
Owner sacrifice and small business growth

M. Kamil Kozan School of Business, St John Fisher College

Dolun Oksoy School of Science, University of Ankara

Onur Ozsoy School of Political Science, University of Ankara

Source: *Journal of World Business* (2012), **47**(2012): 409-419.

ABSTRACT:

Owner sacrifice was studied as a key variable for predicting small business growth dynamics. Using Conservation of Resources Theory, three different types of sacrifice were defined: personal, financial, and relational. Their relation to growth was studied on data collected through structured interviews in 852 small firms in thirteen cities in Turkey. Personal sacrifices in time and effort had a positive effect on continuous growth, both singularly and in interaction with firm's environment, size, and strategic planning. Sacrifices in personal finances were negatively associated with continuous growth, which is interpreted as an outcome of internal financing and risk-avoidance by Turkish firms. Sacrifice as a multidimensional construct may be invaluable in studying small business growth in cultures with similar characteristics.

KEY FINDINGS:

Key finding from this study are:

- Personal sacrifices in the form of continuous hard work and not engaging in leisure activities or socialising, were a consistent predictor of continuous growth in small firms compared to stagnation and decline.
- Relational sacrifices in the form of surrendering time with family were less of a factor and overall were lower than personal sacrifices.
- Financial sacrifices did not make any significant difference.

IMPLICATIONS FOR MANAGERS:

- Owner-managers of small firms who wish to facilitate growth will need to make personal sacrifices through hard work and foregoing of leisure or social activities.
- Although a commitment to "hard work" and sacrifice is too intangible for bank managers to accept when considering lending, some recognition of the importance of these attributes should be made.
- Support for small business owners who are willing to sacrifice time to undertaking appropriate strategic planning should be provided with training programs.
- Such training or education programs can serve as a proxy for the owner-manager's willingness to sacrifice as the participation in such programs requires them to allocate time away from work and personal activities.
- Banks should consider assessing small business loan applications more on their future outlook and planning – a "going concern" model – rather than the more retrospective examination of past performance – a "gone concern" model.