

Knowledge-Based View Variables and SME Growth: A Systematic Review

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ABSTRACT

This study examines the influence of Knowledge-Based View (KBV) variables on Small and Medium Enterprises' (SMEs) growth through a systematic literature review (SLR). Key variables, including Knowledge Management Processes (KMP), Open Innovation Practices, and Entrepreneurial Orientation (EO), are identified as critical drivers of innovation, adaptability, and competitive advantage in SMEs. KMP enhances intellectual resource utilization, while open innovation integrates external knowledge to foster creativity. EO supports proactive strategies and risk-taking, promoting sustainable growth. The study highlights enablers such as trust, IT support, and Business Model Innovation (BMI) in strengthening SMEs' resilience and competitiveness. Despite valuable insights, gaps exist, including limited empirical evidence on KBV variables' direct impacts, underrepresentation of certain regions, and insufficient exploration of digital transformation in KBV processes. Recommendations include empirical studies, contextual analyses, and integrating digital tools like AI. The findings offer actionable insights for SME managers, policymakers, and researchers to optimize KBV strategies for growth.

Keywords: Entrepreneurial Orientation (EO), Knowledge Management Processes (KMP), Intellectual Capital, Knowledge Assets, Proactiveness, Market dynamics, Explicit Knowledge

1. Introduction

The Knowledge-Based View (KBV) of the firm posits that knowledge is the most strategically significant resource that organizations possess, and it plays a critical role in achieving competitive advantage and fostering growth [1]. This theoretical framework emerged in response to the limitations of traditional resource-based views that primarily focused on tangible assets. KBV emphasizes the importance of intangible assets, particularly knowledge, skills, and competencies, which are seen as vital for innovation, adaptability, and overall performance [2]. This theory posits that knowledge, particularly tacit and explicit forms, is embedded in organizational processes, routines, and human

capital, and is non-substitutable, thus conferring a unique position to firms that effectively manage it [3]. Within the KBV framework, firms are conceptualized as repositories of knowledge, where the primary function is to integrate specialized knowledge dispersed across individuals into a coherent whole [3]. This integration enhances decision-making, innovation, and adaptability, all of which are crucial in dynamic business environments.

In the context of small and medium-sized enterprises (SMEs), the KBV is particularly relevant. SMEs often operate with limited resources and face unique challenges compared to larger firms. However, their agility and capacity for innovation can be enhanced through effective management of knowledge-based resources [4]. For SMEs, knowledge can stem from various sources, including employee expertise, customer insights, and collaborations with external partners. The ability to leverage and integrate these knowledge resources can significantly influence their growth trajectory.

For SMEs, the KBV is particularly relevant as they often face resource constraints, making efficient knowledge management critical to overcoming such limitations. Knowledge-based resources, including intellectual capital, organizational learning capabilities, and innovative processes, serve as enablers for SMEs to compete with larger firms by leveraging their agility and innovative potential [5]. The unique ability of SMEs to create, acquire, and utilize knowledge influences their capacity for innovation, market responsiveness, and overall growth.

The KBV framework provides a lens through which the growth of SMEs can be understood, particularly in knowledge-intensive industries. SMEs that effectively utilize their knowledge assets are more likely to innovate, adapt to market changes, and achieve sustainable growth [6]. Knowledge is a critical driver of innovation in SMEs. Firms that foster a culture of knowledge sharing and continuous learning are better positioned to develop new products and services, respond to customer needs, and improve operational efficiency [7]. Also, SMEs that harness their knowledge resources can differentiate themselves in the marketplace. This differentiation can stem from unique product offerings, superior customer service, or more efficient processes, all of which contribute to a competitive edge [8]. A strong learning orientation within SMEs encourages the continuous acquisition and application of knowledge. This orientation not only improves internal capabilities but also enhances the firm's ability to adapt to external changes, ultimately supporting growth [10]

Small and medium-sized enterprises (SMEs) are critical to the global economy, contributing significantly to employment, innovation, and economic development [10]. According to the World Bank [11], SMEs account for approximately 90% of businesses and more than 50% of employment worldwide. Despite their importance, SMEs often face challenges related to limited access to finance, market entry barriers, and resource constraints. However, the effective management of knowledge-based resources can mitigate these challenges and facilitate growth.

Research indicates that SMEs that prioritize knowledge management tend to experience higher growth rates compared to those that do not [12]. Knowledge-based resources enable SMEs to enhance their operational efficiencies, improve product offerings, and better serve their customers. Furthermore, in an increasingly digital and information-driven economy, the ability to leverage knowledge effectively is becoming a key determinant of success for SMEs. The Knowledge-Based

View provides a framework for understanding the factors influencing SME growth [13]. By focusing on knowledge as a critical resource, SMEs can develop strategies that enhance their innovation capabilities, competitive positioning, and overall growth potential. The growth of SMEs is a multifaceted process that includes financial performance, market expansion, and organizational development [14]. Knowledge-based resources are pivotal in this growth trajectory as they underpin innovation, enhance operational efficiency, and foster competitive advantage. For instance, intellectual capital—encompassing human, relational, and structural capital—has been shown to significantly contribute to SME growth by driving innovation and improving customer relations [15].

Organizational learning, a critical KBV variable, facilitates continuous improvement and adaptation in response to changing market dynamics [16]. Studies have shown that SMEs with robust knowledge-sharing cultures and learning mechanisms tend to achieve superior growth outcomes compared to their counterparts [17]. Moreover, the development and deployment of knowledge-based strategies, such as customer relationship management and knowledge sharing, have been associated with improved market share and profitability for SMEs [18].

This study contributes to the KBV and SME literature in three key ways. First, it identifies and synthesizes critical KBV variables that drive SME growth, addressing a gap in SME-specific KBV frameworks. Second, it provides actionable insights for SME managers and policymakers to optimize knowledge-based strategies. Third, it highlights regional and sectoral research gaps, advocating for context-sensitive approaches in understudied markets like Sub-Saharan Africa. These contributions bridge theoretical and practical divides, offering a roadmap for leveraging knowledge resources in SMEs.

1.1 Research Problem

The role of knowledge-based view (KBV) variables in influencing small and medium-sized enterprises (SME) growth has garnered increasing academic interest in recent years. However, significant gaps remain in the literature, particularly in understanding the distinct mechanisms through which knowledge-based resources contribute to SME growth across different contexts. Existing studies predominantly focus on large firms, often neglecting the unique challenges and opportunities inherent to SMEs, such as resource constraints, market agility, and the critical role of tacit knowledge [19]. This oversight has led to limited theoretical and practical insights tailored to the SME sector. A key issue is the inconsistent operationalization of KBV variables. For instance, while some studies examine the impact of intellectual capital broadly, few delve into how specific components—such as human, relational, or structural capital—independently or collectively influence SME growth [20]. Similarly, the role of organizational learning and its interplay with other KBV variables, such as innovation capability, is not fully explored in SME contexts [21]. Another gap concerns contextual variations, particularly in developing economies where SMEs face distinct challenges, such as limited access to technology, skilled labor, and financial resources. These constraints may alter the pathways through which KBV variables affect growth. Research in these regions remains sparse, leading to an incomplete understanding of the role of knowledge-based resources in less developed markets [22]. Furthermore, while some studies highlight the positive

effects of KBV variables on innovation and performance, others suggest that these relationships are contingent upon factors such as firm size, industry, and external environment [5]. This indicates a need for more empirical research to identify the boundary conditions under which KBV variables exert their influence on SME growth. The research gap lies in the need for a comprehensive, context-sensitive exploration of how specific KBV variables individually and interactively influence SME growth, particularly in under-researched regions like developing economies. Addressing this gap will not only enhance the theoretical understanding of KBV but also provide actionable insights for SME stakeholders to optimize knowledge-based resources for sustainable growth. This systematic literature review (SLR) explores KBV variables contributing to SME growth. In meeting this, it identifies the key KBV variables that influence SME growth, explores how KBV variables impact SME growth, and identifies gaps in the literature and suggests future research directions. The following research questions set in this regard: What are the main KBV variables that affect SME growth? How do KBV variables contribute to the growth of SMEs? And what are the limitations in the current research on KBV and SME growth, and what areas need further exploration? The scope of this systematic literature review focuses on examining the role of Knowledge-Based View (KBV) variables driving SME growth. It covers empirical and theoretical studies from diverse geographic and industrial contexts, with an emphasis on identifying contextual factors. The significance of this review lies in advancing theoretical understanding of KBV's influence on SMEs, offering practical insights for SME managers to leverage knowledge-based resources, and informing policymakers to design targeted interventions that promote SME development. By addressing gaps in existing research, this study contributes to a comprehensive understanding of how knowledge-based resources can be optimized to foster sustainable SME growth. This study contributes to the existing body of knowledge by systematically examining the role of Knowledge-Based View (KBV) in SME growth. It provides insights into key variables such as knowledge management processes (KMP), open innovation practices, and entrepreneurial orientation (EO). Furthermore, it identifies research gaps and proposes future research directions, benefiting both academics and industry practitioners.

2. Literature Review

2.1 Knowledge-Based View (KBV)

The Knowledge-Based View (KBV) of the firm is a theoretical framework that emphasizes knowledge as a critical resource for achieving competitive advantage. Rooted in resource-based theory, KBV posits that the ability of a firm to acquire, develop, and deploy knowledge assets determines its success in dynamic and competitive environments [23]. This perspective conceptualizes firms as entities that create, store, and apply knowledge, making the management of knowledge a central organizational activity. Below is a detailed examination of the key KBV variables that drive organizational performance, particularly in the context of SMEs.

First is knowledge assets. It refers to the intangible resources that organizations possess, which include both explicit knowledge (codified and easily transferable information) and tacit knowledge (personal, context-specific insights that are harder to articulate). These assets are crucial for creating

value and driving innovation within firms [23]. In the context of small and medium-sized enterprises (SMEs), knowledge assets can encompass the skills and expertise of employees, proprietary technologies, and organizational processes that facilitate knowledge creation and utilization [24]. Knowledge assets represent the accumulated intellectual resources within a firm, which include human, structural, and relational capital. Human capital encompasses the skills, expertise, and creativity of employees [26]. Structural capital refers to the systems, processes, and intellectual property that support knowledge utilization [20]. Relational capital involves external relationships with customers, suppliers, and partners, which are critical for acquiring and leveraging external knowledge [5]. These assets are valuable, rare, inimitable, and non-substitutable, making them key contributors to a firm's sustained competitive advantage.

Second is knowledge acquisition. It refers to the processes through which firms obtain new knowledge, either internally through research and development or externally through partnerships, acquisitions, or market interactions. For SMEs, this often includes informal methods such as learning from competitors or customers [21]. It also includes formal education, training programs, partnerships, and collaborations with other firms or institutions [27]. For SMEs, effective knowledge acquisition is vital for enhancing their capabilities and competitiveness, as it allows them to stay abreast of industry trends, technological advancements, and best practices [21]. Effective knowledge acquisition enhances innovation and responsiveness to market changes by integrating diverse insights into strategic decision-making.

Third is knowledge sharing, and this involves the dissemination of knowledge within and across organizational boundaries to maximize its utilization. This process is critical for fostering collaboration, innovation, and continuous improvement. It is a critical component of the KBV, as it facilitates the dissemination of knowledge assets across the organization, leading to enhanced learning and innovation [28]. In SMEs, fostering a culture of knowledge sharing can significantly impact performance, as it enables employees to leverage collective knowledge and collaborate effectively [29]. In SMEs, knowledge sharing often depends on organizational culture, trust, and communication practices [19]. Tools such as shared databases, team collaboration software, and regular training programs facilitate effective knowledge sharing, enabling SMEs to capitalize on their collective expertise.

The fourth is innovation, and it is a core outcome of the KBV; it represents the application of knowledge assets to develop new products, services, or processes. The KBV suggests that innovation capabilities are directly linked to how effectively a firm manages its knowledge resources [23]. The KBV posits that organizations that effectively manage their knowledge assets, engage in continuous knowledge acquisition, and promote knowledge sharing are better positioned to innovate [1]. For SMEs, innovation is often a key driver of growth, enabling them to differentiate themselves in the market and respond to customer needs more effectively [30]. Also, innovation is often a primary strategy for competing with larger firms, leveraging their agility and ability to rapidly adapt to market demands. The interplay among these variables is critical to understanding their overall impact on organizational growth and performance. For example, knowledge acquisition and sharing feed into

knowledge assets, which in turn enhance innovation capabilities. The effectiveness of these processes is often mediated by contextual factors such as industry dynamics, organizational culture, and external partnerships [5].

2.2 The Knowledge-Based View and Its Strategic Implications for SME Development

The Knowledge-Based View (KBV) has become a vital framework for understanding the growth and competitiveness of small and medium-sized enterprises (SMEs), especially in resource-constrained environments. By emphasizing the strategic importance of knowledge resources, KBV enables SMEs to overcome limitations and compete effectively with larger firms [19]. In practice, SMEs apply KBV through the strategic use of human, relational, and structural capital, which enhances their adaptability and innovation capacity [20]. For instance, SMEs that invest in workforce training (human capital) or build partnerships and networks (relational capital) can access external knowledge and resources that drive growth [22]. Additionally, knowledge acquisition through informal networks, industry associations, and customer interactions allows SMEs to develop innovative products, services, and processes, forming a foundation for competitive advantage [21]. KBV also underscores the importance of knowledge sharing and collaboration within SMEs, where open communication and trust-based cultures improve responsiveness to market changes and boost productivity [19]. Furthermore, KBV explains how SMEs cultivate dynamic capabilities to sense, seize, and reconfigure knowledge resources to adapt to evolving market conditions, particularly in rapidly changing industries [5].

The importance of KBV for SME growth lies in its ability to optimize resource utilization, enhance competitiveness, and foster resilience and innovation. By leveraging intangible assets like expertise, innovation, and relationships, SMEs can offset limited financial and physical resources, particularly in developing economies [22]. Knowledge-based strategies help SMEs differentiate themselves through unique value propositions, such as innovative product development and superior customer service, enabling them to penetrate new markets and retain customers [23]. The continuous learning and adaptability fostered by KBV also enhance SMEs' resilience against uncertainties like economic crises and technological disruptions [19]. Moreover, innovation—a core tenet of KBV—drives growth by enabling SMEs to achieve higher market shares, profitability, and sustainability [20]. Finally, KBV offers actionable insights for policymakers and SME managers in designing strategies that prioritize knowledge creation, sharing, and utilization, thereby improving SME competitiveness and fostering industry-wide growth [21].

3. Methodology

The study adopts a systematic literature review (SLR) approach to examine the impact of Knowledge-Based View (KBV) variables on SME growth. The SLR methodology provides a structured framework to identify, appraise, and synthesize existing research evidence, ensuring a comprehensive and unbiased analysis of the topic [31]. This method is appropriate for identifying patterns, gaps, and future research directions in the literature. Systematic literature reviews (SLRs) are guided by established protocols [32], ensuring rigor through structured search, appraisal, and

synthesis [33]. This study aligns with these frameworks to minimize bias and enhance reliability. This study follows a systematic literature review (SLR) approach, as outlined by Tranfield [33] and Snyder [34]. The review process involved five key stages: defining the research question and scope; identifying and selecting relevant literature; data extraction and synthesis; thematic analysis; and reporting findings. Thematic coding was applied to extract insights from the selected studies, ensuring an objective synthesis of KBV-related variables influencing SME growth. This approach ensures methodological rigor by systematically identifying, appraising, and synthesizing existing research. The inclusion of multiple data sources and a structured thematic analysis strengthens the validity of findings and aligns with established SLR protocols.

3.1 Search Strategy

The search strategy for this systematic literature review (SLR) was designed to ensure a comprehensive and unbiased identification of relevant literature on the role of Knowledge-Based View (KBV) variables in influencing SME growth. This involved a multi-step approach, combining diverse databases, advanced search techniques, and predefined criteria. The academic and scientific databases selected for their relevance and accessibility to high-quality peer-reviewed studies included Scopus, chosen for its wide coverage of business, management, and innovation research; Web of Science, for its multidisciplinary journals with a strong focus on business and management; Google Scholar, to identify grey literature and additional peer-reviewed studies not indexed in other databases; ProQuest, for its comprehensive collection of dissertations, theses, and conference proceedings; and Emerald Insight, specifically targeted for its focus on management and business-related journals.

3.2 Selection Criteria

The search terms for this review were carefully selected to encompass all relevant aspects of the Knowledge-Based View (KBV) framework and SME growth. Boolean operators (AND, OR) and truncations (*) were utilized to refine the search process. Core search strings included combinations such as "Knowledge-Based View" AND "SME Growth," "Knowledge Management" AND "Small and Medium Enterprises," "Innovation" OR "Knowledge Sharing" AND "SME Performance," "Organizational Learning" AND "Small Business Growth," and "Tacit Knowledge" OR "Explicit Knowledge" AND "SMEs." Additionally, keyword variations like knowledge management, knowledge assets, knowledge sharing, innovation, organizational learning, intellectual capital, SME growth, small and medium-sized enterprises, and business performance were incorporated to ensure comprehensive coverage.

Advanced search features were employed to ensure the relevance and accuracy of the literature identified. Keywords were applied specifically to titles, abstracts, and keywords to target studies directly aligned with the research focus. Date filters limited the search to studies published between 2019 and 2024 to capture recent developments and maintain relevance. The language filter was set to include only English-language articles, and the document type was restricted to peer-reviewed articles, conference proceedings, and scholarly books to ensure quality and academic rigor.

Inclusion and exclusion criteria were predefined to filter and select high-quality and relevant

studies. Inclusion criteria focused on studies that explicitly examine KBV variables—such as knowledge assets, sharing, and acquisition—and their impact on SME growth, along with research covering SMEs in diverse geographic and industrial contexts. Empirical, theoretical, or mixed-method studies published in reputable, peer-reviewed journals or conference proceedings were included. Conversely, studies focusing exclusively on large enterprises or non-business sectors, grey literature such as unpublished reports (unless cited in peer-reviewed contexts), and articles without a clear connection to KBV and SME growth were excluded.

Studies focusing exclusively on large enterprises were excluded due to fundamental differences in resource availability and operational scale compared to SMEs. Non-English articles were excluded owing to translation resource limitations, though this may introduce geographic bias by underrepresenting research from non-English speaking regions. Additionally, grey literature such as blogs and non-peer-reviewed reports was excluded to prioritize academic rigor, except where cited in peer-reviewed works to ensure reliability while acknowledging validated non-traditional sources. Also, with respect to selection process, a three-stage process was applied to ensure a rigorous selection of studies for review. First, title and abstract screening were conducted to eliminate studies that did not explicitly focus on the Knowledge-Based View (KBV) and SME growth. This step was necessary to filter out irrelevant research and maintain alignment with the study's objectives. Second, a full-text evaluation was performed to assess the relevance and methodological rigor of the selected studies. This ensured that only well-founded empirical and theoretical contributions were included. Finally, a cross-checking process with reference lists was carried out to identify any additional significant studies that may have been overlooked during the initial search. This comprehensive approach aimed to enhance the reliability and validity of the review findings.

The search execution involved independently searching each database and exporting results to a reference management tool (Mendeley) for deduplication and organization. A three-step process was followed: initial screening based on titles and abstracts, full-text screening for relevance and quality, and final selection based on detailed inclusion and exclusion criteria. To ensure comprehensiveness, backward citation tracking (reviewing references of selected articles) and forward citation tracking (using tools like Google Scholar to find newer articles citing the selected studies) were also conducted.

The selection criteria for this study ensured the inclusion of relevant and high-quality research aligning with the knowledge-based view (KBV) framework and its impact on small and medium enterprises (SME) growth. Research spanning diverse geographic and industrial contexts was considered, emphasizing both developed and developing economies for a comprehensive global perspective. Additionally, the inclusion criteria focused on empirical, theoretical, or mixed-method studies that examined KBV variables and their influence on SME growth.

3.3 Data Extraction

Data extraction was conducted systematically to ensure comprehensive coverage of the topic. Key knowledge-based view (KBV) variables, such as knowledge creation, acquisition, sharing, and organizational learning, were identified and documented. The methodologies employed in the studies,

including quantitative, qualitative, and mixed-method approaches, were recorded to provide a methodological overview. Key findings were categorized to highlight the influence of KBV variables on SME growth across various contexts. Tools like Mendeley were utilized to manage references and maintain accuracy, while full-text reviews were performed to capture insights and ensure a thorough analysis.

3.4 Analysis Method

A thematic analysis approach was adopted to synthesize the findings of the study. Key themes were identified and analyzed to understand their roles in SME growth. Patterns and trends across the literature were evaluated using content analysis to uncover recurring concepts and relationships. The findings were then synthesized to emphasize the impact of Knowledge-Based View (KBV) variables on SME growth and to pinpoint knowledge gaps, providing a foundation for future research directions.

4. Results

This section of the study presents the findings on the main KBV variables identified in the literature that impact SME growth.

4.1 Main KBV Variables Influencing SME Growth

Based on the systematic review of works, several key knowledge-based view (KBV) variables were identified as influential factors in the growth of small and medium enterprises (SMEs). These variables encompass aspects that contribute to the overall performance and competitiveness of SMEs. Ensuing are the findings regarding these KBV variables. The study by Narayanan et al. [35] highlights that effective knowledge management processes, including knowledge acquisition, conversion, application, and protection, significantly impact organizational performance in SMEs. The research indicates that KMP positively influences various dimensions of performance, thereby facilitating growth [35]. Al Nuaimi et al. [36] also emphasize the role of organizational learning capabilities in enhancing knowledge dissemination and exploitation within SMEs. Their findings suggest that higher organizational learning capabilities lead to improved open innovation practices, which in turn positively influence firm performance. This relationship underscores the importance of fostering a learning environment to stimulate growth [36]. The integration of open innovation practices is also identified as a critical KBV variable influencing SME growth. Inbound open innovation, which involves integrating external knowledge into the firm, has been shown to mediate the relationship between organizational learning capabilities and market effectiveness [36]. This suggests that SMEs that embrace open innovation are better positioned to leverage external knowledge for growth. Chen et al. [37] highlight the integration of digital business ecosystems with KBV principles as pivotal for entrepreneurial growth. Their study demonstrates how the synergistic relationship between knowledge acquisition and digital ecosystems fosters innovation and competitive advantage. The research emphasizes that SMEs leveraging digital ecosystems can better adapt to market demands, ensuring sustainable growth. Guckenbiehl et al. [38] underline the role of strategic knowledge and innovation in start-up ventures. They argue that systematic knowledge management enhances the

capacity for technological forecasting and innovative decision-making. This integration, in turn, positions SMEs to navigate uncertainty and exploit emerging opportunities effectively. Wierzbinski et al. [39] focused on knowledge management orientation (KMO) as a critical driver of competitive performance in Polish SMEs. Their findings suggest that KMO, encompassing structured knowledge sharing and organizational learning, directly influences SMEs' ability to outperform competitors in niche markets like the aviation industry. Mostafiz et al. [40] revealed the interplay between entrepreneurial orientation (EO), competitive advantage, and strategic knowledge management capabilities in family-owned SMEs in Malaysia. They find that EO fosters a proactive and innovative culture, enabling SMEs to integrate strategic knowledge for improved market positioning and performance. Anjaningrum et al. [41] emphasized the importance of business intelligence and network learning in the creative economy sector. Their study highlights how SMEs can leverage customer value anticipation and innovation to achieve superior performance, especially in competitive industries. Again, Sahibzada and Mumtaz [42] explored the influence of knowledge management processes (KMP) on organizational performance across emerging economies. Their research concludes that effective KMP—covering knowledge acquisition, conversion, application, and protection—is fundamental to achieving operational excellence and strategic growth in SMEs. Kiyabo and Isaga [43] identified strategic entrepreneurship as a cornerstone for competitive advantage in Tanzanian SMEs. The study reveals that integrating strategic knowledge with entrepreneurial initiatives can lead to sustained growth, particularly in industries like welding. Rehman et al. [44] discussed intellectual capital disclosure in the BRICS banking sector from a KBV perspective. The findings indicate that SMEs with robust intellectual capital frameworks are better equipped to navigate the complexities of emerging markets, ensuring resilience and growth. Also, Hughes et al. [45] examined the relationship between knowledge-based theory, entrepreneurial orientation, and stakeholder engagement. They find that stakeholder collaboration, driven by strategic knowledge application, enhances firm performance and facilitates SME growth. Additionally, Stoian et al. [46] provided a systematic review of the KBV in international business, identifying cross-border knowledge transfer as a critical enabler of SME development. The study emphasizes the importance of leveraging international knowledge networks for competitive advantage. Jeje [47] investigated the impact of knowledge management on Tanzanian bakeries, concluding that structured KMP improves operational efficiency and market reach. Andrei et al. [48] explored the antecedents of SME profitability, highlighting the role of international ventures in amplifying knowledge-based advantages. Pattinson and Dawson [49] focused on boundary spanners in science-based SMEs, showing how these intermediaries facilitate knowledge flow and value creation.

The findings from Ogundare and van der Merwe [50] indicate that entrepreneurial orientation, characterized by proactiveness and competitor orientation, significantly contributes to competitive advantage and, consequently, the performance of SMEs. This highlights the necessity for SMEs to adopt a proactive approach to market opportunities and competitor analysis to enhance their growth potential [50]. The study by Narayanan et al. [35] identifies key knowledge management enablers such as internal collaboration, trust, and IT support that positively affect the knowledge management

process in SMEs. These enablers facilitate effective knowledge sharing and innovation, which are essential for growth and competitiveness in the dynamic market environment [35]. Bashir et al. [51] emphasize the synergistic impact of knowledge management on business model innovation, which in turn influences firm performance. The study concludes that integrating knowledge management practices with business model innovation is vital for achieving a sustainable competitive advantage and improving overall performance, thereby supporting SME growth [38].

In all, the key KBV variables influencing SME growth include effective knowledge management processes, organizational learning capabilities, open innovation practices, entrepreneurial orientation, knowledge management enablers, and the integration of business model innovation. However, in analyzing the various Knowledge-Based View (KBV) variables that influence the growth of Small and Medium Enterprises (SMEs), three variables emerge as particularly critical: Knowledge Management Processes (KMP), Open Innovation Practices, and Entrepreneurial Orientation. Each of these variables plays a pivotal role in shaping the capabilities of SMEs, enabling them to adapt, innovate, and thrive in competitive environments. First, knowledge management processes (KMP) serve as a foundational element for the effective functioning of SMEs. It encompasses a range of activities, including knowledge acquisition, conversion, application, and protection. The significance of KMP lies in its ability to facilitate the systematic management of knowledge within an organization, which is essential for informed decision-making and strategic planning. As highlighted by Narayanan et al. [35], effective KMP positively impacts organizational performance, thereby facilitating growth across various dimensions. The ability to harness and utilize knowledge effectively allows SMEs to respond to market changes, innovate their product offerings, and improve operational efficiencies. In a landscape where information is a key asset, SMEs that prioritize KMP are better positioned to leverage their intellectual resources, leading to enhanced competitiveness and growth. Therefore, KMP is critical as it not only supports day-to-day operations but also fosters a culture of continuous improvement and innovation.

Secondly, open innovation practices are increasingly recognized as vital for the growth of SMEs, particularly in today's interconnected and rapidly changing business environment. This approach encourages SMEs to integrate external knowledge and ideas into their innovation processes, thereby expanding their resource base and enhancing their creative capabilities. Al Nuaimi et al. [36] emphasize that inbound open innovation mediates the relationship between organizational learning capabilities and market effectiveness, highlighting its role in facilitating growth. By engaging in open innovation, SMEs can access new technologies, market insights, and collaborative opportunities that may not be available internally. This collaborative approach not only accelerates innovation but also reduces the risks associated with new product development. As SMEs adopt open innovation practices, they can respond more swiftly to customer needs and market trends, positioning themselves for sustainable growth. Thus, the ability to engage with external knowledge sources is crucial for SMEs aiming to enhance their competitive edge.

Lastly, entrepreneurial orientation (EO) encapsulates the strategic posture of an SME towards innovation, risk-taking, and proactiveness. As articulated by Ogundare and van der Merwe [50], EO

significantly contributes to competitive advantage and the overall performance of SMEs. This variable is critical because it embodies the mindset and behaviours that drive an organization's growth trajectory. Firms with a strong EO are more likely to seize emerging opportunities, adapt to market disruptions, and innovate in response to competitive pressures. The proactive nature of entrepreneurial orientation encourages SMEs to not only anticipate changes in the market but also to be the catalysts of change themselves. This forward-thinking approach is essential for navigating the complexities of modern business environments, making EO a key driver of growth. This is to say that knowledge management processes, open innovation practices, and entrepreneurial orientation are the three most critical KBV variables influencing the growth of SMEs. KMP provides the necessary framework for managing knowledge effectively, ensuring that SMEs can capitalize on their intellectual assets. Open innovation practices expand the resource base and enhance the ability to innovate, while entrepreneurial orientation fosters a proactive and adaptive mindset essential for navigating competitive landscapes. Together, these variables create a robust foundation for sustainable growth, enabling SMEs to thrive in an increasingly complex and dynamic business environment. By focusing on these critical KBV variables, SMEs can enhance their capabilities, drive innovation, and ultimately achieve long-term success.

4.2 How KBV Variables Impact SME Growth

The knowledge-based view (KBV) of firms posits that knowledge is a critical resource that can significantly enhance the growth and competitive advantage of small and medium enterprises (SMEs). Various KBV variables contribute to this growth, with particular emphasis on knowledge management processes (KMP), open innovation practices, and entrepreneurial orientation. Each of these variables influences SME growth through distinct mechanisms.

Knowledge Management Processes (KMP) for instance was found to encompasses a range of activities that include knowledge acquisition, conversion, application, and protection. The effective management of these processes is crucial for SMEs as it directly impacts their ability to leverage knowledge for improved performance. As highlighted by Narayanan et al. [35], effective KMP positively influences various dimensions of organizational performance, including innovation speed and overall operational effectiveness. This capability allows SMEs to respond to market demands and adapt their strategies accordingly, which is essential for growth. Moreover, KMP facilitates the dissemination of knowledge across the organization, fostering a culture of learning and continuous improvement. By encouraging knowledge sharing and collaboration among employees, SMEs enhance their collective intelligence and innovative capabilities. This approach to knowledge management not only supports day-to-day operations but also positions SMEs to capitalize on emerging opportunities, thereby driving growth.

Open innovation practices are increasingly recognized as a vital component of SME growth strategies. This approach encourages firms to integrate external knowledge and ideas into their innovation processes, which can significantly enhance their creative capabilities. Al Nuaimi et al. [35] emphasize that inbound open innovation mediates the relationship between organizational learning capabilities and market effectiveness, illustrating its critical role in facilitating growth. By engaging

in open innovation, SMEs can access new technologies, market insights, and collaborative opportunities that may not be available internally. This collaborative approach not only accelerates innovation but also reduces the risks associated with new product development. As SMEs adopt open innovation practices, they respond more swiftly to customer needs and market trends, positioning themselves for sustainable growth. The ability to engage with external knowledge sources is therefore crucial for SMEs aiming to enhance their competitive edge.

Lastly, entrepreneurial orientation (EO) encapsulates the strategic posture of an SME towards innovation, risk-taking, and proactiveness. As articulated by Ogundare and van der Merwe [50], EO significantly contributes to competitive advantage and the overall performance of SMEs. This variable is critical because it embodies the mindset and behaviours that drive an organization's growth trajectory. Firms with a strong EO are more likely to seize emerging opportunities, adapt to market disruptions, and innovate in response to competitive pressures. The proactive nature of entrepreneurial orientation encourages SMEs to not only anticipate changes in the market but also to be the catalysts of change themselves. This forward-thinking approach is essential for navigating the complexities of modern business environments, making EO a key driver of growth.

Knowledge management enablers, such as internal collaboration, trust, and IT support, were also found as essential for fostering effective KMP within SMEs. These enablers facilitate the sharing and dissemination of knowledge, which is crucial for innovation and performance. The study by Narayanan et al. [35] indicates that internal collaboration significantly influences KMP, thereby enhancing organizational performance. By creating an environment that supports knowledge sharing and collaboration, SMEs can harness their collective intelligence to drive growth.

Business Model Innovation (BMI) was found as another critical KBV variable that influences SME growth. The integration of knowledge management practices with business model innovation is vital for achieving sustainable competitive advantage. As highlighted by Bashir et al. [51], knowledge management significantly influences BMI, which in turn impacts firm performance. This relationship underscores the importance of effectively managing knowledge to innovate business models that can adapt to changing market conditions and customer needs.

In conclusion, the KBV variables significantly impact the growth of SMEs through various mechanisms. Knowledge management processes (KMP), open innovation practices, and entrepreneurial orientation emerge as the three most critical variables driving SME growth. KMP enables effective knowledge utilization, open innovation practices enhance access to external resources, and entrepreneurial orientation fosters a proactive approach to market opportunities. Additionally, knowledge management enablers and business model innovation further contribute to the overall growth course of SMEs. By focusing on these KBV variables, SMEs can enhance their capabilities, drive innovation, and achieve sustainable growth in a competitive landscape.

4.3 Gaps in the Literature and Suggested Future Research Directions on KBV and SME Growth

The knowledge-based view (KBV) has emerged as a significant framework for understanding the growth dynamics of small and medium enterprises (SMEs). However, despite the growing body

of literature, several gaps remain that warrant further exploration. This section identifies these gaps and suggests future research directions to enhance our understanding of how KBV variables influence SME growth.

The first gap identified is limited empirical evidence on KBV variables. While the theoretical foundations of KBV are well-established, empirical studies examining the specific impact of KBV variables on SME growth are still limited. Most existing research tends to focus on broad constructs without delving into the relationships between individual KBV variables and growth outcomes. For instance, while studies have highlighted the importance of Knowledge Management Processes (KMP) and Open Innovation Practices, there is a lack of empirical evidence that quantifies their direct impact on growth metrics such as revenue, market share, or profitability [35] [36]. Future studies should aim to conduct longitudinal research that quantitatively assesses the impact of specific KBV variables on various growth metrics in SMEs. This could involve case studies or surveys that capture data over time to establish causal relationships.

Another gap identified is contextual variability. Most existing research tends to generalize findings across different industries and geographical contexts, which may overlook the unique challenges and opportunities faced by SMEs in specific sectors or regions. For example, the role of Entrepreneurial Orientation (EO) may vary significantly between technology-driven firms and traditional manufacturing SMEs [37]. Additionally, cultural factors may influence how knowledge is managed and shared within organizations, yet these aspects are often underexplored. Also, most studies focus on SMEs in specific regions or industries, such as manufacturing in Malaysia [35], or technology-based start-ups in Korea [52]. These findings may not generalize to SMEs in other geographic, cultural, or sectoral contexts, such as the service or agricultural industries.

Future research should focus on contextual studies that examine how KBV variables operate in different industries and cultural settings. Comparative studies across sectors or regions could provide valuable insights into the adaptability and effectiveness of KBV strategies in diverse environments. Again, research should expand to include diverse industries and geographic regions, especially underrepresented economies like Sub-Saharan Africa, to validate KBV's applicability across different contexts and ecosystems [36]. This can help uncover contextual distinctions in knowledge management practices and their role in SME growth.

Integration of digital transformation is another gap found. In that, the rapid advancement of digital technologies has transformed the landscape in which SMEs operate. However, the intersection of digital transformation and KBV has not been extensively studied. While some research has begun to explore how digital tools can enhance knowledge management processes and open innovation practices [53], there is still a lack of comprehensive frameworks that integrate digital transformation into the KBV of SMEs [38] [54]. Future studies should investigate how digital transformation influences the effectiveness of KBV variables in driving SME growth. This could include exploring the role of artificial intelligence, big data analytics, and cloud computing in enhancing knowledge management and innovation practices. This is because digital transformation is increasingly critical for SMEs to compete in rapidly evolving markets.

Most existing studies provide a snapshot of the relationship between KBV variables and SME growth, often neglecting the dynamic nature of knowledge itself [55]. Knowledge is not static; it evolves over time, and the processes through which it is created, shared, and utilized can change as organizations grow and adapt [36]. In that, it is observed that the studies use cross-sectional designs, which capture only a snapshot of SME practices and outcomes [35] [36] [56]. These designs fail to account for the temporal evolution of KBV variables and their dynamic influence on SME growth. In this, longitudinal studies that track the evolution of knowledge management practices and their impact on SME growth over time would provide deeper insights into the dynamic relationships between KBV variables. Such studies could help identify critical phases in the growth journey of SMEs where specific KBV strategies are most effective. This will allow researchers to identify trends, causal relationships, and how SMEs adapt knowledge-based strategies over time.

Studies overlook small firm-specific challenges. Many studies focus on SMEs as a homogeneous group, often neglecting the unique challenges faced by small firms in implementing KBV strategies [40]. Hence there is the need to conduct research that distinguishes between micro, small, and medium-sized enterprises to address their distinct knowledge management needs and constraints. This will allow for tailored strategies that account for varying resource availability and operational scales. Also, the influence of external factors, such as economic conditions, regulatory environments, and competitive pressures, on the relationship between KBV variables and SME growth is another area that requires further exploration which is ignored. Current research often isolates KBV variables without considering how external contexts may moderate or mediate these relationships [37]. Future studies should incorporate external factors into their analyses to provide a more holistic understanding of how KBV variables interact with the external environment to influence SME growth. This could involve examining how economic downturns or regulatory changes impact the effectiveness of KMP and open innovation practices.

In all, while the KBV framework offers insights into the growth of SMEs, several gaps in the literature remain. Future research should focus on empirical validation of KBV variables, contextual variability, the integration of digital transformation, longitudinal studies on knowledge dynamics, and the impact of external factors. Addressing these gaps will not only enhance understanding of the KBV but also provide actionable insights for SMEs seeking to leverage knowledge as a strategic resource for growth. By exploring these areas, researchers can contribute to a more comprehensive understanding of how KBV variables interact and evolve in the context of SME growth, ultimately leading to more effective strategies and practices that can be implemented in diverse business environments.

5. Discussion

The findings from the systematic literature review offer vital insights into how Knowledge-Based View (KBV) variables significantly influence SME growth, deepening the understanding of their role in the broader SME development literature. Knowledge Management Processes (KMP), including knowledge acquisition, application, and protection, emerge as foundational drivers,

enabling SMEs to manage intellectual assets systematically. This supports the creation of innovative products and improved operational efficiency. The role of KMP aligns with studies like Narayanan et al. [35], which highlight the positive impact of effective KMP on organizational performance, a cornerstone for navigating competitive markets. Similarly, open innovation practices, by integrating external knowledge, enhance resource access and foster creativity, enabling SMEs to innovate swiftly in response to market demands, as emphasized by Al Nuaimi et al. [36].

Entrepreneurial orientation (EO) also plays a pivotal role in SME growth, representing a strategic posture characterized by proactiveness, risk-taking, and innovation. Firms with strong EO not only anticipate market disruptions but also leverage them as opportunities for innovation and differentiation. This is consistent with the findings of Ogundare and van der Merwe [50], who linked EO to competitive advantage and superior performance. Furthermore, fostering a culture of knowledge sharing and organizational learning enhances collaboration and innovation, a perspective supported by Durst and Bruns [19]. Additionally, the integration of knowledge management with business model innovation (BMI), as emphasized by Bashir et al. [51], enables SMEs to adapt their business strategies to dynamic market conditions, fostering sustained growth.

These findings reinforce and expand upon broader SME development literature, which highlights the strategic importance of intangible resources for overcoming constraints and achieving competitive positioning. For example, Zahra and George [25] emphasized knowledge resources as catalysts for innovation and differentiation, echoing the findings of this review. As SMEs face evolving market dynamics, leveraging these KBV variables provides actionable pathways for innovation, adaptability, and long-term success, offering managers and policymakers strategic tools for fostering SME growth.

5.1 Practical Implications

The findings have significant practical implications for SME managers, policymakers, and entrepreneurs, emphasizing actionable strategies to leverage Knowledge-Based View (KBV) variables for growth. For SME managers, the results underscore the importance of investing in robust knowledge management processes (KMP). By prioritizing knowledge acquisition, sharing, and application, managers can foster innovation, improve operational efficiencies, and enhance decision-making. Encouraging a culture of continuous learning and collaboration within organizations can maximize the use of knowledge assets, positioning SMEs to respond effectively to market demands and seize growth opportunities.

Policymakers can draw insights from these findings to design supportive frameworks that facilitate SME access to knowledge resources. Policies that promote collaborations between SMEs and research institutions, incentivize workforce training programs, and provide access to digital tools for knowledge sharing can significantly enhance the competitive capacity of SMEs. Furthermore, creating environments conducive to open innovation—such as innovation hubs, public-private partnerships, and grants for collaborative projects—can help SMEs harness external knowledge and technology to accelerate their growth trajectory.

For entrepreneurs, the findings highlight the critical role of entrepreneurial orientation (EO) in

driving success. Entrepreneurs should adopt a proactive mindset, embrace innovation, and remain agile to capitalize on emerging opportunities. Building strong networks and partnerships can provide access to external knowledge, resources, and market insights essential for innovation and differentiation. By integrating knowledge management with strategic business model innovation, entrepreneurs can create unique value propositions, adapt to dynamic market conditions, and secure sustainable competitive advantages. These insights collectively empower stakeholders to navigate challenges, optimize resources, and drive SME growth in competitive environments.

5.2 Theoretical Implications

The findings contribute significantly to the theoretical understanding of the Knowledge-Based View (KBV) and its role in SME growth while also challenging certain assumptions within existing frameworks. The study reinforces the central tenet of KBV—that knowledge is a critical resource driving competitive advantage and growth [23]. The identification of Knowledge Management Processes (KMP), Open Innovation Practices, and Entrepreneurial Orientation (EO) as pivotal KBV variables underscores the dynamic interplay between knowledge management and organizational performance. This aligns with existing theories that position knowledge as a strategic asset, particularly in resource-constrained environments like those faced by SMEs [23]. The findings affirm this notion by demonstrating that SMEs that effectively leverage their knowledge assets—both tacit and explicit—are better positioned for growth and innovation. This supports the argument that knowledge management practices are essential for enhancing the performance of SMEs, aligning with previous research that emphasizes the role of knowledge in driving competitive advantage [25].

A key theoretical contribution lies in emphasizing the contextual adaptability of KBV. While much of the existing literature focuses on larger firms, these findings validate the applicability of KBV to SMEs, highlighting how knowledge resources compensate for limitations in financial and physical assets [5]. The study extends the theory by illustrating that SMEs not only rely on internal knowledge processes but also benefit significantly from external knowledge integration through open innovation. This challenges the traditional view of knowledge as an internally bound resource, suggesting a more fluid and collaborative approach to leveraging knowledge assets for growth [36]. Traditional KBV literature often emphasizes the importance of internal knowledge development and management [23]. In contrast, this study highlights the critical role of external knowledge sources and collaborative networks in enhancing SME growth. The results suggest that SMEs that actively engage in partnerships and knowledge-sharing initiatives can access valuable external knowledge, which is crucial for innovation and market responsiveness. This finding aligns with the work of Hagedoorn et al. [57], who argues that inter-firm collaboration can significantly enhance the knowledge capabilities of SMEs, thereby challenging the notion that internal knowledge alone is sufficient for competitive advantage.

Additionally, the findings challenge the often-static representation of KBV variables by emphasizing their dynamic and interactive nature. For instance, the interplay between KMP and EO highlights how strategic orientation enhances the effectiveness of knowledge processes in driving innovation and adaptability. Furthermore, the study raises questions about the role of external

factors—such as digital transformation and market conditions—that moderate the impact of KBV on SME growth. This opens avenues for refining KBV theory to account for evolving contexts and the integration of modern technological advancements, thereby expanding its relevance in contemporary business environments [37].

6. Conclusion

This systematic literature review examined the impact of Knowledge-Based View (KBV) variables on the growth of SMEs. Key findings reveal that Knowledge Management Processes (KMP), which include knowledge acquisition, sharing, and application, are instrumental in driving innovation and improving operational efficiency. These processes directly enhance SME performance and adaptability in dynamic markets. Similarly, open innovation practices emerged as critical, as they enable SMEs to integrate external knowledge sources, enhancing creative capabilities and market responsiveness. Another essential factor, entrepreneurial orientation (EO), encapsulates a proactive and risk-taking mindset that fosters adaptability, innovation, and competitive advantage. Additionally, knowledge-sharing enablers, such as trust and IT support, and business model innovation (BMI) contribute to SMEs' ability to remain resilient and competitive in volatile environments.

7. Recommendations for Future Research

Future research should aim to address several gaps identified in the existing literature. First, there is a need for empirical quantification to evaluate the impact of specific KBV variables on measurable growth outcomes, such as revenue, profitability, and market share. Second, contextual variability should be explored through comparative studies across different industries, regions, and cultural settings to understand the universal and unique applications of KBV strategies. Third, with the growing influence of technology, future research should investigate the integration of digital transformation tools such as AI, big data, and cloud computing to enhance KBV processes in SMEs. Fourth, longitudinal studies should be conducted to track the dynamic nature of knowledge management processes and their evolving role in SME growth over time. Lastly, research should distinguish the challenges faced by micro, small, and medium-sized enterprises to propose tailored KBV strategies that reflect varying resource availability and operational scales.

8. Limitations

The review identifies several limitations that need to be addressed in future studies. One key limitation is the geographical focus of current research, which predominantly examines SMEs in developed economies. This restricts insights into how KBV variables operate in developing regions, where SMEs face distinct challenges. Another limitation is the sectoral scope, as much of the literature focuses on manufacturing and technology-based SMEs, with limited exploration of service and agricultural sectors. Furthermore, the methodological constraints in existing studies, which rely heavily on cross-sectional data, hinder an understanding of the dynamic and evolving nature of KBV processes and their long-term impact on SME growth. By addressing these limitations and expanding

the scope of inquiry, future research can provide a more comprehensive understanding of KBV's role in fostering sustainable SME growth worldwide.

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