

**THEORIES UNDERLYING SUSTAINABLE GROWTH OF SMALL AND MEDIUM
ENTERPRISES**

Danjuma T. Nimfa

Putra Business School, Universiti Putra Malaysia
danjuma.phd_mgt18@grad.putrabs.edu.my

Ahmad Shaharudin Abdul Latiff

Putra Business School, Universiti Putra Malaysia
shaharudin@putrabs.edu.my

Sazali Abd Wahab

Putra Business School, Universiti Putra Malaysia
sazali@putrabs.edu.my

ABSTRACT

Purpose: The appropriate involvement of Small and Medium Enterprises (SMEs) in industrial activities globally is an incontestable truth. SMEs need to keep pace with a dynamic and changing ecosystem that perpetuates both local and international borders to support their continuous and sustainable contributions to economic growth. Therefore, the main objective of this study is to assess the theories underlying sustainable growth of small and medium enterprises. Most theories are based on separate perspectives because each pattern is explored differently and there is limited knowledge. This study helps to validate the leading theory perspective focusing on the sustainable growth of small and medium enterprises and to unlock a strong view of SMEs.

Method: This study assessed the suitable theories underlying sustainable growth of SMEs. Thus, the different theoretical perspectives reviewed would provide a novel contribution to the theories underlying the sustainable growth of small and medium enterprises.

Conclusion: Future studies should aim at a more empirical and quantitative approach that could explain the underlying reality of the theoretically advanced seven selected theories for sustainable growth of small and medium enterprises.

Keyword: Theories, sustainable growth, small and medium enterprises.

1. Introduction

A comprehensive understanding of sustainable growth of small and medium-sized enterprises requires robust and collective strategic thinking since the workflow is diverse and involves different points of view (Buys, 2020; Adoli & Kilika, 2020). All of these perspectives seem to be exploring the same problem, and the way the upper echelon understands the sustainable growth of the SMEs process (Friedmann et al., 2018; Schmitt, 2018). Consequently, any accord on milestones is expected to be limited when conferring the pedigrees of strategic control (McKiernan, 2017; Voinea, 2017). As an absolute reality, the promotion of a particular theory is assumed to be a doctrine and encourages brainwashing, which inevitably stops the pattern of thought. Strong claims of behavioural calcification could be induced even by a claim to mainstream consensus, thus limiting understanding and creative thinking (McKiernan, 1997). A good comparison would be to see it intertwined as a filament to form a powerful paddle (McKiernan, 1996). The notions of one author may lead to a different system of strategic planning, while other scholars are developing their thinking in support of opposing views. The identification described in this paper is the result of the suggestion of perceptual reviewer. The main rationale for the proposed classification argument is that the foundations and genealogy of sustainable growth of small and medium enterprises area is the leading impetus for this study. Similarly, the attention of SMEs literary works has increased significantly over the last few decades (OECD, 2019).

The majority of enterprises in the world are small and medium enterprises, important predictors of job creation and huge market economic growth (Ouma-Mugabe, et al., 2021). Small and medium enterprises account for about 90 percent of enterprises and more than 50 per cent of productive economic activities (World Bank, 2020). Structured SMEs contribute up to 40 percent of the gross domestic product (GDP) in developing countries. The SME strategic planning framework can be based on appropriate resources and orientations unique to small and medium enterprises with a widespread ideology. Building a theoretical foundation is a primary issue in the sustainable growth of SMEs achievement research (Yun, 2017). More understanding in the context of sustainable growth of SMEs is of interest to this study, which explores theories that encourage the outlook. In addition, what is known about the relevant theoretical paradigms in the realm is almost incomprehensible. Furthermore, there are limited studies on theories that can

clearly explain the context of sustainable growth of small and medium enterprises [SGSMEs] (Glover et al., 2014; Pratono et al., 2016). Thus, the existing theoretical gaps have been created. This is the motivation for this study. The aim of this study is to evaluate some common theories used by scholars to explain the sustainable growth of SMEs. This study also seeks to discuss relevant theories to support future scientific research on sustainable growth of SMEs. The paper focuses on selected theories such as: institutional theory (IT), resource based view theory (RBVT), diffusion of innovation (DOI) Theory, stakeholders' theory (ST), contingency theory (CT), dynamic capabilities theory (DCT) and upper echelons theory (UET). To understand which theory is best suited for the study of sustainable growth for small and medium enterprises? This paper consists of an introduction, literature review, contribution to theory and conclusion.

2. Literature Review

2.1 Importance of Theory Building in the Context of SMEs

Theory is essential for emerging discipline, such as knowledge of sustainable growth for SMEs in strategic management. A sound theory is not an affirmation or a pontificate of a marketing fab (Jelenc, 2009). Far more, theory is bound to be both intellectual and effective in the context of an adaptive discipline which can be the basis for significant progress. A theoretical thought attribute is the discourse that negates the advancement of the ideology that the theory is isolated from practice. The essence of theory and the task it poses to the discipline has been captured by the strategic management theory scholars. The theory clearly defines what the phenomenon is or how it functions (Prescott & Gatrell, 2020; Cunningham & Harney, 2012; Torraco, 1997). Theory is considered to be an idea, or a set of principles, to describe something (Torraco, 2016).

2.2 Review of Related Theories of Sustainable Growth of SMEs

1. Institutional theory

An institutional theory is a capable path for exploring the borders between businesses or society that have been shaped SMEs in various ways to sustainable growth (Fauzi & Sheng, 2020). Explaining that sustainable pursuits is not primarily a voluntary act, as the performance of firms are featured with several challenges, including government rules and marketplace

pressures. Therefore, institutional theory focuses on factors that are externally or internally central within the firm and sustainable innovation. From the institutional theory of sustainable growth for small and medium-sized enterprises, opportunities with normative, coerciveness and mimetic drivers to influence small and medium-sized enterprises to shape environmental, social or economic decision-making and to legitimise the vision of sustainable business practise (Shibin et al., 2020; Caldera, Desha & Dawes, 2019). Sustainable business practise 'is an aspiration for an increasing proportion of small and medium-sized enterprises around the world, promising profitability, resilience and positive social and environmental impacts' (Caldera et al., 2019).

In many creative ways, business owners are responding to institutional constraints, such as implementing innovative business strategies, developing strength and courage, partaking in associations, trying to give back to the community and collaborating with the authorities (Eijdenberg, Thompson, Verduijn & Essers, 2019). Institutional theory has been widely used in addition to establishing sustainable growth policies and procedures (Roxas, Lindsay, Ashill & Victorio, 2007; Heiskanen, 2002) and in recognition of quality plans or technology orientation (Hatch, 2006; Barratt & Choi, 2007; Nair & Prajogo, 2009; Liu, Ke, Wei, Gu & Chen, 2010). Institutional theory provides enhanced enlightenment once the driving force behind the practise of technology orientation has been acceptability (DiMaggio and Powell 1983). There are three kinds of competitive pressures that encompass the strength of the institutional structure; forceful pressures, imitation pressures and normative pressures (DiMaggio & Powell 1983). All three factors act as the driving force behind the actions of organisations to enhance their initiatives for sustainable, social and environmental growth through which enterprises achieve appropriateness and perceived value. Institutional theory identifies broader and more resilient approaches to social structures; consideration of structural-building processes as rules for the social behaviour of the authorities through rules and standards (Scott, 2004; DiMaggio & Powell, 1983). In other words, Caldera, Desha and Dawes (2017) tend to focus on a process in which practices can be incorporated into an institution as recognised economic, social and environmental standards.

Institutional theory refers to innovative elements or capabilities with sustainable growth of small and medium-sized enterprises as a stimulus lens that encourages management practises to pursue sustainable business growth (Srisathan, Ketkaew & Naruetharadhol, 2020) in the form of factors such as culture, the legal and social environment, traditional or cultural values,

economic incentive schemes and market value. The general concept focused on the rules laid down by the institutions, while the new perspective focused on institutional entrepreneurship, such as the implementation of sustainable business models (Hadjimanolis, 2019) and focus on opportunities (Laukkanan et al., 2013). Moral legitimacy and Isomorphism are two main reasons behind the behavioural patterns of enterprises related to institutional theory. In order to meet the needs of stakeholders and society, the company seeks legitimacy (Ratten & Usmanij, 2020). The pressure of institutional factors has led to huge or isomorphic decisions on sustainability by firms (Glover, Champion, Daniels & Dainty, 2014; Ahmad et al., 2020). Enterprises facilitate innovation within the framework of the institutional structure through collaboration with various stakeholders to encourage sustainable growth of SMEs.

2. Resource based view theory

The starting point of resource based view theory was date back to the era of (Penrose, 1959) who suggested that resource possessed, deployed and used effectively would give more results than other industrial structure employed. Wernerfelt (1984) viewed firm from the viewpoint of critical resource, coined “resource base view”. Prahalad and Hamel (1990) highlighted the term “core competency” and the focus attention was on a range of critical resource, calling it the firm capability and it was referred to as competitive advantage (Barney 1991). Other scholar described it as distinctive competency, while the strategic aspect in resources and competency usage (Papp & Luftman, 1995). The resource based view theory an extension of the theory of the growth of the firm (Barney, 1991; Grant, 1991). This theory described the sustainable competitive advantage of the firm resource performance of the firm (Wernerfelt, 1984).

The resource based view theory had identified opportunities based on uniqueness of resource that would lead to competitive advantages (Grewal, Iyer, Javalgi & Radulovich, 2011). Considering the management viewpoint, the research improved comprehension of context of the study and approaches that focus on sustainable franchising development (Samsudin et al., 2018). Besides business owners on their growth path, a resource-based view is indeed important to consider. The assessment of all resources allows the enterprises to achieve their business objectives efficiently. Selecting an appropriate growth strategy enables managers to achieve growth adversity or minimise changes in direction and growth difficulties. Resource based view

theory, maintaining that the dynamic capabilities theory has asserted that managerial writers required a framework necessary to explain the ways enterprise's culture of openness and innovation develops into timely, rapidly or attributes flexibility in dynamic marketplaces (Kiiru, 2015; Teece, Pisano & Shuen 1997).

Resource based view theory of the firm drawbacks are mostly centred on an organisation-specific basis, hence it is not generally applicable (Davis & Bendickson, 2020; Rezaee, Tsui, Cheng & Zhou, 2019). The resource based view theory focused was on central issues involving capabilities or firms' performance which has a long stand relevance within the sphere of strategic management (Darcy, Hill, McCabe & McGovern, 2014; Colette et al., 2013; Easterby-Smith et al., 2009). The resource-based perspective of the firm and the concept of sustained competitive advantage are often not the culture of small and medium-sized enterprises that are spotted in a desperate attempt at sustainability and growth (Darcy et al., 2014; Carson, 1990). Resource based view theory (RBVT) like Porter's model of competitive forces cannot contribute for the enterprises competitive advantage effectively in rapidly dynamic marketplaces. In similar vein, the theory did not fully addressed when to encourage extra valuable resource or how to renew the existing stocks of valuable, rare, imperfectly imitable and inadequately sustainable resources that would be revitalized in untenable environmental circumstance. According to Priem and Butler (2001) the theory has been criticized widely for being vague and has deficiencies regarding operational validity.

3. Diffusion of Innovation (DOI) Theory

From the perspective of innovation and technology orientation, Rogers (1995) proposed the Diffusion of Innovations (DOI) theory in order to explain the concept by which innovation could be transferred between different people over certain periods of time by different means. The process of introducing a new innovation has been investigated for more than 30 years (Rogers, 2003; Rogers, 1983). Rogers' theory as noted by (Al Mamun, 2018) describes, among the most popular models of adoption in his book "Diffusion of Innovations" and has used the model as a framework for many studies from a wide range of subjects. The diffusion of innovation theory has been used in several fields, such as strategic management, political science, management, public health, communications, accounting, history, economics, technology, innovation and entrepreneurship, etc. (Johnson, 2015; Stuart, 2000). In addition,

Rogers' theory has been widely used in the theoretical framework in the field of technology adoption and innovation diffusion. Rogers' growth in innovation theory is perhaps best suited to exploring the technology orientation in small and medium enterprises and insightful ecosystems (Li & Asim, 2019; Parisot, 1995; Medlin, 2001).

Diffusion of innovation, research usually involves technological innovation and Rogers (2003) typically used the word "technology" or "innovation" as synonyms. Rogers refers to the diffusion as "a process in which innovation is thoroughly communicated between members of the social system through certain channels over time". Innovation, communication channels, time and social structure are the four basic elements of diffusion of innovation (Chege & Wang, 2020). Previous research has revealed that organisational culture encourages innovation (Do, Mazzarol, Soutar, Volery & Reboud, 2018, Petdersen, Gwozdz & Hvass 2018). Indeed, a culture that promotes and embraces innovation can be linked and defined by conduct that demonstrates an affection and incentive for advancement, risk-taking, free expression, focus on teamwork, communication, respect and trust, together with the promotion of group meetings and staff relations, empowering staff to improve their effectiveness, and working regularly on current model (Lijauco et al., 2020; Tang, Park, Agarwal & Liu, 2020; Rogers, 2003, 1995).

The primary drivers of sustainability, competitive advantage and efficiency for small and medium-sized enterprises are the introduction of new technology and non-technology innovation (Price, Stoica & Boncella, 2013). According to Fagerberg, Mowery and Nelson (2004) SMEs with higher innovations have significantly better ratios of income and employment than SMEs that are less innovative and creative. As a result, innovation research, particularly in the field of small and medium-sized enterprises, is vital due to the newness array of processes and activities undertaken by enterprises and their innovation responsibilities, which lead to sustainability, success in the enterprise and inclusive growth (International Labour Office, 2015; Anderson & Eshima, 2011; Jia, Tang & Kan, 2020).

Rogers (2003) defined innovation as an idea, practise or project considered to be specific to an entity or to a number of other adoption components. Innovation could have been invented a long time ago, but if people see it as new, it could be an innovation for them as well. In this study, based on Rogers' view of innovation as an idea or practice, the conceptualising of innovation elements or capabilities such as organisational culture, strategic orientation,

technology orientation and strategic business model promote sustainable growth for small and medium-sized enterprises directly or indirectly related to stakeholders, customers, suppliers, investors, government and co-operators were necessary. Assist in addressing the economic needs that are consistent with the United Nations Sustainable Development Goals Agenda 2030 (SDG, 2020; Francke & Alexander, 2019). The diffusion of innovation involves establishing the capabilities of innovation cultures that promote the effectiveness of innovation competitive advantages that support sustainable growth of small and medium enterprises in a new market dynamic.

4. Stakeholders Theory

The stakeholder theory was propounded by R. E. Freeman which has absorbed much focusing on business ethics (Freeman, 1984). The stakeholder theory that refocuses the power of decision-making and the benefits of labour, from those stockholders to 'any group or individual who may or may be affected by the achievement of an organization' (Freeman, Harrison & Wicks, 2007; Freeman, 1984; Freudenreich, Lüdeke-Freund & Schaltegger, 2020). The stakeholder theory indicates concerns about maximising the value added of stakeholder wealth that outperforms competitors (Freeman, 1984; Rosyadi et al., 2020). The stakeholder theory explained that companies must take into account the demands of the remaining shareholders, stressing that they must not only focus their full attention on shareholders (Freeman, 1984). A growing network should be recognised as a vital part of the company, as business will never operate on its own. Therefore, sustainable manufacturing needs to practice a culture which incorporates environment, social and economic systems into its functional corporate practices (Hami, Yamin, Shafie, Muhamad & Ebrahim, 2018). In other words, the enterprise is supposed to accommodate suppliers, consumers, customers and employee being their influential stakeholders with respect to the environment, economic and social structures (Hami et al., 2018). The latest business theories that would require shareholder opinions and exemplify long-term sustainability and short-term value creation from the point of view of shareholders (Shim, 2014) believe that business continues to exist not only for the benefit of shareholders, but also for the benefit of members such as suppliers, customers, employees and, to a certain extent, for economic progress.

Accordingly, Freeman (2007) noted that stakeholder management aims to address a growing business perception which holds that companies and managers overseeing enterprises do or should actually enhance customer satisfaction, suppliers, employees, communities and investors or shareholders. Previous scholars believed that the theory of team and grid stakeholders that culture is part of a user's lifestyle and a form of people's or organisational behaviour (Assandé, Naouré & Vangah, 2020; Jones, Wicks & Freeman, 2017; Werhane & Freeman, 1999). The ethics of small and medium-sized business owners therefore play a complex role in adopting a strategy to build customer loyalty or other benefits achieved through best practise (Zvitambo & Chazireni, 2020). Cultural theory, which reconciles culture with sustainable growth, reflects the way in which shareholders understand and respond, involving community and society in general, social and cultural core values (Valentinov, Roth & Will, 2019). Cultural diversity in terms of individuals, society, teamwork, advocacy group and employees drives customer initiatives and sustainable growth of small and medium-sized enterprises for economic, social and environmental benefits.

Therefore, businesses that voluntarily participate through community-based activities, such as providing charitable contributions to the community, helping initiatives and exchanging some of their profits with the community, are much more likely to become competitive in the global market (Moriarty, 2014; Zvitambo & Chazireni, 2020). Freudenreich, Lüdeke-Freund and Schaltegger (2020) points out that organisations that adopt a sustainable business model need to improve existing institutional and cultural capacities to achieve sustainable business growth and work with principal stakeholders to ensure resilience system that consider management is a component. In short, small and medium-sized enterprises need reforms that go far beyond basic cultural fitness and work together to foster more adaptable conduct and capacity for culture to cope with rapid change (Carvalho et al., 2019). In fact, the sustainability processes would be achieved once these standards are fulfilled, with businesses becoming more able to make progress, mostly in the long run, in order to promote the capability of the organisational culture for the sustainable growth of SMEs.

5. Contingency theory

Contingency theory discussed that firms can continue strategic matching which correspond with the external environment and uncertainties to gain the appropriate competitiveness, business growth performance and sustainability. Contingency theory is the key theoretical lens used to view the firm (Dentchev et al., 2018). The basic principle of the dichotomy of contingency theory would be that organisational effectiveness results from the adaptation of organisational factors, such as structure and contingencies that reflect the organisational situation (Bagnoli & Giachetti, 2015; Penning 1992). Environment (Burns & Stalker, 1961), organisational size (Child, 1975) and organisational strategy (Chandler, 1962) include contingency plans (McAdam et al., 2019). Because the appropriate contingency of strategic choices results in higher performance, the organisation hopes to confirm fits (Van Looy & Van den Bergh, 2018). For these reasons, embracing new organisational characteristics that fit new contingency levels, companies are encouraged to avoid the misalignment that results from contingency improvements (Victor, 2020). As a result, contingency plans are transforming the company as they need to be adapted to prevent productivity losses. The theory of contingencies therefore includes the notion of fit that influences performance and, in turn, drives initiatives of adaptive change and sustainable business growth (Dobbs & Hamilton, 2007).

The contingency of environmental stability tends to affect the structural system (Penning 1992). The contingency theory argues that the organisational structure needs to be modified to fit three contingencies, such as the environment, size and strategy (Donaldson, 2006). The theory of contingency believes that innovation is indeed the level of novelty or the volume of new products per unit of time targeted by managers increases the interconnection between the business units associated with making innovation happen (McAdam, Miller & McSorley, 2016). Innovation's new problem-solving necessitates an unforeseen sharing of knowledge back and forth across functional areas (Donaldson, 2001; Bagnoli & Giachetti, 2015). Evidence from Maletič, Maletič and Gomišček (2018) acknowledged the use of a contingency lens to revisit sustainability and organisational performance practices. Accordingly, the adoption of a contingency approach to support the sustainable growth of small and medium enterprises would be the most innovative problem-solving culture and interdependence that directly impacts the

supply of new products, meeting the needs of customers, stakeholders, the public, social, economic and environmental segments (Pratono, Al-Mashari & Del Giudice, 2016).

6. Dynamic Capabilities Theory

Dynamic capabilities have gained significant prominence in strategic management research (Laaksonen & Peltoniemi, 2016; Rashidirad, & Salimian, 2020). The dynamic capabilities theory was propounded by Teece, Pisano and Shuen (1997), empowered through the efforts of Prahalad and Hamel (1990). Teece (2017) noted that ordinary capabilities are mostly about businesses doing the right thing, while dynamic capabilities were about doing the thing right in terms of new product (and system) growth, unique management orchestration process, change-oriented organisational culture, and accurate assessment of business climate and technology trends at the right time. Therefore, strong, dynamic capabilities are indeed owned by few, not by many (Teece, 2017). Dynamic capabilities and strategic management examine how the firm can go beyond sustainable competitive advantages, especially in times of change and uncertainty. Persistent differences in corporate commitments to sustainability have led to an increasing debate (Wu, 2017). Fortunately, dynamic capabilities do not emerge from nothing, but are usually indicative of organisational experience and exposure (Kuuluvainen, 2012). With rapid innovation and unique business models, a business with high dynamic capabilities could indeed stay ahead (Schoemaker, Heaton & Teece, 2018; Cuervo-Cazurra et al., 2020).

Since the world economy has become much more accessible and the characteristics of innovation and production have become much more diversified, geographically and organisationally, the relevance of dynamic capabilities has been reinforced in recent times (Teece, 2011; Kuuluvainen, 2012). Findings by Salunke et al., (2011) has shown that businesses intentionally use, develop, expand and adjust processes to establish and develop essential dynamic capabilities. Dynamic capabilities can be effectively separated into three central clusters of actions other than for application purposes such as “(i) identification, development, co-development and assessment of technological opportunities in relation to customer needs (sensing); (ii) mobilisation of resources to address needs and opportunities, and to capture value from doing so (seizing); and (iii) continued renewal (transforming)” (Teece, 2017b).

Rezazadeh, Karami and Karami (2016) have reported that based on the extended meaning of the dynamic capabilities of Amit and Schoemaker (1993), the reconfiguration capability refers to the potential of the enterprise to reshape or transform new resources in order to meet the sustainability objectives of the fast-changing business environment. Considerable scholarly discussion has focused on organisational culture as an element of innovation linked to dynamic capability (Hock, Clauss & Schulz, 2015; Gudmundson, Tower & Hartman, 2003; Barbosa, 2014; Leskovar-Spacapan & Bastic, 2007; Kenny & Reedy, 2006; Duarte Alonso, Kok & O'Shea, 2018; Liao, Kickul & Ma, 2009; Duh, Belak & Milfelner, 2016). Correspondingly, Violinda and Jian (2016) have discovered that both the dynamic capabilities and organisational culture of cooperatives in China contributed significantly and positively to their competitive advantage. A survey of 380 companies showed that the critical elements of strategic orientation are indeed a vital part of dynamic capabilities and adaptive capacity (Zhou & Li, 2009). Similarly, from evidence in the reviewed literature, Zhou and Li (2010), Wangari (2015), Kaur and Mehta (2017) and Tseng, Chang and Chen (2019) have found support in viewing strategic orientation as a dynamic capability in an organisation.

In terms of technology orientation, the dynamic capabilities view acknowledges that technological know-how is not easy to access, but instead result of value-creation actions, such as research and development, continuing to learn and managerial asset orchestration process (Teece, 2017, Hakala & Kohtamäki, 2011; Zhou & Li, 2007; Gatignon & Xuereb, 1997). Additionally, Rezazadeh, Karami and Karami (2016) have opined that enterprises must allocate resources to technology innovation, test the creation and integration of new technologies, and manage technological uncertainty and strategies to survive with increased levels of technology turbulence (Srinivasan et al., 2002). Arifin and Frmanzah (2015), furthermore, have ascertained that upper echelons or top management teams seeking to support 'hardware' contents and promote the 'software' capability of enterprises for achieving sustainable technology adoption in their organisations have been more successful.

Moreover, with regard to strategic business models, the strategic business model clearly indicates the planned control-related initiatives for future processes, which included four modes of organisational management control activities such as finance, diversification, information and innovation (Betz, 2016). Likewise, Teece (2018) pointed out that the business model, dynamic

capabilities and strategy were indeed interdependent, leading to the choice of specific business models, target markets with a go-to-market strategy over all other strategic analyses.

In the same vein, Ritter and Lettl (2018) found that business model studies have been configured as a network connecting a component to the further growth of strategic management literature. Teece (2017) noted that dynamic capabilities encourage business models, mostly in the sense that an adaptively capable firm would be dynamic, that could quickly transform, test and reconfigure new and revised business models. This is a simple way of looking at any enterprise. 'A model of business (enterprise system) can be constructed as (1) overhead activities beyond (2) changing open-system; and the open-system share attains material, capital and workforces resources from the economy, transforming into goods or services and selling the goods and services within the marketplace of the economy (Betz, 2016), that would further enhance sustainable growth of SMEs. Therefore, in this study, relating dynamic capabilities theory with the innovation elements of organisational culture, strategic orientation, technology orientation and strategic business model alongside innovation competitive advantage and sustainable growth of SMEs would be necessary.

7. Upper Echelons Theory

Hooi et al., (2016) attempted to consider upper echelons theory and resource-based view theory, evidence for the research according to Hambrick and Mason (1984) the theory of upper echelons suggested that the managers' situation partly influence the organisation results, strategic decisions as well as level of performance. Remarkably, senior executive experience, core values, personality traits structure their interpretation of the positions they face, and in turn influence their choices (Hambrick, 2007). Upper echelons theory still remain crucial since upper executives progresses to play major roles in promoting organisational effectiveness (David, et al., 2012; Hambrick, 2007). Hooi et al., (2016) concluded that the bricolage tendencies entwined within entrepreneurs are intended to perfect key task through delivering sustainable innovation entrepreneurship. Proposing that as related channel for predicting and explaining why certain enterprises can gain competitive edge and obtain superior profits (Hooi, Ahmad, Amran & Rahman, 2016).

Nor-Aishah, Ahmad and Thurasamy, (2020) recognised the contribution of upper echelon theory (UET), believing on Hambrick and Mason (1984) ideologies have discussed that, top management homogeneity are testable background qualities like the senior executives age, operational tracks, certain professional experiences, educational status and economic class affects innumerable organisational outcomes which involves firms' competitive behaviour, diversification level, innovation, strategic business change and efficiency. The upper echelon theory (UET) continue to be valuable and appropriate until today because the enterprise top managerial officials play significant roles in evaluating organisational efficiency (Hambrick, 2007; Bonelli, 2014; Nor-Aishah, Ahmad & Thurasamy, 2020). The upper echelon tasks have a positive effect on organisational sustainability and, as such, contribute to the future sustainable growth of small and medium-sized enterprises (Tacheva, Simpson & Ivanov, 2020).

3. Methodology

This study adopted a systematic review of literature (Fink, 2019, Thorpe et al., 2005, Crossan, & Apaydin, 2010), an approach used for reviews by previous scholars aimed at merging the study in a logical and reasonable manner (Tranfield et al., 2003). In addition to systematic reviews, the basis is seen to be clear, oriented and achievable, to provide clarity, allow academic groups to be integrated and encourage replication (Thorpe et al., 2005). Provides sufficient information to guide theory and practice, as the understanding of differences is diligently established (Thorpe et al., 2005, Tranfield et al., 2003). In order to increase the reliability of the research work, three researchers conducted the study. The main goal of the literature review is to build on the underlying theories on sustainable growth of small and medium-sized enterprises, to identify emerging theories, highlight key needs and, contribute to the building of sustainable growth of the SME school of thought (Walker & Preuss, 2008; Tranfield et al., 2003; Seuring, & Müller, 2008; Klewitz, & Hansen, 2014).

In this study, the search approach is limited to, reviewed and published literature, such as journal articles, literary works, books and conference papers produced from internet databases, primarily scientific database systems. The search engines used were Inderscience, Google Scholar, Elsevier, Emerald Insight, Springer, Scopus, Institutional Repositories, ProQuest, Web of Science (WoS), Taylor & Francis, and Science Direct to name but a few. The study reviewed works concern management, strategic management, sustainability, strategic entrepreneurship and

small and medium enterprises. This study included a review of 73 publications, with significant contributions from 53 journals articles, 17 books, and 3 conference proceedings.

4. Contribution to Theories

The main contribution to theories in this paper shows that all theories are resourceful in underpinning the research in relation to the discovery of variable, either directly or indirectly linked to SMEs and sustainable growth of small and medium enterprises. Thus, enterprises actively utilise, develop, expand, and reconfigure operations to build and maintain vital dynamic capabilities, which are a significant factor in the theory applicability. In related view, the ability to unravel the perception of firm is precisely how SMEs can continue to redesign their resource based and grow new capabilities, which is an essential factor in all the theories. Apart from embracing novel approaches, SMEs develop and foster a range of diverse capabilities to achieve sustainable growth in a competitive environment. This study, therefore, has made a significant contributions to practice, knowledge and theoretical building in sustainable growth of small and medium enterprises literature. More so, the proposed review of the theories underlying the sustainable growth of small and medium enterprises is an inductively sound basis for advanced quantitative studies.

5. Conclusion

The purpose of this study is to evaluate theories underlying sustainable growth of small and medium enterprises. In the perspective of SMEs sustainable growth, the first study that suggests the suitability and applicability of all the above theories for the sustainable growth of SMEs. Since the theories of sustainable growth of small and medium enterprises appear to be inadequate. These helped to understand the phenomenon of variables choice that are interdependent on each other from the perspective of each theory that is relatively linked to sustainable growth of SMEs. Furthermore, this study has significant implications for owners, shareholders, strategic managers, sustainability managers and researchers. Future research may explore the use and submission of this study in the context of sustainable growth of SMEs as appropriate theories. Likewise, future studies should aim at a more empirical and quantitative approach that could explain the underlying reality of the theoretically advanced seven selected theories for sustainable growth of small and medium enterprises.

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