

Motivation of small business managers affects firm growth

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Economic theory often assumes that firm growth is automatic, given the existence of growth opportunities in the marketplace. However, a new study published in *Entrepreneurship Theory and Practice* reveals that the motivation of small business managers has a long-term effect on the actual future growth of the firm.

Researchers gathered information from two different Swedish samples of small firms. The managing director was asked about employment and sales growth as well as sales and related motivation. The researchers then used regression analysis to investigate the data.

The study found that motivation was a relevant predictor of firm growth. The results provide evidence showing support for the idea that motivations of managers affect important firm outcomes. Managers vary in their motivations to grow firms, and those motivations affect the growth achieved.

Growth motivation is partly affected by previous outcomes but remains relatively stable over time. This is an important result, as motivations have to be stable to be good predictors of behavior. Hence, growth motives are effective predictors of firm growth when they are stable over time.

Source: Wiley

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