

A literature review on growth models and strategies: The missing link in entrepreneurial growth

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ABSTRACT

This study focuses on the importance of growth models, growth strategies, role of knowledge management system in the formulation of effective strategy for the enterprises following growth. Choice of an appropriate growth strategy is at the heart of any successful entrepreneurial venture. Selection of a strategy may be effective for one entrepreneur while it is not for other. Choice of Growth Strategy depends on various different factors, organisational context and environment which may vary from enterprise to enterprise. Resource based view is very important consideration for the entrepreneurs on the path of growth. Evaluation of all kind of resources helps them to grow their enterprises successfully. Selection of an appropriate growth strategy allows the entrepreneurs in overcoming growth challenges and avoiding the growth reversals and setbacks.

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1. Introduction

Entrepreneurs face variety of problems in an endeavor to setup new enterprise particularly during the growth phase of the organizational life cycle. Growth obstacles and problems of the entrepreneurs have been studied by many researchers and provided detailed solutions in this regard e.g. Characteristics like background, capability, education, business skills, entrepreneurial goals and growth aspirations, management competence, environmental and external impact on entrepreneurial ventures, personality and mindset of the entrepreneur (Barringer et al., 2005; Boeker & Karichalil, 2002; Clement et al., 2004; Wijewardena et al., 2008; Lumpkin and Dess, 1996; Brown, 2007; Boeker and Wiltbank, 2005; St-jean et al., 2008; Kor, 2003; Krasniqi, 2007).

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Similarly, few researchers have explored the growth related problems in context with female entrepreneurs because of the emerging active participation of women in entrepreneurial ventures. These factors include growth orientation, entrepreneurial parents, cost of childcare, marital status of women, entrepreneurial relatives and acquisition of resources (Robinson & Sexton, 1994; Presser & Baldwin, 1980; Morris et al., 2006; Yetim, 2008; Brush, 1992; Cooper et al., 1994; Nelson, 1989).

In our research, Growth models and Growth strategies have been reviewed in an attempt to provide the entrepreneurs a guideline for finding the solution to problems particularly related to growth. Different growth models have elaborated various phases of organizational life cycle and shown possible list of problems faced by the firms during each phase and suggested optimal solutions to incorporate various strategies and actions to avoid these problems.

Strategy has an important role in carrying out actions, which achieve the objectives and goals set by the firm, while choice of a particular strategy or course of action is affected by the firm's own circumstances. A strategy may be appropriate for one firm while it is not for the other. The two broad strategies of firm's growth are organic and non-organic (acquisition based) growth strategies. Entrepreneurs should carefully evaluate every aspect with respect to firm's own circumstances, available resources and growth potential before selection of any of these strategies.

2. Literature Review

2.1. Growth Models

The growth process itself generates complexity for the firm because of the growth crisis arising at different stages as described by the growth models (Greiner, 1972; 1998; Churchill & Lewis, 1983; Kazanjian & Drazin, 1989; Flamholtz, 1995; Flamholtz & Kurland, 2005), marketing stages (Tyebee et al., 1983) and resource based view of Garnsey (1998). Each of these models depict the problems arise because of growth of the firm and recommend necessary measures to avoid the adverse impact of the problems generated by growth. Growth models have emphasized upon the strategy, growth and competence building (Greiner, 1972; 1998; Churchill & Lewis, 1983).

Greiner (1972, 1998) identified different phases of organizational life cycle such that an organization passes through each phase of evolution, which generates complexity for the organization because of the crisis. Organizations are required to effectively take necessary managerial steps to mitigate the effect of problems generated by the crisis. Greiner (1972, 1998) mentioned growth stages as evolution periods and crisis to that stage as revolution to each evolution period in his growth model. Profitability and industrial growth rate would determine the pace of growth in his model.

Other than growth, failure or disengagement options are shown in the growth model presented by Churchill and Lewis (1983). Firms lacking the capacity to grow because of limited resources or lack of managerial capabilities may result in the failure or disengagement of the firms pursuing for its growth. Other than growth, stability and non-growth stages are also identified in their model. The model is built on the work of Greiner (1972) while extending his growth model for the small firms. Growth motivation of the owner-manager is considered an important growth factor besides other growth barriers.

Kazanjian and Drazin (1989) have presented four growth stages Conceptions and Development, Commercialization, Growth and Stability. They have empirically tested their growth model against a sample of 71 business firms and results supported their model for some of the firms. The model pertains to firms dependent on product and technological innovation which is the core characteristic of any entrepreneurial venture. The model provides guidelines to the firms to solve the growth problems logically during each stage of its growth. The model stresses upon the leadership styles,

processes and strategies to be adopted to solve the problems of each stage. It also guides the firms to realign them for resolving the setbacks in the market ultimately hindering the growth and reverting them to the previous stage.

Flamholtz (1995) has identified that the firms must perform a particular set of tasks and activities to be successful during six different stages of growth of an organization. These include Niche Market to be identified and developed, Product and services development, resource acquisition and development, operational systems for routine tasks, long-term management systems and organizational cultural development. These are the six “strategic building blocks” each of which is dependent upon activities of previous stage and necessary for building a successful organization.

Flamholtz and Kurland (2005) empirically tested the model of success of organizational development (Flamholtz, 1995) against its financial performance by assessing the impact of its infrastructure on the financial performance, effect of growing pains on the financial performance caused by the infrastructure development. The results and findings of their study support the model of success of organizational development.

Tyebjee et al. (1983) proposed a four stage marketing development model to mitigate the effects of the problems arisen by the growth. They have emphasized upon the entrepreneurs to understand the need for effective planning with proactive marketing strategies instead of reacting to the problems as and when arise due to the evolutionary changes of the organization and its external environment. They have also stressed that the growing company's marketing strategy should be in accordance with the requirement of each stage of growth. In order to avoid traumatic situation due to transition from one growth phase to another, top management must plan in advance their marketing actions for the subsequent stage.

Garnsey (1998) presented the resource based view of the early firm growth. She has emphasized upon the need of tangible and intangible resources supplied by a team or founders with necessary relevant experience and qualification for the growth of the firm at each stage of its growth. Role of incubation is important for resource generation giving rise to the importance of founders networking capacity for matching resources and opportunities. Entrepreneurs and founders can secure resources required for growth of the firm through alliances and partnerships. Further resources can be generated through the access and mobilization of existing resources for the sustainable growth of the firms. Failure to synchronize sufficient resources because of the contingent occurrences often causes growth reversals for the firms. Growth reversal is often a result of difficulties in human resource and leadership.

2.2. Growth Strategies

In determining the growth of the firm, the most important consideration is the growth strategy of the firm (Weinzimmer, 2000) because firms with a sound strategy can afford to tolerate the problems of poor leadership and confusions, while there is no remedy for the bad strategies even in the presence of organizational structures and control systems (Bhide, 1996). Mintzberg (1978) has defined strategy as “deliberate plans conceived in advance of the making of specific decisions” or “a pattern in a stream of decisions”. Burns (2007: 253) explained strategy as “just a linked pattern of actions”. He has also mentioned that strategies are continuously formulated by entrepreneurial organization at all levels. Each level has its own degree of formality different from each other.

Bhide (1996) devised a framework consists of questions in three steps which every entrepreneur must ask regarding current goals, evaluation of strategies and capacity for the execution of strategies to attain these goals. Personal goals of the entrepreneur determine the size of the firm they start e.g. growth of a firm launched by a lifestyle entrepreneur may be limited (Bhide, 1996). Goal setting

depends upon the personal interest of the entrepreneurs whether they want more capital gain through building a firm and ultimately selling it or just want to maintain sufficient cash flows. Some entrepreneurs refuse attractive acquisition offers and sell equity to their employees cheaply in order to enhance their commitment (Bhide, 1996; Wasserman, 2008). Different kinds of sacrifices and risks are associated with different kind of ventures. Sometimes entrepreneurs require resetting their goals because of the difficulties they face in the attainment of the goals set earlier. For the attainment of the defined goals entrepreneurs select strategy (Bhide, 1996).

Choice of a particular strategy by the entrepreneurs depends upon different factors and characteristics associated with the SMEs. These factors include the customer and product structures, firm age, scale of operations and founders of the firm (Pasanen, 2007). Strategy chosen by the firm should be in harmony with the external factors like environment conditions as well besides to be in line with its internal conditions and the goals set by the entrepreneurs (Bhide, 1996; Pasanen, 2007). Bhide (1996) mentioned wide range of problems and advices, the founding entrepreneurs may face many of them are conflicting to each other e.g. adopt Market penetration Strategy and stick to the current market and product, sell equity and raise capital, diversify into new product line, retain control, watch fixed costs, hire a manager or delegate. Different growth strategies are required for different growth requirements (Chaganti, 1987; Von & Cusumano, 2001) because every firm has its own different story, the options and actions suitable for one company may not be appropriate for the other (Bhide, 1996). Each company has distinct organizational structure and growth strategy tailored to its particular requirement.

Pasanen (2007) has divided the growth strategies chosen and implemented by the firms into two broader groups, organic growth strategies and nonorganic (acquisition based) growth strategies in an attempt to identify the factors affecting the performance and growth of SMEs. Burns (2007: 294-304) has discussed the different growth options and organic strategies an entrepreneur may chose depending upon its appropriateness to the firm's current circumstances. These include market penetration, product development, market development and diversification. As a part of its organic growth strategy, regardless of its size a firm should plan systematically for the sales growth for future, organizational structures and know how supporting diversification and expansion (Von & Cusumano, 2001).

Pasanen (2007) found that instead of young SMEs acquisition based growth strategy is the choice of long-lived SMEs. Acquisition of other firms and their businesses require resources to buy them which young firms may lack while it can be an attractive growth opportunity for the long lived firms. He also found that scale of operation is larger in case of acquisition growth SMEs while it is limited for the organic growth SMEs. Through acquisition based strategies, small firms get the opportunity to use the existing resources of the larger firms to leverage their growth. The benefits brought by small firms being acquired by larger firms include greater market power, lesser business risk, acquisition of synergies, acquisition of new knowledge, industry restructuring (Birkinshaw, 1999; Vermeulen & Barkema, 2001).

Most of the time these are the large firms which choose nonorganic (acquisition based strategies) instead of organic strategies chosen by the small firms. Vertical integration includes both backward and forward integrations which mean the acquisition of suppliers or customers of the firm. In horizontal integration competitor firms are acquired. Lateral integration is the acquisition of firms outside the industry or firms which are in unrelated business as compared to the firm acquiring that business. Lateral integration happens because of diversification strategy (Pasanen, 2007).

In order to manage the fast growth, firms chose any combination of the three strategies scaling, duplicating and granulating (Von & Cusumano, 2001). Scaling strategy means production of large volume of products in the area of expertise of the firm. For scaling firms invest aggressively, to

approach new customers a firm use existing distribution channels by extending product lines. Marketing and sales activities are increased (Von & Cusumano, 2001). Product development is extended around core technologies. Product and services development is of vital importance for the success of an organization (Flamholtz, 1995). This requires extension of infrastructure and manufacturing capacity. Information systems for all functional areas sales, Human resource and others are required to be built. Heavy investment is required to fulfill all these needs. Without proper growth vision and plan, it can cause serious problems for the firm. While managing growth, for scaling other than aggressive investment, standardization and specialization in functional areas with centralized coordination, hiring of the right mix of people and incorporation of organizational structures, culture and processes is important consideration for the management (Von & Cusumano, 2001; Bhide, 1996).

Duplication means expanding and repeating same business models with same products and services into new geographical areas and regions. The problems arising due to new working and business environment can be eliminated by adaptation of the needs of new region/culture and standardization of firm's policies and hiring of independent managers capable of managing workforce diversity. Central core organizational theme of infrastructure and entrepreneurial knowledge can be duplicated into new regional offices and business places. Due to extensive competition and limitation to scaling and duplication, granulation is the strategy chosen by the firms to concentrate only on the aggressive growth smaller business granules. Firm explores new business units (subsidiaries) in new areas using existing knowledge and resources. It can be risky in the absence of proper support of existing knowledge and resources (Von & Cusumano, 2001).

When entrepreneurs start their ventures, their focus is on short term opportunities they seize but after a successful transition from survival to the growth stage, they are required to emphasize on long term strategies by building crucial resources and capabilities. Strategy directs the activities to attain the goals set by the entrepreneurs for their ventures. Strategy must integrate the aspirations and personal interests of entrepreneur with the company's policies and vision, technological capabilities, geographical reach and other long term strategic aspects. If strategy is not defined properly it won't serve the intended purpose. Strategy must support the decision making and policy setting in pursuit of the growth of the enterprise (Bhide, 1996).

Entrepreneurs must devise an optimistic, rational, executable and achievable strategy, because often people come up with great ideas which are not practical. Irrational, impractical and unachievable strategies result in failure of the young companies to survive. Entrepreneurs must consider their capabilities, resources and personal roles to evaluate whether the strategy is feasible, optimistic and rational or not. The firm has adequate resources, infrastructure, capital, technology, culture, norms, organizational structure and availability of talented employees required to execute the strategy or not (Bhide, 1996).

Main problem faced by the strategy makers is the availability of necessary information. Poor access to the required information necessary for the strategy formulation results in generating difficulties for the management who does not have any optimal process to be followed (Mintzberg, 1978). Typical growth strategy of high growth firms is the diversification into new products with innovation and creativity into new markets which helps them in maintaining a sustainable competitive advantage over other competing firms keeping themselves within the area of their expertise (Fombrun & Wally, 1989; Deeds et al., 2000). Entrepreneurs should devise a sustainable strategy capable of maintaining the competitive advantage of the firm over a longer period of time, because due to rapid technological changes firms are more vulnerable to lose their competitive edge acquired due to technology (Bhide, 1996). Long term competitive advantage of a firm is determined by the resources which either it

holds or it has access to them, looking from resource perspective (Barney, 1991). Performance is influenced by the strategy and strategy is influenced by the resources (Newbert et al., 2005).

A proper Knowledge management system to acquire, create and share knowledge is the requirement of all firms regardless of their size (Von & Cusumano, 2001) and it is a major resource of the enterprise (Grant, 1996). Ability of the management to convert knowledge into code and general know how is of vital importance for the organization to select their strategy. In order to expand its business, this is important for a firm to augment its knowledge capability by accumulating and incorporating new knowledge quicker than the competing firms to new markets and new products as a part of its growth strategy (Von & Cusumano, 2001).

Firms in their early age during growth crisis often lack competitive strengths, adequate control, qualified and skilled employees, clear reporting relationships and top of all the coherent strategies (Bhide, 1996). Ability of creation, dissemination and transfer of organizational existing knowledge effectively determines a firm's competitive advantage (Kogut & Zander, 1992). It is the strategy, which helps the firms in acquiring right knowledge and capabilities at the right time, which is one of the key requirements for growth (Von & Cusumano, 2001).

Customers buy products not the resources and efficient utilization of the resources possessed by the firm determines the quality of its products. Hence the performance is determined by the strategy directing and utilizing these founding resources to transform them into marketable products (Newbert et al., 2005). As compared to strategies and environment, resources have lower level importance (Newbert et al., 2005). It is important for the entrepreneurs to understand this relationship of performance, strategy and resources.

3. Discussion

Growth aspiration is at the heart of any enterprise soon after its set up and addressing the problems of the start-up phase. This is a turning point for most of the firms and very critical to decide its future whether to pursue the growth challenges or just concentrate on maintain a particular life style without wishing growth benefits. It is very critical for the entrepreneurs facing the growth challenges of the different stages as elaborated in the growth models. Because the growth process can create a lot of complexity for the company and if not handled properly, such crisis can become very damaging for these entrepreneurial ventures. The pace of growth is also an important aspect of consideration for the entrepreneurs and it depends upon the growth rate of the industry and profitability of the enterprise.

Entrepreneurs may avoid facing the growing pains because of lack of competence, lack of resources, limited information, incapable for exploring and entering into new markets or designing new products or services. The basic motive for any entrepreneur regarding growth of their firms is to earn more profits and revenues, to enhance their customer base, to expand the size of their organization and scope of their operations. Entrepreneurs face variety of problems in an endeavor to setup new enterprise particularly during the growth phase of the organizational life cycle. These problems have been discussed and reviewed in detail in all dimensions.

Growth Models and growth strategies enable the entrepreneurs in understanding the problems of each phase and finding course of actions to solve and mitigate such problems. Its importance is obvious from the fact that these models and strategies related to growth also provide the guideline to the entrepreneurs to realign themselves especially in settling the market setbacks and avoiding their firms to be reverted to the previous stages.

Similarly the role of female entrepreneurs in the economic activity cannot be ignored because of increase in their participation in self-employment. Most of the problems faced by male and female

entrepreneurs have a common domain with fewer differences. However, whether it is male or female entrepreneur, both are required to fully understand the challenges of growth, growing pains, problems and requirements of each phase of organizational life cycle, choice of a particular growth strategy, selection of growth strategy at appropriate stage and acquisition of adequate resources at relevant phase of organizational life cycle.

Growth model explained by Flamholtz (1995) is very important and have significant implications for the firm. To start any venture, a market, potential customers and marketable product or service is required to be identified and defined which will serve that market. Capturing a niche market is of vital importance for organizational success, failure to which results in failure of the company. Second challenge is to develop the ability to produce or serve the market niche defined in first phase. Then organizations are required to build the infrastructure including strategic management systems, operational systems for day to day activities, acquisition and management of all kind of resources (human, financial and physical) in the next phase.

In fourth phase operational systems for routine transactions and day to day activities in all functional areas including sales, delivery, advertising, accounting, human resource, recruiting, training and others are required to be incorporated. In fifth phase, management systems for operational, contingency and strategic planning for organizational development and budgeting and scheduling operations development, management development, organization and control. The last stage is the development of corporate culture in all activities and organizational functions whether it is related to the employee's treatment, customer service, product quality or any other aspect of activities within organization.

Four stages marketing development model of Tyebjee et al. (1983) highlights the importance of marketing efforts throughout the various stages of entrepreneurial growth. Entrepreneurial marketing is required to address the business requirements in the first evolutionary stage, as most of the entrepreneurs lack marketing skills and knowledge. Social networking of the entrepreneur is key to the success of this particular stage regarding the sales and marketing activities of the firms. Stage 2 marketing is the opportunistic marketing, which requires the need to attract and addresses the requirements of new customers with more formal marketing efforts.

With the expansion of the business besides financial controls, internal reporting system and economies of scale an infant marketing department staffed with only sales people is emerged in this phase. The third stage is the responsive marketing, wherein a sophisticated marketing department is put at place with the delegation of power and responsibility. The Stage 4 is diversified marketing, where customer research, marketing, advertising and sales functions are looked after by the support of marketing organization placing a group of product managers in each division with full responsibility.

Strategy has an important role in carrying out actions which achieve the objectives and goals set by the firm, while choice of a particular strategy or course of action is affected by the firm's own circumstances. A strategy may be appropriate for one firm while it is not for the other. The two broad strategies of firm's growth are organic and non-organic (acquisition based) growth strategies. Entrepreneurs should carefully evaluate every aspect with respect to firm's own circumstances, available resources and growth potential before selection of any of these strategies. In some cases, entrepreneurs may chose combination of different strategies to overcome the growth challenges.

Growth strategies are very important and helpful for the entrepreneurs in mitigating the growing pains and entrepreneurs need to be vigilant while selecting such strategies for their firms. Choice of a particular strategy may vary from firms to firms in terms of its suitability for that particular firm and

entrepreneur to entrepreneur because of his/her surrounding environment and context. Choice of one strategy may be helpful for the one entrepreneur while it can be harmful for the other entrepreneur at the same time because of its suitability and fit/misfit to his/her firm's circumstances. Aptness of that growth strategy with respect to that firm is at the heart of the success of that entrepreneurial activity. There are variety of other reasons and factors, which play an important role in enabling the growth strategies appropriate for a firm. The aptness/suitability of the growth strategies depend upon size of the business, competitive environment, industry, scale of operations and production etc. The availability of useful information for making appropriate decision also plays an important role for the successful implementation of the growth strategies.

Goals and objectives of the firm and their attainment is very important for the long term existence of the companies and selection of growth strategies must provide the best fit in this regard. Organic growth or inorganic growth i.e. growth through internal resources or growth through acquisition of other firms, in both cases, entrepreneurs must consider the overall objectives and goals of the firms while selecting any of the growth strategies. During the evaluation of the growth strategies, all such factors should carefully be analyzed by the entrepreneurs considering all aspects and before the selection of a particular growth strategy for the firm, entrepreneurs must consider the specific requirements of the firm for which entrepreneur is pursuing growth option.

Evaluation of the growth options also require to include the consideration for the capacity of the firms to grow, managerial capabilities and sufficient availability of the resources besides growth motivation of the entrepreneurs. Similarly the important part of evaluation of growth option is the innovation capability with respect to the technology and product for any entrepreneurial venture. Resource based view presented by Garnsey (1998) is very important for the firms to successfully grow. Resource Generation, Acquisition of further resources and resource mobilization are also important part of evaluation process. If the entrepreneurs fail to synchronize the required and sufficient resources, then it can revert back their enterprises to the previous stages causing growth reversals for their firms. Leadership and human resource difficulties are the main causes of growth reversals.

Competence and problem solving approach is required by the entrepreneurs in order to leverage new markets and resources through existing resources. If feasibility does not permit to go ahead for the growth then the entrepreneurs should focus on the non-growth options and stability for that firm and may find some new entrepreneurial opportunity for which the growth is obvious. While evaluating the growth options, entrepreneurs must also consider whether the current products, product line and market is sufficient enough to support the growth requirements and has enough potential in the current market and products especially in terms of increase in sales (revenues) and customer base. Market penetration strategy would be the appropriate choice in case of sufficient growth potential in current markets and products. The market Penetration Strategy would help companies in increasing the number of its customers and revenues. If the case is otherwise and there is no growth potential in the existing market then the entrepreneurs will have to search and explore other markets with the product offerings after few little modifications in the existing products. The requirement analysis should incorporate the user demands and other customer preferences in this regard.

It is quite possible that new markets for the consumption of such product offerings may not exist or difficult to explore, then the other option is open for the entrepreneurs to develop and introduce entirely new products and these products can be sold using the existing market and the customer base. If current market and current products, both are not providing any growth opportunity to the entrepreneur then the diversification strategy could be quite effective. Diversification would allow the entrepreneur to offer entirely new products based on new and innovative ideas to the new markets. Availability of the necessary and appropriate resources of all kind is an important consideration for the entrepreneurs at this stage.

The strategy chosen by the entrepreneurs must be rational, achievable, optimistic and executable. Impractical, irrational and unachievable ideas and strategies may not help them rather can create setbacks for their firms. While evaluating the growth options, the course of action and strategies must also be evaluated keenly whether the norms, culture, technology, infrastructure, organizational culture and adequate resources exist for the effective implementation of the strategy or not. Knowledge sharing, knowledge management and role of knowledge workers in building organizational knowledge base are of vital importance for the firms pursuing growth.

Capturing, acquiring and disseminating organizational knowledge with purposefully built sophisticated systems lead the organizations to become learning organizations and enhance organizational effectiveness. Poor information results in the formulation of poor strategy for the firm. Knowledge management system of the organization should be capable of acquiring, generating and sharing knowledge in a perfect manner because its importance cannot be ignored. A proper Knowledge management system provides long term sustainable competitive advantage to the firms and considered as a major resource for the enterprise.

Moreover, the role of operational, structural and procedural changes, communication systems, management development, training programs, adaptation of management control programs/software, skilled workers, core competence and managerial capacity problems, collaboration with other firms, knowledge sharing and knowledge management and building a learning organization, strategy formulation and policy making in order to anticipate problems and taking necessary measures to mitigate their effect on restraining the firm's growth are also important considerations for the entrepreneur. Growth strategies (organic and inorganic), growth options, internalization, Mergers/alliances, role of entrepreneurial (social, human and financial) capital and their effect on company's growth objectives are equally important for the entrepreneurs.

4. Conclusion and Recommendations

Growth Models and Growth strategies are of vital importance for the entrepreneurs pursuing the growth. Entrepreneurs should be careful in the selection of strategies for the firm especially the growth strategies. Because choice of one strategy may be suitable for a firm while it is not for the other. There are so many factors, which may affect the appropriateness of a particular strategy, its selection depending upon the industry, competitive environment, size of business and scale of production etc. Entrepreneurs should know whether growth through internal resources (organic growth) is sufficient and in line with the goals and objectives set by the firm or inorganic growth i.e. acquisition based growth is appropriate for the growth of the firm. The choice between both of the growth strategies should carefully be evaluated considering all these aspects and growth strategy should be selected according to the requirement of the particular firm for which entrepreneur is pursuing growth option. Sometimes choice of combination of different strategies may be effective for the firm.

The Evaluation of growth options and strategies is very important for entrepreneurs to avoid growth reversals and setbacks for their firms. Proper evaluation and feasibility should be carried out to see whether existing competence, capital, norms, culture, resources, markets, products and firm's external environment are favorable for the growth or not. For the formulation of effective strategy for the firm, a well-developed Knowledge management system is required for the enterprises. Right and accurate strategy is built upon the provision of right and accurate information. Poor and incomplete information may result in the formulation of poor strategy for the firm.

Resource based view is very important to avoid the growing pains. Resources and their availability must be well synchronized with the growth requirements. Competence and problem solving approach

is required by the entrepreneurs in order to leverage new markets and resources through existing resources. Effect of growing pains on the financial performance caused by the infrastructure development can play a vital role in hindering the firms to pursue growth.

Entrepreneurs should see whether or not the current product line and market has enough potential for growth in terms of increase in customers and revenues (sales). If there is enough potential in the current products and market then the entrepreneurs should focus on the market penetration strategy by increasing its sales and number of customers. If current market does not allow growth, the entrepreneur should seek and explore other markets for the current products with smaller modifications (if required). If new market does not exist or difficult to approach, then entrepreneurs should see whether the current markets and customers can be utilized for introducing new products or not. If it is possible then, the firm should introduce new products for the existing customers and market. If both current products and market do not allow any growth opportunity then the entrepreneurs may consider the diversification strategy i.e. the entry into the new market and product line provided the appropriate resources are available for the pursuit of this strategy. If feasibility does not permit to go ahead for the growth then the entrepreneurs should focus on the non-growth options and stability and try to find new entrepreneurial opportunities indicating the growth prospects.

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