

Knowledge, learning and small firm growth: A systematic review of the evidence

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Abstract

A systematic review of empirical research on knowledge and growth in small firms is reported. The findings cover how human and social capital, organizational systems, and knowledge networks combine to facilitate or restrict growth. Findings highlight the situated, complex and idiosyncratic nature of small firm growth and the tensions between this experience and a prevailing view of knowledge in the existing research as a codifiable and transferable asset. A need for supplementary small firm heuristics (to age, size and sector) and epistemologies (to knowledge as an asset) and research approaches are identified to better investigate this diversity. © 2006 Elsevier B.V. All rights reserved.

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1. Introduction

It is widely recognised that small firms make a significant contribution to economies and so understandable that there is a persistent empirical research theme that addresses issues of small firm growth. Within this body of research, there is a preoccupation with the creation, capture and transfer of knowledge that may help to stimulate and support growth. This link is considered to be a legacy of Penrose's (1959) seminal text *The Theory of the Growth of the Firm* (Pitelis, 2002), in which she proposes that growth is dependent on the application of entrepreneurial and managerial knowledge configured as resources. Entrepreneurial resources are essential for

opportunity recognition and innovation, while managerial resources are necessary to provide systems and processes to enable opportunity exploitation. So for Penrose, expansion is intimately associated with the processes through which knowledge is acquired and applied. Thus, the possession of knowledge defines the shape and trajectory of a firm's growth (Greiner (1972, 1998), Churchill and Lewis (1983), Scott and Bruce (1987)), and a lack of managerial knowledge resources, or competences, may undermine a small firm's ability to grow (Goffee and Scase, 1995).

Given this avowed link between knowledge and small firm growth, we investigate the empirical evidence by which it is sustained. To do this in a thorough and pragmatic manner we adopt a systematic review method. Such a method provides transparent protocols by which researchers search for and assess the field of studies relevant to a specific research question. The intent is to generate collective insights through a meta-synthesis of findings thereby increasing methodological rigour and

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developing a reliable knowledge base from which to take policy lessons and orient future research (Tranfield et al., 2003). We begin with an overview of the review protocols used and the reasoning behind them. We then introduce the field of research investigating knowledge use and small firm growth by identifying the following themes that emerged during the review process: human capital; procedures; social capital; structures; institutional environment; the stimulus for learning and growth. Inevitably these themes are not discrete and we make clear the overlap and connections, whilst noting the lack of holistic studies. It is also evident that the majority of the research is significantly influenced by the legacy of Penrose. As such knowledge in these studies is treated as an asset that can be easily acquired, transferred, stored and re-used. It is noted that the small firm literature has been slow to respond to the alternate perspectives on organizational knowledge advocated, for example, by critical management studies and social constructionism. We conclude by identifying implications for future research and policy.

2. Retrieving and mapping current research

Our review follows the protocols outlined by Tranfield et al. (2003) and subsequently Pittaway et al. (2004), but certain methods were refined. In essence, the systematic review involves two processes. First, defining review protocols and mapping the field by access-

ing, retrieving and judging the quality and relevance of research (in relation to the research topic). Second, reporting the findings to identify gaps and inform propositional conclusions as to where future research might be usefully directed.

2.1. Defining protocols

This review was restricted to published peer-reviewed, academic articles held within the following databases: ABI Proquest, Ingenta, and Science Direct. These were chosen from amongst others as providing the largest number of returns using a basic keyword search of learn*, know*, grow* and small firms. Each database was interrogated by the search strings listed in Tables 1–3. Titles, keywords and abstracts were searched, with search date and numbers returned recorded. Where more than 250 studies were retrieved, exclusion criteria were included in order to refine the search. The inclusion and exclusion criteria are detailed in Appendices 1 and 2. For example, studies on entrepreneurship education policy were not included unless they reported on actual interventions in small firms.

The total number of potentially relevant studies retrieved using search strings alone was 931. These were exported to ProCite, a referencing database where they were further reviewed against the inclusion and exclusion criteria in an iterative process using key word

Table 1
Search protocol for ABI proquest

Search string	Scope	Date of search	Date range	Number of entries	Number of relevant	Total relevant
(small firm OR SME OR entrep*) AND (learn* OR know*) AND grow*	Title and abstract	11 October 2004	1980–2004	32	25	25
AND develop*	Title and abstract	11 October 2004	1980–2004	85	48	73
AND (product* OR Innovat*)	Title and abstract	11 October 2004	1980–2004	91	70	143
AND (evol* OR revol*)	Title and abstract	11 October 2004	1980–2004	13	12	155
AND change	Title and abstract	11 October 2004	1980–2004	55	31	186
AND resourc*	Title and abstract	11 October 2004	1980–2004	43	22	208
(Start up OR ventur* OR new business) AND (learn* OR know*) AND grow*	Title and abstract	11 October 2004	1980–2004	64	35	243
AND develop*	Title and abstract	11 October 2004	1980–2004	165	58	301
AND (product* OR Innovat*)	Title and abstract	14 October 2004	1980–2004	130	54	355
AND (evol* OR revol*)	Title and abstract	14 October 2004	1980–2004	20	9	364
AND change	Title and abstract	14 October 2004	1980–2004	51	10	374
AND resourc*	Title and abstract	14 October 2004	1980–2004	61	17	391
(Start up OR ventur* OR new business) AND (innovat* OR adapt*) AND grow*	Title and abstract	14 October 2004	1980–2004	127	42	433
(small firm OR SME OR entrep*) AND (innovat* OR adapt*) AND grow*	Title and abstract	14 October 2004	1980–2004	165	68	501

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