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Towards Growth-Independent and Post-Growth-Oriented Entrepreneurship in the SME Sector

Abstract:

For a long time the postulate that quantitative growth is the entrepreneurial *raison d'être* and an indispensable obligation for a company has remained unquestioned. Empirical studies on firm size and growth show, however, that a large fraction of small and medium-sized enterprises (SMEs) are non-growers or slow growers. These SMEs often show a more qualities-driven perspective on the growth question and a higher awareness of diseconomies of scale. Given the rather slow reception of this issue by the management literature, the knowledge about how to successfully manage a qualities-driven but non-growing company is currently limited. This deficit is problematic in its own right but also because such growth-critical companies might become relevant in the context of the degrowth movement. Yet so far, the corresponding societal and academic discourses have largely blocked out market-based actors. Against this background, the paper presents a structured aggregation and meta-interpretation of the few currently available empirical studies on entrepreneurial approaches towards growth independence. Its aims are to provide a starting point for the development of corresponding business practices and to show how growth-critical SMEs can potentially contribute to a transformation towards a post-growth society.

Keywords: Degrowth, firm size, growth independence, SME, sufficiency
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Introduction

Empirical studies on firm size and growth show that a large percentage of small and medium-sized enterprises (SMEs) are non-growers or slow growers (Gebauer & Sagebiel, 2015). Owner-managers of SMEs often show a more qualities-driven perspective when it comes to growth and a higher awareness of diseconomies of scale than larger and publicly-traded companies (Canbäck et al., 2006; Eggers et al., 2013; Walker & Brown, 2004). Yet the growth rates of SMEs are not only determined by limited growth ambitions. With respect to the general economic slowdown in Western economies, their growth is also restricted by processes of concentration and adaptation in increasingly saturated markets (Bakker et al., 1999; Egeln

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et al., 2012). Notwithstanding, the postulate prevails that quantitative growth is the entrepreneurial *raison d'être* and an indispensable social obligation for an economic actor (Davidsson et al., 2009). Non-growth, therefore, appears to be a non-issue in the management literature (Liesen et al., 2015; Shrivastava, 2015). According to Jay Forrester, the knowledge about how to successfully manage a non-growing company is limited but all the more crucial (Hopkins, 2009).

The need for a critical discussion of company growth, and a broader acceptance and diffusion of alternative growth and development models, increases in the light of the well-known limits-to-growth dilemma. Here, the degrowth movement has gained momentum, aiming at overcoming the imperative of continuous economic growth and the ecological, social, and democratic drawbacks associated with it (cf. D'Alisa et al., 2015; Demaria et al., 2013; Sutter, 2017). Yet when it comes to the actors of this movement, companies are largely blocked out by the corresponding societal and academic discourses. Pictured as large corporations, the business world is seen primarily as part of the problem (D'Alisa et al., 2015). As the empirical findings mentioned above suggest, however, SMEs might have more in common with the solution potential that degrowth proponents, so far, only attribute to alternative or grassroots economic actors. One way to explore this potential is to examine growth-critical positions of SMEs within the so-called normal economy.

In recent years, an empirical basis has been established to that end (Bakker et al., 1999; Liesen et al., 2015; White & White, 2011; see also section 2). It consists of surveys and case studies, which describe companies' motives for leaving the growth path and the ways they achieve it. Due to the novelty of the issue, these studies are predominantly explorative. They focus on different sectors and business forms and use or create rather varied concepts and categories. A structured aggregation and meta-interpretation of the studies' findings is thus due in order to advance this nascent field of business research and practice.

Against this background, the article pursues two goals: First, it aims to provide orientation for further theoretical and empirical research on growth-critical entrepreneurship as well as being a starting point for the development of corresponding business practices. Second, it will show how growth-critical SMEs can potentially contribute to a transformation towards a post-growth society.¹ In order to put these goals into context, the relevant threads of the degrowth discourse are briefly introduced in the following.

¹ Following the prevailing practice in the German-speaking discourse (Bendix, 2017; Paech, 2012; Schmelzer & Eversberg, 2017; Seidl & Zahrt, 2010), the terms 'degrowth' and 'post-growth' are used synonymously throughout this paper (for a critical discussion of this usage see Drews & Antal, 2016).

The Degrowth Discourse and the Role of SMEs

In an attempt to re-politicise the debate on societal and, in particular, economic, relations to nature, degrowth has been suggested as a “new vision” (Asara et al., 2015, p. 376) or a new “grand narrative” (Johanisova & Wolf, 2012, p. 563). It is based on a fundamental social, ecological, and democratic critique of the growth and development imperatives that drive the high-consumption economies of the Global North (Alexander, 2012; Fournier, 2008; Kothari et al., 2014). From these economies, degrowth proponents demand to downscale their societies’ “metabolism and throughput” in a socially sustainable way (Kallis, 2011, p. 875). To that end, an entirely different mode of production and consumption is deemed necessary, which requires a fundamental transformation of the growth-based societal and economic institutions, mindsets, and infrastructures (Chertkovskaya et al., 2017; Johanisova & Wolf, 2012). Economic growth, ultimately, would no longer be the structurally fixed and culturally engrained necessary condition for economic stability and human wellbeing (Adler, 2015; Johanisova & Wolf, 2012).

Such emancipation from growth dependencies in Western economies is seen as a prerequisite for establishing what Schumacher coined an “economy of enoughness” (1973/2013) and what today is referred to as sufficiency (cf. Jackson, 2009; Paech & Paech, 2013; Sachs, 1993). The perspective of sufficiency extends the efficiency focus of, for example, green economy approaches, which rely on investment in eco-innovations in order to decouple economic growth from environmental destruction (cf. UNEP, 2011). Degrowth proponents argue that the latter is virtually impossible and that technological efficiency gains in resource and energy use will always be restricted to only relative improvements in environmental impact (Jackson, 2009).

Absolute improvements, in contrast, would necessitate a targeted downscaling of the environmentally harmful and inequitable activities of the global industries that are driven by, first and foremost, Western economies and their “imperial mode of living” (Brand & Wissen, 2012). Production and consumption and with it labour and resources should be channelled to those sectors that are more sustainable on a global level and that more adequately improve wellbeing (Chertkovskaya et al., 2017). This, it is argued, requires that better ideas are developed, which market-based and non-market-based segments of production and consumption are justifiable from a degrowth perspective and what it means to “constrain our ends and redistribute resources so that everyone can live well with enough” (ibid., p. 193).

Degrowth also calls for a deeper democracy (Demaria et al., 2013), both as a means for and a goal of a transformation towards a post-growth society. Economic power should be balanced in order to enable broad economic participation and to safeguard individual and collective autonomy (Bonaiuti, 2012; Johanisova & Wolf, 2012). This is believed to lead to greater socio-economic equality, to revitalise societal debates on the meaning of life and wellbeing, and to strengthen the values of

social justice and solidarity (Bonaiuti, 2012; Demaria et al., 2011; Jackson & Victor, 2013).

Ultimately, in the envisioned post-growth society, the focus of economic activities would be shifted from the then strongly down-scaled global economy to the strengthened decentralised sectors of regional and subsistence economies (Adler, 2015; Bierter, 2000; Paech & Paech, 2013). These sectors are predominantly conceived as alternative economic spaces in which, primarily, grassroots economic actors operate beyond the market-based business-as-usual (Asara et al., 2015; Kallis et al., 2015; Johanisova et al., 2015).

In this context, concepts such as the whole economy (Norgard, 2013), diverse economies (Gibson-Graham, 2008), and the plural economy (Bierter, 2000) draw a broader picture. They map a wider range of economic actors, who pursue a diversity of market-based and non-market-based activities in different, but ideally, inter-linked sectors. Here, SMEs of the smaller-scale industries, crafts, and trades, for example, appear as important players in decentralised regional economies (Bierter, 2000; Paech & Paech, 2013). They can, by focusing on spatial proximity and regional embeddedness, provide the needed goods and services more equitably, offer meaningful and lasting employment opportunities, substantially reduce their ecological footprint, promote social inclusion, and contribute to flourishing communities (cf. Jackson & Victor, 2013).

From this perspective, SMEs can promote sufficiency-oriented, solidary, and democratic business practices and reach out to different milieus, such as employees, customers, fellow entrepreneurs, and communities. Furthermore, they might exchange their professional knowledge, techniques, and good management practices, especially with actors from the alternative economic spectrum. As the analysis presented below shows, generating post-growth contributions of these types is what growth-critical SMEs already do today – either indirectly, as a result of a shift to a growth-independent positioning, or intentionally, as committed partners in “unorthodox post-growth alliances” (Adler, 2015, p. 112; *trans.*). Yet such a commitment is, it will be argued, crucial for fully exploiting the degrowth potential of SMEs.

Selection of Empirical Studies on Growth-critical SMEs

In order to systematise alternative entrepreneurial approaches to the growth question the findings of four qualitative studies were synthesised. They have been selected from an initial set of 19 subject-related studies stemming from a review of academic and grey literature as well as specialist media sources. This review was limited to the German-speaking world and the USA due to the strong contextual heterogeneity of the subject.

The 19 studies were screened and classified in Excel sheets. The classification and subsequent selection followed an iteratively developed set of criteria and themes and

drew on the method of meta-interpretation (Weed, 2008): First, a candidate study had to predominantly focus on conventional companies and especially on SMEs; second, a study had to cover the subject in the form of multiple case-studies; third, a study had to provide thick descriptions, which aimed at interpreting business practices as well as “the nuances, affects, multiple codes of meaning [...] that accompany them” (Gibson-Graham, 2014, p. S148); fourth, the studies had to cover at least the issues of the active decision of an entrepreneur to deal with the growth question and their approaches to increase growth independence.

Three of the four studies thus selected are self-contained publications: the monograph “Small Giants” (Burlingham, 2005), the German Ph.D. thesis “Structures of meaning and patterns of sustainable enterprises in the context of growth criticism” (Deimling, 2016; *trans.*), and the Austrian master thesis “Questioning the status quo – How non-growing companies succeed in a growth-driven economy” (Juschten & Leonhardt, 2015). The fourth study compiles a set of multiple publications on the same set of entrepreneurial case studies (Gebauer & Mewes 2015; Gebauer et al. 2015; Mewes & Gebauer 2015).

Altogether, the four studies cover 33 individual companies. They represent a broad variety of business sectors, ownership forms, and business age (see table 1, appendix A). The majority is small and medium-sized, but micro-enterprises and five larger companies with up to 2,000 employees are also included. The research focus of Burlingham (2005) and Juschten & Leonhardt (2015) is on privately owned companies, which do not perceive growth as their ultimate goal or which depart from a predetermined growth path to protect their excellence. Deimling (2016) and the compilation study are particularly interested in possible post-growth contributions of companies. Burlingham (2005) and Juschten & Leonhardt (2015) cover 18 cases (14 from the USA and 4 from Austria, respectively) and Deimling (2016) and the compilation study 17 (all from the German-speaking world; two of the companies were covered by both studies). Both of these sub-samples contain companies, which reduced or stabilised their size, or which continued to grow, but formulated constraints.

The idea of this paper is to synthesise, for the first time, the available research on the subject matter of entrepreneurial approaches towards growth independence and post-growth orientation. The method of meta-interpretation was chosen for this purpose because it best ensures that a synthesis of heterogeneous qualitative studies remains true to the different epistemologies involved in their original research (Weed, 2008). The alternative, a re-analysis of the source data, was impossible as they were not equally available to the author for each of the four studies selected.

While the method chosen has its advantages, it also comes at a price. First, fine but potentially revealing differences between the cases examined in each study cannot be taken into account. The various business decisions and practices identified in the following can therefore only be understood as representations of a certain spectrum

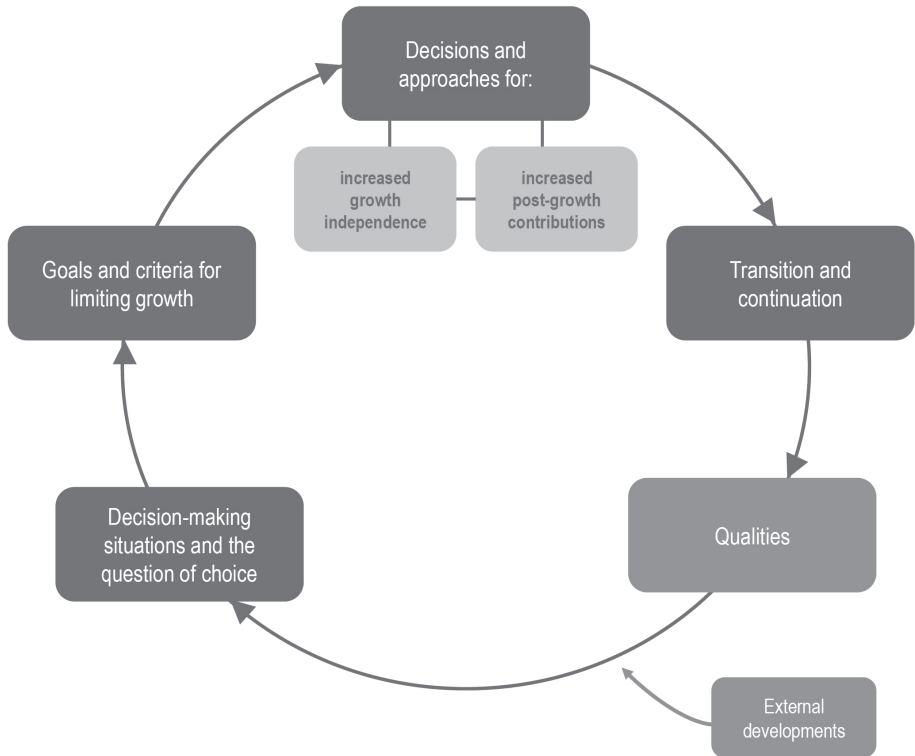
of possible entrepreneurial behaviour. Second, the facts that the original interpretations varied in their thickness and that the studies' authors each had their own specific research perspective, in principle, limit the validity of the paper's findings. The iterative and cross-check approach of the method ensured, however, that these limitations were kept as low as possible (cf. Weed, 2008).

The findings of the meta-interpretation are presented below. To simplify referencing, the following acronyms for the studies are used: Burl (Burlingham, 2005), Comp (Gebauer & Mewes, 2015; Gebauer et al., 2015; Mewes & Gebauer, 2015), Deim (Deimling, 2016), and Jusch (Juschten & Leonhardt, 2015). Unless otherwise explicitly stated, the terms 'entrepreneur' or 'company' in the following section exclusively refer to the entrepreneurs or companies that were covered by these studies; the term 'entrepreneur' denotes the person or body that (co-)owns and manages the company.

SMEs and the Growth Issue: A Meta-interpretation of Empirical Studies

In the selected studies, propositions on four central topics were identified, which helped answering this paper's research questions. The first topic describes typical decision-making situations in which companies are faced with the growth question and discover their freedom of choice. The second outlines the motives that drive companies to decide against further growth and to formulate criteria for a particular size or growth rate. The third summarises the ways in which companies initially seek greater growth independence and, potentially, wider post-growth contributions. The fourth concerns the process of transition that companies are undergoing in their repositioning with respect to the growth issue. The circle as depicted in Figure 1 closes here: The companies are developing general qualities in this process, which are also their central motives to critically reflect the growth question in every new decision-making situation, as, for example, in response to external developments. This representation is not to be understood as a chronologically ordered sequence of steps. Rather, it shows the analytical structuring of the essential, not always distinctly separable, central topics, which resulted from the analysis of the studies.

Figure 1: The quality circle comprising the central topics of a growth-independent and post-growth-oriented entrepreneurship.



Decision-Making Situations and the Question of Choice

Companies are constantly making decisions, which affect their size and growth: New customers and markets, replacement of machinery, or alternative distribution channels expand capacities and sales opportunities. Such pro-growth decisions often pass unnoticed in day-to-day operations. For many companies in the studies this was initially also the case. It changed after the entrepreneurs had initiated processes of reflection on their ideas of company size and growth. The need for such reflection usually arose in situations in which the entrepreneurs were confronted with major demands for change. The studies described three such situations:

The first situation relates to the early phases of a company's development (Burl, Comp, Deim). Apart from start-ups, only very few entrepreneurs establish their company with a clear growth strategy. This was also true for the entrepreneurs considered here. Many were bound by the available human and financial resources or premises (Burl, Comp). Others had diffuse, non-explicated growth expectations, which were influenced by their personal and business environments (Burl, Comp).

Quite often it turned out that for market survival a certain minimum firm size was required depending on the business field and other context conditions (Burl, Comp, Deim, Jusch). Here, the entrepreneurs had to scrutinise, whether a growth step is manageable by taking into account that an expansion in capacities might require taking up capital through stakes or loans (Burl, Comp, Deim, Jusch).

Second, the growth issue emerged in successful business phases of increasing demand (Burl, Comp, Deim). The crucial point here is that capacities such as personnel, machinery, and buildings cannot be expanded gradually, and sometimes small steps might not be profitable. A typical reaction to increasing demand therefore is a growth jump – a move, which can change the competitive environment of and the customer expectations on the company and which risks increasing investment and cost pressure. For this reason, when considering a growth step, the entrepreneurs looked at its implications for their established production processes, supply relationships, and, eventually, for their company's character (Burl, Comp).

Third, several entrepreneurs described critical phases of existential pressure (Burl, Comp, Deim). Such situations arose, for example, when companies were working on the margins of their capacities under high personal and organisational stress or when they – sometimes in the aftermath of a preceding growth step – experienced a slump in their sales due to strong order fluctuations, market or economy crises, resource bottlenecks, or technological and cultural developments (Burl, Comp, Deim). The entrepreneurs then had to decide whether a further expansion or, rather, a reduction of their capacities can be managed successfully.

In such situations, the obvious step for entrepreneurs is to lead their businesses to the next level through growth. Banks, consultancies, the personal or business environments, politics, and the media all convey corresponding expectations and thus reinforce what can be called a growth automatism. At that point, the entrepreneurs in the analysed studies grappled with questions about the purpose of their company and their passion for entrepreneurship. Consequently, they initiated processes of reflection and repositioning and renounced the next step of growth in order to stabilise on the attained or even a smaller firm size (Burl, Comp, Deim). Some companies, in contrast, opted for a growth step or continued growth but formulated restrictive criteria (Burl, Comp). Most importantly, all entrepreneurs in the studies turned the growth question into a matter of choice (Burl, Comp, Deim, Jusch).

In realising this kind of freedom, some entrepreneurs merely seemed to follow their intuition. They decided, for example, against growing too fast, in order to preserve the character of their business and their passion for it (Burl, Jusch). In most cases, however, the perception of choice was a kind of revelatory experience, which occurred when the entrepreneurs dealt intensively with their situations and the possible consequences of further growth (Burl, Comp, Deim, Jusch). In particular, those entrepreneurs, who had already experienced growth spurts and pains but not necessarily an improvement in the operating income, fundamentally questioned the pur-

pose of the growth path (Burl, Comp). In doing so, they realised that “[r]easons to grow are numerous – as are reasons *not* to grow” (Juschten & Leonhardt, 2015, p. 26).

Goals and Criteria for Limiting Growth

For many entrepreneurs, one goal was to reduce the health and personal burdens resulting from a strongly accelerated economic model and from being constantly in business mode (Burl, Comp, Jusch). They nevertheless wanted to remain close to the operational processes as well as to their employees, customers, and business partners (Burl, Comp, Deim, Jusch). Maintaining contact and proximity represented the entrepreneurs’ need both for diverse interactions and for staying in charge and control (Burl, Comp, Deim, Jusch). Last but not least, the entrepreneurs wanted the company to reflect their personal preferences and values with respect to business vision, purpose, and conduct (Comp, Deim, Jusch).

At the company level, the entrepreneurs’ primary goal was to sustain the business in the long-run. They considered this to be ensured by high quality products and excellent, efficient, and controllable processes (Burl, Comp, Deim, Jusch). For them, these qualities, together with the specific purpose of the company, created a unique and strong identity (Jusch) – the “mojo”, as Bo Burlingham (2005, p. xxviii) calls it. A central goal of their non-expansive business orientation was to preserve this rather elusive and barely imitable mojo. Moreover, they wanted to regain and safeguard their entrepreneurial autonomy and freedom (Burl, Comp, Deim, Jusch). Both were primarily endangered by the dependence on external actors such as major customers and capital providers.

The entrepreneurs aimed at high-quality relationships with their internal and external stakeholders (Burl, Comp). They perceived their employees as their strongest partners and sought particularly close and good relationships with them (Burl, Comp, Jusch). External stakeholders were primarily their customers whose needs they addressed with priority in order to achieve long-term customer satisfaction (Burl, Comp, Jusch). The entrepreneurs also sought long-term relationships with their suppliers (Burl, Comp, Deim). Besides ensuring reliability and quality standards or minimising delivery risks, their aim was to allow all value partners to achieve their predictable and appropriate share (Burl, Comp, Deim).

Some entrepreneurs understood value creation in a broader sense and aimed at joint contributions to local and regional economic resilience and prosperity, environmental integrity, and quality of life (Burl, Comp, Deim). They wanted to motivate other entrepreneurs for their way to do business by advocating that such contributions and business success can go hand in hand. By influencing consumption patterns and economic policy frameworks, these entrepreneurs also wanted to promote a democratic, decentralised, and eco-sustainable economy (Comp, Deim).

Criteria for Firm Size and Growth Rate

The entrepreneurs translated these goals into ideas of an appropriate firm size or growth rate. These ideas varied not only between the companies but also depending on the phase a company was in (Burl, Jusch). They related to various parameters regarding input and outcome like, for example, the number of employees, premises or sites, production capacity, procurement and distribution radius, network partners, resource consumption, sales and profit growth (Burl, Comp, Deim, Jusch). It is therefore not possible to derive consistent limits for an optimal firm size or growth rate. Instead, statements about what was pivotal for the companies in this context are summarised here in the form of six scales.

First, the viability scale describes the minimum size for enabling cost coverage and investments in further quality development (Burl, Comp, Deim, Jusch). On the basis of such a lower limit, other preferences form upper bounds for size and growth. Second, the quality scale points to the high relevance that management, product, and process qualities had for the companies: They ceased to grow sales as soon as they experienced a loss of quality, efficiency, and innovative potential (Burl, Comp, Deim). Reasons for such losses were, for example, a drastic increase in work intensity and susceptibility to errors that came along with growth as well as a corresponding inability to serve regular customers appropriately or to keep high-quality but low-quantity technologies and procedures running.

Third, the employment scale points to the size at which the company can provide long-term employment with good working conditions, development opportunities, and time sovereignty for the employees (Comp, Deim, Jusch). Forth and closely related to the latter, the “human scale” (Burlingham, 2005, p. xxi) refers to a size at which a high relationship quality as well as trusting co-operation and participation with employees, suppliers, and customers is still possible (Burl, Comp, Deim, Jusch).

Fifth, the entrepreneurs sought to keep risks for their own organisation and some also for their partners along the value chain manageable; the controllability scale therefore represents the maximum size, complexity, and geographical spread, at which entrepreneurs can still retain the overview and the oversight of the operational processes as well as the supplier and customer relations (Comp, Deim). Sixth, some of the companies pursued wider societal objectives; the sustainability scale therefore refers to the size at which the company does not contribute to an increase in social and ecological costs (Comp, Deim).

The six scales are obviously not independent of one another. Yet they point to different fields of action of the companies and therefore supplement or emphasise certain input and outcome parameters, which can become relevant in dealing with the growth issue.

For some companies the size was less important than the speed of growth. The focus of these entrepreneurs was to ensure the company's independence, its goals, values, and qualities through controlled growth. On the one hand, a moderate demand-induced growth in sales helped them to secure liquidity and investment capacity and to remain largely independent of borrowed capital – without overburdening organisational structures through forced expansion or takeovers (Comp). On the other hand, cyclic growth with phases of pause and retreat enabled them to lay the foundations on which (moderate) future growth could be managed (Burl, Comp, Jusch).

Decisions for Growth Independence and Post-Growth

It is anything but straightforward to control the size of a company in such a way as to support the goals introduced previously. Pursuing these goals is also not tantamount to leaving the growth path. Certain business decisions might initiate mechanisms, which increase the dependency of business success on evermore growth steps. Such path dependencies counter attempts to change direction and thus have to be reduced. The companies used a wide range of approaches toward that end. In the following, these are summarised under the term 'growth independence'. While striving for growth independence is initially about regaining or preserving the entrepreneurs' scopes of decision-making and management, it is also a prerequisite for possible post-growth contributions. Approaches, with which companies tried to generate the latter, are presented in section 3.3.2.

Achieving growth independence

The companies examined business decisions with respect to their growth impact or made them in such a way that the growth dependency of the company was reduced. In this context, five core decision areas were identified: first, decisions on ownership and equity, which in particular affect the legal form and financing of the company; second, decisions on the size and organisational complexity, which touch on the location and sales channels as well as on the number and size of customers, markets, and orders; third, decisions on the portfolio, the value creation, and the process design, summarised below under the title "business models and quality development"; fourth, decisions on how to deal with diverse partners, labelled in the following as "relationship quality"; fifth, decisions with respect to transparency and communication like, for example, decisions on advertising and reporting.

Ownership and equity: All entrepreneurs were primarily concerned with preserving or regaining autonomy and control; the decision-making and management scope was supposed to remain with the company (Burl, Comp, Deim, Jusch). Two interrelated topics turned out to be critical in this context: the legal form and the financing of the company. A typical legal form could not be identified among the companies. From the sole proprietorship to private companies with limited liability to the cooperative almost everything is represented in the sample. Yet one legal form

is missing: the public corporation. This comes as no surprise, since here the short-term yield expectations of the shareholders are paramount and ownership is volatile – factors that might counter attempts to achieve growth independence. Therefore, company ownership was only shared with actors who were committed to the same long-term goals, such as employees, family and business partners, customers, or citizens (Burl, Comp).

Growth needs to be financed. For this very reason successful entrepreneurs, in particular, happen to lose their company: They involve investors or take out loans; in doing so, they give up their independence and increase the growth pressure on capacities and sales (Burl, Comp). The companies therefore avoided equity or debt financing (Burl, Comp, Deim, Jusch) and were able to reinvest their operating income (Comp, Jusch). This, as well as a frugal and liquidity-oriented financing approach, defined a prudent business management for the entrepreneurs (Comp, Jusch). In cases where involving outside capital was inevitable, some entrepreneurs prioritised those investors and financing models that prized long-term social and ecological benefits above short-term economic returns (Comp).

Size and organisational complexity: Following the spirit of the criteria introduced in section 3.2, the companies tried to reach and maintain their appropriate size. The most basic parameter for most entrepreneurs was a stable volume of long-term employment (Burl, Comp, Deim, Jusch). This involved limiting the number and size of customers or orders by focusing on, for example, specific market segments or customer groups. They applied size limits to sites, production capacities, procurement and sales markets (above all regional), or sales channels (excluding wholesale or online trading) (Burl, Comp, Deim, Jusch). Moreover, the organisational boundaries were drawn tightly and the complexity was kept low. The companies had flat hierarchies, limited the number of organisational units, and abstained from company mergers or acquisitions (Comp, Deim). Some were open to like-minded licensees and franchisees or consulted spin-offs. Experiences and skills were thus shared and exploited without overexpanding the existing company organisationally (Comp, Deim).

For the companies, a prerequisite to work successfully with self-limitation was a clearly focused portfolio of products and services, which was adapted regularly to internal and external developments. Such portfolios combined the needs of the entrepreneurs and their employees as well as their strengths and skills with customer needs, market potentials, and risk assessments (Burl, Comp, Jusch). In order to be more resilient to fluctuations in demand and orders, a further prerequisite was to maintain flexibility and to hold capacity buffers available even within the set limitations. The companies achieved this with anticyclical personnel policy, flexible working time models as well as with the sharing of orders and personnel or machine capacities among partner companies (Burl, Comp, Deim).

Business models and quality development: The companies were dedicated to quality and innovation with respect to the business models, products, services, and processes (Burl, Comp, Deim, Jusch). A joint reflection on basic questions about the business model often fundamentally changed a company's way of doing business (Burl, Comp, Deim). This has led, for example, to more service-oriented offers of manufacturing SMEs or to a focus on servant leadership of service providers (Burl, Comp, Deim). This strong quality and customer focus was reflected in a high need-oriented value of products and services, a careful selection and processing of raw materials, and in a special health compatibility, safety, or durability of the products (Burl, Comp, Deim, Jusch). The companies also consistently focused on process optimisation and increasing resource efficiency, allowing them to cut costs and reduce dependency on volatile commodity markets (Burl, Comp, Deim). They were thus able to improve their returns without increasing sales and, consequently, to invest further in innovation and quality development (Comp, Deim).

A prerequisite for the companies to hold the quality focus was to invest in management excellence and systems – a domain that often has to take a backseat in the day-to-day business of SMEs because it requires costly periods of retreat and reflection (Burl, Comp, Deim, Jusch). Such a decelerating step out of the day-to-day business became possible not least by forgoing expansion – and vice versa (Deim). It helped the companies to re-evaluate their strengths, interests, and potentials for improvement, to repeatedly question their strategy, to streamline their portfolio, and to prioritise goals and values (Comp, Deim).

Another prerequisite was empowered employees. They needed to become experts who understand both the overall business process and their own contribution to and responsibility for it (Burl, Comp). Therefore, the entrepreneurs promoted an active personal development that aligns with the individual interests and qualities of the employees as well as with the purpose, needs, values, and culture of the company. By offering advanced training and enabling joint learning processes, the companies broadened the necessary skills, improved the relationships and the knowledge transfer between departments, and cultivated direct communication and feedback (Burl, Comp, Deim).

Relationship quality: For smaller companies the question arises what they can offer to their customers, employees, suppliers, and local communities that big companies cannot? The companies' answers referred, above all, to relationship quality. Relationships, in the companies' understanding, involved the experiences of proximity, connectedness, commitment, responsibility, and making a difference (Burl, Comp, Deim). On this basis, they were able to meet their internal and external stakeholders on equal terms (Burl, Comp). This facilitated joint and creative processes in which all parties involved were equally important and which thus could not be terminated easily.

With respect to their employees, the companies offered an appreciative and meaningful work environment (Burl, Comp, Deim, Jusch). Flat hierarchies with a high degree of participation and autonomy and a rather informal atmosphere strengthened the commitment, on both sides, to a long-term employment and a low turnover rate (Burl, Comp, Deim).

In regard to their customers and suppliers, the companies focused on an honest, reliable, and fair business conduct and on a careful selection of “both a stable but also diverse set of customers” (Juschten & Leonhardt, 2015, p. 92). The limited scope of procurement and distribution made it possible “to create a sense of community and common purpose between the company, their suppliers, and their customers – the kind of intimacy that is difficult for large companies to achieve, if only because of their size” (Burlingham, 2005, p. xxx). As far as other market players were concerned, cooperating in a fair and trusting manner helped them to specialise, reduce market constraints, and navigate through times of crises (Comp, Deim).

Finally, the companies’ embedding in the local community provided them with stability and a sense of affiliation (Burl, Comp). Unlike uniform mass products of global corporations, they provided specific goods and services, which carried the local colour and were thus not easily interchangeable (Comp). This almost symbiotic embedding appears to have supported the longevity of the companies (Burl).

Transparency and communication: Internally, some entrepreneurs acted particularly transparently and generated a high degree of trust between employees and management (Burl, Comp, Deim, Jusch). Transparency and trust were also central values in their external communication. For their renown and reputation, they hardly relied on marketing and advertising in the classical sense (Burl, Comp, Deim, Jusch). Instead, they entered into direct contact with their customers and relied on personal publicity and credibility due to their commitment on the ground (Burl, Comp, Jusch). They also informed their customers about their suppliers and created a sense of personal acquaintance with them (Burl). Their open and direct communication deepened the relationships and the sense of community.

Post-growth contributions

The studies showed a number of growth-independent companies that were primarily concerned with securing their specific qualities by reducing growth mechanisms and by increasing their resilience against market dynamics. This quality-oriented stabilisation leads, among other things, indeed to business practices that are in line with post-growth principles: offering durable products, empowering employees, creating fair business relations, optimising resource efficiency, or focusing on regionality. As some of the examples show, however, veering off course is not unlikely in situations of conflicting objectives so that ecological criteria, for example, might become sidelined as a result. Therefore, growth independence does not lead straightforwardly to post-growth contributions. Instead, the latter requires a normative de-

cision to forego, for example, business opportunities that would increase social or ecological costs. In the following, post-growth contributions are summarised, which expand on the five core decision areas introduced in the previous subsection.

Democratic ownership and equity: Some companies were partly or fully owned by employees or citizens in the forms of collective enterprises, companies with a so called “Employee Stock Ownership Program” (ESOP), or a citizens’ cooperative (Burl, Comp). Yet most companies were managed by one or a few liable business owners who held the ultimate decision rights. Orientation towards employee participation in decision-making was, however, generally strongly developed (Burl, Comp, Deim, Jusch). One company even included all stakeholder groups in its consensus-democratic online decision-making processes (Deim).

Sufficiency-based limits to firm size: Some of the companies substantiated their self-limitation ecologically. Sales and growth opportunities were assessed with regard to their environmental costs, such as transport emissions, land sealing, or biodiversity loss (Comp, Deim). They sourced and sold regionally according to environmental standards and opted against an extension of facilities. Both approaches put a (natural) limit to input volumes and to the acquisition of new suppliers, orders, or customers. They also limited size by investing cost savings from efficiency gains in resource and energy use in quality development rather than in an extension of capacities, product lines, and output. This way, the companies avoided rebound effects and enabled a more sufficient business operation (Comp, Deim).

Sufficiency-based business models and quality development: Those companies that integrated sufficiency approaches into their business models and processes aimed, on the one hand, at reducing the production and sales of products. On the other hand, they wanted to support sufficient lifestyles of consumers and, gradually, economic participation and de-commodification within their regions (Comp, Deim). Traditional production processes and phases of reflection and (re)focusing were decelerating their business operations. Manufacturers offered durable, modular, and recyclable goods, and replaced production with repair, redesign, and remanufacturing services (Comp, Deim). Both producers and service providers offered information and tools, which sensitised and enabled their customers to increase efficiency and to reduce consumption (Comp). Free workshops and consultancy empowered citizens to self-produce and self-organise (Comp, Deim).

Solidary communities of value creation: Closeness to stakeholders appears to be central to growth-independent companies. For some companies notions of solidarity, justice, and equality took on greater significance in addition. They operated in communities of extended value creation, which integrate diverse social, ecological, and economic interests and needs, and which provide fair value distribution (Burl, Comp, Deim). They also calculated reliably and fair, rejected price competition or dumping, and, as purchasers, expressly disclaimed volume discounts (Comp, Deim). Instead, they agreed to long-term fixed, above industry average purchase

prices (Comp). Moreover, they limited their profits to margins that were necessary for the stabilisation of the company; some even operated completely without a view to profit (Comp, Deim). With this approach, these companies created an alternative to what they saw as a devaluation spiral and they managed to advance the quality of life, work, and the environment in their regions (Comp).

Transparency and communication for transformative impact: In order to create, both internally and externally, transparency and awareness with respect to their extended value creation, the companies provided, in particular, non-financial information. For this purpose, they used formats such as sustainability and, increasingly, common good reports (Comp, Deim). Some companies also strived for system-changing relevance (Comp). This concerned not only changes in the values, perceptions, and behaviour of the employees towards, for example, sustainable consumption (Deim). The entrepreneurs also induced change in their industries, regions, or communities – politically, economically, and culturally. On the one hand, they spread their ideas and approaches via their business models. As mentioned above, they encouraged their customers to reduce or even refrain from consumption and enabled them to self-produce (Comp, Deim). They inspired other companies to follow suit, established themselves as places of learning and co-creation, and were tutors for partners, suppliers, or interested third parties (Comp, Deim). On the other hand, they joined forces with other actors, initiatives, and social movements to advocate for sustainability, quality of life, or a post-growth society (Burl, Comp, Deim). They were committed to the emancipation from the paradigms of growth and price competition in favour of an economic system based on respect, fairness, and responsibility (Comp). By means of their focus on networking, sharing, and knowledge transfer, they also contributed to democratising and decentralising the economy (Comp).

Transition and Continuation

For some companies, certain aspects of what has been described in the previous sections were already a part of their positioning. They wanted to preserve, sharpen, or more consistently integrate this part by explicitly dealing with the growth question. For other companies, such aspects were rather crucial factors in a goal-setting process, which eventually lead to their complete repositioning. Consequently, these companies went through longer processes of experimenting and change. This section examines the common themes of such transition processes as they result from the selected studies.

Initially, the companies in transition started with a more or less intense phase of self-reassurance to determine their own new course (Burl, Comp, Deim). Owners, managers, and, as a rule, employees (re)formulated vision, values, and purpose of the company; they developed shared perceptions and goals for its quality development and they derived criteria for size and growth (Burl, Comp, Deim). For some

companies, this was a longer orientation and learning process with ever-new revelatory moments and (re)assessments (Burl, Comp). The change in the mental infrastructures was particularly important here (Burl, Deim). In addition, formal policies, standards, and values-driven systems and processes were set up for operationalisation and stabilisation (Burl, Deim).

At the same time, the companies in transition described discrepancies between their vision and its practical feasibility. This occurred especially when they lacked the financial resources for quality development, when new products failed, or when the repositioning did not generate profits right away (Burl, Deim). In some cases, conflicts of interest also hampered implementation. The entrepreneurs then tried to resolve lock-in situations and to work out compromises by making decisions based on their core values (Comp, Deim).

For some companies in transition, it turned out to be difficult to find like-minded actors among their customers and partners who would frequently formulate growth expectations (Burl, Deim). Several companies were repeatedly faced with the question of growth, not least because of their qualities; expansion was an opportunity, which some could not resist (Burl, Comp, Deim). Their employees, however, were often satisfied with the more stable situations (Deim). Overall, a growth-critical business orientation “posed specific difficulties, but these are neither (*per se*) a threat to the survival [of the company] nor unmanageable” (Deimling, 2016, p. 267; *trans.*).

As prerequisites for the success of a transition the studies suggest several factors: First, the qualitative development conception of the company should be shared between owners, management, and employees and must be anchored in the company’s strategy, culture, and target and control systems (Burl, Comp, Deim). Second, the company should promote staff and organisational development and improve the product and process qualities continually (Burl, Comp, Deim). Third, companies need to empower employees for participation and ownership; for some, this turned out to be particularly valuable in times of crisis (Comp). Fourth, the company has to invest steadily in its relationships and should develop a stable but diverse network of stakeholders. Finally, a certain perseverance on the part of the entrepreneurs is needed so that they accept setbacks and conflicts more relaxed (Deim) and stay committed to “do what’s ‘right’ even when it is not profitable, expedient, or conventional” (Burlingham, 2005, p. 125).

Discussion and Outlook

Is Growth Limitation a Relevant Business Phenomenon?

The four studies examined in this paper cover in total 33 companies from Germany, Austria, Switzerland, and the USA. Given this rather small number, the question arises what the insights presented here can actually tell us about the bulk of SMEs?

In fact, it is difficult to find companies that position themselves explicitly and publicly as growth-critical. Yet, is there any further evidence that growth limitation – intended or not – is a relevant issue for SMEs? According to the business surveys mentioned in the introduction, there is. An online survey among 700 SMEs from Germany, Austria, and Switzerland confirms this: Nearly half of the participating SMEs did not plan to grow further or only up to a certain size; a quarter had not set any concrete growth targets and almost another quarter focused on slow growth; only two percent of the SMEs aimed at strong growth (Gebauer & Sagebiel, 2015). Against this background, limited and even non-growth of companies does not seem to be a side issue.

Are Companies Prepared to Deal With Growth Limitations?

From the mere figures it is not possible to determine whether the observed phenomenon is grounded in foresighted, autonomous entrepreneurial reflections on growth limits and growth dependencies. At the very least, the studies examined here show that entrepreneurs initially often have only limited ideas of prolific non-growth strategies. They are guided by the prevailing image of the successful and growing company and have internalised the corresponding expectations of their environments. When they question this paradigm for the first time, they usually lack access to both alternative practical examples and consulting. Therefore, SMEs, facing high competition and saturated markets, often see few other options than trying to swim along and, as a result, flatline not only quantitatively but also qualitatively (Gebauer & Sagebiel, 2015; Posse, 2016).

What Can We Learn From (the Studies on) Growth-Critical SMEs?

The empirical studies examined here looked for successful growth-critical companies, which either fundamentally or situationally sought for alternative ways to deal with the question of growth. The examples show that, despite vastly different starting points, the entrepreneurs eventually found their individual approaches to growth limits, which allowed them to regain and maintain a high quality development. Unlike other growth-critical literature (see, for example, Bakker et al., 1999), the studies emphasise the aspect of choice companies have with respect to the growth question. Realising that growth is a decision and being able to resist the growth automatism is the first step away from the growth path. This step turns out to be, however, not an easy one. It involves changes, sometimes fundamental, with respect to management, organisation, the architecture of and the partners for the value chain, as well as the products and services. Moreover, the scope for such major changes is often lost as a result of (self-imposed) growth mechanisms, and stronger growth independence has to be regained first. Succeeding here is, however, strongly determined by the extent to which companies are able to find, shape, and keep market niches by focusing on a quality strategy (Leonhardt et al., 2017; Reichel, 2015; Sommer & Wiefek, 2015). In contrast, it remains challenging to mitigate growth

pressure for companies with a scale-based business model or which operate in destructive (price) competition with standard products and services and thus can neither aim at premium prices nor at special customer loyalty (Burlingham, 2005).

Entrepreneurs are particularly sensitive to growth risks in times of crisis (Bakker et al., 1999; Juschten & Leonhardt, 2015). Yet precisely in such times they find it difficult to generate the liquidity, investment capacity, and focus necessary for a transition of the company. This observation becomes important in the light of another finding of the studies examined here: Entrepreneurs who realise that they have a choice have a distinct capability and willingness for reflexivity (cf. Posse, 2015). In addition, rejecting orders or customer requests is, at first, at odds with the entrepreneurial self-image. Without the ability to say “No”, however, stabilisation cannot succeed (Burlingham 2005; Deimling, 2016). A further prerequisite for entrepreneurial growth independence is to flexibilize and pool capacities (Gebauer et al., 2015; Niessen, 2013). Yet this depends on whether the capacities (like, for example, machinery, premises, personnel, and know-how) are adaptable to that end and if compatible joint users are locally available so that viable co-operations can be built.

Despite such challenges the empirical evidence so far does not, in the author’s opinion, contradict the hypothesis that growth independence is a broadly transferable approach within the SME sector. Subsequent empirical and theoretical research has to show whether it can be further substantiated.

How Does Growth Independence Contribute to Degrowth?

In order for SMEs to generate post-growth contributions, increasing growth independence is a necessary condition. It turns out to be, however, not a sufficient one. As the company examples discussed here demonstrate, this would require a deliberate decision for an ethics-based transformation of business concepts and models (Deimling, 2016; Reichel, 2015, 2017). Post-growth principles by no means just blend in with the entrepreneurship narrative (Augenstein & Palzkill, 2015).

Sufficiency strategies, for example, lead to a factual reduction of product sales and related growth opportunities (Palzkill et al., 2015; Reichel, 2015; Schneidewind & Palzkill, 2012). In the sufficiency terminology introduced by Wolfgang Sachs (1993), deceleration (“entschleunigen”) and disentanglement (“entflechten”) of the value creation processes already become important for companies seeking growth independence in the sense of a quality-oriented stabilisation. Yet the decisive difference for generating post-growth contributions lies in the decluttering (“entrümpeln”) and de-commodifying (“entkommerzialisieren”) efforts. Among the sufficiency-oriented companies covered here, however, only aspects of decluttering were widespread. The sector of de-commodifying, which supports the subsistence economy and opens the boundaries between market and non-market activities as

well as between the inside and outside of companies (cf. Reichel, 2015; Sommer & Wiefek, 2015), so far, has been less developed for SMEs.

Strikingly, all companies in the selected studies aimed at a high relationship quality with all their stakeholders and, in doing so, strengthened solidarity and economic democracy. Within the companies this has been translated, for example, into a high degree of participative decision-making. Limits were set, however, by the prevalent ownership structures – the owner-managers being the ultimate decision makers – but sometimes also by a limited interest of employees in participation. Both changed with a broader economic participation in the companies. While private ownership is seen as not per se being incompatible with post-growth contributions (cf. Haapanen & Tapio, 2016; Jackson, 2009), the formal possibility to concentrate power in the hands of a few is criticised as “negating the democratic ideal” (Johanisova & Wolf, 2012, p. 565). This critique is supported by cases in which employees sold their shares after leaving an ESOP-centred company (Burlingham, 2005).

All things considered, the regionally embedded SMEs covered here used a multitude of different – both radical and conventional – approaches, which made valuable contributions to post-growth transformations. First and foremost, they challenged the growth paradigm on the business level and the prevalent picture of the forever growth-driven entrepreneur. They developed ways to overcome growth dependencies and business practices in order to stabilise quantitatively and qualitatively. Further post-growth contributions that foster sufficiency, solidarity, and economic democracy, however, require a stronger dedication to such principles – a dedication that was more likely to be found with eco-pioneering or other ethics-based companies. They moved beyond what is taken for granted in the so called normal economy with collaborative and solidary value creation approaches, radical eco-innovations, and sufficiency-based business models. Further research needs to discuss the value of such contributions in the light of the more radical degrowth perceptions and what more there is to expect from and develop with the growth-critical companies.

Outlook: What Next?

First, the growth-critical management practice needs to be developed further: How can more companies learn to better deal with growth limits? It surely remains a task for further research to develop appropriate management guidelines by more broadly exploring the diversity of entrepreneurial approaches to the growth question – both empirically and theoretically. The studies examined here provide important clues for formulating the questions that need to be answered in this context such as how companies can actually determine their adequate firm size. As the data show, this was so far a rather subjective mixture of working with the givens, trial by error, and more quantitative instruments like, for example, carbon footprint accounting (cf.

Posse, 2015). Equally importantly, the processes of transition, continuation, and adaptation have to be analysed more deeply – ideally in longitudinal studies – with regard to how growth independence can be achieved and maintained when facing difficult or changing market, environment, or ownership conditions.

Second, the diversity of entrepreneurial approaches and its value for change needs to be acknowledged. Considering the huge challenges today's societies are facing, "diversity is an indispensable source of richness" (Demaria et al.; 2013, p. 207). The focus of the degrowth movement on grassroots and amateur economies as counterparts to the conventional business world might, on the one hand, be justified. On the other hand, it seems to leave out potential allies and much-needed contributions. These could be integrated by systematically envisioning and evaluating a broad spectrum of actors and roles in their particular spheres of activity and influence, including the many locally embedded and not exclusively profit-driven SMEs. From this perspective, the SME issue challenges the degrowth movement on the field of its own postulates.

Third, in order to sharpen our understanding of degrowth on the business level, it is useful to exploit the diversity of alternative and grassroots economies (see, for example, Albert, 2016; Dash, 2014; Felber & Hagelberg, 2017; Helfrich & Heinrich Böll Stiftung, 2012; Johanisova et al., 2013). Developing their approaches together with those of the ones discussed here for SMEs will most certainly enrich the identified core post-growth business issues (see section 3.3.2) for both 'normal' and 'alternative' economic actors. A joint effort like this has the potential to challenge these very distinctions and, eventually, deconstruct some "familiar binaries" (Gibson-Graham, 2008, p. 7).

Important questions that need to be answered along this way relate to possible conflicts between entrepreneurial autonomy and deep embeddedness in cooperative structures, between a self-determined adequate firm size and the ecologic macro-determinants, or between a transformative role of companies and the democratic principle. Finally, there is, of course, only so much any actor can do by its own efforts. How to shape a supportive regulatory, political, financial, and cultural environment for growth-independent and post-growth-oriented entrepreneurship, therefore, is a question, which must not be ignored.

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Appendix A

Table 1: Overview of the companies of the four studies selected for this analysis (all information refer to the time of publication of the original studies)

case	sector/ fields of activities	ownership	remark	country	size class**	found- ing year
1	apparel and accessory stores/ fashion design and dress making	manager-owned		USA	micro	1946
2	information service activities/ individual (green) IT services	manager-owned		GER	micro	1991
3	rental and retail sale of toys/ online shop	manager-owned		GER	micro	2011
4	retail sale of games, toys, and books/ specialised store	manager-owned		GER	micro	1998
5	distribution of beverages/ eco-beer and soft drinks	other	sole trader with self-managed online-collective	GER	micro-medium	2001
6	manufacture of beer/ micro-brewery	manager-owned		USA	small	1896
7	warehousing and self-storage/ self-service storage	manager-owned		USA	small	1991
8	supplier of computer-generated special effects to the motion picture industry	manager-owned		USA	small	1994

case	sector/ fields of activities	ownership	remark	country	size class**	found- ing year
9	music publishing activities/ independent record label, arts facilities	manager-owned		USA	small	1990
10	manufacture and retail sale of frames, home decor	manager-owned		USA	small	1978
11	manufacture and repair of solid wood furniture/ craft	manager-owned		GER	small	1988
12	manufacture of beer and eco-soft drinks	manager-owned		GER	small	1897
13	market gardening/ organic plants and herbs and related service activities	manager-owned		GER	small	1939
14	manufacture of apparel accessories/ shoe laces, elastic bands, knurling	manager-owned		GER	small	1891
15	research and communication/ applied sustainability research	manager-and employee-owned		AT	small	1999
16	manufacture of heating systems	manager-owned		AT	small	1979
17	manufacture and retail sale of bakery products/ cafés	manager-owned		AT	small	2000
18	manufacture and distribution of electromagnets	manager-owned		AT	small	2010
19	printing and service activities related to printing/ eco-printing	employee-owned	self-managed collective	GER	small	1973
20	manufacture of safety equipment/ backup alarms, amber warning lights	manager-and employee-owned	ESOP	USA	medium	1972
21	manufacture of buildings/ general contractor	manager-owned		USA	medium	1975
22	manufacture and repair of steel-tube furniture, surface technology	manager-owned		GER	medium	1922
23	communication and information service activities, printing/ eco-printing	manager-owned		AT	medium	1989

