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To Grow or Not to Grow? That Is the Question

Lessons for Social Ecological Transformation from Small-Medium Enterprises

Why do firms grow? Do they need to? Why do they want to? Why do some refuse to? In the context of post-growth research this paper investigates mechanisms that lead to the growth of small and medium sized enterprises and explores the non-growth option.

Heidi Leonhardt, Maria Juschten, Clive L. Spash

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Abstract

While research on alternatives to growth at the level of the economy as a whole is accumulating, few studies have related the criticism of growth to the business level. This paper starts to address this gap by investigating mechanisms of growth for small and medium sized enterprises (SMEs), presenting a case study that applies Q methodology and interviews with owner-managers of both growing and non-growing SMEs in Austria. General mechanisms stimulating growth are identified (e. g., contributing to innovativeness and motivation of employees) and differentiated from those only of relevance for some SMEs: competition, financial stability, and a desire for market power. The owner-managers of non-growing SMEs hold values and pursue goals that free them from mechanisms of growth or prevent them from being triggered. Moreover, they exhibit a strong identification with their SME, operate in niche markets and strive for financial independence. This illustrates that a growth imperative is neither inevitable nor are growth mechanisms always operative, but depend upon structures and institutions.

Keywords

growth imperative, growth mechanisms, post-growth, SME growth, social ecological transformation, society

Economic growth has been highlighted as a major cause of material and energy throughput. Social ecological transformation is the inevitable consequence as the availability of low entropy resources declines and the environmental limits of fossil fuels become more stringent (e. g., climate change). In response, the need for and the nature of post-growth economies – socially sustainable degrowth, *Postwachstum,* steady state – have been much debated (e. g., D'Alisa 2014, Seidl and Zahrnt 2012, Soetebeer 2015, Spash 2015). Amongst the discussions are the role of alternatives to gross domestic product as the measure of "development", the scale of the economy, moves away from mass consumption, the role of individual action, self-sufficiency, and the power of multinational corporations. In contrast, we focus on a missing element in the coverage, namely small-medium enterprises (SMEs).

When looking at many Western economies, SMEs comprise the vast majority of firms and provide a majority of jobs (e. g., 68 percent in Austria). They have been described as the economic "backbone" (BMWFW 2017). However, they are neglected as agents and institutions of potential change, perhaps because mainstream economics often regards them as passive conformists to economic signals. In contrast, a social institutional analysis raises questions over the role of different forms of businesses in achieving or preventing societal change and shaping a new economy (Scholl and Mewes 2015), and sees positive potential in small scale community production (Johanisova and Fraňková 2017). These are first attempts to address crucial questions such as: what kind of production process is compatible with a post-growth economy, and which types of existing institutional arrangements could contribute to such a social ecological transformation?

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Contact: *Heidi Leonhardt, M. Sc.* | BOKU University of Natural Resources and Life Sciences, Vienna | Institute for Sustainable Economic Development | Feistmantelstr. 4 | 1180 Vienna | Austria | Tel.: +43 1 4765473133 | E-Mail: heidi.leonhardt@boku.ac.at

Maria Juschten, M. Sc. | BOKU University of Natural Resources and Life Sciences, Vienna | Institute for Transport Studies | Vienna | Austria | E-Mail: maria.juschten@boku.ac.at

Prof. Dr. Clive L. Spash | WU Vienna University of Economics and Business | Institute for Multi-Level Governance & Development | Vienna | Austria | E-Mail: clive.spash@wu.ac.at

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Some emerging literature in this area concerns post-growth/growth-neutral business models. However, this leaves a gap between the existing and the potentially transformed economy. In starting to address this gap, we empirically investigate the actual experience of owner-managers of SMEs in Austria and probe why they seek growth. Our research was motivated by the idea that, rather than being passive functionaries conforming to a growth economy, SMEs may be potential agents of change. Indeed, the existence of growing and non-growing SMEs alongside each other requires explanation.

Empiricism typically looks for dominant relationships (e.g., SME success correlated with growth) via events that have already taken place (i.e., been actualised) and been measured (i.e., empirically observed). Causation is then defined as an event regularity. Less regular (or partial) events (e.g., non-growing SMEs) may be treated as anomalies and underlying causal mechanisms and tendencies ignored. For example, the mechanisms of growth causing owner-managers of SMEs to increase turnover may be counteracted by other mechanisms, or these mechanisms may be inoperative (unactualised) under a given set of circumstances. Standard empirical practice fails to identify underlying structures and mechanisms because social reality is assumed to consist only of what is actually observed (a flat ontology) and occurs repeatedly (event regularity). In contrast, a critical realist depth ontology emphasises the importance of causal mechanisms deriving from structural aspects of reality (Collier 1994, Sayer 2010). The complexity of competing mechanisms and how mechanisms are triggered is particularly relevant for research aiming to explain the potentialities of an object or phenomena and for understanding partial regularities (Lawson 1997).

In this context our concern is the potential for SMEs to avoid growth within the current Western economic system. We pose two related research questions:

1. What are the structures and mechanisms that make the SME owner-manager aim for growth in their business?
2. Why is the owner-manager of the non-growing SME able to avoid growth?

Our research is exploratory and aims only to start opening up research in this field. It focuses on the owner-manager as key actor in decisions made by SMEs, and places their potential for volitional action within a broader context of social and economic structure.

Understanding Small-Medium Enterprise Growth

What do we mean by "growth" at the SME level? Various definitions have been used in the literature (e.g., turnover, profit, sales, unit growth). We define growth as an *increase in capacity that aims at increasing turnover*[1]. Turnover is defined as sales revenue per period. Capacity can be deliberately increased by such actions as hiring new staff, investing in machinery and spatial expansion. Non-growing SMEs are those avoiding investments in capacity, but maintaining size.

Most business-oriented literature assumes growth to be "natural" and desirable under all circumstances. Firm development was for a long time modelled as "stages of growth" as if some evolutionary process (Levie and Lichtenstein 2010). In fact, the mechanism of growth may be activated through institutional structures, for example, registration on the stock exchange making growth an inherent business objective (Binswanger 2013). More recently, the role of owner-managers in decisions to (not) grow has been highlighted and explained in terms of their contextual business perceptions (Hansen and Hamilton 2011) and expectations of expansion (Wiklund et al. 2003, Davidsson 1989). Among the many factors shaping these perceptions and expectations are: 1. the general "task environment" of the firm, including resource constraints, financial stability and independence (Wiklund et al. 2009, 2003); 2. employee well-being (Wiklund et al. 2003); 3. personal strive for achievement (Davidsson 1989). While the role of the SME's owner-manager is then key, the no-growth decision in particular is undertheorised and underresearched.

Growth critical research on the specifics of business practice is relatively recent (e.g., Dietsche and Liesen 2013).[2] There is a lack of common conceptualisation and a focus on assessing business models deemed compatible with the aims of a post-growth economy (e.g., Niessen 2013, Mewes and Gebauer 2015, Posse 2015). Broad structural causes of growth *(Wachstumstreiber)* are seen to compel owner-managers to expand, including: the financial and monetary system, competition, demand, prevailing accounting practices and increasing returns to scale (Bakker et al. 1999, Binswanger 2013, Niessen 2013, Posse 2015). Mechanisms countering the tendency for growth include declines in employee well-being and increased financial dependency (Gebauer and Mewes 2015). The ability of an SME to successfully avoid growth may also be structural and have its own generative mechanisms (e.g., operating in a niche market with high quality products; being subject to measures of success other than growth; operating on a regional/national market). Recent exploratory survey work has revealed that a substantial proportion of 48 percent of SMEs avoid growth or feel no pressure to grow (Gebauer and Sagebiel 2015).

Synthesising this literature and relating it to critical realism brings together two underlying theoretical aspects, that is, the interactions between agency and structure. First, ideas, beliefs, and related expectations about the outcomes of firm growth (not just growth itself) can be identified as having real consequences for the social and economic system. Second, there are structures (e.g., the financial system) external to individual actors (e.g., owner-man-

1 This correlates with an increase of physical inputs and outputs in the context of the SMEs selected in the case study. On distinctions between growth in units versus turnover see Mende-Kremnitzer (2015). Growth in sales from pure efficiency increases are excluded.

2 There are also generalised approaches such as "transformative firms" (Scholl and Mewes 2015), *Gemeinwohlökonomie* (economy for the common good, Felber 2012), or sustainable entrepreneurship.

TABLE 1: Characteristics of the 20 Austrian small-medium enterprises included in this case study. Number of employees, age and export share as stated by participants. Firms 18 to 20 are non-growers (light green). Q factors "seizing power" (SP) and "growth optimism" (GO) refer to the results of the Q study.

FIRM	PRODUCT	EMPLOYEES (N)	AGE (YEARS)	EXPORT SHARE (%)	Q FACTOR
1	electronics	250	36	2	SP
2	metal components	20	27	0	GO
3	herbal products	225	27	62	SP
4	dietary supplements	71	9	50	GO
5	metal components	31	50	18	GO
6	eggs, egg products	20	18	0	GO
7	print products	98	102	55	GO
8	packaging	70	20	5	SP
9	multimedia equipment	79	40	90	SP
10	packaging & moulds	138	36	90	SP
11	bedding	50	113	75	none
12	medical devices	41	42	50	GO
13	measuring appliances	45	8	95	GO
14	shoes, furniture	170	35	20	none
15	electronics	100	27	0	SP
16	furniture	230	48	16	SP
17	solenoids	40	6	95	SP
18	ice cream, confectionery	70	59	5	–GO
19	bakery products	25	15	0	SP
20	heating systems	29	36	40	(–GO)

agers) that limit their volitional capacities. These structures also require human actions for their existence, such that actions are both triggering factors and effects of the structure's causal mechanisms (Danermark et al. 2002). A certain structure merely conditions and causes a tendency to act in a certain way (e.g., the current financial system incentivises owner-managers to take on debt and expand) but this may be countered or never triggered. Concrete case studies are necessary to provide evidence of the circumstances in which factors are triggered and become effective.

Case Study Methodology

To investigate the mixture of structural and potentially volitional aspects of SME growth, Q methodology (for details see below) was applied with owner-managers of 17 SMEs who indicated that their firm was growing in the years preceding the field work (spring/summer 2015) and/or intended to pursue further growth. Subsequently, three SMEs that were not pursuing a growth strategy were interviewed using both Q methodology and more extensive semi-structured interviews. All firms fulfilled the following five criteria: 20 to 300 employees, headquarters in Austria, production of physical goods, not stock market registered, no external shareholders who might prevent managerial authority over strategic decisions. Firms were selected from across Austria to add contextual variation and were operating in different types of markets (table 1).

Q methodology identifies different perspectives on a topic held by a population and quantifies this subjectivity through statistical calculations, combining qualitative and quantitative reasoning (Watts and Stenner 2012, Davies 2017). Respondents rank statements concerning a main question by placing them in a quasi-normal distribution (a "Q sort")[3], according to their level of agreement. The selected sample of respondents should include relevant diverse viewpoints.[4] Figure 1 (p. 272) illustrates a respondents' sort for this study with the main question (blue) "What are your expectations concerning firm growth?", the answer scale (yellow) ranging from "fully disagree" (–4) to "fully agree" (+4). Statements are placed in the respective columns and the sort number is coded as shown in the bottom of figure 1.

Table 2 (p. 273) specifies the 44 statements employed in this study. These were compiled from scientific literature and popular media, and covered five thematic areas: financial (in)stability; market and product specificities; personal and social indicators of success; market power/political influence as a goal; and social ecological context (employee, community, and environment relationships). Statements were pretested with owner-managers of three firms outside the main study sample, focussing on comprehensibility and completeness of the statements with respect to the discourse on SME growth/no-growth.

Statistical analysis is like a "flipped around" factor analysis, because factors (patterns of similarity) are extracted from a correlation matrix between participants' Q sorts. These factors are then rotated to best represent the different groups (of correlated Q sorts) in the sample. Next, factor estimates are calculated as a weighted average of those Q sorts that define a factor (i.e., "load" significantly onto this factor). Each factor combines a set of statements that constitute a common viewpoint or group perspective which can be thought of as a generic, characteristic or archetypal Q sort that is representative of a group of respondents. The final result of a Q study is a narrative account of these characteristic group perspectives based on statistical results and information gathered >

3 This forced distribution is not essential but the most common approach and easily understood by participants (Watts and Stenner 2012, Davies 2017).
4 This was done in our study, although the sample size is at the lower limit which may mean the results are unstable.

FIGURE 1: A completed participant Q sort: respondents were given 44 statements, which they had to rank with respect to their expectations concerning firm growth (blue) on a scale ranging from "fully disagree" (– 4) to "fully agree" (+ 4) (yellow). The lower picture shows the codes of the statements (see table 2).

in brief "post-sorting" interviews where respondents are asked to explain and justify their individual Q sorts (Watts and Stenner 2012). We analysed the results using the program *PQMethod* (Schmolck 2015) with standard settings (orthogonal factors, centroid factor analysis, varimax rotation).

The semi-structured interviews with non-growing SMEs employed an interview guideline covering the following themes: history of the firm with respect to growth; definition(s) of success and goals; strategies to reach these goals without growth; and, based on results from the initial Q study, the structures and mechanisms of growth deemed important by the growing firms. The interviews were analysed with respect to our main research themes: growth mechanisms, and alternative strategies and pathways. We applied a form of "inductive category formation" for analysing the interview transcripts (see Mayring 2014), compiling a list of main and sub discourse subject categories.

The Growth Imperative in Growing Small-Medium Enterprises

The Q study of the 17 growing SMEs yielded two factors (Eigenvalues greater than one, Kaiser-Guttman criterion)[5], with 15 firms loading significantly. The two common group perspectives were termed "seizing power" (SP) and "growth optimism" (GO), explaining 35 percent and seven percent of variance respectively (see box A, supplementary material[6]). The latter is statistically weak given the sample size but in part this is due to commonalities with the stronger factor. This two-factor solution is discussed later in terms of areas of commonality and (dis)agreement. Statistics relating to the SP/GO groupings, including firm characteristics, are provided in box A, table A and B of the supplementary material.[6] Coding in the following text gives the ranks (– 4 to + 4) of the relevant 44 Q statements by number, (e.g., 11 –1 means Q statement 11 was ranked at –1). Information gained in the post-sorting interviews is indicated by "I" and the interviewee firm number as shown in table 1.

The SP factor grouped eight owner-managers. It is characterised by *not* regarding growth as inevitable or necessary for financial stability (11 –1) or firm independence (14 0); quite the contrary (I 10). Instead, increasing a firm's market share (21 +4) is ranked highly. This quest for market power is deemed important to counter competition (I 17) and attract attention, for example, of new customers (I 1, I 10). Positive returns to scale (22 +3) and higher innovative capacity through growth (26 +3) add important incentives to pursue this growth path, while bureaucratic costs and requirements are seen as a disincentive (20 +3). A strive for political influence also plays a role in the SP managers' growth decision (33 +2). They believe that growth is important for the skill development of their employees, as well as their motivation (8 +4, 28 +3). Negative effects on firm culture are not expected (6 –3; I3, I17). SP managers strongly disagree that increasing labour productivity will cause job losses unless growth is pursued (25 – 4). While increasing demand plays some role in their decision to grow (40 +2, 42 +2), personal and societal reasons are mostly ranked negatively: while SP managers regard firm growth as only one desirable option (3 –3; I 15) and feel it provides no noteworthy sense of achievement, either personal (1 –3) or societal (4 –2), they believe it will positively influence their firm's connection to their local region (29 – 4, 32 +2; I 3, I 17).

The GO factor grouped seven owner-managers. They perceive growth as very important for the motivation of staff (28 + 4) and disagree that there is any negative influence on firm culture (6 –3). However, as opposed to SP managers, they are confident that growth contributes to the stability, resilience and financial independence of their firm (11 +3, 14 +2). From this viewpoint, growth contributes to innovativeness (26 +3), allows SMEs to keep up with technological change (31 +3), is important for being globally competitive (23 +2, I 7, I 12), allows more favourable terms from suppliers (36 +3) and potential to invest in sustainable development (16 +2). GO managers see a lot of *potential* for their firms to grow (41 + 4, 24 – 4). While some feel growth is necessary for survival (I 2, I 7), the interest-based financial system is not the reason for this (13 – 3). Contrary to the SP group, possible negative consequences of growth are unimportant: all statements concerning disincentives to grow were ranked negatively (20 –1, 35 –2, 43 –3, 29 – 4, 7 –3; I 2) except one (42 +1). Managing a growing SME also gives GO managers some sense of personal achievement and success (1 +1).

5 The *Eigenvalue* is the sum of the squared loadings of all Q sorts on an unrotated factor and is related to the amount of variance the factor explains.
6 Supplementary material is available at *www.oekom.de/supplementary-files*.

TABLE 2: Q statements on small-medium enterprise growth.

STATEMENT	CODE
I only feel like I am personally successful when my firm is growing.	1
Through growth, my firm can contribute to societal progress.	2
I don't see any desirable alternative to growth.	3
When my firm is growing, I get societal recognition for being a good entrepreneur.	4
Yielding increasing profits is part of my entrepreneurial identity.	5
Growth has a negative impact on our firm culture.	6
Managing a growing firm has negative influences on my private life.	7
Growth allows enterprises to offer their employees better opportunities for development.	8
Growing firms have better access to governmental support programmes.	9
With additional growth, I will have to take over undesired tasks.	10
Growth increases the stability of our firm and our ability to survive crises.	11
Growing firms have easier access to cheap external capital.	12
The interest-based financial system causes a pressure to grow for the individual firm.	13
Growth increases our financial independence.	14
Growth makes it possible for a firm to compensate its investors for their risk.	15
Growth allows us to invest in sustainability measures.	16
If we increase our production volume, our firm will get access to new customers.	17
Bureaucratic requirements lead to costs that are easier to fulfil with increasing size.	18
Growing firms have a better reputation with their stakeholders.	19
A certain size requires fulfilling additional bureaucratic requirements, which leads to increasing expenses.	20
We want to increase our market share through growth, so that we can use the resulting benefits.	21
Bigger firms can use positive returns to scale, so that their products can be produced cheaper.	22
Non-growing firms lose importance in increasing global competition.	23
Growth requires resources and competences that are not available for us.	24
As our labour productivity is increasing, we will have to dismiss workers if the firm stops growing.	25
We want to increase the innovativeness of our firm through growth.	26
By selling more products, we can contribute to a more sustainable world.	27
Firm growth motivates employees, as it makes them feel as part of the success.	28
Growth threatens a firm's embeddedness in its region.	29
Growth gives us more freedom in setting prices and conditions in the future.	30
Growth helps us to keep up with technological developments.	31
As a growing firm, we can contribute to our region being a future-fit business location.	32
Growing firms can influence the political discourse in their region better.	33
Personal relationships with customers and suppliers are endangered by growth.	34
Growth reduces the profitability of our firm.	35
Suppliers offer better conditions for bigger purchasing quantities.	36
With additional growth, I will have to give up control and power.	37
Growth allows us to become well known internationally.	38
Our customers have increasing demands concerning quality and product range, which we can better meet through growth.	39
There is increasing demand for our products that we can meet through growth.	40
By growing, we want to use the potential that we see on our market.	41
Smaller firms can react to market developments more flexibly.	42
We cannot guarantee the high quality of our products if we continue to grow.	43
Growth leads to greater environmental problems through resource use or emissions/waste.	44

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As noted, overlaps between the two positions exists. Concerning positive expectations, both include growth as an important source of innovativeness (26 +3 +3)[7], and agree that suppliers will offer better conditions for larger orders (36 +2 +3). There is almost unanimity amongst both groups that growth is positive for the general firm culture (6 –3 –3, 8 +4 +2, 28 +3 +4) and embeddedness in the region (29 –4 –4). Several potentially negative consequences of growth are deemed unimportant including: effects on work-life balance and desired work tasks (10 –2 –2), the quality of products (43 –2 –3), and personal relationships to stakeholders (34 –1 –2). Perhaps surprisingly both groups of managers disagree that there are negative environmental impacts due to growth (44 –2 –2).

The Small-Medium Enterprise Decision Not to Grow

In order to identify where the non-growers are located in these two groups, we re-evaluated the initial Q analysis including their Q sets and constructing the same factors as above.[8] Two of the firms' managers fit into the GO group (one of them significantly; the other almost significantly), but as "growth pessimists" with exactly opposite factor loadings, for example, growth negatively impacting firm culture (6 +3), and having negative environmental effects (44 +2). While the third firms' manager fell under SP and cited lack of space (i.e., a structural constraint) as a reason for not growing, he also expressed a general scepticism about firm growth. This indicates how an owner-manager's SP position may be countered, resulting in a non-growing SME, due to circumstances to which they then accommodate themselves.

The semi-structured interviews (quotes indicated by "F" and the firm number) provide further insight with respect to both research questions. First, with respect to growth mechanisms, the non-growers believe that most positive consequences of growth can also be achieved in other ways. We will discuss three key issues: control and freedom, innovativeness, employee motivation. The latter two were emphasised in the interview guideline based on the results of the initial Q study. Second, we describe characteristics of the firms that appeared to support the no-growth strategy.

All three interviewees expect growth to endanger their desire for *control and freedom*. They feel that in order to grow, they have to give up some control over their firm: "I believe you would have to pass on responsibility (if you grow), and then you have the problem of finding the right people (...) and it is not easy today to find the right people" (F 18). Alternatively, the owner-manager has to take on more personal responsibility, which is experienced as stressful. This value attributed to being in charge combines with concerns that growth leads to increasing dependency and a loss of control. *Innovativeness* is either seen as irrelevant or unrelated to growth by all three interviewees (i.e., not triggered). They see innovations as being primarily related to creativity and people's inspirations and ideas (not technology). F 18 has an explicit focus on being "traditional", which then appears as a counter mechanism to growth. F 20 describes innovation as a need created by growth, rather than the other way around. The account that growth is important for *employee motivation* and firm culture was countered by valuing personal relationships. Personal contact with employees is important, and growth would threaten this close relationship. This creates a strong identity for their firm independent of growth mechanisms.

The owner-managers of all non-growing firms emphasised setting specific priorities in various areas of their business throughout the interviews. While table 3 lists all categories that emerged in the analysis, we focus in the following on the main perspectives raised by all firms.

All three interviewees mentioned that they had personal goals – social relationships, health – that they valued as equal to or more important than their work: "This (size) will do, (...) I want to expand the other side, the private side (of my life) and, you have seen the figures, (...) this is quite enough, we don't need more" (F 19). At the same time, they exhibited a strong identification with and emotional involvement in their firm. In this, they followed their personal moral philosophy and values, such as honesty/accountability, transparency, awareness or sufficiency thinking.

The firms strive for distinctiveness and creativity, standing out from the crowd and being unique: "If you would draw a group, I hope that I would be perceived as one that is outside the group or (...) in the group but by no means disappearing in the crowd. This is also vital for us (...), otherwise we would have no chance, economically" (F 20). By being special the firms can create a niche market for their products and gain independence from market structures imposing mechanisms of growth. Moreover, all non-growing SMEs had a focus on (financial) independence, including a reluctance to seek external capital.

Conclusions about Growth Mechanisms and Non-Growing Firms

This exploratory study probes for the structures and causal mechanisms of growth in SMEs and analyses the legitimacy of non-growth. There are no singular explanations for SME growth, contrary to typical assumptions made by standard empiricist approaches. Owner-managers have divergent ideas, beliefs and related expectations about outcomes and objectives that interact with operational conditions and circumstances. They are subject to different causal mechanism that limit or empower their volitional capacities due to the structures in which their firms are embedded. Such complexity in open systems is normal, but we show that even an exploratory case study provide insight into the causal powers and tendencies of firm growth.

7 We report common factor rankings in the order SP then GO.

8 A complete reassessment with no specified number of factors did not yield a third, separate factor for the non-growing firms.

TABLE 3: Management characteristics of non-growing small-medium enterprises.

MAIN CATEGORY	SUBCATEGORY
characteristics of owner-manager	■ life priorities outside firm ■ values of sufficiency, honesty, transparency ■ work with heart & soul ■ confirmation from inner sources
management	■ definition of success other than growth ■ important role of manager for corporate identity ■ planning growth (need-based) ■ showing responsibility
finances	■ prudence ■ financial independence
human resources	■ good work environment & firm culture ■ well-being & development ■ identification with products & firm
product	■ exclusiveness/niche product ■ quality leadership ■ creativity & innovation ■ focus on core business
customer relations	■ stable yet diverse relationships ■ denial of (unfitting) offers/demands
public relations	■ careful market observations ■ shaping public perceptions

Some common growth mechanisms were identified as relevant for SME owner-managers consistent with existing literature (e. g., growth as strengthening innovativeness and motivation of employees), while findings about the potentially negative side-effects of growth contrast with previous claims. More specifically, most SME owner-managers in this study dismissed the relevance of: 1. growth as a threat to firm culture; 2. the monetary system (a major macroeconomic mechanism); 3. increasing labour productivity leading to job losses in the absence of growth. There are two potential explanations for these divergences. First, such factors may be inapplicable to SMEs because the mechanisms have not been triggered and perhaps are only active for larger firms or relevant on aggregate. Second, they may be avoided by the individual owner-manager's decisions (e. g., avoiding debt and interest payments). However, once decisions are taken, self-reinforcing growth mechanism may be triggered (e. g., debt to increase capacity leads to increased returns which can be used to increase debt for further increased capacity). More generally, we find that firms that opt for growth appear to be concerned about their financial stability, and see growth as a means to that end, although growth may simultaneously open them up to higher competition and risk and so stimulate further need for growth.

Similarly, competition may have the tendency to cause SME growth but only be active under certain circumstances. For example, those SMEs engaging in international trade appear subject to higher risk which stimulates growth (see also Gebauer and Sagebiel 2015). An ice cream parlour may be in competition with others, but not subject to the type of competitive powers creating the tendency to grow. The non-growing SMEs may counter and avoid growth mechanisms through niche, quality and traditional production.

The three firm manager groupings (GO, SP, non-growers) can be identified with firms operating under different circumstances (e. g., nature of their product, targeted market, current size, see table 1 in the text, and box A in the supplementary material[6]). The structural situation may lead GO owner-managers to expect increasing financial stability from growth, for which explanations can only be loosely inferred in the current study. The fact that the GO firms are smaller than the SP firms (46 vs. 141 employees on average, see box A, supplementary material[6]) while being of a similar age may indicate a critical aspect of firm size. In contrast, SP owner-managers pursue a growth strategy despite feeling little need to grow, being driven by their desire for market power. The non-growers are similarly free from mechanism of growth, while holding a different set of values and goals.

This highlights an aspect that might be termed the psychological and sociological self-identity of the owner-manager. Thus, macroeconomic structures and institutions that promote growth as being desirable (an external pressure to grow) may not cause SME growth because the owner-manager rejects this as inconsistent with other goals (i. e., an active mechanism is countered). This more volitional element must itself be subject to empowerment and disempowerment. For example, the pursuit of market power by the SP managers can increase competitive pressure on the respective market and thus force other firms to try to "keep up". This can then potentially lead to a self-reinforcing process of growth and power-seeking, activating mechanisms that were formerly inactive.

Despite the small sample size, the three non-growth exploratory interviews identified some interesting commonalities: 1. a strong personal identification with and involvement in the business by the owner-manager; 2. growth as unnecessary for reaching managerial goals; 3. operating in a niche market defined by quality; 4. striving to remain financially independent. The small sample in-depth interviews thus provided both new insights and confirmation of some previous findings (point 3 and 4), complementing broader studies such as Gebauer and Sagebiel (2015). This indicates the potential rewards from extending the research on non-growing firms both in-depth and breadth.

This paper also provides some new insights into the literature on post-growth economies and the role of firms. First, it has reviewed the growth-critical and business literature on SME growth, highlighting diverging interpretations. Second, it provides an exploratory identification of growth mechanisms and their activation in the context of SMEs. Third, the study of non-growing firms indicates that a growth imperative is neither essential nor are growth mechanism always operative.

In the social ecological economic transformation that lies ahead some types of business will need to be established or grow while others need to decline. The overall goal of a post-growth society is for the economy on aggregate to reduce its material and energy throughput and strive for a radically different structure. In that process public policy has a role to play in changing the structures

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affecting production processes and the mechanisms of unwanted growth. In this respect the push for technological innovation, competition, international trade, and market power all have a tendency to cause SME growth. Nevertheless, the promotion of other structures may activate mechanism that counter growth and bring forth a different set of values in society that relate to community, care, and personal responsibility.

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Heidi Leonhardt

Born 1990 in Graz, Austria. B. Sc. in environmental and bio-resources management, M. Sc. in socio-ecological economics and policy. Currently research assistant and PhD student at the Institute for Sustainable Economic Development at the University of Natural Resources and Life Sciences, Vienna, Austria. Research interests: degrowth and social ecological transformation, agricultural economics, institutional economics.

Maria Juschten

Born 1988 in Dresden, Germany. B. A. in business administration, M. Sc. in human geography, M. Sc. in socio-ecological economics and policy. Currently research assistant and PhD student at the Institute for Transport Studies at the University of Natural Resources and Life Sciences, Vienna, Austria. Research interests: degrowth and non-growing firms, sustainable transportation systems.

Clive L. Spash

PhD in Economics. 1985 to 2012 positions at several universities and research institutions in the U.S., Canada, UK, and Norway. 1996 to 2006 presidential posts European Society for Ecological Economics. 2006 to 2010 senior civil servant Australia. Since 2010 Chair of Public Policy and Governance, Vienna University of Economics and Business, Austria. Editor of *Environmental Values.* Research interests: social ecological economics and societal transformation, philosophy and history of science.