

‘MANAGING MANAGERS IN ENTREPRENEURIAL FIRMS’

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ABSTRACT:

The role of entrepreneurship in economic development and national competitiveness has become increasingly prominent in recent years. As a consequence, definitions of entrepreneurship tend to focus on two aspects of business performance – growth and innovation. Influenced by Joseph Schumpeter’s concept of the role of entrepreneurship most current entrepreneurship policy and research tends to link the two aspects and focus on the role innovation in the growth of small and medium enterprises (SMEs), sometime swith an emphasis on the management issuesinvolved. This paper’s focus is on the management issues of entrepreneurship but more on the organizational effects of growth and how SMEs develop the new management cadre they need as a result of their growth. In particular, the paper examines the differences between management development practices and links to the firms strategy in growth-oriented entrepreneurial firms and other SMEs. Starting with a consideration of research on management development in SMEs, the paper is based mainly upon an analysis of the 401 SME respondents to a pan-European study of management development, funded by the EC’s Leonardo programme. During mid 2003, surveys were conducted among HR managers and line-managers in structured samples of 100 firms (on average25 per cent SMEs) in Britain, Denmark, France,Germany, Norway, Romania and Spain. The findings indicate that entrepreneurial SMEs (defined here as groeth-oriented firms that reported actual growth in sales and staff) are more strategic and structuredin their approach to developing their managers and engage in more management evaluation and develoment activities, to the greater satisfaction of their managers. Non-entrepreneurial SMEs are less active in managing their managers and are more likely to adopt a recruitment not an internal development approach.