

Emma Bonfiglio, PhD Candidate, Keele University

Extended Abstract

SME innovation in areas of deprivation: A systematic literature review

NARTI Annual Doctoral Conference 2022 'Dream, Plan, Achieve: Researching to Make a Difference

Word Count 1078 – (excluding titles and references)

Key Words

Innovation, SME, small business, deprivation, systematic literature review

Purpose of Paper

The main aim of this study is to systematically identify and review the available literature on SME innovation in areas of deprivation to synthesise and characterise challenges and current practice and to identify areas for future research. To achieve this, a systematic literature review was conducted in January 2022 resulting in 40 papers which were analysed under the main themes of social innovation, economic improvement of an area, factors effecting the entrepreneur/business owner, problems with place, how they affect the business, society and community structures and governance.

The research questions for this review

- How does innovation activity occur in places of deprivation?
- What are the barriers to engaging in innovation activity in areas of deprivation and how are they linked to the place the businesses exist?
- How do business owners/entrepreneurs overcome these barriers?

Theoretical Background

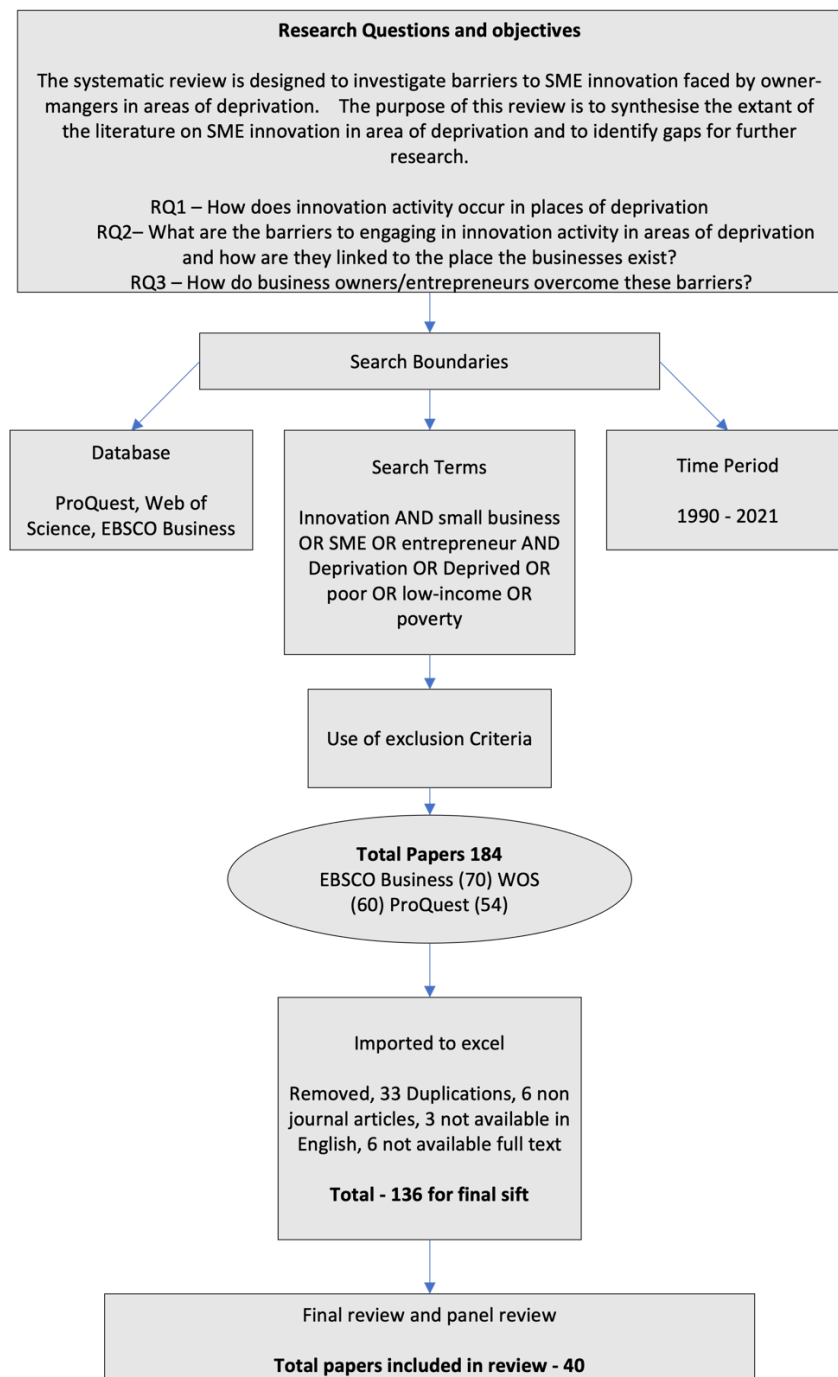
Innovation can address current and emerging social and environmental challenges that require innovative solutions to improve the lives of people all over the world, meaning that innovation is often an explicit goal for policy makers everywhere. In economic terms Innovation is seen as a key component is improving economic growth in many regions (Porter & Ketels, 2003; OECD, 2010; Thompson, 2018) and that many policies have put into research and development support to foster innovation (Bilbao-Osorio & Rodriguez-Pose, 2004) in the hope that innovation will help companies to gain competitive advantage, increase productivity and enable growth in the region (McCann, 2015; Scot & Steinmueller, 2018). The assumption that innovation is a way to create better world for many means that current innovation policies are focussed on both stimulating R&D activities as well as building innovation capacity simultaneously.

There is a growing interest in entrepreneurship and innovation in areas of poverty (Nakara, 2019) although mostly interested in extreme poverty and within developing countries (Sutter *et al*, 2019) and not developed countries where there are still problems of poverty. The OECD (2016) states that the UK has a poverty rate of 11.1% and Plotnikova *et al* (2016) noted that the explanatory factors for innovation by poor entrepreneurs has generated little research in developed countries, and that this regional context can provide a more or less favourable environment to stimulate innovation.

Methodology

Following Tranfield *et al* (2003) we adopted the systematic literature review as our research method, this method was chosen due to difficulties in finding appropriate literature relating to innovation activity in area of deprivation.

Figure 1: Review Process



The first stage of the review was an iterative process of defining the most appropriate search terms to understand the size and scope of the literature, Tranfield *et al* (2003) notes that unlike medical sciences, management review tends to be more exploratory and developmental, the research

questions in the protocol are more flexible. The search terms were developed using a focus of what the phenomenon was (Innovation), by who (small businesses) and where (deprivation), in both the who and where, other search terms were added to include as much relevant literature as possible without allowing research bias to take over.

Descriptive Statistics

Forty articles were selected from the review process, the articles spanned the years of 1997-2021 but the spread of articles shows interest in this topic is recent with 38 (95%) published in the last 10 years and 25 (62.5%) published in the last five years, fig 2. show the distribution of articles per year, there is one article in 1997 and the next is 2010, which is a huge jump in time, showing that although there was an interest in this topic in the 90’s, it was brief and fragmented until more recently.

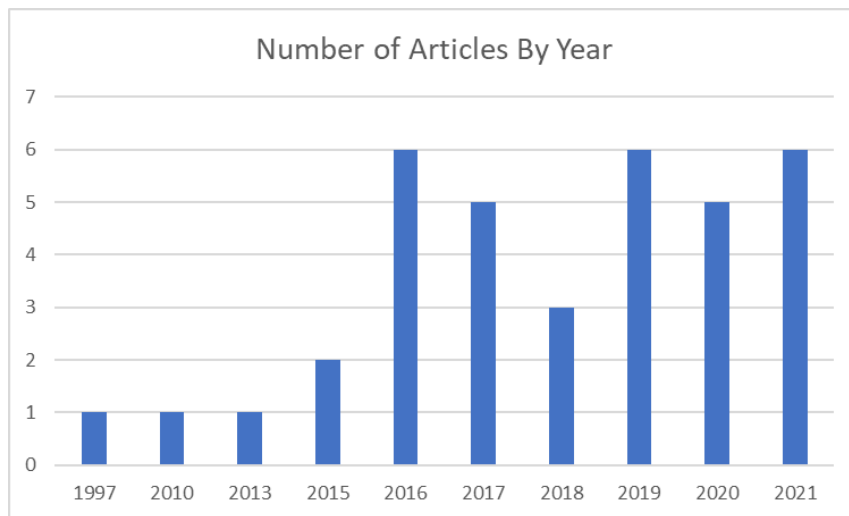


Figure 2: Number of Articles by Year

Given the topics of deprivation and poverty, it is unsurprising that the majority of the articles are set in developing countries, of the empirical articles (33), 32 articles have a set location for data collection which describes country status with 23 (71%), fig 3. shows the distribution by country status but when shown with the country income status, fig 4., the statistics show that 15 (50%) of the articles are within the ‘upper middle’ income status which was surprising but reinforces that deprivation is multi-dimensional and cannot be described by income alone.

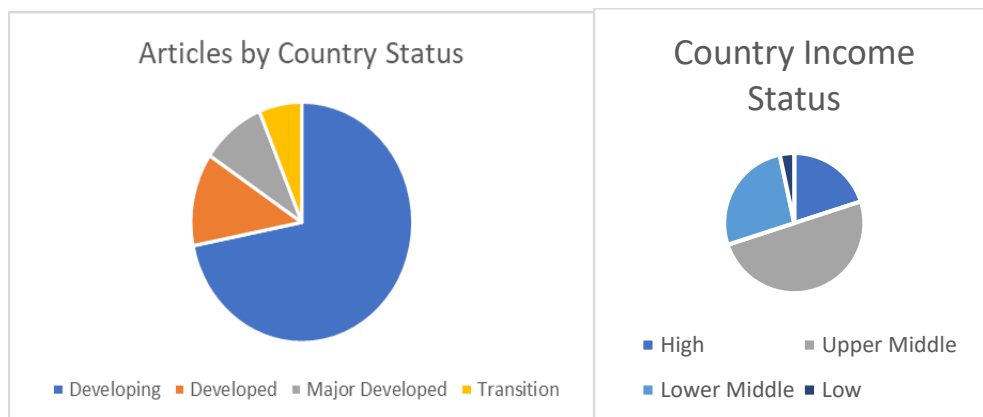


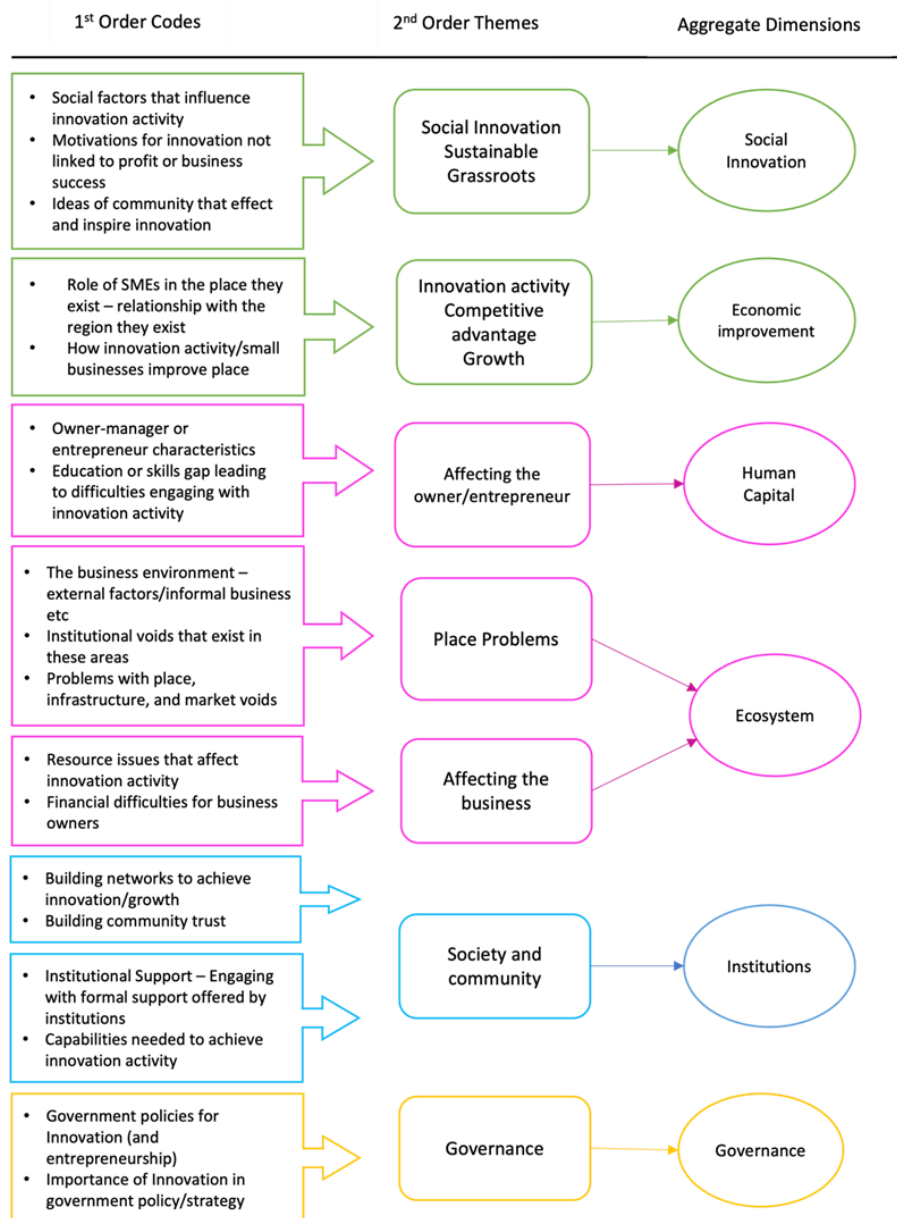
Figure 3: Articles by Country Status

Figure 4: Articles by Country Income Status

Of the 40 articles selected for this review, 33 are empirical studies and 7 theoretical. Of the empirical articles 13 (39%) use a case study method to understand how innovation activity takes place. All of the articles that focus on a major developed or developed country (7) are either not empirical (3) or use a quantitative methodology, questionnaires (3) or data analysis (1) meaning that none of the articles in this study attempt to explore the lived experience of those trying to implement innovation activity and that those experiences are captured exclusively in developing countries.

Preliminary Main Findings

The selected articles in the review were analysed with NVivo 12 and thematic analysis was used to code themes as they were discovered in the text. The below diagram shows the codes identified and then they are moved into groups that reflect the research questions for the review. The themes discussed in the literature review are shown in the above diagram as the '2nd order themes'.



In conclusion, the main motivation for innovation in deprived areas is expected to be for the community or to solve the problems for people within their community. This is apparent across most of the articles regardless of country status, although heavily focussed in developing countries, there is very little research about innovation activity in deprived areas of developing countries. The literature review also showed the way we discuss innovation in developing countries and the way we collect data is different, in developed countries this is economically driven which creates further inequalities and difficulties providing institutional support. This is a gap in the literature as the institutional voids show themselves differently in developed countries, this requires further research to understand the impact of this on businesses and business owners. The literature also shows deprivation is multi-faceted and often accumulative in its effects, data currently collected in developed countries does not account for the lived experience or the understanding that the business owners have created for themselves which important to understand the context that influences innovation activity and how it can be better supported.

Potential Contribution

This paper will offer insight into the research differences between developed and developing countries on the topic of innovation activity and highlight the importance of capturing the lived experiences of the individuals engaged in innovation in areas of deprivation in developed countries. In addition, this paper will offer insights to further research in this area.

References

Bilbao-Osorio, B., & Rodriguez-Pose, A. (2004). From R&D to innovation and economic growth in the EU. *Growth and Change*, Vol 35, (4), pp. 435 – 455.

McCann P (2015) *The Regional and Urban Policy of the European Union: Cohesion, Results-Oriented and Smart Specialisation*. Edward Elgar Publishing.

Nakara, W.A., Messeghem, K., & Ramarosan, A. (2019). Innovation and entrepreneurship in a context of poverty: A multilevel approach. *Small Business Economics* [Preprint]. DOI:10.1007/s11187-019-00281-3.

Plotnikova, M., Romero, I., & Martínez-Román, J.A. (2016). Process innovation in small businesses: the self-employed as entrepreneurs. *Small Business Economics*. Vol 47, (4), pp. 939–954.

Porter, M.E. & Ketels, C.M. (2003). *UK Competitiveness: moving to the next stage*. DTI Economics Paper No.3.

Thompson, M. (2018). Social capital, innovation and economic growth. *Journal of Behavioural and Experimental Economics*. Vol 73, pp. 46 – 52.

Tranfield, D., Denyer, D. & Smart, P. (2003). Towards a methodology for developing evidence-informed management knowledge by means of systematic review. *British Journal of Management*. Vol 14, pp. 207 – 222.

Schot, J. & Steinmueller, W.E. (2018). Three frames for innovation policy: R&D, systems of innovation and transformative change. *Research Policy*. Vol 47, (9), pp. 1554–1567.