

The Influence of Knowledge Spillovers on High-Impact Firm Growth: A Comparison of Indigenous and Foreign Firms

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Abstract : This paper is concerned with entrepreneurial high-impact firms, which are firms that generate 'both' disproportionate levels of employment and sales growth, and have high levels of innovative activity. It investigates differences in factors influencing high-impact growth between indigenous and foreign firms. The study is based on an analysis of data from United Kingdom (UK) Innovation Scoreboard on 865 firms, which were divided into high-impact firms (those achieving positive growth in both sales and employment) and low-impact firms (negative or no growth in sales or employment); in order to identifying the critical differences in regional, sectorial and size related factors that facilitate knowledge spillovers and high-impact growth between indigenous and foreign firms. The findings suggest that: 1) Firms' access to regional knowledge spillovers (from businesses and higher education institutions) is more significantly associated with high-impact growth of UK firms in comparison to foreign firms, 2) Because high-tech sectors have greater use of knowledge spillovers (compared to low-tech sectors), high-tech sectors are more associated with high-impact growth, but the relationship is stronger for UK firms compared to foreign firms, 3) Because small firms have greater need for knowledge spillovers (relative to large firms), there is a negative relationship between firm size and high-impact growth, but the negative relationship is greater for UK firms in comparison to foreign firms.

Keywords : entrepreneurship, high-growth, indigenous firms, foreign firms, small firms, large firms

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