

Simon C. Parker, Ivey Business School at Western University, Canada
An Agency-Based Theory of Entrepreneurial Venture Growth

ABSTRACT

The present article advances a new theory of early-stage entrepreneurial venture growth. We contend that the emergence and amplification of agency problems created by growing number of employees can help explain why there is so much heterogeneity in entrepreneurial growth rates as observed in practice. Specifically, we propose a novel 'growth cycle' mechanism which formalizes how entrepreneurs' choice of internal process responses to growing agency problems generates a range of possible growth trajectories. Entrepreneur- and firm-level factors associated with these choices, and hence growth outcomes, are delineated. The article not only contributes a new theory of entrepreneurial growth, but also adds to theory on agency problems by endogenizing their emergence and dynamics. In addition, the article draws attention to a surprising possibility: that something invariably associated with negative outcomes, namely agency problems, can also paradoxically stimulate entrepreneurial responses, in ways that end up indirectly creating *positive* growth outcomes.

Short Bio:

Originally from the UK, **Simon C. Parker** is a Professor of Entrepreneurship at the Ivey Business School, and a Research Fellow at the Institute for the Study of Labour, IZA, in Bonn, Germany. He is a Field Editor at the *Journal of Business Venturing*, a Co-Editor at the *Journal of Economics & Management Strategy*, and an incoming member of the Editorial Board of the *Academy of Management Review*. Throughout my career, he has published over 80 peer-reviewed articles in economics, entrepreneurship and management journals, and he is the author of *The Economics of Entrepreneurship* (second edition, Cambridge University Press, 2018). He has advised the OECD on entrepreneurship and SME public policy in Italy and Canada and is a regular keynote speaker at international conferences and workshops. He also regularly lead doctoral training seminars at universities in the US, UK and Europe. On top of this, he also writes cases on entrepreneurship, with a particular interest in the challenges and strategies associated with Internet-based start-ups, including their use of social media. His recent cases include a US corporate venture, Luminar; intrapreneurship at Alcatel-Lucent; a new sustainable environmental start-up from Saskatchewan, Ten Tree International; and a Calgary-based workplace integration social enterprise, Commongood Linens.