DRIVING PROFITABLE GROWTH IN SMALL AND MEDIUM-SIZED ENTERPRISES: EXPLORING THE ROLE OF STRATEGIC DECISION-MAKING

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Author: Juuso Jokinen
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Supervisor: Pasi Sajasalo

JYVÄSKYLÄN YLIOPISTO
UNIVERSITY OF JYVÄSKYLÄ

ABSTRACT

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Title Driving profitable growth in small and medium-sized enterprises: Exploring the role of strategic decision-making	
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Abstract Finland's economic recovery after the economic crisis that started in 2008 and the COVID-19 pandemic is largely based on the success of small and medium-sized enterprises (SMEs). While there has been a great deal of research on the success factors of SMEs in the past, previous studies have mostly been focusing on growth-seeking SMEs, without thoroughly considering the aspect of profitability. This topic is particularly important given the recent external difficulties beyond the control of the companies and the essential contribution of SMEs to the Finnish economy. It is also important to understand the factors of profitable growth in the context of SMEs, in order for them to be efficiently developed. The study has been conducted as a qualitative study and the data has been acquired through interviews with 10 CEOs of profitably growing SMEs. The interviews were conducted as semi-structured thematic interviews and the data was analysed using qualitative methods. The results of the study show that in SMEs, strategy work is solitary, and often only one person is responsible for its design and implementation. The results also highlight the importance of company values, such as the quality of service and products, customer service and human resources management in defining the strategic focus. This study also succeeded in identifying some new challenges for SMEs. Future studies could make use of a larger sample size, different stakeholders within the organization and multiple perspectives to gain a more comprehensive understanding of strategic decision-making in SMEs.	
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Tiivistelmä Suomen talouden elpyminen vuonna 2008 alkaneen finanssikriisin ja COVID-19-pandemian jälkeen perustuu suurelta osin pienten ja keskisuurten yhtiöiden (pk-yhtiöiden) menestykseen. Vaikka pk-yhtiöiden menestystekijöitä on historiassa tutkittu paljon, niin aikaisemmat tutkimukset perustuvat vahvasti kasvua tavoitteleviin pk-yhtiöihin ottamatta juuri kantaa kannattavuusnäkökulmaan. Aiheen tutkiminen on erityisen tärkeää ottaen huomioon viimeaikaiset, yhtiöistä riippumattomat ulkopuoliset vaikeudet ja sen, että pk-yhtiöiden vaikutus Suomen kansantalouteen on suuri. On lisäksi tärkeää ymmärtää kannattavan kasvun tekijöitä pk-yhtiöiden kontekstissa, jotta yhtiöitä pystytään kehittämään tehokkaasti. Tutkimus on toteutettu laadullisena tutkimuksena ja tutkimusaineisto on kerätty haastattelemalla 10 kannattavasti kasvavan pk-yhtiön toimitusjohtajaa. Haastattelut toteutettiin puolistrukturoituina teemahaastatteluina ja aineisto on analysoitu käyttäen laadullisia menetelmiä. Tutkimuksen tulosten perusteella pk-yhtiöissä strategiatyö on yksinäistä ja usein vain yksi ihminen on vastuussa sen suunnittelusta ja täytäntöönpanosta. Tulosten perusteella voidaan myös todeta yrityksen arvojen, kuten palveluiden ja tuotteiden laadun, asiakaspalvelun, ja henkilöstöhallinnon merkitys strategisen painopisteen määrittelyssä. Tässä tutkimuksessa onnistuttiin myös tunnistamaan uusia haasteita pk-yhtiöiden toiminnassa. Tulevissa tutkimuksissa voitaisiin hyödyntää suurempaa otoskokoa, erilaisia organisaation sisäisiä sidosryhmiä ja useita eri näkökulmia, jotta saataisiin kattavampi käsitys pk-yhtiöiden strategisesta päätöksenteosta.	
Asiasanat: Kasvuyhtiö, Strateginen päätöksenteko, Pienet ja keskisuuret yhtiöt (pk-yhtiöt), Kasvun mahdollistajat	
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CONTENTS

1 INTRODUCTION

The success and growth of small and medium-sized enterprises (SMEs) are key to Finland's economic development and the creation of new jobs (Kuismanen et al. 2022). Finland's economy has experienced a 'lost decade' in terms of growth, rooted in the global financial crisis of 2008. Other Nordic countries have regained control over their economies and debt as well as resumed their growth, but in Finland the same kind of flat performance has continued for several years. In addition to the financial crisis, the general economic situation has suffered from the COVID-19 crisis, which has further increased government debt. The economy has developed slowly over the last ten years and will be further burdened in the future by an ageing population and relatively high unemployment rate. Additionally, at the time of the study, the global economic situation appears weak, which will put further pressure on the Finnish economy and, by extension, on Finnish companies.

Statistics have clearly shown the importance of SMEs for the overall Finnish economy, as they have created more than 160 000 jobs in Finland between the years 2001 and 2019. SMEs play an essential role in the Finnish economy, generating more than 57% of Finland's annual GDP (Kuismanen et al. 2022). According to Statistics Finland, there were 294 965 enterprises in Finland in 2020, excluding agriculture, forestry and fishing industries, employing 1.4 million people (Statistics Finland 2020). Of the enterprises, 274 562 (93.1%) were companies with fewer than 10 employees, 16 632 (5.6%) were small enterprises, 3 109 (1.1%) were medium-sized enterprises and 662 (0.2%) were large enterprises. 194 000 were sole proprietors. (Statistics Finland 2020.)

Finnish SMEs have various opportunities and challenges, which the company's management tries to address in its daily work. SMEs and their decision-makers have a large impact on the Finnish economy, which is why their growth is supported by the government and the European Commission, for instance. However, the same issue occurs in many other EU countries, where the biggest challenge for SMEs is access to finance. Although Finland has a wide range of providers of finance, such as banks and private equity firms, companies are often seen as too risky to access and secure financing. According to the

European Committee of the Regions (2019), the financing needs of SMEs have remained significant, but rising interest costs and insufficient collateral and guarantees are major constraints to growth.

Previous studies have paid more attention to growth companies, excluding profitability from the equation. In previous studies, the focus has been on how companies increase their market share, and many studies focus on the period before targeting higher levels of profitability. This matter has been examined through strategic decision-making and by focusing on four categorical factors affecting growth: founder characteristics, firm attributes, business practices, and HRM practices, among others (Barringer et al. 2004). The aforementioned categories have been studied both qualitatively through interviews and quantitatively, and previous studies have identified several factors that have an impact on company growth and profitability. It is worth noting that most of the previous studies have focused on a single one of these categories respectively.

1.1 Purpose and objectives of the study

The purpose of this study is to describe and understand the strategic decision-making of small and medium-sized growth companies and the key characteristics that enable those companies to follow a profitable growth path. The aim of the study is also to broadly highlight other drivers of profitable growth, such as entrepreneurial factors, business practices, and human resource management practices. Although previous research has demonstrated that it is possible to measure and recognize certain factors influencing growth, the underlying theory explaining why some companies grow while others stagnate remains vague. Formulated as a research problem, the research objectives can be described as follows:

Does strategic decision-making have a role to play in enabling companies to grow profitably?

The research questions arising from the research problem are as follows:

1. What growth enablers can be identified in the companies studied?
2. What are the characteristics of strategic decision-making in the companies studied that have succeeded in profitable growth?

These research questions are empirical; the study will focus on the experiences and observations of CEOs in Finnish SMEs, with the intention of uncovering replicable 'best practices' that positively influence company growth.

1.2 Background

To provide some background on the criteria and time window used in this study, Henrekson and Johansson (2010) reported in their research that the analysis of growth companies has typically focused on three or four years of growth. In this paper, it was decided to take three years as the observation period, as this is also the same period as defined for gazelle companies. Profitable growth can be described in several different ways. Examples would be one where revenue rises rapidly and profitability levels remain constant, or one where revenue rises, and profitability levels rise with it, for instance. In this study, growth companies are defined as companies that have increased their operating margin by at least as much as their revenue has increased in percentages. The figures are measured over a three-year period to increase reliability. All of the companies examined in this study are SMEs and the necessary limits on revenue and balance sheet total have been considered in line with OECD and EU definitions (OECD 2005). Specifically, an SME can have a maximum revenue of €50 million or a maximum balance sheet total of €43 million. All the companies included in the research are Finnish and are not involved with venture capitalists, private equity investors, public limited companies or other large investors. The companies were not limited to a specific industry, but the intention was to collect a broad pool of companies from different industries to provide a comprehensive strategic view of performance. For the purposes of the research, it is also important to avoid small size class bias, whereby it was required that a company should employ at least 10 people.

Company growth constitutes a vital aspect of economic development and prosperity, attracting attention from scholars from different fields, such as entrepreneurship and economics. The literature has identified a wide range of factors that play a crucial role in a company's growth, ranging from individual-level characteristics to external environmental conditions. Entrepreneurial orientation, highlighted by Lumpkin and Dess (1996) encompasses companies' risk tolerance and innovation, which significantly contributes to fostering growth (Lumpkin & Dess 1996). The Resource-Based View (RBV), as presented by Barney (1991), suggests that a company's competitive advantage arises from its various resource and capabilities base. According to Barney's framework, company growth can be achieved by harnessing these resources and capabilities in a skillful way to seize market opportunities. (Barney 1991.) In the field of economics, Solow's seminal growth model provides a macroeconomic perspective on long-term economic growth, emphasizing the role of capital accumulation, labor force growth, and technological progress. Solow thought that technological progress would help to maintain sustainable growth, as it has a major impact on improving productivity and allows for a better allocation of resources. (Solow 1956.) The Keynesian approach to company growth, in turn, emphasizes the role of aggregate demand in generating economic growth. According to Keynes (1936), fiscal and monetary policy can have a significant impact on aggregate demand and hence on the direction of the economy as a whole. The Keynesian perspective emphasizes the interrelationship between firm growth and the macroeconomic environment. (Keynes 1936.)

This study was based on management and strategic research approach, and this research was conducted as a qualitative study. The interviews were conducted as thematic interviews between January and February 2023. This study interviewed CEOs of Finnish SMEs who had been involved in creating and developing the company's growth path. Although the language of the research report is English, all the interviews are conducted in Finnish, so that the interviewees are able to express themselves and their thoughts fully in their native language. The answers have been subsequently translated into English. The purpose of the interviews is to understand the management's strategic approach to business performance and the drivers of growth, as well as to examine who is responsible for the strategy, how it is measured in practice, and how the strategy could be further developed. The purpose of the research is not to reveal the companies' corporate secrets, but rather to encourage reflection on what led the company to its current path of success. The aim is also not to predict future financial figures and successes, but to focus on the companies' history and how they have already managed to grow profitably.

The information provided by the interviewees is consistent with the theoretical basis and is therefore sufficient to address the research problems. In terms of its multidimensionality, the research can be considered reliable. The data was compiled from interviews with a variety of entrepreneurs from companies of different sizes, all operating in their respective ways. The interview process and related issues were presented in a transparent manner. However, in order to protect business secrets, the need to anonymize critical data surfaced. Therefore, precise information on the revenue, the sector of activity, or the number of employees of the companies interviewed was not directly presented in the research. An unfortunate aspect of the research is that the board chairmen could not be involved in the interviews to the extent that was initially expected. However, most companies were small enough that the CEO had strategic leadership. The most relevant information on companies for the selection of interviewees was to obtain information on average growth rates rather than on precise profit figures. Publicly available information on SMEs can be deliberately improved, for example by indicating that the management of the company raises salaries in the form of dividends or that the rental costs of the company's premises (for example, if the company's operational management owns the premises) are below market rates. Such factors have little impact on the selection of interviewees or the reliability of the study.

2 THEORETICAL FRAMEWORK

2.1 Theoretical perspectives of company growth

Growth is fundamental for all companies, regardless company's size and sector. It is recognized that many factors influence company growth, and it is essential for the executives to understand the importance of these factors. In previous studies, the theoretical assumption of growth has been that it is associated explicitly with managerial factors, and that the external factors also play a major role in generating growth. It can be argued that a generally good economic situation and an SME-friendly economic policy can generate growth for a company, regardless of a multitude of other factors. (Covin & Slevin 1989.)

The study of company growth has been an area of interest in various fields, such as economics and industrial organization. A more detailed view of the topic reveals several branches of literature that explore the factors that influence company growth, from innovation-driven models to the importance of intangible resources. Researchers from different disciplines have tried to understand the basic mechanisms that drive company growth, resulting in a diverse base of knowledge. The understanding of these growth factors will also contribute to the broader debate of company growth throughout the disciplines. (Covin & Slevin 1989.) This study examines the theory of growth from a Penrosean perspective.

The theory of growth companies originated in 1959 with Edith Penrose's seminal work, "The Theory of the Growth of the Firm," and it remains an influential contribution to the literature of company growth in the modern era. Penrose proposed that a firm's growth is determined by its internal resources and capabilities, as well as its managerial skills. Her work provides a large-scale framework for understanding how firms expand their operations, seize market opportunities, and adapt to the dynamic business environment.

Penrose (1959) argued that firm growth can be attributed to either external or internal factors. External drivers of growth, such as favorable demand conditions or improved access to growth funding, cannot always be predicted or explained. She identified internal events, such as resources and operations quality, within the company as being central to growth, as they are not dependent on external factors (Penrose 1959, 41). Penrose highly emphasized the importance of managerial skills in a growth company that is also scaling its operations, highlighting the need for management to plan proactively. Penrose emphasizes that the growth of a company does not depend on its size, but on the ability of its management to implement new business strategies (Penrose 1959, 200). As a company grows in size, it is also important to have more people do administrative work, such as coordinating projects and people. However, it is worth reflecting on the number of people in management. For example, in a capital-intensive business model, as the company grows, it may be that the size is increased by investing in machinery and only a few additional people are recruited. As the business grows, the same proportion of additional managers may not be needed, because the workload of management may not necessarily increase in a comparable scenario. (Penrose 1959, 202.)

According to Penrose, the effective use of a firm's resources, particularly focusing on its human resources, knowledge base and the productive services derived from the company's assets, will enable companies to identify and take advantage of new market opportunities. To be able to scale its business to new markets or offer a new type of service, the company needs to have sufficient human resources and knowledge of the new service. The company's business can then offer more services as the company attracts a certain type of talent to work for the firm. In service business, for instance, there is a close link between the skills of the workforce and the services offered by the company. (Penrose 1959, 76-78.) Penrose defined a concept of resource peak, according to which a firm's resources are not homogeneous and their combinations and uses can have a significant impact on the firm's performance regarding growth. This idea laid the groundwork for further studies, such as the resource-based view of the firm. Penrose, on the other hand, did not argue that earning rents from strategic resource management has an economic impact. Penrose also provides some background to the concept of dynamic abilities in her work. The work emphasizes an entrepreneurial approach and building the capacity of managers, who are the cornerstone of driving company growth. However, her work laid the foundation for further studies on how companies develop, maintain, and utilize resources and internal capabilities in a changing business environment. (Penrose 1959.) The same perspective is repeated in later studies, such as in Teece, Pisano, and Shuen’s (1997) study on dynamic capabilities. Their work, in turn, emphasizes the ability of firms to respond to a rapidly changing environment by integrating, reorganizing, and transforming their internal and external capabilities.

Teece et al. (1997) studied the factors that contribute to firm growth and how firms can maintain a competitive advantage in a changing business environment. They use the word 'dynamic' to refer to a company's abilities to adapt its competences in ways that are required by the market and to respond to a changing market environment. The term 'capability' emphasizes the central role of strategic management in creating company growth. The authors define dynamic capability as the ability to be able to integrate, build, and adapt internal and external competencies in the face of a changing market environment. Inspired by Penrose, they expanded the concept and conceptual framework of dynamic capabilities by including adaptability and transformation to maintain and achieve a competitive advantage.

The distinction between conventional and dynamic abilities is one of the key theoretical perspectives presented by Teece et al. (1997). Conventional capabilities are the operational skills and routines that allow firms to carry out their daily operations efficiently. Dynamic capabilities, on the other hand, are higher-level capabilities that allow firms to adapt, innovate, and change their resource base in response to changing environment. (Teece et al. 1997.) This is typical in fast-changing business environments, such as in the technological sector, where firms must constantly change their strategies and manage resources to stay competitive.

In their paper, Teece et al. (1997) also mention that organizational processes have a significant impact on the shaping of dynamic capabilities. They provide background on organizational processes in the article, referring to how firms coordinate and integrate their activities as well as promote learning and knowledge sharing among employees. They also discuss employee roles in the organization and the firm's range of resources and capabilities as well as organizational pathways, which refer to the various strategic options available. The various organizational pathways are determined by previous decisions as well as accumulated knowledge and skills. Teece et al. (1997) provide a framework for how dynamic capabilities can be developed and nurtured to promote growth within a company by observing these three areas. (Teece et al. 1997.)

For a company to gain a competitive advantage, the capabilities approach stresses internal processes and development concerns associated with deployment and development. From this perspective, acquiring competencies is difficult and must be done over time through long-term commitments to development initiatives and focusing on employees’ career paths. Examining capabilities also gives information of entry decisions by comparing new entrants' competencies and capabilities with the competition. The capabilities approach enables a company to identify viable business opportunities by examining the company’s internal resources and market environment. (Teece et al. 1997.)

One of the most fascinating concepts in the field of business growth is the model of growth stages proposed by Greiner in 1972. This publication examines the growth of firms from a managerial perspective by outlining five distinct stages of development. Greiner’s growth stages model provides a comprehensive analysis of the dynamic nature of business growth through managerial processes. By identifying and addressing the challenges typical of each of the stages, an organization can adapt and evolve its operations to become more successful and to have better development in general. According to Greiner's model, the emergence of each new stage invariably requires the challenges of the previous stage to be overcome (Greiner 1972).

In the initial phase, the founders' vision and ambition drive the company's growth trajectory. However, as the organization grows, a more robust decision-making and governance structure becomes essential. This necessity can create a dilemma that, according to Greiner, can culminate in the first revolution, where the existing CEO is replaced by a more powerful leader who can be sourced from outside. (Greiner 1972.)

In the second phase, employees are given specialized tasks within a functional organizational structure. Autonomy, however, becomes a critical issue as the decision-making gap between management and supervisors grows. The model proposes a solution through decentralization and extended delegation. (Greiner 1972.)

The third phase is characterized by a loss of control, as the business has grown significantly through a series of growth catalysts, such as diversified business segments or an acquisition strategy. As a result, top management may feel that its control over the company has been reduced. The model suggests that this problem should be addressed through better coordination and the use of various instruments under the control of the top management. The responsibilities of senior management should be reallocated more effectively to ensure that the organization remains on an appropriate growth path. (Greiner 1972.)

Eventually, the problems of excessive bureaucracy start to surface when the organizational structure becomes too formal. As a result, companies tend to move to a model that emphasizes rapid problem-solving. Simultaneously, rigid systems are being replaced by more streamlined and simpler systems (Greiner 1972).

2.2 Small and medium-sized growth companies

This chapter reviews some theory and previous research on Finnish small and medium-sized enterprises (SMEs), their growth objectives and related trends over the past years. It is also important to introduce some terminology, so that later references can be made using acronyms. Explaining the terminology used in the research also has an impact on the readability of the research, as in the interviews conducted in the research, the same terms are often used by the executives of these SMEs, for instance. In addition to the research on SMEs and their growth, this chapter will also discuss strategy work in the context of SMEs.

2.2.1 Small and medium-sized companies

The OECD and the EU define small and medium-sized enterprises with four different metrics. A small or medium-sized enterprise employs between 2 and 249 people, the company’s revenues must not exceed EUR 50 million or the balance sheet total must not exceed EUR 43 million. The company has to also be fully independent or less than 25% of the company can be owned by another company and the company can own a maximum of 25% of another company. If SMEs are to be further subdivided into small enterprises, the limits are a maximum of 50 employees with revenues not exceeding EUR 10 million. Micro enterprises employ less than 10 employees with revenues not exceeding EUR 2 million and the balance sheet total must be less than EUR 2 million. The above information is considered on an annual basis and is based on the latest approved financial statements.

SMEs in Finland employ 57% of the whole labor force and 99.1% of all employers are SMEs. 76.3% of SMEs in Finland are micro enterprises that employ less than 10 people. Trends in recent years suggest that the growth of sole proprietorships is strong with a rapid increase in the numbers. In 2022, there were 194 000 sole proprietors in Finland alone. (OECD 2022.) In Finland SMEs generate more than 57% of the country's GDP annually, and therefore are an important part of the economic machinery, for both taxpayers and employers. (Statistics Finland 2020.)

Not all companies actively seek to increase their revenue or their earnings, and many SMEs may focus on maintaining their market share or even downsizing. Companies in different sectors are driven by different incentives and their owners often have different perceptions and desires in regards of the future of the company. It is important to consider that in order to maintain a stable market share, a company must grow at the same pace as the sector in which it operates. (Kuismanen et al. 2022.) Over several years, the global economy was impacted by the COVID-19 crisis, the energy crisis, higher than normal interest rates and high inflation. During these years of crises, the strong desire for growth among Finnish SMEs has declined significantly, and the average SME management has lowered its growth targets compared to previous years. For example, in 2017, around 39% of SMEs wanted to grow where possible and 18% of respondents had no growth targets at all, while the same figures for 2022 were 33% growing where possible and 25% with no growth targets. (Kuismanen et al. 2022.) According to the SME barometer conducted by Kuismanen et al., when categorized by industry, industrial companies are the most growth-oriented sector. 58% of industrial companies have set growth targets, while the corresponding figure for construction is 33%. (Kuismanen et al. 2022.) However, it is logical to expect industrial companies to be willing to grow, as their customers and business are mostly international. In an international market, it is almost impossible not to focus on growth, especially if the company wants to keep key customers and existing market share in the industrial sector.

International business is a necessity for many companies, such as the industrial companies mentioned above. 44% of manufacturing companies operate internationally, compared to less than 10% of construction companies. Most international business takes place in the Nordic countries and other EU countries, the UK, and the US. For exports of goods and services, most SMEs receive payment in advance or, alternatively, the product is delivered against invoice without any separate credit insurance. (Kuismanen et al. 2022.) Recently there has been considerable support for business development in Finland. However, the majority of Finnish SMEs have not used external services, such as internationalization and financial services provided by organizations such as Finnvera, Business Finland and the ELY Centre, to grow their business. In the SME Barometer conducted by Kuismanen et al. in autumn 2022, companies that had already used internalization services were planning to benefit from assistance also in product and service development, in making business contacts in new target countries, and in general from expert advisory services. (Kuismanen et al. 2022.)

After a series of crises that had had a major impact on, for example, company financials and overall motivation, Finnish SMEs had been relatively active in investing in technological development, for instance. Digitalization and robotics had emerged as a key need for upgrading in companies over the past few years, and one in five SMEs had stated that they had invested in new technology in the past year (Kuismanen et al. 2022.) For example, recent technological developments in the trade and services sector had also been very visible in customers' everyday life. In 2022, however, technological development had been most evident in the industrial sector. Around half of SMEs had also focused on training personnel and organizing work in new ways during 2022. (Kuismanen et al. 2022.)

2.2.2 Growth companies

A growth company can be defined in several different ways, whether based on annual growth in revenue or personnel. Gazelle is a widely known definition for a growth company. The gazelle, a species of animal known for its agility and flexibility in changing directions swiftly when threatened, serves as the inspiration for the name of these types of businesses. In the world of business, gazelle companies are often seen as highly successful and dynamic, outperforming their larger competitors in the long run. To be considered as a gazelle, the company must be at most five years old, and the revenue growth must be at least 20% per annum over a three-year period. These enterprises can rapidly grow their operations and gain new market share, leading to considerable improvements in both top and bottom lines. For example, Duschesneau and Gartner (1990) state in their research that growth companies should aim to gain a market share by targeting large market sectors. A higher market share is often followed by higher financial returns. In their research, Duschesneau & Gartner (1990) state that when targeting niche markets, companies often fail to gain a large enough market share for profitable growth. (Duschesneau & Gartner 1990.) Since gazelle enterprises are frequently able to offer distinctive and highly valued products and services that set them apart from their rivals, this quick expansion is often fueled by a strong focus on innovation and customer satisfaction. On average, a gazelle company doubles its revenue in four years. Gazelle companies vary from very small companies to large companies which are listed on the stock exchanges, the absolute size of a company being of little importance. However, most gazelle companies are slightly smaller than average. (Petersen & Ahmad 2007.)

Scaling and growth of business is a common goal for many entrepreneurs. It is important to note that growing a business is not solely dependent on the company and its employees, but scaling usually starts with the entrepreneur's aspirations. There exists a considerable body of literature which explores the diverse pathways towards business growth, encompassing geographical expansion, the addition of further locations, the pursuit of new markets and customers, product or service diversification, as well as mergers and acquisitions. These growth strategies are often accompanied by recommendations for enhancing the marketing mix of expanding firms, including raising prices, intensifying marketing efforts, optimizing distribution channels, or undertaking product redesign initiatives. (Brush et al. 2009.) In their research, Brush et al. (2009) identifies four different growth pathways for US companies: rapid, gradual, episodic, and plateau growth (Figure 1).

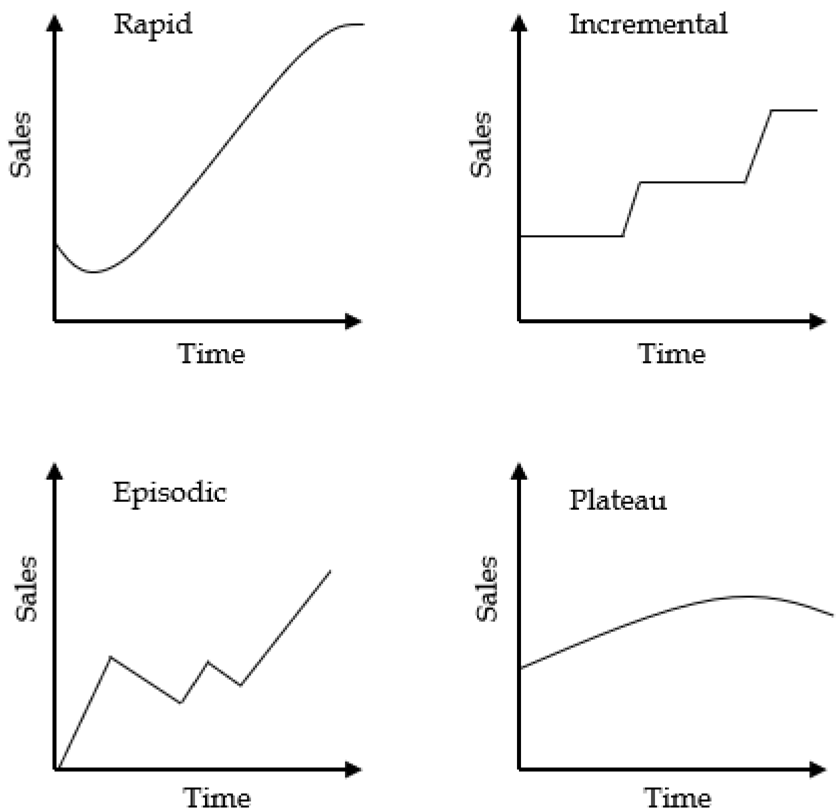

FIGURE 1 Four different growth pathways presented by Brush et al. (2009, 483).

Rapid growth is commonly defined by a sudden and substantial increase in income and/or labor over a one to three year period. Growth companies frequently have ambitious goals and must take aggressive steps to attain them.

Brush et al. (2009) state that these enterprises typically rely on external finance, such as venture capital or private equity, to speed their growth. Growth companies also prioritize market share and revenue growth over profitability, and may face high levels of internal stress as a result of the rapid pace of change and the need to expand quickly. A further issue in a high-growth environment is that typically scaling up a business requires more human resources. It takes time to find the correct employees with the desired expertise, to train the new employees for a new role and to address labor shortages across a wide range of sectors. In the scaling-up phase, buying resources from external sources is a necessity, but it is also costly for a growth company that is capturing market share rather than focusing on profitability. In the early stages of a business, companies require funds, as rapid scaling also expends funds quickly. An example of this is the technology sector, where a lot of capital is spent on development in the early stages. (Brush et al. 2009.)

Incremental growth is a type of slow and steady, natural growth, in which businesses gradually expand their product or service offerings or enter new markets. Firms targeting incremental growth, according to Brush et al. (2009), tend to rely on internal funding and reinvest profits back into the firm rather than seeking external financing. This strategy may be less risky than rapid growth, but it may also result in missed opportunities if the company reacts too slowly to the changing market environment. (Brush et al. 2009.)

Some firms tend to choose a more natural way of growth, incremental growth, as the competitive environment evolves over time. Such companies may have a limited client base and therefore serve only the most profitable key customers, rather than seek a higher number of less profitable clients. While being mainly profitable, growth in sales, revenues and bottom-line returns matches that of slow and steady dividend-paying public firms rather than that of a high-growth, high-capital-return firms on an advanced growth trajectory. (Brush et al. 2009.)

Brush et al. (2009) defines intermittent growth as periods of rapid growth followed by periods of stagnation or reduction in sales, revenues, and profits. Because it is influenced by both internal and external variables, this growth pattern can be difficult to manage and analyze. Management's capability and ability to deal with growth is an internal element that causes episodic growth. A lack of advanced managerial capabilities in finance, marketing or operations, according to the study, can contribute to an episodic growth pattern. Furthermore, problems inside management teams, such as having different objectives, competing visions or disagreements, might have an impact on growth success. (Brush et al. 2009.)

The cyclical nature of the economy or market segments are examples of external factors that influence episodic growth. Brush et al. (2009) demonstrates this by scrutinizing the late 1990s and early 2000s in the United States, when an emerging economy provided opportunities for all firms. However, as the prosperity faded, sales in specific industries fell at varying rates, contributing to the intermittent growth. Brush et al. (2009) investigates the impact of managerial limitations in intermittent growth and discovers that existing managerial capacity and competences can often prevent consistent expansion. According to the respondents, a lack of management skills and experience, particularly in the early stages of firm development, made managing growth difficult. As organizations grow, the nature of the demands on management teams changes, necessitating employee expansion, management capacity enhancement and a shift in the role of the owner-manager in the business. Hence, episodic growth is the consequence of a combination of internal and external variables, and managers' abilities and skills play a critical role in shaping the firm's growth trajectory. (Brush et al. 2009.)

A plateau, as outlined in the Brush et al. (2009) study, is frequently seen as the "end game" of company growth cycles. It is characterized by replacement sales rather than new sales, steady revenues, and eventually declining profitability as inflation gradually erodes existing assets. Growth companies are emphasized in the literature since such companies generate higher levels of innovation, more employment and therefore more profits for the investors. Most firms experience plateaus due to inefficient marketing, incorrect strategy choices, or unpredictable financial factors. Brush et al. (2009) study emphasizes that a plateau is not a permanent and irreversible state for businesses. Instead, it can be a catalyst for active reflection and strategic revitalization for businesses willing and able to reinvent themselves and accelerate their growth through innovation. (Brush et al. 2009.)

Growth companies and that are primarily seeking to grow are important to the economy. Growing business is directly linked to an improvement in the employment situation, which in turn helps the public economy. Growing companies are characterized by advances in knowledge, business development and technology. Innovation in growing companies makes the economy and the company more attractive to foreign labor as well as to the domestic labor force. Finland has also supported the research and development of companies in the recent years by providing Business Finland grants for development work that ultimately aims to bring positive benefits to society as a whole. (Kuismanen et al. 2022.) Current research shows that new innovations in particular are important not only for job creation, but also have an important role in the economy (Audretsch et al. 2004). However, policy programs aimed at supporting entrepreneurship and innovation sometimes fail to promote the desired outcomes (Audretsch et al. 2004).

Previous research on growth companies has been consistent. According to Henrekson and Johansson (2010), almost all net jobs are created by gazelle companies and thus growth companies alone are the largest contributor to creating employment. The research also finds that the majority of growth companies are young enterprises whose growth is driven by organic growth. There are, however, also older enterprises whose growth story is driven by acquisitions, for example. The growth stories of older companies are also important in terms of employment creation. (Henrekson & Johansson 2010.) It is also worth noting that even though most of these companies are young, some gazelle companies that were founded much earlier also include massive Fortune 500 technology companies such as Apple, Amazon, and Meta. There are large companies that employ millions of people directly and even more indirectly that can also be categorized as gazelle companies.

2.3 Strategy and strategy work in organizations

A common perception of a strategy is a detailed plan that defines the long-term direction, objectives, and actions of an organization to achieve competitive advantage in the business environment (Nickols 2011). However, many strategic management experts and researchers have different definitions of the word. For example, Kenneth Andrews, a Harvard University professor and the editor of the Harvard Business Review, defined strategy in another way in his book *The Concept of Corporate Strategy* (1971). His definition of a strategy was a corporate decision-making process that defines and reveals a company's goals, objectives, or aims, produces the key policies and plans for achieving those goals, and defines the type of business the company will conduct, the type of financial and human organization it is or intends to be, and the financial and non-financial contributions it will make (Andrews 1971).

Michael Porter, considered the pioneer of the positioning school, has defined the word strategy as representing a company's unique approach to doing business in order to differentiate itself from its competitors. A company seeks to perform different activities from its competitors, or the same activities as its competitors, but in different ways. Porter's idea of strategy and business is that they are inseparable and a company can only overcome its competition if it can create and maintain differentiation by delivering more value to the customer than its competitors, by creating comparable value at a lower price than its competitors or both of the aforementioned together. However, the business environment is not stable and it changes over time. Hence, Porter believes that strategic continuity does not mean a static view, but that a company and its management team must be able to adjust its strategic orientation and improve its operating models and efficiency in order to keep pace with the competition. (Porter 1996, 77-78.)

Corporate strategy is critical for businesses of all sizes because it allows firms to navigate the complex and dynamic business environment. Having a corporate strategy also makes resource allocation more efficient and the firm’s executives can keep focusing on their important objectives. A strategy also brings the firm more efficiency as it acts as a guideline for the firm, led by the values and aspirations of the executive board. (Davidsson et al. 2010.)

The advantages and disadvantages of strategy are critical in establishing the path to success in the context of SME growth companies. Recognizing the following elements can help firms make wise decisions and adapt to the changing environment in which they operate. One significant advantage of having a strategy is that it establishes a direction for the corporation, offering a consistent framework for navigating the corporate landscape. (Mintzberg et al. 2009, 15-17.) In this way, decision-making is guided by the visions and mission defined in the strategy. Companies must, however, be wary of the potential risks of mindlessly following a predetermined course. To mitigate such risks, companies should retain a level of adaptability and flexibility, allowing them to change their behavior as needed. Another element of strategy is its ability to focus efforts and create organizational coordination. While this is advantageous, companies should be aware of potential group thinking, which can limit vision and hinder creativity. Companies can avoid this by encouraging varied ideas and being open to new possibilities. While consistency in strategy can help decrease uncertainty and provide order, companies should be aware of the potential constraints that can result from excessively relying on a consistent approach. Allowing unpredictability and embracing innovation can lead to the discovery of new combinations and potential for growth. Companies should compare the benefits of strategic planning with its limitations, ensuring that they stay adaptive and open to change. (Mintzberg et al. 2009, 15-17.)

Particularly in the context of SME strategy, the design school has provided a very influential view. It created the concept of SWOT analysis, which is widely used by corporate boards, university professors, and other institutions’ teachers, as well as consultants in strategy consulting, mergers and acquisitions, and in private equity, for instance. (Mintzberg et al. 2009, 24.) The SWOT analysis is a key tool for companies' strategy work. It aims to identify an organization's internal strengths and weaknesses, as well as opportunities and threats in the external environment. The SWOT analysis framework helps decision-makers understand the company's actual position and the possible growth areas and challenges that the company should be able to overcome to achieve growth. (Gürel & Tat 2017.) Mintzberg et al. (2009) have presented various SWOT analysis options to consider when conducting the analysis (Figure 2).

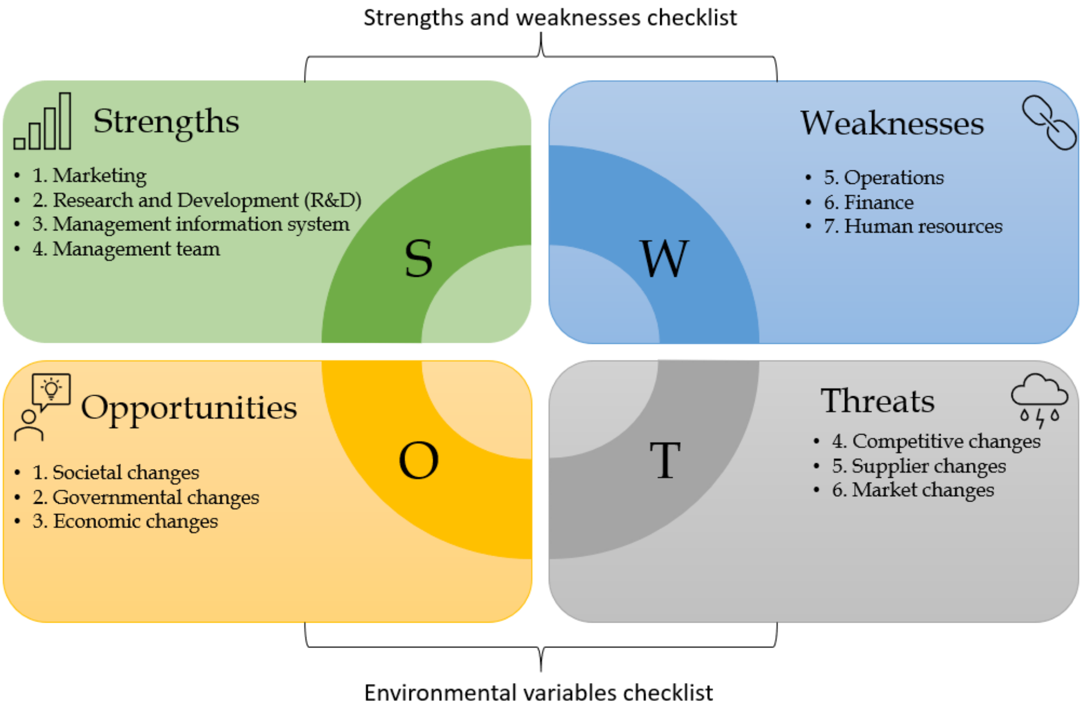

FIGURE 3 Variable checklist for SWOT analysis. Adapted from Mintzberg et al. 2009.

Mintzberg et al. (2009) present a checklist for SWOT analysis that can be very beneficial when conducting strategic planning. In the SWOT analysis figure above, examples of company strengths and weaknesses are presented in numerical order. The strengths and weaknesses may vary from one section to another depending on company-specific factors. It is useful to think of the table above in terms of halves, with the top half listing company-specific items as strengths and weaknesses and the bottom half listing environmental opportunities and threats.

Mintzberg et al. (2009) mention marketing as one of the company-specific factors in their work. The term marketing can be described as encompassing several issues, such as differentiating products from competitors' products, quality matters, distribution channels, pricing policies or market share of a product or service, for example. Research and development, on the other hand, include not only the R&D capabilities of products and processes but also pilot plant capabilities such as the testing of pre-commercial production systems using new technologies. Thirdly, management information systems are mentioned as one of the factors. These may include the speed of the information systems, the presentation of up-to-date information, the scalability of the systems and the user orientation of the system (Mintzberg et al. 2009, 29.) Especially private equity investors often seem to have the desire to develop and change information systems, and often these are the starting point for improving the profitability of a company, for instance. The quality of up-to-date information and rapid access to information can greatly benefit companies working in the industrial sector, among others. With efficient systems active, a company can provide more accurate forecasts of the completion of parts of projects, as well as track equipment and parts quantities in real-time. This in turn makes it easier to manage projects locally.

The fourth mentioned aspect is the company's management team. The management team can include aspects such as the knowledge base, shared values, industry experience, and general team spirit of the members of the management team (Mintzberg et al. 2009, 29). Recruiting a board professional from outside the company is another useful element supporting management work. Operational issues such as energy efficiency of operations, control of raw materials, and cost structure of production, as well as the number of facilities, equipment, and monitoring needs are also mentioned. The sixth point is financing. In this context, Mintzberg et al. (2009) mention the amount of debt leveraging used in operations, the equity-to-debt ratio in the balance sheet and the ownership structure of the company (Mintzberg et al. 2009, 29). The last item on the checklist is human resource management in relation to company-specific strengths and weaknesses. This includes aspects such as the readiness of employees to perform their tasks, training needs, employee development plans, and employee turnover in general (Mintzberg et al. 2009, 29). Most of the examples above have also been given by other researchers and people working in the field (Barringer et al. 2004; MacMillan & Day 1987).

Among the external opportunities and threats to the company, Mintzberg et al. (2009) have listed societal changes, which refer to rapid changes in customer preferences and are related to product design or product demand. In turn, demographic change also affects distribution, product demand, and product design. The second point is the changes made by the state or government. An example of this is new legislation that may have an impact on the cost of products. There could also be changes in economic conditions, such as interest rate, inflation, and exchange rate risks. As interest rates rise, expansion plans may be delayed or postponed and exchange rate fluctuations can have a significant impact on the profitability of an exporting company. Inflation risk is another example, as it has a direct impact on individuals' real incomes; it is very likely to affect demand levels for services and products. Changes in input costs, on the other hand, are among the supplier's changes, as they affect product prices, demand and product margins. Finally, Mintzberg et al. (2009) mention new markets, product obsolescence and new uses of products. All three have an impact on demand, price, and capacity utilization. (Mintzberg et al. 2009, 30.)

2.4 Characteristics of growth companies and their founders

While the characteristics of both growth companies and their founders are important in this study, this work primarily focuses on the intersection of growth and strategy. It is therefore essential to consider the dimension as an important contextual framework rather than the central focus of the study. Growth companies are highly important for the economy, and as such they have inspired a large body of research. In order to develop more companies, information about the typical characteristics of successful businesses and entrepreneurs is required, as it is something that future entrepreneurs can learn from.

Barringer et al. (2004) have gone through a large amount of quantitative data in different formats and have drawn conclusions based on the findings. Against previous perceptions that the literature on business growth is scarce and limited, they have found that there is a reasonable amount of useful literature. In their summary, Barringer et al. found that the literature on high-growth firms emphasizes four main areas: founder characteristics, firm characteristics, business practices, and human resource management (HRM) practices (Figure 3).

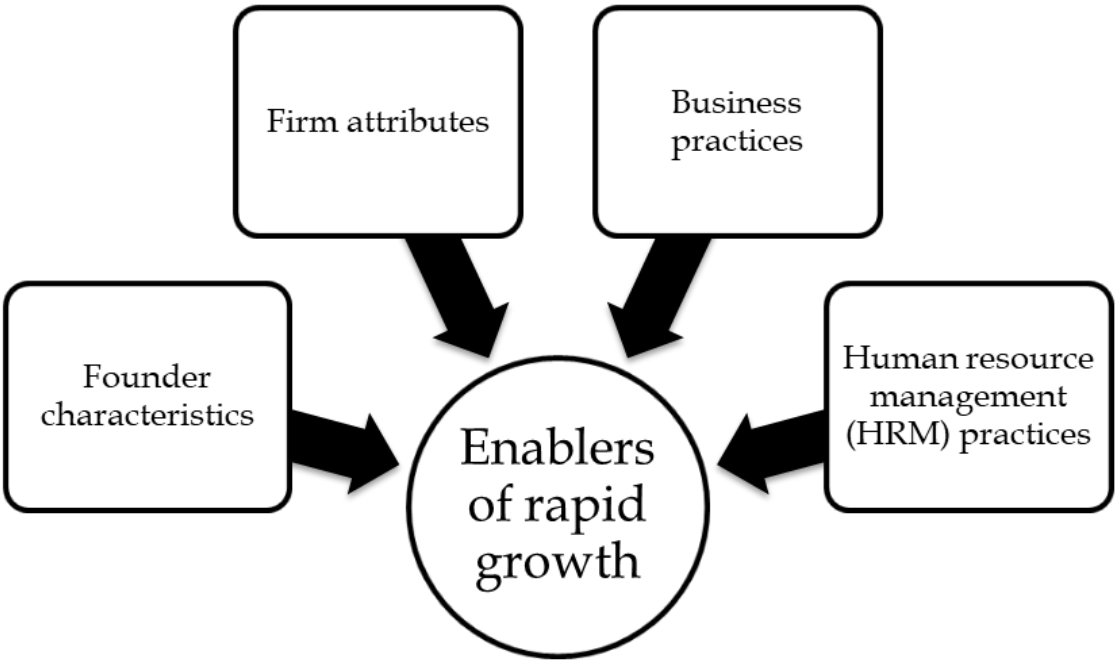

FIGURE 3 Four main areas in literature that emphasize growth. Adapted from Barringer et al. 2004.

The figure above shows the enablers of rapid growth at the top level. Founder characteristics refer to the personal characteristics of entrepreneurs, such as educational background and previous experience in the industry or entrepreneurship. Firm attributes refer to factors related to strategic decision making, such as commitment to growth, defining a clear vision and mission and leveraging them to support business growth, or interorganizational relationships, for example. In the study by Barringer et al. (2004), business practices and factors refer to knowing what customers want and creating unique value. Human resource management practices refer to continuous staff development and performance-based incentive compensations. (Barringer et al. 2004)

These factors have an impact on the key determinants of company growth, but it is important to recognize that growth does not happen independently. It requires the practice and development of existing business activities. Start-ups should also cultivate a team of industry experts with extensive experience in the sector. Previous experience with a core team will help a new company grow faster and also maintain the desired level of growth. In the next section, we review research and publications related to the four main areas.

Barringer et al. (2004) have found 20 relevant characteristics that contribute to increasing the company's growth rate. They reviewed 106 articles, book chapters and books on company growth and performance from entrepreneurship, management and economics literature. All the features are findings by Barringer et al. (2004) and their relevance to contemporary research are discussed in the following sections. Under each of the four main themes, the researchers have identified more detailed explanations of why they affect the company's rapid and profitable growth (Figure 4). The findings have been examined quantitatively.

Founder characteristics	Firm attributes	Business practices	HRM practices
• **Relevant industry experience** • **Higher education** • **Entrepreneurial experience*** • Broad social and professional network • Size of founding team	• **Growth-orientated vision and mission** • **Commitment to growth** • **Participation in interornigazational relationships** • Planning • Geographic location • High buyer concentration	• **Creating unique value** • **Customer knowledge*** • Product superiority • Innovation • Research and development	• **Training and employee development*** • **Performance-based incentives** • **Stock option plans and engaging key personnel** • Selective hiring • Geographic labor pool

FIGURE 4 Key attributes for rapid growth. (Barringer et al. 2004).

In the figure above, variables that have been significant in previous studies are shown in regular font. Variables that are significant in the Barringer et al. (2004) research are shown in bold font. A variable followed by an asterisk is a new variable from the content analysis.

2.4.1 Founder characteristics

The founder's impact on the company's growth is based on three aspects. When a company is established and the entrepreneur starts running the business, it leaves a lasting impression on the way in which the business is run. Entrepreneurs have their own vision of how the company should develop and, for example, what kind of product development the company should do. External investors tend to also assess the entrepreneur's potential; this is one of the key criteria used by private equity investors, for example, to select companies for their portfolios. The entrepreneur and the closest key personnel affect the company's operations greatly, as they have developed the company over its history and when an external investor joins, they hope that the same manner of development will continue in the future. Additionally, the research highlighted education and experience in the industry, as founding a company and scaling up a business are difficult issues. Individual variables can have a great effect in the overall situation. (Barringer et al. 2004.) Kolvereid (1992) finds that the entrepreneur's education has an impact on growth propensity. He suggests that it may be that education increases self-confidence. According to Kolvereid, experience has less influence on the propensity to grow. Education may also have an impact on growth management skills. There is a difference in growth aspirations between male and female entrepreneurs in his study, but it is not statistically significant. (Kolvereid 1992.) The study suggests that the link between education and successful business growth may be that highly educated entrepreneurs are more likely to change professions, which means they are also more willing to take risks (Kolvereid 1992.)

MacMillan and Day (1987) suggest that if a key person, entrepreneur or a founder has previous work experience in the same industry, they typically have a more developed network of contacts and a better understanding of the industry in general. Previous research has found that education has served as a proxy for entrepreneurial abilities. The idea behind the study is that when an entrepreneur has previous experience in the industry, they are also able to set ambitious but realistic goals and are more likely to succeed. The researchers' view is that a company should aggressively capture market share in its early stages, which will lead to a higher return on investment (ROI) later on. Companies that have chosen high sales goals and service quality, large amounts of advertising, high relative sales staff costs and aggressive pricing have performed better than less aggressive companies in the industry. The research included 81 companies that were quantitatively examined. (MacMillan & Day 1987.)

Previous entrepreneurial experience is also seen as an indicator for future business. Starting a new business is a demanding task and people who have been entrepreneurs before are more knowledgeable than those who do not have entrepreneurial experience. It can also be argued that more experienced entrepreneurs are familiar with the general dangers of such businesses. Previous entrepreneurial experience provides a better starting point for business. (Singer 1995.) If the entrepreneur has no previous experience of a growth company or being an entrepreneur, it can be challenging to aim for rapid growth. In most cases, entrepreneurs will not want to take large risks to seek growth if they are partially satisfied with the size of their current business. Typically, solopreneurs are more cautious and conservative with their decision-making, as they are wary of larger setbacks. Many companies that are considering funding and starting growth rely on a private equity or external investor to share the risks of the business with the entrepreneurs. (Singer 1995.) However, it should be noted that risk tolerance is an individual characteristic, and not all SMEs and their entrepreneurs necessarily have a lower risk tolerance than, for example, larger companies. Some entrepreneurs may have a high-risk tolerance if the owner has big entrepreneurial aspirations, while others may be risk averse and more conservative in their approach. Ultimately, risk tolerance depends on many different factors, such as personal experience, financial situation, and overall business strategy. According to Fesser & Willard (1990), at the start-up stage, entrepreneurs decide what product and market to target. They see prior entrepreneurial experience as a positive driver for growth companies.

Johannisson (1990) has studied the impact of a large social network on the rapid growth of companies. According to him, the biggest asset of an SME is the owner-entrepreneur's extensive network, or "network capital". The company is able to gain sales, assistance if needed, or strategic partners through these networks. As Johannisson (1990) states, entrepreneurs are by no means all-knowing, but are also experiential learners. Large networks of entrepreneurs with other CEOs are very important. Being part of a network allows situations where CEOs can discuss their businesses together. Talking to each other enables learning and the development of new ideas. Networks can also provide different perspectives and insights on issues or, for example, the outlook for the industry's development. As entrepreneurial networks are also egocentric, they motivate the entrepreneur to work harder and focus on the work. (Johannisson 1990). New companies are also often burdened by the stigma and small size of the company. Small companies in most industries are often overlooked by large companies, as the subcontracting opportunities of a large company, for example, may be of a scale that a small company simply cannot match (Johannisson 1990). A small company has only a limited number of resources and staff available, which means that large projects in terms of revenue or staff cannot be implemented immediately. The company must have the history, the references, and the manpower to receive and deliver large projects.

Various research (e.g., Sapienza & Grimm 1997; Greene & Saridakis 2008) shows that information-seeking skills, predictive skills, numeracy skills and communication skills improve with higher education. Having a degree in a field that deals with specific information gives individuals an advantage when starting a business in the same industry as the one supported by their degree. Barringer et al. (2004) also state that one reason for the importance of higher education in growth companies is that owner-managers have alternative high-paying professions available for them, which leads them into taking more risks as entrepreneurs. Entrepreneurs are able to take risks and while being aware that if there is a setback, they can find income elsewhere at a higher salary if necessary.

When starting a company, the size of the founding group is important. Founders have different experiences to leverage as entrepreneurs, larger teams directly mean greater amounts of resources, and a large founding team has more professional contacts compared to sole entrepreneurs. For example, a large network of contacts can be used to attract the first significant customers. A larger founding group may also provide more financial resources for the businesses to capitalize in their early stages of growth. Larger equity at the beginning also allows for a larger amount of leverage, if needed. Occasionally the initial capital is sufficient in itself. (Barkman 1994.) According to Fesser and Willard (1990), larger founding groups also seem to have the advantage of bringing more experience and concepts to the decision-making process, with larger teams ensuring that all options are explored, and results that reduce the company's risk levels are sought. Having more personnel involved in the founding of a company allows psychological synergies between founding members that can lead to improved problem solving and more details being properly considered.

2.4.2 Firm attributes

The second part of the research by Barringer et al. (2004) relates to the relationship between companies and to their growth. According to the research, the most important characteristics include a growth-oriented vision and commitment to the company in order to ensure business continuity. Important company characteristics that ideally facilitate the company's growth story include planning, interorganizational relationships, the company's geographical location, and the use of a focused strategy in operations. (Barringer et al. 2004.)

It is essential for the company to have a shared vision, mission, and values. The principles that guide the business help in the management of the practice and at the same time reduce the number of inconsistencies. The value of guiding business principles is high, especially in high-growth companies, where there are already many uncertainties, as high-growth business usually involves large changes. Awareness of shared values drives the company and its employees towards the same goals and creates unity, which is necessary for growth. (Kim & Mauborgne 1997.) Involving the staff and key personnel in deciding on shared values will typically also lead to better employee commitment to the company. A common problem relates to communicating values. Customers and staff need to be informed extensively enough and every manager needs to be aware that understanding the values also means that they can be put into practice at every level of the business. (Walt et al. 2004.) If a company's decision-making is not based on any concrete plan, the risk of inconsistencies is high, and the resulting decisions can pose challenges to growth.

Many entrepreneurs think that self-employment and self-sufficiency is important, which is why some companies are not pursuing a high growth path. Kolvereid (1992) mentions that the implementation of a growth strategy requires a conscious choice on the part of the owners and is usually motivated by several factors. He has shown that growth propensity is related to general motivation, educational level and, for example, the company's industry. Kolvereid shows that entrepreneurs who lack growth propensity typically have lower levels of education. Their reason for starting a business seems to be based on opportunity rather than on the possibility of achieving something specific. Strong motivational factors linked to company growth include the desire to grow the business and the potential for recruitment. Typically, such companies are based in the industrial sector. (Kolvereid 1992.) The study has also emphasized the cultural problem in the Nordic countries with regard to company growth. In the Norwegian survey, 39.9% of entrepreneurs did not want their company to grow, compared to 8.1% in the UK and 12.2% in New Zealand. It is thought that in the Nordic countries the reasons for this lack of growth propriety may be related to regulatory issues, lack of labor mobility, and labor cost levels. In the Nordic countries, redundancies are long and difficult processes, which can be seen as an additional item of uncertainty for owner-managers. Labor costs especially negatively impact the motivation of entrepreneurs to increase employment. (Kolvereid 1992.)

The importance of maintaining and acquiring interorganizational relationships is also one of the findings of the research, cited in the results as an essential factor for company growth (Barringer et al. 2004; Braggs 1999, Almus & Nerlinger 1999; Doorley & Donovan 1999). These relationships are mainly joint ventures, networks, consortia, alliances, trade associations, and interlocking directorates (Barringer & Harrison 2000). The idea behind joint ventures has been to pool resources and create a larger company that can, for example, enter international markets. Joint ventures can be seen more frequently now, as more competitors entering the new markets put pressure on smaller companies to join together to create a larger entity and thereby differentiate themselves from other competitors. There have been cases where the management of the companies did not help each other in strategic decisions, as they did not want to disclose business secrets to the other related companies. Joint ventures allow the parties to access each other's markets and distribution channels. For example, joint ventures between food companies can provide access to the US for the European companies, and access to Europe for the US companies. (Barringer & Harrison 2000.) Typically, a small company has the resources in terms of labor, but there is no certainty about the quantity and volume of orders for products or services. This is where networks can be utilized to great effect.

Networks between companies and entrepreneurs are seen as social capital, but they also have a broad impact on the operational business of the company. They allow companies to enter different markets quickly, learn from each other, or, for example, develop new products together. A network greatly increases a company's competitiveness, as individual companies do not wish to be competing with a group of networked companies. (Barringer & Harrison 2000.) Consortia are specialized joint ventures consisting of a number of organizations that are united by a need for common things. For example, a consortium may order different types of research that can benefit all its members. This would be too expensive for a single company. However, in a large group the relative costs are lower, while the benefits remain great. For example, a consortium can help companies to achieve technological advancements. In the technology industry and heavy R&D projects, consortia are seen the most commonly. (Barringer & Harrison 2000.)

Alliances are arrangements between several companies that do not involve common ownership. The two largest types of alliances are marketing alliances and R&D-focused alliances. Marketing alliances combine a company and distribution channels to seek larger volumes of sales for the companies. (Barringer & Harrison 2000.) There has been extensive research on alliances internationally, with a focus on success factors (Saxton 1997; Dickson & Weaver 1997; Segil 1998; Harbison & Pekar 1998). Saxton (1997) found a positive correlation between profitable financial performance and alliance activities, and Segil (1998) mentioned in his study that 75% of the alliance companies surveyed (N=200) mentioned alliances as important for success in business. Being part of a trade association can also be beneficial for a company. It can provide quick access to industry-related information, enable networking within the industry, and also enable lobbying. Different trade associations give their members different benefits, but as a general principle they give their members access to various useful databases, training courses, or access to more detailed technical information, for example. They also help companies with tax and legal issues. (Barringer & Harrison 2000.)

Another beneficial practice is to use board work to maintain relationships with other companies. The education and experience of the board members of a company reflects the needs of the company directly. For example, if the company is in a capital-intensive industry, it may be the case that the board of directors of the company will include many members from financial institutions. If the company is developing and performing well, the board members may also transfer their new knowledge and thus improve the business of their own company. In other words, the primary advantage can be seen in participating in a collaborative board, which gives the company access to the necessary external resources. This can lead to new learning experiences and new social networks that can be used in their own business. (Barringer & Harrison 2000.)

Attention to planning has also been found to be linked to high revenue growth and profitability. Duschesneau and Gartner (1990) state in their research that profitable growth is not the sum of a single factor. It is not solely due to the level of management, strategy, or industrial context; profitable growth is essentially related to, for example, previous experience in the same industry, high but moderate self-confidence, long working hours, and entrepreneurial parents. Duschesneau and Gartner (1990) state that successful companies spend three times as much time on planning as unsuccessful companies. Moreover, success does not depend entirely on planning. Success is also linked to networking and listening to others' opinions and advice (Duschesneau & Gartner 1990). It is also logical that successful companies are more adaptable to quick changes. Duschesneau and Gartner's (1990) research is also supported by the literature above (MacMillan & Day 1987; Barringer & Harrison 2000; Fesser & Willard 1990).

The geographical location of the company is also an important factor for employee learning and organizational development. For example, Cooper & Folta (2017) present ideas on why clusters of technology companies can be found in Silicon Valley, Cambridge in the UK, or Lund in Sweden. Clusters allow employees from different companies to network with each other, and businesses requiring special skills or tools are more often more readily available in cluster areas. In these clusters, the companies have access to resources and a talented workforce. (Cooper & Folta 2008.) A suitable geographical location can also be beneficial if the company is operating in an industry where remote working is not possible, for example in manufacturing. In some regions there are various incentives where businesses can get tax breaks or grants which can help them to grow their business profitably.

High buyer concentration is the last, widely disputed firm attribute presented by Barringer et al. (2004). As mentioned earlier, other research encourages companies to sell their own products or services to a large number of firms initially at a slightly lower price, in order to gain enough market share (Duschesneau & Gartner 1990). However, growth companies may have too few human or other resources to undertake many small projects, in which case it would more beneficial for the company to focus on a narrow segment, selling only to key customers. High buyer concentration divides opinions, but it could be argued that strategic decision making, especially regarding the options of broad and narrow service offerings and the customer base, is highly important. Such matters cannot be generalized but are rather company- and situation-specific.

2.4.3 Business practices

In addition to the characteristics of entrepreneurs and companies, a number of different studies have identified some key business practices that enable SME companies to grow profitably and to achieve their business goals.

In a five-year study, Kim and Mauborgne (1997) investigated the factors that most influence growth companies and how certain types of companies maintain high growth rates and profitability. What became clear during the research was that one of the most influential factors to growth is how strategy is approached. Typically, the least successful companies pay attention to beating competitors, while the winning companies care less about the situation of competitors and more about how to create superior, more efficient or cheaper value, a phenomenon also called value innovation. The differences between traditional strategy logic and value innovation can be measured in five different fundamental dimensions: industry assumptions, strategy focus, customers, assets and capabilities of the company as well as product and service offerings. (Kim & Mauborgne 1997.)

Value innovation entails that different industries are modifiable, while many companies are of the opinion that industry conditions are more stable and constant. In value innovation, the focus of the strategy is not on adapting to parameters set by competitors, but on creating something new or providing more value. In most cases, the strategic focus is based on comparing the company's strengths and weaknesses with others in the same industry, but this does not create any unique value. Value innovation does not necessarily end up competing for market share in one industry but may seek to create a new market with a new product or a new type of service. An example of this is the example of CNN by Kim and Mauborgne (1997). The major television channels in the United States used the same strategic focus as their competitors; they used the same format for their broadcasts until CNN started to provide continuous real-time news coverage. CNN rose to the top of the world rankings in news coverage and their new business model created demand internationally. Value innovators are not focused on competition and do not use their resources just because their rivals are doing so. Generally, value innovators often achieve the greatest competitive advantage even though they do not focus on creating it. (Kim & Mauborgne 1997.)

The third dimension is the customers. Value innovation follows a slightly different path with its customers than most other companies. Most companies tailor their offerings according to needs, while value innovation gathers value-creating attributes and focuses on what might connect customers. The assets and the capacity of the company must also be considered. Value innovation focuses on what should be done from the beginning of the business. The majority, on the other hand, focus on what can be done with existing resources and where to allocate them. However, this does not mean that existing resources are never used in value innovation, but more importantly that the company's business is assessed without any limitations or preconceptions. It is important to understand the core mechanism of value creation: why do some customers buy a product or service from the company, and how can even more value be created? Continuous evaluation is important. In their product and service offerings, value innovators break industry boundaries, as they are not afraid to relocate to other industries to compete. The core concept is to create a complete solution for the customer, so that they get everything they require in one place, from one provider. (Kim & Mauborgne 1997.) In Kim and Mauborgne's (1997) research, strategic logic is very influential, although it is not discussed much and not necessarily applied to everything the company does. When starting to develop value innovation in a company, it is important to challenge the existing strategy logic first, and then reflect on aspects that are considered self-evident, for example in relation to customers or the processes themselves. However, value innovation is a radical way to create value for the customer and at the same time reduce the company's costs. Value innovators are not always equipped with new technology and thus serving the customer more efficiently but may be creating value by offering different services that have not yet been introduced to the industry. (Kim & Mauborgne 1997.)

Harrison and Taylor (1997) and Roure and Keeley (1990) have argued that another growth driver associated with business practices is the superiority of products or services over other companies in the industry and their products. Roure and Keeley (1990) used multiple regression to examine the characteristics of individuals and team characteristics. They found that by investing in product development and having superior products or services compared to other offerings, a company is more successful. The same result is quantitatively measured by both superior product and time spent on developing a new service or product. On the other hand, a criticism can be made that when evaluating a product, the evaluator values 'superiority', whereas the time spent on development can be measured in months or years. (Roure & Keeley 1990.)

In addition to the important business practices discussed above, another one of the key factors is innovation. In order for a company to produce a service or product that the customer believes to be beyond expectations and superior to others, an investment in research and development (R&D) and innovation is essential. For example, Chakrabarti in 1990, whose research focused on US SMEs in the high technology sector, has studied this issue. For example, Chakrabarti (1990) used three measures of output in his study: patents, publications, and new products. The three measures correlate with each other, but their relationship differs across industries. There are significant differences between the industries, as some industries are encouraged to publish findings, while others may be skeptical about patents and publications. For example, in the machinery and electrical industry, patents heavily correlate with sales. Previous research shows that sales development strongly correlates with R&D expenditure, with the exception of the chemical industry, and the findings are also statistically significant. Innovation and R&D help a company to protect the competitive position of its business through patents, for example. However, SMEs must be careful with R&D expenditure; it is essential that expenditure levels remain normal and the company does not experience any sudden spikes. It is important to remain consistent. (Chakrabarti 1990.)

2.4.4 Human resource management practices

The fourth category focuses on HRM practices and what factors related to personnel are important and supportive of growth in SMEs. In a growth company, it is very important to have enough knowledgeable staff and sufficient recruitment capability. It is also important to retain skilled staff in order to grow the company quickly and sustain profitability. When hiring an employee, it is important to think about how the person will fit into the organization and its culture, and whether they have the necessary skills for the role they are applying for. Successful hiring creates value for the company by generating more revenue, increases the productivity of all employees while maintaining a pleasant company atmosphere and reduces employee turnover. It is important that the employee is able to engage seamlessly with the organization and identify with its ways of working. (Huselid, 2010.)

Performance-based compensation is the second and also statistically significant HRM practice mentioned in the Barringer et al. (2004) literature. Zenger (1992) has also studied this matter and collected empirical evidence from 984 engineering workers at two large technology firms in San Francisco. The empirical evidence showed that high performers are significantly more likely to stay in companies with performance-based incentives and that low performers are also more likely to leave. However, it is worth noting that rewarding performance is costly for the employer. It is often too costly to implement for the majority of employees, and only the best performers in the company are selected. The researcher himself did not define who in the company performs well and who poorly, but the company's management did. It is worth noting that Zenger's (1992) research only analyzed two different technology companies. However, it is clear that more substantial rewards are more engaging than modest rewards, especially for the best-performing employees. (Zenger 1992.)

Companies with incentive programs tend to motivate the team to meet their goals and monitor performance, while giving the employees a concrete opportunity to influence their performance. Moreover, high rewards for efficient work motivate employees to maintain high standards and even strive for greater achievements. (Landau & Leventhal 1976.) In addition, Azman et al. (2014) have studied the impact of performance-based incentives. They find that performance-based pay correlates strongly with work satisfaction, which aligns with the findings of Landau and Leventhal (1976). Furthermore, Azman et al. (2014) found that open communication about pay and performance-based pay also leads to higher employee commitment to the organization. (Azman et al. 2014.)

3 DATA AND METHODOLOGY

Qualitative research, guided by a constructivist and interpretive approach, seeks to describe and understand the phenomenon through people's experiences. As the purpose of this study is to describe and understand strategic decision-making process in SMEs and outline the key characteristics that enable companies to grow, a qualitative approach has been chosen for this study. The study focuses on understanding the whole context of the research topic and relies on knowledgeable interviewees who can provide reliable information. The choice of interviewees must be carefully considered and aligned with the purpose of the research (Tuomi & Sarajärvi, 2002). This study aims to not only describe and understand the strategy work in these firms, but also seeks to feature certain enablers of growth, such as entrepreneurial aspects, diverse business practices and human resource management practices. Companies have been selected from various sectors and they have fulfilled the following criteria:

- Three-year compounded annual growth rate of revenue: +20%
- Three-year compounded annual growth rate of earnings before interests and taxes (EBITDA): +20%
- Number of employees: more than 10

In preparation for the study, it was necessary to start a search for companies that would meet the criteria set for the study. The criteria for the companies to be examined were a minimum of 20% growth in revenue and earnings before interest and taxes (EBITDA) per year over the last three years and that the company should employ more than 10 people. The study primarily sought companies whose annual growth in EBITDA, measured as a three-year average, was faster than the annual growth in turnover over the same period. The intention behind the study was to use the characteristics of gazelle companies, with the addition that the average growth in EBITDA was higher than the growth in revenue. In summary, the aim of the study was to find profitable growth companies from Finnish SMEs whose profitability over the three-year period was also better than the peer average.

The interviews were conducted as thematic interviews between January and March 2023, and based on the data collected, the study also aims to identify specific growth enablers that other SMEs could apply to their business.

3.1 Data acquisition and analysis

The method of data acquisition used was semi-structured thematic interviews, meaning interviews that have a predefined structure. In a semi-structured interview, all interviewees are asked the same questions, but there is also the possibility to discuss issues outside of said questions. The structure of this type of interview is therefore informal in style and resembles an ordinary social dialogue between acquaintances. Thematic interviews are a typical method for exploring different experiences and feelings (Hirsjärvi & Hurme 2000). The framework within which responses can be expected to fall was defined in advance, but it was important to listen to the CEOs of companies in different sectors and what they had to say about the factors that drive rapid and profitable growth. It was therefore natural to choose an interview format that allowed the CEOs to comment on their own thoughts during a natural discussion, in the case that a pre-defined set of questions had not addressed some aspects.

Before the interview, an introduction was given, reminding the participants of the purpose of the study, how the data would be stored, and that not all questions had to be answered. The confidentiality and anonymity of participation in the study was also highly emphasized. The themes of the interviews were divided into three sections.

The first theme is strategy work and strategy implementation. The questions were designed to explore the factors behind the company's current strategy, such as who designed the strategy and what was done in practice to design the strategy, how the strategy is monitored and what tools are used for monitoring, how the strategy is perceived by the company's stakeholders and what the company's strategy means for the company itself and its operations.

The second theme in the interviews was the growth of the company. As the whole study is based on the study of growth, it is important to ask directly about the factors that influence it. The section on company growth included questions about, for example, identified factors behind growth, the partners, entities, or actions that have enabled growth, the planned nature of growth, possible changes in the business idea during the growth trajectory, whether there are reasons for the increase in profitability, such as the use of technology or automation to improve productivity and what factors have decelerated the company's growth.

The third and final theme is about supporting growth. The purpose of this theme was to identify the internal resources that are the most important drivers of growth and the external enablers of growth, whether the company uses growth-related bonus or option mechanisms and if so, who is eligible for them and how much the company sees the need to develop the skills of its employees. Additionally, the theme of supporting growth included the areas that companies could focus on to accelerate growth. A total of 10 people participated in the interviews, each representing a different company (Table 1). All interviewees are the CEOs of their respective companies.

TABLE 1 Information on the duration of interviews and industrial classifications of the companies interviewed.

Interviewee	Duration of interview	Standard Industrial Classification, TOL 2008
Interviewee 1	43 minutes	Information and communication
Interviewee 2	45 minutes	Professional, scientific and technical activities
Interviewee 3	69 minutes	Manufacturing
Interviewee 4	64 minutes	Construction
Interviewee 5	52 minutes	Professional, scientific and technical activities
Interviewee 6	58 minutes	Manufacturing
Interviewee 7	67 minutes	Construction
Interviewee 8	42 minutes	Construction
Interviewee 9	41 minutes	Information and communication
Interviewee 10	61 minutes	Professional, scientific and technical activities

The industries of the selected companies are highly diversified. They include organizations requiring specialist skills, technology, construction and manufacturing companies. The aim of the study is to obtain a broad sample from various sectors related to the topic under examination, and this diversification is therefore suited to the desired objective.

In this study, the data has been analysed using thematic analysis. Thematic analysis allows the data to be divided and grouped into specific themes, after which the prevalence of the themes can be examined. After transcription, the qualitative data can be organised by themes. (Saaranen-Kauppinen & Puusniekka 2006.) Thematic analysis as a method is suitable for a wide range of data, but in this study the choice of method was based on the objective of gaining an in-depth understanding of the topic as a whole. This approach also allows one's own voice to be heard in the interview material and to bring out its diversity. On the other hand, thematic analysis is also a practical choice that does not require large amounts of data to produce meaningful and profound insights

(Eskola & Suoranta 1998). It is also important for the researcher to be aware that themes do not always follow a predefined interview framework, but sometimes new themes can be discovered. Therefore, the transcribed text should be examined without prejudice.

3.2 Reliability and credibility

The reliability of a study refers to the consistency, stability, and repeatability of measurement results as well as to the study providing non-random results (Hirsjärvi et al. 2001, 213). This means that different researchers would come to the same conclusion if given the same information (Koskinen et al. 2005, 254-256). The validity of the study, on the other hand, refers to the ability of the method of data acquisition to measure what it is intended to measure (Hirsjärvi et al. 2001, 213). These terms are mainly referring to quantitative research, and may be avoided in qualitative research. In qualitative research, it is important that the explanation and description are consistent.

This study was executed as an interview study, and there were a total of 10 companies and company representatives. It is important to note that people's own views, experiences, and the cause-and-effect relationships that business assesses are personal opinions and not quantifiable exactitudes. In qualitative research, the researcher himself also plays an important role as a sub-criterion of reliability and credibility (Hirsjärvi et al. 2001, 214).

The CEOs of the companies that met the criteria were approached by email and 10 companies answered in the affirmative. The first email stated the subject of the study, the purpose of the study, what was being studied and what was being sought. A preliminary list of questions was sent to all participants in advance so that the CEOs could prepare in advance. The purpose of sending the message in advance was to minimize the risk that people would not be able to answer the questions in sufficient detail. The semi-structured thematic interviews and the sending of the questionnaires in advance were considered to be a way maximizing the value of the interviews. There were also factors and points outside the questionnaire itself.

The interview sections of the study were conducted mainly via Microsoft Teams. There was a telephone conversation with one interviewee due to technical problems. Participants were aware that the conversation would be recorded. The videos recorded on the platform were stored on the researcher's computer only long enough for the researcher to transcribe the recordings into text format. Afterwards, the videos were deleted. The research interviews have been stored only on the researcher's own password-protected computer and no third party has had access to the material. It is important to uphold the overall integrity of research (Finnish National Board on Research Integrity 2012).

The data in the study covers a range of companies that are growing very fast and profitably, as they are of different ages and from different industries. However, all the companies interviewed share the element that the development of the company's EBITDA margin, measured as a percentage, is faster than the annual growth of its revenues. The aim of the study was not to search for precise information on success factors in a single industry, but to obtain generalizable best practice advice from growth companies, profitable companies and their CEOs. In order to get accurate enough information about what has really contributed to the growth and profitability of a company, CEOs are the most optimal people to interview. Since direct strategy questions and factors affecting business development are confidential information for many companies, the reliability of the study is improved by the fact that the study does not mention company-specific information that could be used to find which companies have been interviewed. However, for the reliability of the study, it is necessary to uncover the industry classifications at the top level.

4 FINDINGS

The following section will present the findings of the study in order to address the research question and elucidate the research problem. The central focus of this study is to determine the extent to which strategic decision-making contributes to facilitating profitable growth in companies, as posited in the study's objectives. The findings section provides an analysis of the collected data, with the aim of answering the research questions and solving the research problem. The material used in this chapter is the interview material collected from the CEOs of 10 companies that met the criteria established at the beginning of the study. These companies are geographically spread throughout Finland.

This chapter reviews the results of the thematic interviews. The results are presented thematically, and the themes are coded using thematic analysis. The responses are compared, after which the similarities and differences between the interviewees are presented. The aim of the interviews is to use similar questions to identify recurring positive and negative factors that affect the company's growth and profitability. The themes of the interviews were divided into three parts: strategy work and implementation, company growth, and supporting growth. As the interviews were conducted as semi-structured thematic interviews, a preliminary list of questions was prepared in advance and if necessary, it was also possible to discuss issues and factors outside the list of questions. The interviews have been conducted in Finnish, but the citations have been translated into English. The translation has been done in such a way that the original meaning is preserved. While the limited number of interviewees precludes the possibility of drawing generalizable conclusions, a pattern of recurring factors can be observed among the participants, which appear to have an effect in fostering growth within their respective contexts. At the end of the chapter, the answers to the research questions are presented, based on the analysis and interpretation of the gathered information, providing valuable insight into the successful strategies and growth enablers for small and medium-sized enterprises.

4.1 Background

As the research deals with confidential business-related information, it is essential to ensure the anonymity of the companies and individuals interviewed. All interviews were conducted with the CEOs of companies that met the criteria of a gazelle company, and they were asked questions on the topics outlined above. The list of questions did not change between the interviews. The upper levels of the industry classifications can be defined as follows: two of the interviewed companies were information and communication companies, three construction companies, three professional, scientific and technical activities companies, and two manufacturing companies.

4.2 Strategy work and strategy implementation

When the interviewees were asked about the current elements of their strategy and who has been primarily responsible for designing the strategy, it was clear that in several companies the strategy was not formulated in detail. Instead, what they have is a visionary leadership style as described in the study of Barringer et al. (2004), where strategic visions are almost entirely in the CEO's own mind. Many companies that were interviewed had a single person, usually the CEO, responsible of the growth strategy, and did not seem to have partners to exchange ideas with.

> Yeah, I am the one who has created the company’s strategy. The other partners are doers and not thinkers, they don’t like administrative stuff too much and. (Interviewee 10)

> It’s just me and [the chairman of the board] here. There’s not really anyone else to talk to about these things when the rest of the workers are on the (construction) sites. (Interviewee 7).

Many CEOs of the companies interviewed clearly saw the strategy as a waste of effort and felt that planning was secondary to the execution. This could derive from the fact that the future cannot be accurately predicted and the market does not remain stable annually. As for who has been involved in the strategy work process, the results are very similar for all interviewees. Generally, CEOs of these SMEs interviewed plan the business strategy themselves. Most of the CEOs interviewed stated that their company had many shareholders, and many CEOs emphasized practical efforts rather than working on planning and management. Experience shows that companies’ executives do not want to give up doing what they were planning to do initially. There were some exceptions in the strategy work and implementation, as some companies also involve their staff in the strategy work process.

> Yeah, so […] we have created the strategy together with employees and us managers. It's a lot easier to work when everyone has a common set of rules, and each guy knows the ways of doing things and the common goals. (Interviewee 5)

> I myself have been living and thinking about this growth path, and the rest of the gentlemen think the strategy issues are a bit of waste of time. (Interviewee 4)

In the context of SMEs, it is worth noting that there is a lack of formal strategic planning and that in people-centered organizations, especially in SMEs, people are dependent on the decisions of the owners and management. Small companies pursue critical resources and competencies in the same ways as larger companies do, but the smaller the company is, the smaller the resources available are. (Kelliher & Reinhl 2009.)

When the CEOs were asked about how the focus of the strategy is reflected in the daily operations of the company for its stakeholders, such as employees and customers, the CEOs stated that they were largely reflected in the values of the companies. Almost all executives highlighted some important factors in their strategy that were fundamental drivers of growth and worth pursuing.

> Speed and service. Delivery time is the one thing in the industry that sets us apart from the competition. […] As we grow in terms of revenue, we get good economies of scale and at no point we do lower the level of service provided. (Interviewee 3)

> We have a strong social media brand and presence, which has helped us to recruit a larger workforce. (Interviewee 10)

> In order for us to succeed in our business operations, we have focused our sales on one customer segment only, whereas our competitors sell to a mixed group of companies without a specific focus. (Interviewee 1)

Additionally, informants raised the importance of factors including quality of services and products, speed and quality of customer relationship management, delivery time to provide the service or product and human resources management aspects such as recruitment of skilled staff, interorganizational relationships, among others.

> Our values reflect partnership and reliability. These are reflected in everything we do. […] This is the way of thinking that creates long-lasting partnerships. (Interviewee 3)

> Well, if we look at the strategy and where our focus is headed, we want to be the best and most attractive employer for the best talents in the industry. (Interviewee 8)

The growth factors presented are also in line with previous research (Barringer et al. 2004; Kim & Mauborgne 1997; Roure & Keeley 1997) that identifies key business drivers that are critical to driving rapid growth. Customer knowledge and creating unique value for the customers, as well as a high level of innovation and creating a business from a completely new approach have been identified as critical success factors. Additionally, it can be inferred that building an employer brand through today's social media channels is an effective way to create visibility for even a small company and thus increase opportunities for interesting new projects.

In many companies, strategy monitoring consists largely of monitoring personnel, project numbers and sizes, customers, and financial issues.

> Well, we have our own KPI dashboard. […] The essential thing in our business is why customers quit, so we monitor the reasons for quitting. Whether it's bankruptcy or something else. That drives a lot of our marketing. (Interviewee 1)

> Since we are growing fast and there is plenty of work to do, it is good to monitor the number of offers submitted and the personnel numbers in the company. (Interviewee 8)

A few companies explicitly mentioned that they actively use the NPS (net promoter score) as a measure of customer satisfaction. Nearly all CEOs said that quality and speed of customer service were central in daily operations.

> We actively monitor customer feedback (NPS). […] We have really handy tools to help us keep track of what we have in stock, and what parts or labor we need at any given moment. It's a really great tool (customized ERP system) for improving efficiency. (Interviewee 5)

In the context of SMEs, it would be more effective to focus on clarity and simplicity in strategic measurements, as they are relevant for successful implementation, and excessive information reduces the effectiveness of the company's management. Traditional performance models measure financial and human resource factors that provide a narrow perspective, but they are typically utilized due to a lack of resources or expertise in small companies. In the interviews, some of the CEOs mentioned customer satisfaction and overall performance measurement, among others, as measures for monitoring strategy, which has also been identified as an important factor in previous studies. (Garengo et al. 2005.)

When the CEOs of the companies were asked about the importance of strategy, the answers included both ownership strategy and operational decision-making. Some companies did not focus much on monitoring and adjusting strategy, but were reactive in terms of it; when the need for change arose, the necessary changes were made.

> We have clarified our ownership strategy over the past year. […] strategy is a tool, and we have to stimulate our thoughts and ideas and challenge ourselves a little. (Interviewee 4)

> It's not really a very important thing for us. We'd rather try to react when the moment requires it. (Interviewee 2)

In a few companies, strategic decision-making was also seen as a risk reduction measure. Some CEOs saw strategy as a limiting factor and therefore did not pay as much attention to it.

> In the past, we have tried to get as much project work as possible instead of hourly work because we have been very successful in project pricing, but now customers are also starting to have financial difficulties, so we have to be a little wary. (Interviewee 7)

> It's really more of a predetermined path that we follow. (Interviewee 10)

In the context of SMEs, the role of strategy can vary depending on the management and their experience. The perception from the CEOs who participated in the study was that there was a reactive approach to strategic issues and that the word strategy was seen as a complex matter and limiting factor, which led to the CEOs focusing less on it. However, flexibility enabled companies to react quickly to a changing market environment, thereby contributing to innovation and growth.

4.3 Company growth

During the interviews, the participants were open to talking about the company's growth and the factors affecting it, and they seemed energetic while talking about such issues. Among the findings, there were several similar observations to those presented in previous literature, e.g. Barringer et al. (2004), such as the importance of prior experience in the industry, the importance of maintaining general interorganizational relationships, and an apparent desire for growth. There was also a clear emphasis on experience; people who had already worked in the industry knew the common problems that occured in the field, and some companies had started to solve them.

> We had identified the problems in the field and in many cases, using old practices can lead to break downs. And if you have an external party doing version updates in example, who doesn't know the existence of other important elements, that's where things can get messy. (Interviewee 1)

The CEO of one industrial company reported that leaving the payroll of a former employer and becoming an entrepreneur also made the former employer interested in the services of the new company, as the quality of work was already known, and the irreplaceability was immediately recognized.

> Our whole business took off when we [the current CEO & co-worker] left [a former company] and we got the former employer as a big client. (Interviewee 6)

Some CEOs from the construction sector also stated that once the required revenue threshold for public tenders had been exceeded, companies had started to grow faster. They also mentioned that relationships were important.

> A few years ago, we switched to project work. Bigger projects bring in more revenue and the margins have also been good as we have been successful in pricing the projects. It is great nowadays because the revenue class is sufficient for public tenders too. (Interviewee 7)

> We have been in the industry for a long time and have had customer relationships for years before becoming entrepreneur […] We have not really been a one-off partner in projects, but rather a continuum has almost always come. […] We have kept the promises we made in sales speeches. (Interviewee 4)

Long experience in the industry is definitely an element supporting growth and has also been identified in the literature presented previously (e.g. Barringer et al. 2004; MacMillan & Day 1987). Once experience has been accumulated in the industry, there is an awareness of effective practices and common mistakes that helps the company prepare and minimize potential drawbacks, while also helping the company focus on its core business.

A wide range of answers were given when asked about the factors that enable growth. In some cases, executives thought that the delegation of tasks, which enabled the CEO to do more important managerial tasks, and making the company more efficient were among the factors that enabled growth. Almost all of the CEOs stated that relationships were essential in generating growth and emphasized the importance of pricing projects accurately.

> Sales have definitely not been my bread and butter. […] I had to get skilled staff for it, and it worked really well. It was the first thing I delegated away from myself. (Interviewee 1)

> A lot of things make it possible, but sales and project calculations are pretty much where the growth starts. It's important to have a skilled team around you and that's where it culminates. (Interviewee 4)

The observations raised align with previous research, for example the observation that SMEs also seek access to business-critical resources, whether they are technological or human resources. CEOs had built their core teams in such a way that a wide range of skills were available and that the skills of individuals complemented each other. As the CEOs interviewed were working in SMEs, it is worth noting that the role of the CEO varies in this size bracket and can include tasks such as project pricing and other project coordination among the managerial tasks. The CEOs of the companies interviewed felt that pricing related matters were an important part of the business and therefore were being involved in the process.

The CEO of a company working in manufacturing stated that ordering raw materials in advance to the warehouse was an important measure for them. He saw that it had an impact on the company's ability to serve its customers more swiftly and having a reasonably comprehensive stock of raw materials also minimized the risk of material shortages in the markets.

> Speed has been our key to growth, and that is of course due to the fact that we have [...] euros in raw material reserves. […] It's like when you go to a barbershop and there's a queue, if you don't want to wait and leave, the company has lost a customer. (Interviewee 3)

In construction and engineering services on the other hand, there may also be elements of growth that temporarily reduce a company's operating margin, for example. Such examples are highlighted by some companies who stated that the tightening of reference requirements would have had a direct impact on their own business. As a result, companies may sometimes undertake projects at low margins in order to obtain an important reference for the company, which can be used in future public tenders to get more profitable projects. Observations were also made from a competitor's perspective.

> Sometimes we do low-margin projects to get references for certain types of projects, because they will then be used to find similar projects in the future and then we can get a greater margin. (Interviewee 10)

> Our competitors sometimes seem to do projects with zero margins. […] It is necessary to succeed in (project) calculations because it also minimizes the possible tail risks. (Interviewee 5)

This allowed for a further examination into strategic business, as some companies undertake similar projects that are needed as references for other large projects, even if the company's profits are smaller. Other companies avoid low-margin projects at all costs but do business from a profit-first perspective.

When asked for their views on strategic partnerships and framework agreements, almost all of the CEOs made similar comments. Their opinions could be summarized as framework agreements being a great concept that can bring order flow to a company, the importance of which is, however, often overstated.

> The framework agreements are equivalent to nothing, you can't count on them. But larger contracts are put out to public tender separately and at that stage it makes no difference whether the company has framework agreements or not. (Interviewee 2)

> We don't have any framework agreements, but we do get a steady stream of new orders from a few different companies. I don't see a lot of difference between steady project stream and framework agreements. (Interviewee 7)

The overall consensus was clear, but one company's statement was different from the others.

> In our case, when [a public institution] is one of our framework contract partners and they have a lot of projects to offer, we get a lot of revenue from them. […] typically the three biggest framework partners get all the projects. (Interviewee 10)

In some cases, contracts such as framework agreements can be useful, as even large projects are only tendered with those parties with whom there is a valid framework agreement in place. In other words, framework contracts simplify the procurement process for purchasers, as they do not have to undergo a tendering process for each individual project. This saves time and administrative work, which is why framework contracts are widely used in the construction sector, for example. However, in most sectors, the revenue generated by framework agreements is limited. It is worth noting that most framework contracts are not inflation-protected, and the fixed price is determined at the time when the contract is signed.

All the companies interviewed were growth-oriented and this was a core point for all of them. Previously, in the questions regarding strategy work and strategy implementation, a clarifying question was asked about who created the strategies for these companies. Similar answers emerged in the context of planning for growth, so CEOs were largely responsible for growth planning themselves.

> Well yeah, we have a sales manager, our co-founder, a project manager and me. At this size, perhaps we could use some help (laugh). (Interviewee 6)

> Much of the planning is my own handwriting. I know my own company and the resources well and I have had to challenge the other shareholders a little. Mostly, I present, and the gentlemen listen and nod. (Interviewee 4)

> Since the growth of the company is based on the demand for (a service), we plan the growth by the operational management of the company with a help of one of the developers. It's good to have technical aspects confirmed at the planning stage so that we don't have to take a big step back later on. (Interviewee 9)

It is clear, however, that planning for growth takes place within the company's board, even if it is the responsibility of only one or a few other people. In many companies, the situation is similar to what was highlighted earlier, where the expertise of many different professionals is used, but the final decision making is left to the person responsible for operational activities, namely the CEO of the company.

There were a wide range of ideas regarding the ways in which the companies intended to grow their businesses. There were ideas concerning international scaling, further refinement of existing businesses and pursuit of new customer segments.

> Growth is pursued through new customer acquisition, it's natural at this stage and not just selling more to existing customers. […] Expanding internationally is certainly also an option. (Interviewee 3)

Interviewed CEOs were skeptical about the current market situation and its possible decline. All interviewees felt that weakening market conditions would not support companies seeking growth and that organic growth could also become difficult in some instances. Some companies were planning to make business acquisitions, and others were planning on exploring foreign markets. The construction sector had also seen labor shortages in the recent years, which motivated companies to seek business acquisitions. However, many companies were following the principles of caution in a challenging business environment.

> The challenge with organic growth is that you may not be able to find the right people. […] Hard to attract people to change jobs, at least if they are happy in their current job. (Interviewee 2)

> Our approach has been to take our time and see how market develops and see if we can get more employees. We don’t want to take on expenses for a year without having projects to do. (Interviewee 4)

For the majority of companies, the core business idea had remained the same. Some companies had added new areas of expertise or expanded their product offering through business acquisitions. A majority of interviewees shared the view that adding a complementary service to the service repertoire was still seen as a part of the core business because the idea remained the same from the beginning. Many of the companies aimed to create more value for customers by bringing more complementary services and products under a single company, in order to save time for the customer and to make the process smooth rather than requiring several different companies to coordinate with.

> We used to have only (service 1) a while ago. In order to offer a more complete package to our customers under one roof, we had to expand into (service 2). If they buy (service 1) then they need (service 2). (Interviewee 6)

> We did a business acquisition, and that gave us expertise that we didn't have before. It perfectly complemented our existing service offerings. (Interviewee 5)

The business expansion aligns with the research conducted by Brush et al. (2009), which found that typically SMEs start their growth by expanding their service offerings with their own revenue funding. As the sample includes companies in sectors suffering from labor shortages, it is also worth considering the opportunities that mergers and acquisitions bring for growing a company's business. The benefits of such an operation include an increase in the availability of elusive labor and potential synergies such as the completion of service offerings. Acquisitions do, however, have risks, the main one being cultural differences between the companies.

When asked about the factors slowing down growth, most CEOs listed problems related to sales work and a general lack of labor. In five of the ten interviews, sales activities were found to be stagnant, thus slowing down growth compared to the optimal scenario. As mentioned earlier, the construction sector was suffering from a severe labor shortage.

> Probably the biggest challenge is sales and getting customers and getting customers that make sense. (Interviewee 3)

> There are no professional personnel available, unfortunately. Growing organically is difficult if you don't have the personnel. So, it encourages us to make acquisitions. (Interviewee 2)

One of the companies interviewed had started to work with an educational institution. The advantage of such an arrangement was that the best-performing students from the final year classes could be immediately employed in professions corresponding to their education.

> It is becoming difficult to find new employees, which is why we started working with an educational institution a few years ago. (Interviewee 8)

The CEOs of the companies commented on productivity-enhancing technology by stating that the companies only had basic equipment at their disposal. The companies did not at the time have any productivity-enhancing technology beyond basic automation.

During the interviews, the CEOs discussed their growth plans, emphasizing the prior importance of industry experience, personal network and participating in interorganizational relationships and the overall desire to grow profitably. Several CEOs highlighted the significance of project pricing and having skilled labor to drive towards profitable growth. Some companies had expanded their service offerings and were serving their customers with more comprehensive package under the same company. This saved the clients' valuable time and reduced the number of people involved in the projects, making communicating more efficient. However, factors like labor shortages and challenges in sales activities had impeded the growth in some minor ways.

4.4 Supporting growth

Continuing to the issues that support growth, almost all CEOs had similar answers. The first elements identified by the CEOs as supporting growth were the company's employees, with some interviewees explicitly commenting that employees could be trusted to deliver growth.

> I have to say that our growth culminates in our customers, in the fact that they trust us. And, of course, our own people. (Interviewee 4)

> We have such a small number of people in the house that it feels like another family. It's important to have a house full of trusted partners. (Interviewee 10)

Several of the CEOs highlighted the importance of their employees as the key to growth while remarking that it is not a Finnish custom to dignify the CEO. The findings suggest that the corporate cultures of the companies interviewed are healthy and this may also have an impact on creating and sustaining growth. Additionally, one of the CEOs commented that the company had received support from Business Finland, which had played a key role in supporting the company's growth.

> The whole company started from getting a funding from Business Finland. We put in the same money, so we got double the funding. Even small amounts of support played a very big role in getting this thing off the ground. (Interviewee 1)

Simultaneously, the lack of supporting personnel for the CEO in SMEs was also mentioned on multiple occasions. The problem is evidently similar in all industries and is more related to the size of the company than to the industry.

> Our board will evolve and new people with new competences will be brought in. […] There is a shortage of committed and qualified people who really want to help the company to grow. There are simply not enough of them. (Interviewee 3)

In SMEs, CEOs have fewer resources and support at their disposal, which can lead to CEOs feeling alone in their day-to-day management tasks and strategic work. CEOs may have issues of confidentiality that cannot be discussed with other people outside the organization, which is why support needs to be available from within the organization.

A number of studies have shown that performance-based incentives have had an impact on the financial performance of a company. Typically, these performance-based incentives are costly for the employer, which is why usually only a certain number of people of the organization’s employees are covered by them. (Barringer et al. 2004; Zenger 1992; Azman et al 2014). Based on the responses from the interviews, all CEOs have some form of performance-related incentive in place, but the number of individuals covered by it varies. In many companies, management and employees are covered by a performance-based incentive model, and in some companies management is engaged in other ways, such as through stock options and ownership.

> In practice, a built-in reward model exists for employees. Security of supply, number of complaints and, obviously, financial issues are key components. The management can then be rewarded through operational activities, for example in the form of dividends, scalably. (Interviewee 3)

> Yep, we have a performance-related bonus model for all staff. We also have occupational health and exercise vouchers, and we always try to remember employees for

Christmas and Midsummer. Then there are also separate activities to promote well-being at work. (Interviewee 4)

Each of the CEOs has also in some way referred to this activity as a means of engaging employees. Almost all incentives are paid on the basis of financial performance, and one manufacturing company also considers factors such as the security of supply and the number of complaints.

In fact, the aim has been to ensure employee retention, specifically the retention of all employees, so that the incentive model is good enough. (Interviewee 1)

Some of the CEOs emphasize employee ownership and working together to achieve common goals.

Because the nature of the business is so highly specialized, there is a strong preference for retaining talent. And the way we keep the best people in the industry in-house is to engage them in the ownership of the company. It's a simple model and so far, it's worked pretty well. (Interviewee 10)

It has been noticed that everyone is pulling together in an entrepreneurial way and at the same time doing a bit more and giving a bit more of themselves to the work. (Interviewee 5)

In SMEs, sharing ownership with employees can provide various benefits to both the CEO and the organization. Employees that have a stake in the firm are more motivated and engaged, which leads to enhanced productivity and higher work satisfaction. Sharing a stake from the organization also motivates the employees to participate in decision-making processes, which leads to increased innovation. (Carberry 2011). The sharing model also acts as a mechanism for risk diversification. However, in the context of all companies, it is worth noting that there is no single correct solution.

When asked about how the CEOs of the companies interviewed perceived the development of employee skills, the answers were very consistent. In general, all of the CEOs stated that competence of employees is a key element and many of the companies also support employees in development activities.

We have a free policy to take part in training courses, even if they are expensive, employees can take them. (Interviewee 1)

A CEO of a manufacturing company stated that diversity of employees and a better understanding of the chain of events would improve the company's performance and in the case of sickness absences, the management of the company would be able to re-delegate tasks.

It's smarter that if someone is sick, someone else from within the company is brought in to replace them. It's also very expensive if you always have to recruit help from outside the company because of sickness absence. It's efficient for employees to know what the whole process involves. (Interviewee 3)

Many sectors have changed significantly over the years with the introduction of new software and automation, and more employees require computers for their work. Therefore, for employees to be able to work in a certain sector, it is perceived as an important issue to increase their information technology skills.

> This industry is moving towards more use of automation and sitting at the computer [...] We have the more experienced employees teaching others in-house. (Interviewee 2)

In addition, CEOs in the professional and technical fields feel that personnel development is also at the center of their activities, because the increase in certifications has a direct impact on the resources that can be used for ongoing projects.

> We have a limited amount of (specific expertise), which will be increased as our employees get more training by completing certifications. (Interviewee 10)

Two of the interviewed companies had a software license that allowed their employees to spend a certain number of hours on self-learning each year. Although the need for employee development was recognized and some companies did develop their employees, for example, internally with the help of senior colleagues, a few companies stated that their training policy could be reformed. The CEOs saw skill development as an area where more resources should be invested.

> Of course, the fact that employees know what to do and know what to do increases their motivation to work. If you don't know what you're doing, you feel not so safe. (Interviewee 3)

> We don't follow education matters too much, and maybe the HR box is the most difficult one at the moment (in the company). (Interviewee 1)

Employees play a crucial role in the growth of SMEs, with many CEOs highlighting the need for a healthy corporate culture and employee trust. In SMEs, where the resources and the access to support are limited, CEOs are frequently experiencing feelings of loneliness. Performance-based incentives and shared ownership can help in engaging and retaining employees. Shared ownership also motivates employees to participate in decision-making processes that affect the company. In the modern world, developing employees’ skills in information technology is critical, as automation and software integration are becoming increasingly common. Companies are realizing the value of investing in employee training and development in order to stay competitive and adapt to technological advancements. However, there is still room for improvement in employee development.

5 DISCUSSION

The purpose of this study was to scrutinize whether strategic decision-making has an effect on enabling companies to grow profitably. This chapter seeks to explore the key enablers of growth in SMEs and identify common characteristics that are positively impacting profitability. The chapter examines the importance of performance-based incentives and adaptability to changing business environments and it also emphasizes the role of values in the corporate world. Furthermore, the chapter discusses the success factors of managerial work and concludes by suggesting strategic tools.

The first research question set for this study was "What growth enablers can be identified in companies?". Based on the evidence reviewed in this study, the findings of the study are aligned with other studies that have been conducted on a larger scale. Examining the study's findings, most of the highlighted ideas are conscious questions that have been proposed in the research community before. For example, the issues that have been most emphasized include, but are not limited to the large personal network and extensive interorganizational relationships (e.g. Johannisson 1990; Almus & Nerlinger 1999; Doorley & Donovan 1999, Braggs 1999).

According to the findings, companies' major resources include network capital, as they can help SMEs with sales-related sourcing and networks can provide the entrepreneur with peer support for management work. Additionally, a small company does not have a great deal of resources available in the early stages of the business, which is why personal networks with executives from large companies in the industry, for example, are also important. They can be helpful in identifying capabilities without optimal references. These findings are also supported by Johannisson (1990). An example could be a situation where an experienced architect creates their own company — as the company is new, it has no references, but the founder of the company has networks of contacts with the larger industry participants, which can give the new company some credibility from the perspective of such participants. The results of the study also indicate the importance of interorganizational relationships, which refer to the relationships between companies that can help each other gain access to key resources, achieve economies of scale or to enter a particular market as swiftly as possible, for instance.

According to the findings, performance-based incentives, a factor for growth previously identified in extant literature, emerged as significant in this study as well, given that all participating companies implemented some form of performance-based incentives for employees or management. Employing various incentive models can serve to stimulate and engage employees, and in instances where share-based incentive structures are utilized, the risk is effectively distributed among the shareholders. In essence, this approach entails the inclusion of employees in equity ownership, fostering a collaborative, project-oriented ethos. A positive correlation has been observed between robust growth and the implementation of such incentives, thereby substantiating their role as drivers of organizational growth and development. The use of such incentive compensation models is becoming more common in growth companies. Performance-based incentives refer to either profit-sharing or separate bonus programs.

Other researchers have found that incentive programs improve the attractiveness of the company, motivate and retain employees and increase productivity among them. On the other hand, in growth companies, such a model also works to the company's advantage if, for example, the company's shares are a single payment instrument. (Zenger 1992; Landau & Leventhal 1976.) According to the findings, the employees were highly valued by their employers, and all companies had some form of an incentive program in place, which supports the above statement about caring for employees and the positive relationship between these factors and growth. This is also supported by previous studies that have found a positive correlation between performance-based incentives and employee engagement and productivity improvements (Barringer et al. 2004; Zenger 1992; Landau & Leventhal 1976).

Many companies and their CEOs seem to have ideas about the next growth initiatives and how to achieve growth. In the findings of this study, CEOs mention the idea of the further development of existing businesses, for example, trying to sell more different products or services to an existing customer base. In other words, the aim is to capture a larger part of the value chain. There could be a number of different reasons for service expansion according to previous studies, such as seeking a competitive advantage, creating a unique value for customers and reducing risks (Hennig-Thurau et al. 2002; Prajogo & Olhager 2012). For example, if a company is a real estate developer and is responsible for the building services and engineering of a real estate project, it would be logical to expand the company's business operations into areas such as smoke extraction systems too. It is a more specific niche, which can be exploited in order to capture a larger part of the overall value chain.

According to the findings of this study, internationalization has also become an attractive option to some SMEs. It is worth noting that companies seeking to grow internationally are already differentiated in the current Finnish market by their niche expertise. The results of the study also included the desire of CEOs to enter completely new customer segments, so that growth is not pursued only at the expense of existing customers. However, this is where many companies encounter difficulties.

Unlike in previous studies, new customer acquisition and sales efforts are perceived as challenging to achieve simultaneously. Previous research has not highlighted any problematic cases of sales measures, but the results of this study show several instances of this issue. In the context of high-growth SMEs, sales efforts are often a critical challenge due to a number of reasons. Scaling the operations can strain existing sales infrastructure, making it difficult to maintain efficient processes and communication channels. The pressure to exploit growth opportunities can also lead to misalignment of sales objectives, resulting in uncoordinated efforts and inadequate allocation of resources. The findings suggest a high demand for specialized sales professionals, as opposed to generalists, in contemporary business contexts. Respondents frequently emphasized the importance of transcending the traditional sales paradigm, advocating for a more multifaceted approach that encompasses a broader range of skills and competencies to effectively address the complex and evolving market dynamics.

According to the findings, CEOs perceive the intensification of reference requirements as problematic. While the implementation of more rigorous requirements may ostensibly promote quality assurance and compliance with industry standards, these measures may inadvertently have adverse consequences for incumbents in the industry, while creating barriers to entry for potential new entrants. Companies have been forced to acquire more specific reference projects and some companies have made lower operating margins in order to obtain such reference projects, as public tenders are typically highly competitive. Recently the reference thresholds for public tenders have increased, which has been problematic for companies working in both the construction and engineering sectors (Karhu 2022). The high suitability requirements have been justified, for example, by the contracting entity's own extensive experience in the field of construction and by the precision and good organizational and scheduling skills required for the work involved. A previous study in the construction sector showed that 87% of the respondents to the survey felt that contracts should be tendered as partial bids rather than as complete contracts and that the financial requirements imposed on tenderers, such as turnover and reference requirements, were perceived as too onerous. In the SME sector, there have also been suggestions of requirements relating to staff qualifications that can artificially limit the pool of bidders. (Karhu 2022.)

The second research question of this study was "What are the common characteristics of companies that excel at strategic decision-making and how does this contribute to the company's profitability?". When we start to discuss the general features between growth and strategic decision-making, it is important to note that according to the findings of this study, there is a tendency among CEOs to pay more attention to practical work and doing things rather than thinking about possible strategy-related matters.

According to the findings, most CEOs would not want to rely on a fixed and detailed strategy. Instead, most entrepreneurs prefer the idea of a company being able to adapt quickly to a changing business environment, without the business being in line with a predefined strategy. The results align with a study conducted by Teece et al. (1997), who investigated the factors that influence company growth and the emergence of competitive advantage in a changing business environment. The study highlights that in the context of SMEs, it is important to adapt to the changing business environment in ways that are required in order to maintain a competitive advantage. (Teece et al. 1997.)

Based on the findings of the study, adaptability allows SMEs to seize newly discovered market opportunities and respond effectively to the challenges that they face in the daily operations, enhancing profitability. Adaptability not only increases an organization's competitive advantage, but it also promotes resilience in volatile market conditions and changing industry landscapes. Thus, an emphasis on adaptability in strategic planning and operational frameworks can enhance long-term growth and sustainability. Also, most companies and their CEOs have one thing in common: values are a core factor of their operations. Whether or not it is a strategic and conscious action, each company has a high quality of service at the center of its business. Almost all companies are aware of the need for high-quality production and to deliver services or products to customers quickly and efficiently.

The findings of this study also show that rapidly growing SMEs are clearly aware of their customers' needs and are also responsive to those needs. A similar observation was made by Barringer et al. (2004), who found that rapidly growing companies are characterized by profound customer knowledge (Barringer et al. 2004). In the literature presented in the theoretical background, creating unique value for customers and knowing what customers want has also been presented as an already recognized factor for company growth (Kim & Mauborgne 1997; Harrison & Taylor 1997; Roure & Keeley 1990). These values ensure customer satisfaction and loyalty, which is reflected in the long-term profitability. It is also worth mentioning that none of the companies interviewed was seeking short-term high margins at the expense of their customers, but all are seeking long-term partnerships, which can be expected to assist in achieving profitable growth.

Based on the findings, profitable and fast-growing SMEs had a clear objective to build long-term customer relationships and maintain them at a high level of quality. Many offer a product or service tailored directly to the customer's needs, which is very likely to increase customer satisfaction, providing unique value for the customer. When a company creates unique value for its customers through services or products, it stimulates company growth while attracting high-quality channel partners (Kim & Mauborgne 1997). This is also a clear differentiator from competitors who may also offer high quality, but do not offer the tailor-made service or product that the customer truly needs. The same also occurs when a company differentiates its products or services from competitors, attracting customers to order services or re-sell products, thus generating repeated revenue (Rouse & Keeley 1990; MacMillan & Day 1987).

According to the findings of this study, most of the CEOs of SMEs shared a common trait: all of their companies had been operating financially profitably. The findings reveal that most CEOs carefully review decisions affecting their operational business before deciding on further plans. This deliberate decision-making process is consistent with the strategic management framework suggested by Barney and Hesterly (2018), wherein organizational leaders engage in comprehensive assessments to ensure alignment with overall strategic objectives. Only upon achieving clarity in their strategic direction do these CEOs elect to allocate additional resources, such as personnel or capital investments, to further enhance the organization's growth potential (Barney & Hesterly 2018, 145).

5.1 Conclusions

Recently, there have been a number of economic crises that have had a major impact on the business operations of Finnish SMEs. Such crises include rapid interest rate shocks, a high inflation environment and the changes to the market conditions due to the global COVID-19 pandemic. Over the last decade as of this study, Finnish businesses have become accustomed to a zero-interest rate environment, which has contributed to facilitating access to finance for growth companies, among others. Interest rates starting to rise rapidly has affected many growth companies, especially in the technology and biotechnology sectors, which are heavily dependent on external financing when the financial return from operations is still negative during the R&D phase. The high-inflation environment affects almost all companies, as the overall level of inflation is increasing and not all companies can compensate the realized inflation in the prices of services or products. An example of this would be real estate investments, which are typically a high-leverage activity where the increase in general interest rates is in itself a factor. However, if the tenant is, for example, a private individual, it is very difficult to increase the rent level by approximately 10 % at a time. Finnish SMEs are an important part of the Finnish economy, as they generate around 57 % of the GDP annually, and almost all the new jobs are created by SMEs (Kuismanen et al. 2022). Therefore, small and medium sized growth-orientated companies need to be fully understood so that they can be effectively supported and thus create more benefits for society as a whole. This is why it can be considered particularly important to research the growth of SMEs and also why this study was conducted.

The starting assumptions of the research were that the executives of the growth companies interviewed would mention strategic partnerships with larger companies in the industry, framework agreements or high buyer concentration as the enablers and sources of growth. For example, the initiation of strategic partnerships may be driven by former trusted employees who have founded their own company, which is a typical initiative in many different sectors where SMEs are created. It is natural to rely on former employees if there is certainty about their skills, motivation, and other aspects. Especially in labor-scarce industries, relying on the previous workforce through subcontracting or buying services from other companies is typical.

Based on the interviews conducted in the study, conclusions can be drawn from these ten companies, but the interviews do not provide generalizable information. What is clear is that the CEOs of these companies are almost alone in their strategy work process and therefore also with the decision-making process and management. Especially recently, as crises have affected the normal working culture and working remotely has increased in many sectors, it may be that executives are more often left alone with their own ideas. In the context of board work in the context of SMEs, profitable growth companies could have an opportunity to recruit an external board professional with experience in the same industry, or with the necessary skills to be used in the operational business of the company. This would help the CEOs by bringing the views of others into the company's decision-making process, which in turn would minimize the potential risks that could not be identified by the CEOs themselves.

In one of the interviews, the recruitment of an external board professional was thought of as suggesting that the CEO is not capable of making decisions. However, this is not necessarily true. The board professional is not in the same position as the CEO, as the external board member can be compared more to a business partner who helps outline and implement the right decisions. For some, strategy work is seen as developing an ownership strategy, and for others, it is a tool to navigate through challenges in the operational business with a predefined plan for executing the operational activities. While executives felt that strategy might not have received as much attention, inevitably its strategic focus is reflected in the company's values, which include the high quality of services and products, the speed and quality of customer service as well as the delivery of products and services, not to mention human resource management aspects.

It is worth considering the potential limitations of this study. The first issue is the limited sample size, as only 10 people were interviewed from 10 different companies. Ten interviews is a reasonable number, but in the context of SMEs it is not enough to generalize the results. The sample of 10 companies does not represent the population of all SMEs.

As qualitative thematic interviews aim to gather first-hand experiences and views from interviewees, it is important to note the subjective nature of the interviews. Subjectivity is also influenced by personal perspectives and biases and, for example, in the case of the CEOs, their views on strategic decision-making and growth drivers may also not reflect the actual situation. Given the small sample size, it is also important to be aware of the potential bias in CEOs' responses. It is possible that questions that were not pleasant for the participants may have been answered with socially desirable answers or in a way that would present the company more favorably. This could have implications for the accuracy and repeatability of the findings of the study and its overall validity. However, this has been addressed during the interview phases of the study by stressing that not all questions need to be answered and that it is acceptable for a question not to be answered.

The original purpose of this study was to interview CEOs and chairmen of the board of directors of the same companies. However, a large proportion of profitable growth companies, that are SMEs, have the same CEO as chairman of the board, which significantly reduced the potential number of companies that could participate in the interviews for this study. Therefore, the focus of the study was shifted to be only on the CEOs of the companies. However, focusing only on the CEOs does not necessarily provide a comprehensive view of strategic decision-making processes. The inclusion of a board member or, for example, an employee in the study could have provided additional insight into how decision-making is perceived by the company's stakeholders. On the other hand, interviewing another person from the same organization could also influence the setting. If the interviews had been conducted in pairs, the interviews with the line employee and the CEO might not have had an open atmosphere, meaning that things might have been left unsaid.

5.2 Implications for SME practice and future research

By analyzing the interviews conducted, there were a number of implications that the interviewees themselves did not state directly, but which can be inferred from their answers. Almost all the companies had a relatively flexible style of incorporating strategic measures. A flexible approach can be an effective one, as long as it is reviewed and updated when needed. It would be useful to simulate the measures that need to be considered in the strategic decision-making or planning of SMEs, for example, by carrying out a SWOT analysis. This would help more easily identify company-specific strengths and weaknesses, and in turn, the opportunities and potential threats presented by the competitive environment. The second observation is regarding the company's values, as the interviews showed that almost every company had values that were reflected in their own business. It is essential to define and clarify the values that are important to the company, and to align them with the company's strategic objectives. In order to have the company’s workers perform their respectful tasks, and to allow the CEO, among others, to concentrate on management tasks, it is important to delegate tasks as efficiently as possible. This can be achieved by a clear organizational structure for all, with well-defined roles and responsibilities. Decision-making processes can be streamlined, for example, by using the RACI matrix, a project management tool that shows what each person is working on.

The challenge of the SME sales processes, as identified in this study, could be an interesting option for future research. Expanding upon the suggested research approaches for future studies, sector-specific and longitudinal research offers valuable insight into the rapidly growing and profitable SME landscape. The concept of gazelle companies could be utilized in further research, as it broadly captures the essential characteristics of growth companies. Sector-specific research would provide an in-depth view at SME growth companies. By studying only a specific sector, researchers could gain useful insight into sector-specific growth factors, and examine the benefits of different technologies and customer preferences, for instance. Longitudinal studies, on the other hand, require observing companies over a longer period of time. This method enables researchers to track company performance, changes in strategy, and market changes. It also helps evaluate corporate executives' responsiveness to various challenges and possibilities. A longitudinal study could be an effective alternative for researching profitable growth in SMEs, as it allows researchers to actively track the evolution of the company's business model and strategy, as well as uncover critical success factors. Regardless of the method of data acquisition, future research could benefit from conducting multiple phases of interviews with the selected companies. This method would enable researchers to scrutinize the factors that lead to the success of gazelle firms while also closely monitoring any changes in strategy and industry dynamics. Researchers can gain a more comprehensive understanding of the driving forces behind the rapid growth and profitability of gazelle companies by combining sector-specific studies, longitudinal analysis and multiple interviews, ultimately providing valuable insight for other SMEs aiming to achieve similar success.

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APPENDIX

ATTACHMENT 1. THEMATIC INTERVIEW QUESTIONS AND CODING

Theme	Questions
Strategy work and implementation	1. Describe the company's current strategy 2. How has the strategy been developed and by whom? What was done in practice to create it? 3. How is the strategy reflected into company's stakeholders? 4. How is the strategy monitored? 5. What tools/methods are used to monitor the strategy? 6. What relevance does strategy have for the company?
Company growth	7. What factors do you identify as drivers of growth? 8. If you had to name a few big enablers of growth, what do you think they would be? 9. How systematic has the pursuit of growth been in the company's recent history? 10. Was significant growth an initial goal? 11. How has growth been planned and by whom? 12. Has the business idea/intended customer relationships/service offering changed radically, affecting the company's growth? 13. What issues may have slowed down growth? 14. Are you using any productivity-enhancing technology or automation?
Supporting growth	15. Can you identify any actors (organizations/individuals) who have played a key role in creating and sustaining company's growth? 16. Does the company use compensation models linked to growth or financial performance? (17. If there is compensation model, who is they for?) 18. Do you consider the development of staff, skill-wise, to be relevant to supporting growth? 19. In what areas, in particular, would skills development be needed to sustain/accelerate growth?