

# Paradigmatic debate on entrepreneurship and firm growth - Essay on the positioning of high-growth

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**Abstract**— This essay attempt to position the high-growth phenomenon within the field of entrepreneurship. By doing this, a possible connection between the phenomenon of growth and that of entrepreneurship is discussed.

The recourse to the process-based approach and to paradigmatic debate within entrepreneurship has led to propose a new, dynamic and processual reading of this phenomenon. This new perspective has allowed discussing the positioning of the phenomenon of firm growth, more particularly the phenomenon of high-growth firm as a main object of this essay.

This work leads to questions susceptible to open the debate towards perspectives that should be explored for a better delimitation of the entrepreneurship field.

**Keywords**— Entrepreneurship, high-growth, firm growth, process-based approach, paradigmatic analysis of the entrepreneurship field, value creation, entrepreneurial persistence.

## I. INTRODUCTION

Many studies (Birch & Medoff, 1994; OECD, 2002; Julien, 2002) confirm that only a minority of companies contributes significantly to the economic development, both in terms of the employment generated or the added value. These high-growth firms are called "gazelles". Although the latter form, depending on the country, from 2 % to 10 % of sustainable companies, they generate more than 40 % of jobs created by expansion and thus represent a key component of the economic development (Julien, 2002). Despite its importance, the phenomenon of high-growth remains elusive because of the lack of research and conceptualization on this subject.

The definition of the OECD (2007) and other authors allow a focus on two important aspects of high-growth phenomenon. First, the achievement of an annual growth of at least 20 % of employees or of the turnover. Next, the ability to maintain the pace of growth for three consecutive years. Therefore, the high-growth as a research topic is a phenomenon that extends over time and which study, it seems, requires process-based approach.

Ardishvili et al. (1998)<sup>i</sup> classify studies on growth phenomenon according to the conceptualization advocated for growth. On one hand, there are studies that are interested in the growth as a dependent variable. On the other hand, growth

is considered in other researches as an independent variable. In this article, high-growth is regarded as a dependent variable while the process leading and contributing to maintain over time this high rate of growth is considered to be an independent variable. Thus, the notion of growth examined in this essay is processual and dynamic.

The positioning of the high-growth phenomenon in relation to the fields of research susceptible to provide response elements is a fundamental prerequisite to study it. In this sense, it appears that firm growth as a favored theme in the field of strategic management has a consensus within its community of researchers (Penrose, 1959). Nevertheless, it appears that entrepreneurship field is able to open the debate towards new avenues of research and to provide, through its rich and specific theoretical framework, innovative response elements.

The field of entrepreneurship is a pre-paradigmatic field under construction (Verstraete & Fayolle, 2005). The use of entrepreneurial theory is not an achievement, it must be justified. In this sense, we believe that a work of legitimization of the positioning of high-growth phenomenon in relation to this field is fundamental. Since our work strives to enroll this processual phenomenon within the field of entrepreneurship, a questioning of the latter relative to the process-based approach is inevitable.

Our article is a conceptual attempt to answer the question: Is the firm high-growth an entrepreneurial process? Since the high-growth is a part of firm growth phenomenon, we believe that the answer to the question must go through the examination of a possible rapprochement between growth firm phenomenon and entrepreneurship field. So, the question we will try to answer is: is the firm growth an entrepreneurial process?

Like other researchers in entrepreneurship, we have taken care to position ourselves in relation to the paradigmatic debate characterizing this field by focusing on the four main paradigms cited by Verstraete and Fayolle (2005): the innovation, the creation of organizations, the value creation and the entrepreneurial opportunity.

This work is divided into two parts. In seeking to present firm growth as an entrepreneurial process, the first part is striving to raise a set of questions to critically study the dialectical relationship between these two phenomena. Being based on these questions and conducting a deeper analysis, the second part seeks to develop a dynamic model in order to delimit the entrepreneurial process and show the positioning of high-growth within it.

## II. FIRM GROWTH AS AN ENTREPRENEURIAL PROCESS

The relationship between the phenomenon of firm growth and the field of entrepreneurship is a point of debate and ambiguity. Several authors and newspapers specialized in this field of research tackle the firm growth as an entrepreneurial theme, without worrying therefore to justify this rapprochement. This *ex nihilo* positioning of firm growth in the entrepreneurship field is a trend shared with other phenomena that are sometimes hardly understandable through the entrepreneurial vision (Davidsson et al. 2006). Indeed, the unconcerned behavior of researchers as to their thematic positioning in the field of entrepreneurship distinguishes this growing trend. From our readings, in many researches knowing this dilemma, the author does not strive to justify the use of the conceptual framework of entrepreneurship field. Such situation is obviously a point of enhancement of a field that seems in search of its own identity (Low, 2001, mentioned by Verstraete and Fayolle, 2005). However, in front of this constantly growing group of researchers, a fundamental question was raised by Sexton (1988, p.1): “*is the field of entrepreneurship growing, or just getting bigger?*” Bruyat and Julien added “*although it was possible in the 1980s to say the priority was to accumulate empirical data, we now believe, like many other authors (Vesper 1982; Brockhaus & Horwitz, 1986), that is high time to begin developing theoretical tools to enable the field to progress?*” (2000, p. 166).

As a part of this perspective, we believe that the positioning of firm growth in relation to the entrepreneurship field is unavoidable. This necessity, above the question of legitimacy aforementioned, stems from the importance of growth phenomenon within the entrepreneurship field (Davidsson and al., 2006). This first section is an opportunity to identify the areas of convergence and divergence between the growth phenomenon and the entrepreneurship field. Aware of the dynamic nature of firm growth, we will try to show that a rapprochement between the growth phenomenon and the entrepreneurship field cannot succeed without a dynamic and processual logic. In this sense, an attempt to reconcile the process-based approach and the entrepreneurial phenomenon will be conducted.

### A. Firm growth versus entrepreneurship - A dialectic relation

To our knowledge, the researches having tried to link the firm growth and the entrepreneurship field are rather rare. On one hand, the lack of a consensus on a clear definition to

delimit the borders of entrepreneurship field is the main obstacle for the determination of its intersection with other research fields and objects. On the other hand, the complexity of growth phenomenon and the diversity of its operationalizations confuse any attempt of rapprochement with various fields of research.

Indeed, the relationship between firm growth and entrepreneurship field of has been subject of debate that seems far from arriving at a consensus. The debate focused at first on the relationship between the research field of SMEs and the phenomenon of growth. In this perspective, authors tended to develop research in SMEs as a part of the entrepreneurship field (Davidsson, 1989; Davidsson, et al., 2006). Thus, the growth of SMEs has been considered as an entrepreneurial phenomenon. Secondly, researchers in entrepreneurship have paid more attention to the ownership of business and its impact on the independence of its decisions. In this sense, the owner-managers are included in the field of the entrepreneurship. Therefore, the firm growth managed by the owner-managers is apprehended as a part of the entrepreneurial phenomenon. These traditional readings start losing credibility in favor of deeper and more complex analysis (Davidsson et al., 2006).

As a prominent figure in this debate, Gartner (1985, 1988, 1990, and 1995) defined the entrepreneurship as the creation of new organizations. This author (1995, p. 69) highlights “*I think that those who are familiar with some of my previous writings on entrepreneurship (Gartner, 1985, 1988, 1989, 1990) are aware that the domain of entrepreneurship that interests me is focused on the phenomenon of organization creation*”. In this respect, the perspective of Gartner seeks to answer the question “*How do organizations come into existence?*” (p. 26). This approach is limited to processes leading to the creation of new organizations and restricts the possibility of any rapprochement between firm growth and entrepreneurship to the first steps of a firm. This perspective has led to the emergence of concepts such as ‘*The nascent entrepreneurship*’ and ‘*early growth*’, etc. In this context, Fayolle (2004, p. 107, ) states that “*It is noteworthy that in this approach, the researchers are interested as much, if not more, to create organization, subset of organizational theory, than to the entrepreneurship*” [free translation]. According to Davidsson et al. (2006), Gartner’s perspective tries via this conception to highlight the importance of the creation of organization as a theme that worths being an independent research field insofar as the theory of organizations is mainly concerned with the already existing business.

Verstraete (1999, 2000, and 2003) may also be attached to the current of organizational emergence initiated by Gartner. However, the conception of Gartner goes beyond the mere creation of a new organization. In fact, Verstraete and Fayolle (2005, p. 38) point out that “*To the birth of organization can then be joined the development, and this impulsion can lean on a preexisting entity (cases of some business takeovers by private persons)*” [free translation]. Therefore, the conception

of Verstraete may be close to the phenomenon of firm growth.

Several authors (Acs & Audretsch, 2003; Baumol, 1968; Low & MacMillan 1988, Carlsson et al., 2013) have expressed the interests for all entrepreneurial phenomena affecting the economic progress. The creation of wealth, the basis of the economic progress, is at the center of their concerns when they define the entrepreneurship field. Yet, the economic progress and the creation of wealth are the direct results of the phenomenon of firm growth<sup>ii</sup>. Nevertheless, the creation of wealth is a theme shared between multiple fields. Thus, to be different, notably from strategic management and economic sciences, the determination of the nature and specificities of this wealth in relation to the entrepreneurship field is a fertile ground for the delimitation of this field and the determination of its intersection with firm growth. We will come back on this point later.

Stevenson and Jarillo (1990) define entrepreneurship as a process by which people exploit opportunities without worrying about resources they control. They are interested in the entrepreneurial behavior of existing firms '*corporate entrepreneurship*'. They highlight that this type of firms adopt an entrepreneurial orientation by establishing appropriate organizational arrangements. In this vein, Stevenson (2000) has developed a model where he emphasized the difference between the entrepreneurial orientation and the administrative orientation. The growth is a central point in the conception of Stevenson and Jarillo (1990). They define the entrepreneurial behavior as "*the quest for growth through innovation*" (1990, p. 25). Being based on the work of Stevenson (2000), Brown et al. (2001) point out that all organizations are in search of growth. The difference between them lies in the tendency of entrepreneurial organizations to prioritize high-growth more than administrative organizations that prefer to engage in a slower growth process in order to maintain an acceptable level of risk. The question we can ask at this level concerns the magnitude of growth to differentiate these two types of organizations.

Davidsson et al. (2006) exclude from the entrepreneurship field opportunities that improve the efficiency of existing products and specify that "*when an organization grows as a result of developing new activities, the growth is a reflection of the firm's entrepreneurship*" (2006, p.28). Nevertheless, the conception of Shane and Venkataraman (2000) considers the entrepreneurship as a process that goes from the research of opportunity to its exploitation. However, it seems difficult to associate the novelty of products to the exploitation phase insofar as old products today were new products in the past, they are only now in the exploitation phase. In this sense, it appears that time is a fundamental dimension to integrate into our understanding, hence the interest of a dynamic and processual reading of the entrepreneurship field. The adoption of a dynamic and continuous analysis over time has led Davidsson et al. (p. 31, 2006) to add that "*organic growth in volume can be regarded as a (admittedly, less than perfect) measure of the amount of entrepreneurship that particular*

*instance of new economic activity represents*". The conception of Davidsson et al. (2006) initiates the relativity in the entrepreneurial conception by suggesting conceiving this field as a continuum where there are phenomena more entrepreneurial than others. This can be a very interesting development where we can classify phenomena according to their '*degree of entrepreneurship*'. Davidsson et al. (2006) exclude the growth through acquisition from the entrepreneurship field, which seems very ambiguous insofar as the acquiring firm can stimulate growth and innovation in the acquired one, and therefore give rise to an organic growth that can be included in the entrepreneurship field.

In the same vein, Venkataraman (1997) highlights two different conceptions of entrepreneurship:

*"Most scholars of entrepreneurship would acknowledge two fundamental premises. The first, which I call the weak premise of entrepreneurship, holds that in most societies, most markets are inefficient most of the time, thus providing opportunities for enterprising individuals to enhance wealth by exploiting these inefficiencies. The second, which I call the strong premise of entrepreneurship, holds that even if some markets approach a state of equilibrium, the human condition of enterprise, combined with the lure of profits and advancing knowledge and technology, will destroy the equilibrium sooner or later [...] The weak premise, although present implicitly in most works on entrepreneurship, reached its clearest articulation in the works of Kirzner (e.g., Kirzner, 1979; 1985), while the strong premise is probably most familiar to people as Schumpeter's process of creative destruction"*(1997, p.121).

In light of the foregoing, the conception of Schumpeter would be the most appropriate if authors limit the entrepreneurship to new products or new economic activities. However, if we maintain the exploitation phase at the expense of new products or new economic activities, the growth phenomenon would be included in the entrepreneurship field. In the latter case, the conception of Kirzner (1973), that integrates in the entrepreneurship field all opportunities susceptible to generate benefits, is the most suitable. Yet, this conception is able to expand excessively the boundaries of this field. Thus, the question that we can ask to delimit the entrepreneurship field relates to the nature of opportunity exploitation we talk about when we refer to entrepreneurship. This essay does not fit in a normative approach aiming at defining the magnitude of growth needed to talk about entrepreneurship, but raises a question that can be a starting point for laying the foundations of a field that still in search of paradigm.

Through our readings in entrepreneurship field, we noticed that researchers study the entrepreneurial phenomenon through a global perspective focusing on entrepreneur or on firm as units of analysis. Nevertheless, Ahmed and Seymour (2008) state that the study of entrepreneurial phenomena must start with the entrepreneurial activity as a unit of analysis. Indeed, if we adopt a process-based approach of the

phenomenon, we can classify a firm or an entrepreneur differently, according to the activity taken into consideration. A firm or an entrepreneur can demonstrate an entrepreneurial behavior in one activity and not in another. It is the aggregation of behavior of various activities that assesses the entrepreneurial behavior of the firm or the entrepreneur.

Thus, it appears that the delimitation of the entrepreneurship field depends on the approach adopted in its analysis (continuous approach '*the process-based approach*' or static approach '*content-based approach*') and on the determination of the level and the nature of the wealth created. This conclusion leads us to wonder about the best approach to, first, analyze the entrepreneurial phenomenon and, secondly, to study its intersection with the phenomenon of firm growth. Considering the processual nature of high-growth phenomenon, the subject of this article, we will try to examine the relevance of the process-based approach for the analysis of the entrepreneurial phenomenon.

### B. *The entrepreneurship field and the process-based approach*

According to Van de Ven et al. (2000), the notion of process allows a focus on two dimensions: the study of causal relationships between variables, and the explanation of how phenomena change over time. As a recent area of research, the concept of process has taken time to integrate the conceptualization of entrepreneurship. This renewed interest in process-based approaches in entrepreneurship is dictated by "*the failure of classical researches of timeless causality [...] by moving the research to the 'how'*" (Fayolle, 2004, p. 1, free translation). The question of 'how' is more interested in the study of how phenomena evolve through time. This perspective corresponds to the position of Bygrave and Hofer (1991, p.14) who added that "*[...] If researchers could develop a model or theory to explain entrepreneurial processes; they would have the key that unlocks the mystery of entrepreneurship*". Indeed, after surpassing the first two currents that marked the entrepreneurial research, that's to say the school of economics and the entrepreneur-based approaches, the research in entrepreneurship seems to be more interested since the 1990's in process-based approach (Fayolle, 2004).

In his article entitled "*Who is an entrepreneur? Is the wrong question*", Gartner (1988) emphasizes the importance of the behaviorist approach to the detriment of the trait-based approach to understand the entrepreneurial phenomenon. A sentence that explains Gartner's conception of entrepreneurship is "*Look at the dance, not at the dancer*" (Gartner, 1988). Indeed, Gartner (1985) proposes a model, where the system is one of four dimensions, to describe the creation of organization. Fayolle (2004) criticized Gartner's conception to have considered the process as an independent variable, whereas the interest of the introduction of this concept lies in its ability to integrate all elements and highlight their interactions and dynamics over time.

On the basis of the concept of opportunity, the field of the entrepreneurship can be defined as follows:

*"The scholarly examination of how, by whom and with what effects opportunities to create future goods and services are discovered, evaluated and exploited (Venkataraman, S. 1997). Consequently, the field involves the study of sources of opportunities; the process of discovery, evaluation, and exploitation of opportunities; and the set of individuals who discover, evaluate, and exploit them"* (Shane & Venkataraman, 2000, p. 218).

It is in this perspective that Bygrave and Hofer (1991) emphasized the importance of the dynamic and holistic dimensions of the entrepreneurial process. This dynamic is supposed to reflect the evolution of entrepreneurial phenomena over time and reveal their holistic dimension. In other words, it is supposed to highlight the system of interacting variables leading to this evolution.

Several authors have developed models to emphasize the different stages of the entrepreneurial process. At this level, we can talk about the conception of Van der Veen and Wakkee (2006) where they split the entrepreneurial process into two fundamental phases: the phase of opportunity identification '*opportunity recognition*' and the phase of the opportunity exploitation. In this regard, the entrepreneurship can be considered as a process that extends from the discovery to the exploitation of opportunities. Each phase of this process can be a process and a separate research object.

Although models of the entrepreneurial process based on the concept of entrepreneurial opportunity allow a focus on the value creation dimension, we think that the latter deserves a more important place. Indeed, many researchers claim that the definition of entrepreneurship field should reflect the outcome of this process, which is '*the value creation*' (Bruyat, 1993; Bruyat & Julien, 2001; Zahra & Wright, 2011; Zahra & Dess, 2001, Sarasvathy & Venkataraman, 2001). This position seems to agree with the original conception of entrepreneurship often associated with economic progress and wealth creation (Acs & Audretsch, 2003; Baumol, 1968; Low & MacMillan, 1988; Carlsson et al., 2012).

From our analysis, it appears that different conceptions that allowed a process-reading of entrepreneurship are essentially based on the life cycle theory and metamorphosis models. The followers of the paradigm of creation of organizations or organizational emergence are interested in the first phase of the firm life cycle, that's to say the gestation or the start-up phase. The supporters of firm opportunity paradigm are interested in the opportunity life cycle. These two perspectives are time-limited and do not allow the study of the corporate level of the entrepreneurial phenomenon. Considering the fact that the concept of value is independent from the metamorphosis logic, we believe that the value creation is the most appropriate paradigm for an efficient integration of time in the analysis of entrepreneurial process.

Bruyat (1993, p. 57), based on the dialogic principle of Morin, adds that "*the object studied in the field of*

entrepreneurship is the individual dialogic/creation of value [...] the individual is a necessary condition for the creation of value, he determines the conditions for production, the magnitude [...] He is the main actor” [free translation]. For Bruyat, this dialogic is a part of a dynamic of change.

In the same vein, Bruyat and Julien (2001) propose a conception in which the entrepreneurship is presented as a process. This conception refers to the dynamics of change of entrepreneurial system (individual/creation of value) in interaction with the environment. This conception highlights the centrality of time in the evolution of the entrepreneurial phenomenon.

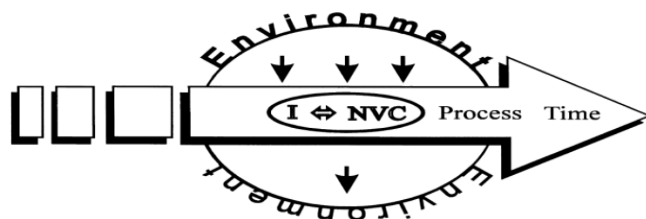


Fig. 1 Entrepreneurial process according to Bruyat and Julien (2001)

The conception of Bruyat and Julien defines entrepreneurship through a high level of abstraction. As a part of this work, we propose to deepen our analysis in an attempt to push the abstraction to a level that permits to specify the value creation in the context of entrepreneurship.

It seems that the conception of entrepreneurship as a process has enjoyed a consensus within the community of researchers. Therefore, the definition of this field must take account of this dimension by introducing dynamic concepts. This initiative is able to respond to various questions raised at the first section.

### III. TOWARDS A DYNAMIC DELIMITATION OF THE ENTREPRENEURSHIP FIELD— ESSAY ON THE POSITIONING OF HIGH-GROWTH

Entrepreneurship is perceived as a field of research crossed by different paradigms and many currents. Given this pre-paradigmatic situation, every researcher in this field is invited to defend his position. According to Carlsson et al. (2012), the diversity of these perspectives reflects merely the multiplicity of abstraction levels under study. Thus, the creation of new firm refers to a macro level while pursuing opportunities refer to a micro level.

The analysis of entrepreneurial paradigms emphasizes the preeminence of the paradigm of value creation. The highest level of abstraction is value creation, the ultimate goal of entrepreneurship. In this sense, our intention is not the rejection of other paradigms and the appropriation of entrepreneurship to the paradigm of value creation. Our vision is rather to introduce other paradigms to accommodate and reconcile the value creation with its entrepreneurial vocation studied in this research. In the entrepreneurship field, Verstraete and Fayolle (2005, p. 41) notice “the presence

more or less explicit of ‘novelty’ which is undeniably the binding agent between paradigms [...]. A consensus could possibly be around this idea” [free translation]. It seems that the concept of novelty is able to reconcile the value creation paradigm with its entrepreneurial vocation.

The processual nature of the entrepreneurial phenomenon requires the mobilization of dynamic concepts. The notion that surrounds this processual dimension is the ‘entrepreneurial persistence’, a concept mentioned by several authors without having to be a subject of mobilization for the delimitation of the entrepreneurship field.

In light of the recent debates, it seems appropriate to revisit these paradigms often used in their original versions. In this section, we would first like to perform a critical analysis of these paradigms to develop a new conception of entrepreneurship. We then seek to unite all the developments into a single framework in order to delimit the entrepreneurial phenomenon including its dynamic and processual nature. Secondly, we will try to reconcile the phenomenon of high-growth and that of entrepreneurship while opening the debate towards new questions and perspectives.

#### A. Paradigmatic analysis in entrepreneurship

To delimit the entrepreneurship field, the analysis grid of Bruyat (1993) is based on a matrix of two axes: the change process of individual and the process of creation of new value (parallel to the innovation paradigm). This grid has been widely criticized by his thesis director Paturel (2006), especially at the level of the creation of new value. Following Paturel, Jaziri (2009) points out that the credibility of the concept of new value in Bruyat’s grid is based on the relevance of answers to the following questions: what new value we are talking about? (Its nature? Its magnitude?); for whom? (question regarding the stakeholders concerned by the creation of the new value?); what for? (in accordance with what value?). The questioning on the new value is of a major importance. It is the answer to this question that will allow us to position the high-growth in relation to the field of entrepreneurship. To simplify the analysis of this questioning, we illustrated our logic via a three-dimensional graphic in which we will try to represent the possible scenarios for the evolution over time of the novelty of the created value.

Ouden (2012) emphasised the abstract nature of the value by highlighting the variety of its nature and the diversity of stakeholders involved in its creation. The nature of value may be economic, psychological and/or sociological. Stakeholders benefiting from this value include the creator of value, his organisation, his ecosystem and the society in general. In this vein, the novelty of value is manifested at two levels. The first refers to a novelty among stakeholders, that’s to say, to allow to a new stakeholder to benefit from the created value<sup>iii</sup>. In relation to the graphic, this kind of novelty is reflected in the evolution over time from the point A (1, t<sub>1</sub>, 1), where one person has one unit of value, to point B (1, t<sub>2</sub>, 2) where two people have the same amount of value. The utility drawn by

the beneficiary in point A (1,  $t_1$ , 1) must be equal to that derived by each of two people of point B (1,  $t_2$ , 2). In that case, the value is not new in itself. This novelty aspect disappears with time since we cannot afford to benefit new stakeholders in a continuous manner and *ad infinitum*<sup>iv</sup>. The second aspect of novelty is the novelty in the value itself. Two types can be identified at this level. First, a new kind of value, that is to say a value not yet produced by the firm nor by the

market. In the graphic, this novelty is reflected by the transition in time from the point O (0,  $t_0$ , 0) to the point A (1,  $t_1$ , 1). Then, an additional value of a value already produced by the entrepreneur in the sense that the production of the existing value should be an increasing function. This novelty results in the passage from the point A (1,  $t_1$ , 1) to B' (2,  $t_2$ , 1) or B'' (2,  $t_2$ , 2).

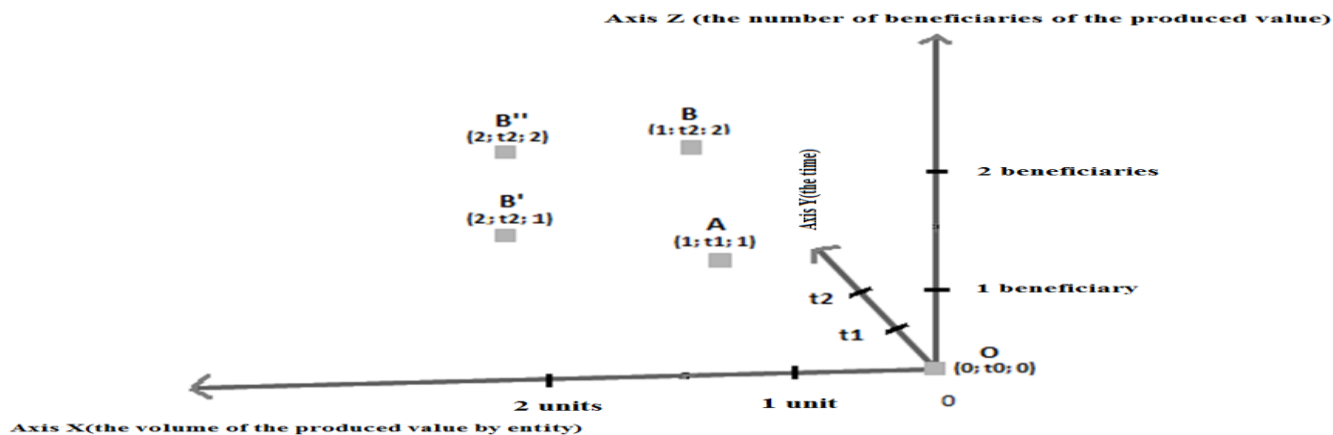


Fig. 2 The number of stakeholders having benefited from value units produced in time

Given the multiplicity of the novelty value, the questioning of Jaziri (2009)<sup>v</sup> involves two Sub-questions: the nature and the intensity of this novelty. The answer to both questions is essential to delimit the entrepreneurship field.

In Bruyat's grid, the axis of creation of new value is shown in parallel with the evolution of the level of innovation. This conception, concerned with the value not yet produced by the market (illustrated in the chart by the passage from the point O (0,  $t_0$ , 0) to the point B (1,  $t_2$ , 2)), reduces the process leading to novelty to the simple concept of innovation. The innovation paradigm unconsciously promotes a static reading of entrepreneurial phenomenon since an innovation is very limited in time. The innovation can be a precursor of this phenomenon without being able to understand it in its dynamics and processual dimension advocated as part of this work. This deficiency is mainly due to the corporate level in which Bruyat's work takes place and which is implicitly based on the concept of balance between exploration and exploitation of innovations '*Organizational ambidexterity*' introduced by (March, 1991). However, as noted above, we have advocated entrepreneurial activity as a unit of analysis. In this sense, it seems logical that concept of novelty upon which we seek to build our proposal cannot be reduced only to the innovation. It makes more sense to attach novelty to a broader concept that is the opportunity. The literature enables us to distinguish two major types of business opportunities: the schumpeterian opportunities created through innovation '*the creative destruction*' and kirznerian opportunities that rely on arbitration in situations of disequilibrium. The novelty of created value comes not only from the innovation but also

via the exploitation of markets disequilibrium, that's to say from arbitration '*arbitrager entrepreneur*' (Messeghem & Sammut, 2011).

As explained in the first section, the current trends of adepts of the opportunity paradigm, including the exploitation phase in the entrepreneurial process, incite us to adopt the kirznerian conception of entrepreneurship. In this context, the novelty of value is not conditioned only by innovation. The value can be of new nature, that is to say a value not yet produced '*creative destruction of Schumpeter*' (illustrated in the graphic by the passage from the point O (0,  $t_0$ , 0) to the point A (1,  $t_2$ , 1)), or an additional value of a value already produced "*arbitration*" in the sense that the production of the existing value should be an increasing function (represented by the passage from the point A (1,  $t_2$ , 1) to the point B' (2,  $t_2$ , 1) or B'' (2,  $t_2$ , 2)). We may also add the case where the business shares the value with new stakeholders without harming others (the evolution from the point A (1,  $t_1$ , 1) to the point B (1,  $t_2$ , 2)).

Starting from Bruyat's grid, one can easily notice that the more innovation increases, the more new created value increases. Indeed, this grid is based on the assumption of a positive correlation between innovation and create new value. In other words, the more radical the innovation is, the more important the created value will be. However, there are radical innovations that are able to create only a small new value, whereas there are incremental innovations as well as the opportunities in the sense of kirzner (1973) that generate a significant new value. It depends on several factors that we cannot list in this work. The exclusive assignment of the novelty of the new created value to innovation is reductive of

reality. We believe it would be better to talk about business opportunity as a unifying concept of innovation: 'Schumpeterian opportunity' and 'Kirzorian opportunity'. Of course, innovation as a source of opportunity is more generating novelty in terms of the nature of value, however, this does not imply a greater generation of new value.

The concept of entrepreneurial persistence has been used by several researchers to refer to the continuity in time of the entrepreneurial phenomenon. Despite the importance of this concept to the process-based approach, researches on the concept remain scarce. Verstraete and Fayolle (2005), we will try to reconcile the concept of entrepreneurial persistence with the notion of novelty. In this perspective, the definition of the entrepreneurial persistence that we want develop depends on 'The magnitude of novelty' necessary to talk about the continuity of the entrepreneurial phenomenon (Zahra & Wright, 2011). Indeed, after the creation of an organization, intrapreneurship, firm takeover or any other entrepreneurial phenomenon, the process can keep its entrepreneurial nature if this entrepreneurial persistence aspect remains.

Bruyat (1993) proposes the dialogic subject/object to define the field of entrepreneurship as a process of creative change. This dialogic is mainly based on the individual (the entrepreneur). According to Paturol (2006, p. 78), the level of change is not necessarily linked to the individual change in status. He added that:

*"The way to change status, or even activity, does not matter. In other words, that the individual finds himself at the head of an organization as a result of an acquisition of an existing firm, an inheritance, a contract of lease management, creation ex nihilo of a new structure ..., doesn't change the analysis to be conducted and its outcome [...]. What seems to be the minimum required to raise a new entrepreneur is to move to a status of responsible, all things being equal, which is to become boss (in the broad sense) of the activity developed in the entrepreneurial project"* [free translation].

As Paturol (2006), we will adopt this responsibility-based approach by looking at the change of the status of entrepreneur as a trigger of the entrepreneurial phenomenon. To ensure the continuity of the dialogic subject/object necessary for the persistence of the entrepreneurial phenomenon, the analysis should focus on the magnitude of the new value that various stakeholders, including the entrepreneur, benefit from. The rate of change for each stakeholder differs according to his positioning on the conventional space built jointly with the entrepreneur (or the entrepreneurial team), and therefore the utility derived from the new created value.

It seems clear that every creation of an ex nihilo organization, firm takeover, intrapreneurship..., are entrepreneurial phenomena even if the creation of new value is null. What assigns them the entrepreneurial aspect is the change of status of individual to a status of entrepreneur, that is to say in terms of responsibilities. However, Once the entrepreneurial phenomenon is initiated, it is the creation of

the new value that preserves the entrepreneurial persistence essential to remain in the field of entrepreneurship. It seems that the mobilization of the entrepreneurial persistence and novelty promotes the dynamic and processual conception of the entrepreneurial that we advocate in this work.

Being based on the above, we will try to introduce a new dynamic and processual conception of the entrepreneurship field. In doing so, we will try to meet the objective of this work.

#### *B. Towards a dynamic delimitation of the entrepreneurial process: Essay on the positioning of high-growth*

The entrepreneurship is not the only discipline to have expressed an interest in the topic of firm growth. This phenomenon is the main theme in strategic management and economics (Penrose, 1959). Any attempt to reconcile the firm growth and the entrepreneurship field must take into account the specificity of the latter compared to other disciplines. To do this, Davidsson et al. (2006) emphasized the importance of asking two fundamental questions:

*"Are there particular aspects of business growth that fall naturally within the domain of entrepreneurship? If so, is interest in these issues unique to entrepreneurship research (suggesting potential for unique contribution) and do other fields of research share them (suggesting potential for fruitful collaboration)?"* (2006, p. 22)

*"What growth can justifiably be regarded as manifestations of entrepreneurship?"* (2006, p. 29)

In this vein, reconciling the entrepreneurship and business growth does not imply only the appropriate delimitation of the entrepreneurship field but also proposes a clear and adequate definition of the phenomenon of firm growth. The lack of a consensus on a single operationalization of firm growth is a challenge. Indeed, the choice of an indicator depends on the adopted unit of analysis (Davidsson & Wiklund, 2006). A review of the literature of firm growth allows focus on the importance of the turnover as the most widely used indicator to measure firm growth (Davidsson & Wiklund, 2006; Delmar, 2006). Thus, our conception advocates the turnover as a growth indicator. This indicator is the most appropriate to the paradigm of value creation in the sense that the creation of a new value gives rise to an increase in turnover and, therefore, to a growth.

The concept of novelty developed previously refers implicitly to the concept of growth. It is the novelty of value that gives rise to growth of value. Obviously, if the new created value grows according to an increasing function, we talk about the entrepreneurial persistence. If this function exceeds a given growth rate for a period, we talk about the high-growth. The rate and the measurement period depend on the nature and the context of the entrepreneurial situation.

The figure below clearly shows the positioning of growth issues in the entrepreneurship field. The intersection of both phenomena depends on the level of innovation required to talk

about entrepreneurship. Considering that high-growth constitutes a high new value creation, the latter certainly enters the field of the entrepreneurship. We still need to determine the level of novelty required to talk about entrepreneurship (Zahra & Wright, 2011), so as to be able to identify which part of firm growth that can be included as a part of this field. We believe that the determination of this level depends on several factors: the nature of activity; the economic competitiveness of the country, etc.

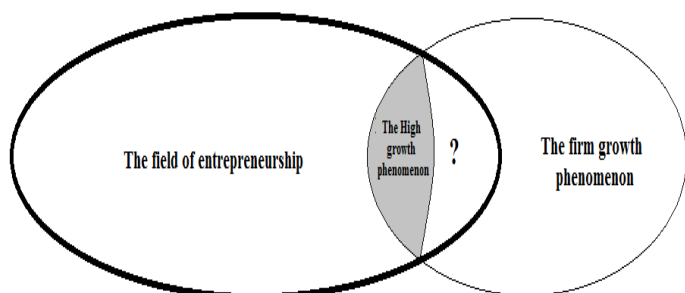


Fig. 3 Intersection of the firm growth phenomenon and the entrepreneurship field

On the basis of the previous developments, we propose a grid enabling a dynamic and processual reading of the entrepreneurial process. As shown in the figure below, the initiator interface of the entrepreneurial phenomenon is the change of status according to the responsibility-based approach (Paturel, 2006). To preserve the entrepreneurial nature of the process, there must be an entrepreneurial persistence materialized by creating a new value. The latter

provides the necessary dynamic required to maintain the continuity and persistence of the entrepreneurial process. As mentioned above, the definition of the entrepreneurial persistence depends on the determination of the magnitude of novelty required to talk about entrepreneurship.

In an attempt to define the new value, Ouden (2012) adds to the increasing of the utility of the created value the reduction of the sacrifice that consumers perceive as relevant. In this sense, we have taken care to add the economy of destruction of wealth and values to our entrepreneurial conception. Indeed, Paturel (2006) specifies that there are cases of takeover of firms in difficulty where the logic of the new created value replaces the economy of destruction of wealth and values. This kind of case is a part of the entrepreneurship despite the lack or absence of the new value creation. The concepts introduced change but the logic remains the same. In other words, instead of talking about the increasing function of the new value creation, we will talk about an increasing function of reducing the destruction of value. The reconciliation of the creation of the new value and the economy of destruction of wealth allows us to propose a new axis, that may be called the value axis, that starts from the new saved value to the new created value. In principle, the model must be in three dimensions in order to make visible the impact of time. Yet, we have chosen to merge the value axis and the time axis to preserve the clarity and the simplicity of the grid.



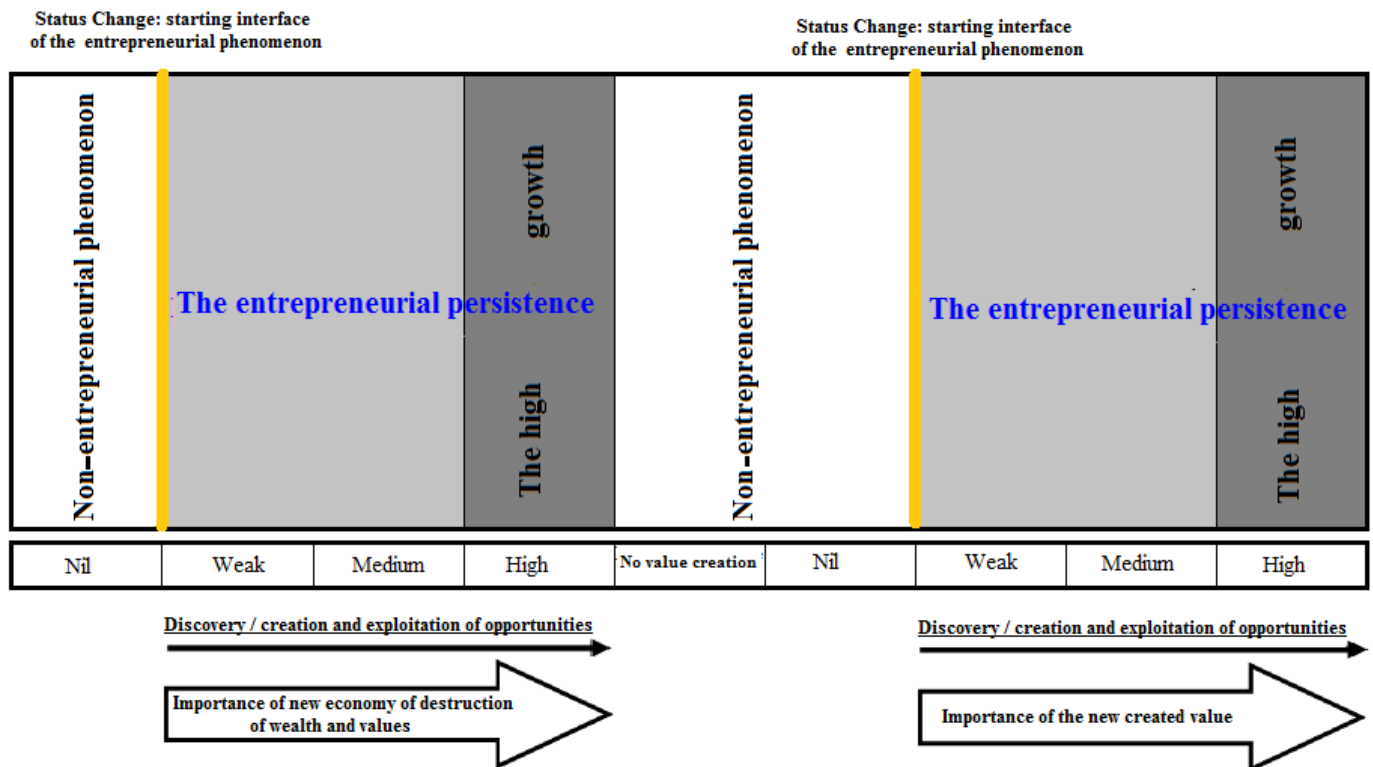


Fig. 4 The high-growth of the new created/saved value as an entrepreneurial process

Furthermore, in order to preserve the clarity and the clearness of the grid, we have left to introduce the dialogic subject/object. As Paturel (2006), we left the unscaled interface to enable its adaptation to the various issues and contexts. One can, for instance, put a scale of risk-taking and proactivity of the entrepreneur and then divide the field of the entrepreneurship into boxes. Each box refers to an entrepreneurial situation and a problematization space (Schmitt, 2008). This feature allows the grid to meet the contingencies imposed by the diversity of the entrepreneurial issues and contexts. The grid is a framework for the positioning and the study of different research subjects belonging to entrepreneurship.

This conception inspired from Bruyat's grid (1993) and Paturel's grid (2006) is a part of the perspective implicitly evoked by Davidsson (1989). The value axis refers to the 'degree of entrepreneurship' of the entrepreneurial process studied at a given moment of its life. This value axis reflects the evolution over time of the entrepreneurial process. It allows the study of the entrepreneurial persistence and the processual and dynamic nature of entrepreneurship.

This figure demonstrates the importance of high-growth within the entrepreneurial phenomenon. What remains to be done, it seems, is to distinguish between the high-growth of the new created value and the high-growth of the new saved value.

#### IV. CONCLUSION

The processual nature of the phenomenon of firm growth has led us to question about the processual nature of the entrepreneurial phenomenon. This questioning has allowed proposing a grid for a dynamic reading of entrepreneurship by emphasizing the importance of the high-growth in this field.

Like all other researchers in the entrepreneurship, we tried to defend our position in relation to the paradigmatic debate of this field. Indeed, we have advocated a multiparadigmatic reading while privileging the paradigm of value creation.

Being based on the grid of Bruyat (1993) and that of Paturel (2006), we identified a number of issues that allowed us to conduct a critical analysis susceptible to reveal the processual nature of entrepreneurship. This work has been completed by mobilizing two fundamental concepts: the concept of entrepreneurial persistence and that of novelty, both concepts are suggested in the literature without being sufficiently exploited.

From there on, we tried to approach the phenomenon of firm growth and the entrepreneurship field. According to our analysis, this objective depends on the nature and the level required of novelty to talk about entrepreneurial. This proposal may open the debate to a more successful and clearer delimitation of this field.

Besides the developed grid, the value of our work lies in its ability to legitimize the recourse to the entrepreneurship field for the study of the high-growth of firms. Indeed, the use of the rich theoretical corpus of this field is able to open very promising doors to deal with this complex issue.

<sup>i</sup> Cited by Davidsson and al. (2006).

<sup>ii</sup> Firm growth is measurable from different indicators: the growth of the turnover, the growth of new created value, the growth of employees ... Each indicator refers to a specific dimension. The conception adopted in this essay, focuses on the turnover and the new value creation to define the growth. These two indicators reflect the economic progress and the creation of wealth in a micro-economic level.

<sup>iii</sup> It is about the second question «For whom? ». It can be asked as follows: is the nature of value determined by the project's holder or the stakeholders who adhere to this project? Isn't it determined by an agreement between the entrepreneur and stakeholders? The analysis of the literature allows highlighting the importance of the convention theory, the stakeholders' theory and the theory of social representations to answer such questions. See Verstreat (1999).

<sup>iv</sup> There are irreducible values (for example some public goods) where you simply afford to benefit other stakeholders without harming others and without any additional cost to the entrepreneur. You need just to expand the space of conventions of the entrepreneur (theory of conventions) to enable new stakeholder to benefit.

<sup>v</sup> What new value we are talking about? (its nature? Its magnitude?).

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