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WORKING PAPER

Knowledge networking and growth in service firms ^{*}

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Abstract

This paper empirically assesses whether knowledge networking affects the growth of small service firms. More specifically, using a large, unbalanced panel data set for the period 1992-2009, we investigate whether participation in a knowledge network called PLATO is positively related to service firm growth. Our results show that knowledge networking has a highly significant positive effect on the growth in net assets and added value of service firms. Furthermore, we demonstrate that the positive effect of knowledge networking on firm growth is significantly larger for service than for manufacturing firms, indicating that industry drives networking success.

Keywords: networking, growth, service sector, SME, knowledge