is likely to be the "sustained satisfaction of principal stakeholder aspirations" (P. Jennings & Beaver, 1997p. 68.).

Small business owners tend to rank achieving personal satisfaction well above profitability and also tend to place work and private life balance in their top perceived success criteria (Gorgievski, Ascalon, & Ute, 2011). Conversely, it appears that small businesses experience a range of challenges to achieving their perceived success. Unfortunately for many, the realisation of long hours at low hourly rates only comes through firsthand experience after the business has been started (Weber, 2008), yet they persist. It seems there will be many ways to infer and measure perceived success. However, all are dependent upon the realisation of goals and expression of motivations of the owners (Getz & Carlsen, 2000).

The performance criteria and drivers of small businesses are likely to be influenced by a diverse range of factors such as family-centred goals (Andersson, Carlsen, & Getz, 2002; Chrisman, Chua, Pearson, & Barnett, 2010; Getz & Carlsen, 2000; Still, Soutar, & Walker, 2005), career stage (DeMartino, Barbato, & Jacques, 2006; Platman, 2002) and lifestyle objectives (Ateljevic & Doorne, 2000; Carlsen, Morrison, & Weber, 2008; Marchant & Mottiar, 2011; Marcketti, Niehm, & Fuloria, 2006; Walmsley, 2003). However, all of the aforementioned motivations of business owners rest upon the assumption that the owner believes that his or her actions will lead to certain desired outcomes. If those outcomes are achieved or are being achieved then the owner will perceive they are successful (Kaufman, et al., 1996; Weber, 2008). Thus we argue that rather than try (in vain?) to develop a 'one size fits all' success formula, it is far simpler to allow the respondent to self-define their level of success based upon their own varying goals, expectations and perceptions.

Once a level of perceived success is identified it becomes clear (in our work) that the majority of small business owners see no relationship between growth and success.

Empirical support for the Growth-Lifestyle paradox

In order to highlight the tension between growth and lifestyle motivations this paper contends that there are many business owners who perceive themselves as successful, even though they do not harbour any growth intentions for their firm. In fact this is a circumstance we observe in our own benchmarking studies (Weber, et al., 2009) that is so common even amongst businesses wanting to improve their performance (the purpose of benchmarking) that this bias will likely result in no discernible relationship between growth intention and perceived success. Put simply, the majority of small business owners do not see growth as a pathway to perceived success. Th majority of owners do however expect success in business to have a positive effect upon their own lifestyle outcomes. Thus, we propose the following hypotheses:

H_1 *There is no correlation between a business owner's growth intentions and their self-perceptions of success.*

H_2 *There is no correlation between a business owner's growth intentions and their lifestyle intentions.*

H_3 *There is a correlation between lifestyle intentions and perceived success.*

These propositions are tested using benchmarking data collected from small businesses between 2007 and 2008 who were interested in improving their performance through an annonymous business benchmarking exercise, details if which are available at www.smallbusinessbenchmarks.com.

METHODOLOGY

The research is predicated upon two perhaps diametrically opposed outcomes of running a 'successful' small business that mean a focus on achieving growth focussed outcomes would at some point work against achieving stated lifestyle outcomes. Further, the owners perceptions of success will be affected by the growth/lifestyle prefrences of the owners. This paper seeks to show (through inference) that because the majority of owners do not seek growth as a key determinant of their success there will be no relationship between growth and success. In other words, that it is significantly more important for a majority of business owners that the business provides them with the desired lifestyle outcomes.

Data collected by Weber et al (2009) was used to explore this question of the validity of success perceptions since it contained scales that measures growth and perceived success as well as lifestyle outcomes. From a pool of 344 valid responses only 272 were required to complete a second component of the questionnaire that included the growth intentions scale therefore reducing the sample size somewhat (n=272).

This survey relied upon a previously validated 4-item, five-point Likert scale on perceived success that accounts for the owners' sense of achievement of personal, business and financial goals (Weber, 2006, 2008; Weber, et al., 2009; Weber & Schaper, 2007). Once again this scale was found to be a stable, uni-dimensional and reliable indicator of perceived success. The scale was internally very stable and reliable with a coefficient Alpha (Cronbach, 1951) of 0.93. The four items that constitute the perceived success scale are reproduced below:

- *My business has fulfilled or is fulfilling my personal goals*
- *My business has fulfilled or is fulfilling my financial goals.*
- *My business is a success*

- *I have accomplished or am accomplishing what I wanted to do with my business*

All items were scored using a five point likert scale with anchors of *strongly disagree* and *strongly agree.*

A growth intentions scale was derived from an adaptation of (Cassar, 2007). The scale had an internal reliability (Cronbach, 1951) of 0.67 which was deemed as satisfactory for this correlational study (Straub, 2004). The items in the scale, scored through a seven point Likert scale with anchors of *strongly disagree and strongly agree,* are as follows:

- *As far as the future size of my firm is concerned, I want the business to be as large as possible.*
- *My firm emphasizes growth and acquiring new resources*
- *As far as the future size of my firm is concerned, I want a size I can manage myself or with a few key employees (reverse coded)*

Lifestyle intentions were measured using a single item using a five point likert scale with anchors of strongly disagree and strongly agree, which stated:

- *I am in business so that I can enjoy an improved lifestyle*

RESULTS

This analysis relies upon data that was not designed to test in any confirmatory or causal way the relationships between growth, lifestyle and success. Therefore the following observations are acknowledged as being inferences only. However the strength of relationships and the complete lack of relationships in some cases leaves little doubt that perceived success is far more strongly associated with lifestyle than it is with growth.

A Pearson correlation test revealed no significant correlation between success score and growth score for the business as shown in Table 1.

Table 1 Pearson Correlation Test for Business Growth Intention and Perceived Success

		Success score	Growth intentions score
Success score	Pearson Correlation	1	.047
	Sig. (2-tailed)		.439
	N	272	272
Growth intentions score	Pearson Correlation	.047	1
	Sig. (2-tailed)	.439	
	N	272	272

This supports hypothesis one, that there is no relationship between growth intentions and success. Across the sample there is only a very weak correlation between growth intentions and success and this is non-significant.

Table 2: Pearson Correlation Test for Business Growth Intentions and Lifestyle

		Lifestyle score	Growth intentions
Lifestyle	Pearson Correlation	1	.114
	Sig. (2-tailed)		.060
	N	272	272
Growth intentions	Pearson Correlation	.114	1
	Sig. (2-tailed)	.060	
	N	272	272

There is also no correlation between Lifestyle and growth intentions. This supports hypothesis two.

Finally, a comparison of perceived success and lifestyle was made.

Table 3: Pearson Correlation Test for Perceived Success and Lifestyle

		Lifestyle score	Success scoree
Lifestyle	Pearson Correlation	1	.599**
	Sig. (2-tailed)		.000
	N	272	272
Perceived Success	Pearson Correlation	.599**	1
	Sig. (2-tailed)	.000	
	N	272	272

**. Correlation is significant at the 0.01 level (2-tailed).

The strong and significant correlation between businesses who perceived themselves as successful and those who sought a lifestyle outcome supports the central theme of this paper. To a large extent businesses perceive themselves as being successful if it leads to lifestyle benefits.

Given the sample showed there was no correlation between the respondents' success score and their growth intention scores it was apparent that thre would likely be a clustering of attitudes towards growth and success extremes. As a way of highlighting these differences the sample was divided into four sub-groups based on whether or not they had scored above or below the mean for the success score (mean = 11.4, n=272), and above or below the mean for the growth intention score (mean 10.3, n=272).

Figure 1 Growth Success Matrix

The Good Life

Success with no growth intentions (n=70)

- Mean owner age = 46.0
- Mean business age = 9.7
- Mean turnover = $0.55 mil
- Net profit percent = 25.9%
- Tangible assets = $0.676 mil
- Capacity utilisation = 56.2%

The Growth Optimists

Success with growth intentions (n=57)

- Mean owner age = 45.1
- Mean business age = 10.2
- Mean turnover = $1.33 mil
- Net profit percent = 32.1%
- Tangible assets = $1.44 mil
- Capacity utilisation = 82.5%

The Living Dead

Low success with no growth intentions (n=81)

- Mean owner age = 52
- Mean business age = 16.3
- Mean turnover = $2.1 mil
- Net profit percent = 20.6%
- Tangible assets = $1.11mil
- Capacity utilisation = 78.5%

The Growth Seekers

Low success with growth intentions (n=64)

- Mean owner age = 47.4
- Mean business age = 15.4
- Mean turnover = $3.53 mil
- Net profit percent = 12.5%
- Tangible assets = $1.45 mil
- Capacity utilisation = 46.5%

It appears that four distinctly different patterns emerge, suggesting that growth intentions and perceived success have utility as constructs that discriminate between various owner group characteristics. The four quadrants are describe below:

The Good Life

This quadrant represents smaller turnover businesses, with relatively modest asset positions, healthy profit margins (particularly given their low capacity utilised) and few employees. The assertion could reasonably be made that such businesses working at just 56% of maximum capacity and yet considered by the owner to be successful are similar to the lifestyle entrepreneurs described earlier and certainly must perceive success by non financial criteria.

The Living Dead

In contrast, the living dead owner appears to be somewhat older and perhaps even trapped in the business for an average of over 16 years with a lower profit margin that the good life quadrant yet working nearly as close to capacity as the more successful growth optimists. This scenario does not auger well for any future improvement in this quadrant, no doubt justifying the pessimistic outlook for both success and growth.

The Growth Optimists

This is the youngest group of owners (albeit marginal), with the highest capacity utilisation, they already perceive themselves as successful, and perhaps with some justification with superior profitability and greater assets and turnover than the good life group, if traditional extrinsic measures are applied. Interestingly though, they still generate significantly less turnover than either of the perceived unsuccessful quadrants.

This quadrant contains a relatively high proportion of manufacturers and retail businesses that are possibly struggling to survive in a globalising business environment. They are operating on the lowest levels of net profit, have been in business as long as the living dead but still harbour intentions to grow, in essence they have not given up on growth as a means to achieve success.

Interpreting the quadrants

It is entirely possible that what we may be seeing here is the lifecycle of perceived successful and unsuccessful businesses. No doubt over time some of the growth optimists will lose their growth intentions and move towards the good life norms. Similarly some of the good life businesses will no doubt realise their success perceptions are not based on hard fact and atrophy into the living dead quadrant.

It could be argued that this study should in fact control for age of the business and in that case we may not see these lifestage variations in perceived success between the growth and non-growth cohorts. However, there have been credible studies that show that firm age does not seem to differentiate between high growth and no growth firms (Moreno & Casillas, 2007) so we prefer to retain the effect of age in the matrix .

From a policy perspective it could be extremely informative to see and understand these differences across the matrix at various business tenures. As an employment policy lever the quadrant differences are even more important when one considers the employment characteristics of the four quadrants. Growth seekers employed an average of 10.8 staff whereas the good life group employs only 2.1 people on average. Given that both groups were operating at around 50% of capacity the productivity gains from supporting the growth seekers would appear substantial. Conversely, whilst the living dead employed an average of

5.5 people they have less room to move in terms of capacity, already working at nearly 80% of maximum output.

Many researchers and most public sector stakeholders would have us believe that growth is good, and that stable growth and sustainability are to some extent mutually attainable. Hessels et al (2008) state that the consequence of allowing lifestyle entrepreneurship to flourish can be ‘dire’ for an economy with “Entrepreneurs [presumably non-lifestylers]… bound to contribute more to economic growth than their counterparts who have lower levels of aspiration and aim to survive in a corner of the market as a lifestyle entrepreneur”.

Conclusion: The Lifestyle-Growth Paradox

The relentless pursuit of growth (in its various guises) has, in the past, been erroneously presumed to be the main goal of small business owners (Davidsson, 1989). However, it is now acknowledged by many researchers that perceived success is a multifaceted construct that is context dependent but certainly not only about growth (Davidsson, 1989; Frese, et al., 2002; Gorgievski, et al., 2011; Lussier, 1995; Orser & Dyke, 2009; Siemens, 2010; Walker & Brown, 2004; Weber & Schaper, 2007).

The empirical contribution of this paper reinforces the hypothesis that for small business, there is no meaningful relationship between perceived success and growth. This raises the methodological question whether in fact it is possible to agree on any measure of small business performance that will be comparable across samples or situations.

There are theories which have been used to partially explain the performance and success of small businesses, but no grand theory that encapsulates the tensions and paradox that exists between the lifestyle and growth motives of the small business owner. In fact what emerges is the position that this paper takes, that success, as is the case with beauty, is best filtered through the eyes of the beholder.

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