

Literature Review: Investment Readiness Level of Small and Medium Sized Companies

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Abstract: This contribution outlines the rising and promising research topic related to investment readiness level (IRL) of Small and Medium Sized Companies (SMEs). To advance this field of investigation and to bring potential future research directions to light, this paper reviews and explores the current state of research by means of a literature review contemplating quantitative facets in the methodology. While facilitating comparisons in applied methods of earlier development and progress, it uncovers core areas where research is still required. By considering the present body of literature focusing on the IRL of SMEs as a whole, this article ends by proposing two essential recommendations for future research effort. The paper captures the multi-faceted nature of IRL to reveal the range of conditions of alternative financial sources affecting the activities of researchers, entrepreneurs, investors and politicians alike.

Keywords: investment readiness level; entrepreneurs and financiers; entrepreneurs; investors; principal-agency theory; information asymmetry; small and medium sized companies.

Bibliographical notes:

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1 Introduction

The point of departure for analysing investment readiness level (IRL) is principal-agency theory (Jensen and Meckling, 1979; Farrell, 2003; Ryan and Schneider, 2003; Kaplan and Strömberg, 2003; Singla *et al.*, 2014). The information asymmetry between entrepreneurs and financiers represents an obstacle for small and medium sized companies (SMEs) when seeking for alternative sources of finance (Schmid, 2001; Hsu, 2007; Subhash, 2009), together with other parameters of investment decision-making including attitudes towards alternative sources of finance (Strebulaev *et al.*, 2014; Belleflamme and Peitz, 2014). To reduce the number of obstacles and resolve the difficulty of moral hazard, greater interaction between entrepreneurs and investors is called for (Sjögren and Zackrisson, 2005; Southon and West, 2006; Dehlen *et al.*, 2014). While previous work suggests that there is a difference between large and small firms in capital budgeting (Rossi, 2014) and an enormous need to learn more about the diverse relationships pertaining between the innovation business and risk capital investors (Rossi, 2015), other studies on SMEs claim that increased IRL is a result of closer working relationships and a higher level of dedication among investors, which in due course leads to superior access to markets for SMEs (Silver *et al.*, 2010).

Embracing a wide range of approaches, this study makes two key contributions. First, this primary investigation comprises a synthesis of the main research streams based on the methodologies applied within this field, thereby critically evaluating different aspects of the literature related to IRL, as well as noting unresolved issues and pending questions in these most promising areas for future research. Second, it is the first investigation to provide a multi-faceted and broad examination of IRL on the basis of a systematic review. While there is both a growing academic and practical interest in this field, there is also an obvious need for greater co-ordination between the scholarly literature and the practices implemented as presented by this paper. No systematic review has so far been presented focusing specifically on this fusion. Hence a better understanding of the IRL dynamics and definition within this segment will provide a more accurate picture of the IRL of SMEs, including a thorough literature overview of the multidimensional roles of entrepreneurs and investors with respect to future necessary in-depth investigations into influencing theories, concepts, definitions and subtopics of IRL as well as recommended special designed public programmes for decreasing information asymmetry with respect to agency theory.

This paper examines the multi-faceted nature and dimensions of IRL by differentiating the perceptions and assessment criteria of investors and is structured as follows. As already noted, the theoretical part starts with an explanation of the vague concept of IRL for which so far no clear definition has been proposed. Next, the methodology section introduces the literature explored and the investigation process. Thereafter, the review of the existing research presents the main results leading to potential avenues for further work. The paper closes with a discussion of the main findings, the contribution of the study, and finally, its limitations.

2 METHODOLOGY

Attempting a synthesis of research across domains, the methodology applied here is a systematic literature review (Harden and Thomas, 2005; Denyer and Tranfield, 2015). An original classification scheme of applied research methods in research related to IRL as part of a wide-ranging literature review is presented in order to reveal, categorize and understand the research so far (Bryman *et al.*, 2008; Behzadian *et al.*, 2010; Venkatesh *et al.*, 2013). This assessment with quantitative characteristics is used to analyse the interactions and essential findings between research clusters and the methodology of publications based on different research designs in this nascent applied research field affecting both scientific effort throughout the discipline and also practitioners and politicians. Finally, this review seeks to lay the foundations for further IRL definitions and citation analysis related to IRL (Narin, 1976; Noyons *et al.*, 1999; Mingers and Leydesdorff, 2014).

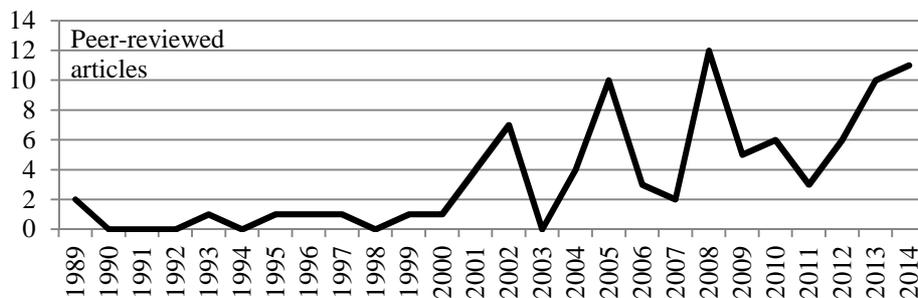
2.2 Data

Using the search items “investment” or “investor” and “readiness” in the abstracts and titles of potentially relevant articles, the electronic databases EBSCO Business Source Premier, EconLit (EBSCO), ABI/Inform Global/ T&I ProQuest, Web of Science, Google Scholar, as well as Social Science Research Network (SSRN) were scanned for publications in peer-reviewed academic journals. This yielded 127 articles. After eliminating duplicates in the different electronic databases, the final review shown in Table 1 resulted in 95 articles published before the end of 2014. Figure 1 further emphasizes the growing interest in this research field in recent decades. To ensure high quality in the process of analysing the literature on investment readiness taking account of the analyses and insights from all concerned, the articles were scanned and assessments were compared multiple times.

Table 1 Summary of review results of the research topic IRL by source

Sources	Number of results
Business Source Premier (EBSCO)	17
EconLit (EBSCO)	14
Social Science Research Network	1
Google Scholar	4
ABI/Inform Global T&I ProQuest	88
Web of Science	3
Results found for IRL in abstracts and titles:	127
After removing duplicated articles:	95

Figure 1 Development of the research topic IRL



3 A REVIEW OF RESEARCH

3.1 Terminology investment readiness level

Previous work on IRL by the European Commission (EC) stressed that demand for alternative sources of finance can be boosted when SMEs understand and react to investors' concerns (EC, 2006) on one side, and investors are able to support entrepreneurs or SME's managers to understand investment rationale on the other side.

In addition, practitioners define IRL as a set of processes consciously approved and acceptable as prospects for investors (EBAN, 2007; Irwin *et al.*, 2014). The vague concept of 'investment ready' refers to the capability of entrepreneurs or SME's managers to be aware of the precise needs of investors and to be able to reply through adequate information and preparation. A high level of trustworthiness determines the investor's decision-making process to finance the SME. The fundamental idea of

investment readiness is the approach of taking into consideration both the supply and demand side of SMEs' financing, (Vasilescu, 2009; Clarkin *et al.*, 2014). At its heart, becoming 'investment ready' is consequently about company enhancement and growth (Mason and Harrison, 2001; Silver *et al.*, 2010; Osterwalder *et al.*, 2011; Klaff, 2011; Soorjoo, 2012; Euchner and Ganguly, 2014; Thiele and Fellnhofner, 2015).

However, it has been reported in earlier work that the combination of different investors' assessments related to IRL dimensions appear to be different and reflected intuitive assessments (Wang, 2014; Tan *et al.*, 2014). In general, entrepreneurs and investors tend to differ in their awareness of readiness (Douglas and Shepherd, 2002). In addition, in the review of the literature, an 'investment-ready gap' referring to an undersupply of investment-ready projects, also an 'equity gap' referring to an undersupply of risk capital prevails (Veugelers, 2011). Thus, in conceptualizing multidimensional IRL, this paper draws upon well-elaborated models and methods as well as on theoretical instruments for analysing the existing IRL literature (Zakaria and Janom, 2011; Baker *et al.*, 2014; Smith and Cordina, 2014; Parry, 2012).

3.2 Scope and breadth of the research

In the face of considerable criticism, government policy focuses on the stimulation of growth and innovation by increasing the supply of capital to promote the creation of new ventures which, in turn, are dependent on access to finance (Aghion and Howitt, 2006; Chaudhry and Garner, 2007; Autio *et al.*, 2014; Colombo *et al.*, 2014). However, policies have to pay attention to innovativeness on both the supply and the demand side to encourage investment by introducing supportive co-investment schemes (Mason and Harrison, 2001; Queen, 2002; Aernoudt, 2005; Mason, 2009). This requires addressing the specific needs and barriers faced by SMEs, which appear to be – first and foremost – their access to external alternative finance (Hughes, 1997; Larsen and Lewis, 2007; Irwin and Scott, 2010; Veugelers, 2011). Tackling these appears to be important in fostering a dynamic economy for socially significant activity, employment and wealth (Bartlett, 2001; Lawton, 2002; Beck *et al.*, 2009).

According to the results of the literature review conducted, most academic peer-reviewed articles address issues from a one-dimensional perspective employing either qualitative or quantitative research methods. Outlining a classification matrix in Table 2 highlights the need for in-depth analysis with methodological multi-dimensional views. The qualitative methods employed predominate in approximately 86% of the 95 selected peer-reviewed articles, the major focus being on conceptual

papers or the like. However, at this stage, a majority of 57% of all peer-reviewed articles selected focus on exploratory studies including questionnaires and descriptive analyses or similar contributions with quantitative aspects. Table 2 of this review provides evidence that the mixture of both qualitative and quantitative methods used is indeed required in this research field.

Table 2 Summary of the literature review results of the topic IRL in SMEs

Method of peer-reviewed articles found for “investment” or “investor” and “readiness” in article's abstract		Qualitative methods				Number of articles
		Case studies/ interviews	Classification matrix	Theoretical models or similar	Other conceptual paper or similar	
Quantitative methods	Exploratory study, questionnaires, descriptive analysis or similar	3	1	15	22	54
	Structural equation model	0	0	3	0	3
	Factor/cluster analysis, regression analysis/correlation	1	1	2	4	8
82		11	2	24	45	65

This paper aims to facilitate dialogue on varied research methods to conduct valuable, thorough diverse research to develop IRL (Hohenthal, 2006; Venkatesh *et al.*, 2013; Zachariadis *et al.*, 2013; Starr, 2014). Future investigations taking both qualitative and quantitative research methods into account are essential in encouraging best practices in IRL among SMEs, which will contribute to the further enhancement of the financial environment and SMEs’ access to alternative sources of finance.

Closer scrutiny of the 95 articles permits a categorization into in central themes covering the demand and supply side, which will be discussed below.

3.2.1 Central themes related to the demand side

New firms in particular face barriers in obtaining and expending financing to scale up their businesses (Posadas, 1998; Mitter and Kraus, 2011; Rasmussen and Sorheim, 2012). Most businesses are not investment ready while searching for potential investors (Mason and Harrison, 2002;

Mason, 2009). While a range of committed founders search for external equity finance, those who are keen to become involved are not fully aware of what potential investors are searching for and how to advertise their businesses in an appropriate light (Mason and Harrison, 2004; Mason and Kwok, 2010).

Reassessing the demand-side perspective related to financing entrepreneurs by considering improving their chances acquiring external alternative financing, the preferences and perceptions of the entrepreneurs, the presentation of the company (Chen *et al.*, 2009), the relationships and the networks available (Steier and Greenwood, 2000; Elfring and Hulsink, 2003), as well as the process of acquiring investment are central issues and key drivers for enhancing the IRL of SMEs (Rasmussen and Sorheim, 2012). Overall, several studies reported that the knowledge of the availability of necessary financing from alternative sources is still low given the level of demand, while the supply side is becoming more efficient and sustainable. This results in the suggestion that there appears to be a real need for prospective entrepreneurs and top management of SMEs to gain effective assisting support, training and advice to improve IRL in SMEs (Holmes and Kent, 1991; Van Auken and Neeley, 1996; Irwin *et al.*, 2014; Cassar *et al.*, 2014).

Demand-side weaknesses indubitably impair the effectiveness of supply-side interventions (Mason and Kwok, 2010) which will be discussed below.

3.2.2 Central themes related to the supply side

Perceived from the supply side, because of the high risks involved, investors hesitate to invest and create liabilities in potential high growth ventures (Mason and Harrison, 1991; Rasmussen and Sorheim, 2012; Bolton *et al.*, 2013). While examining an increasingly widespread development, it is found that cross-border investments appear to be an under-researched phenomenon (Dai *et al.*, 2012; Moore *et al.*, 2014; Jääskeläinen and Maula, 2014). Several studies observed that investors typically invest first locally (Ivković and Weisbenner, 2005; Cumming and Dai, 2010; Hochberg and Rauh, 2012). However, domestic investors attract foreign investors through the impact of various circumstances related to management, labour, networks, relationships, market knowledge, strategic, cultural and stakeholder integration as well as their cross-border roles to increase the IRL of SMEs (Makela and Maula, 2008; Doloreaux and Dionne, 2008; Giofré, 2014). The structural and technological implications of expanding to international markets utilize a well-developed growth and globalization strategy as well as a higher IRL

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(French and Poterba, 1991; McDougall *et al.*, 1994; Schwab, Sala-i-Martin & Greenhill, 2011; Hughes and Breytenbach, 2013; Blomkvist *et al.*, 2014).

3.2.3 Combining both perspectives on investment readiness

In the frame of international financial crises, the necessity to attract alternative sources of finance becomes obvious. In addition, the correlation between the supply and demand side poses a new challenge for SMEs (Vasilescu, 2009). Raising the IRL in SMEs is noted as one of the most vital key strategies in public policies for promoting entrepreneurial growth in Europe (Edler and Georghiou, 2007; Mason, 2009; Grilli and Murtinu, 2014; Burchardt *et al.*, 2014; Bertoni and Tykvová, 2015).

The discussion on the relevant articles related to both demand and supply aspects emphasizes the need for IRL programmes and initiatives to stimulate both entrepreneurs and investors to aim at increasing the pool of investment-worthy projects and companies, whereas the design and delivery of such IRL programmes are of utmost importance. The implementation of government planned programmes such as investment readiness information seminars, tailor-made business development workshops or investor-related training on presentation skills for pitching events need to be sufficiently developed to promote economic dynamism (Mason and Harrison, 2001; Mason and Kwok, 2010; Romani *et al.*, 2013). Earlier analysis related to the lack and impact of IRL on investor dedication and SMEs' market accessibility indicates that increased IRL in SMEs stresses several positive effects in strong relationships with investors, which in turn leads to higher probability of success among SMEs on entering the markets (Silver *et al.*, 2010). First of all, specially designed public funded programmes and seminars could provide an overview of sources of finance and several steps to access them. Among these are training in adequate presentational skills in the approach to IRL facilitation. Within this approach an investment-ready review check will identify the strengths and weaknesses as well as recommend related actions. Furthermore, a suitable environment to achieve company investment entails addressing company specific business development issues, which should take account of special needs, requirements and circumstances such as the sector, the region and the innovation life cycle through essential expertise within a longer period of time (Mason and Harrison, 2004; Silver *et al.*, 2010; Osterwalder *et al.*, 2011; Klaff, 2011; Soorjoo, 2012; Euchner and Ganguly, 2014). As a final step, tailor-made intermediations between the supply and demand sides guided by advisors

should be facilitated to increase the success of alternative sources of finance from all perspectives.

Merging both points of view – those of investors as well as of entrepreneurs – prospective entrepreneurs require effective advice and diverse assistance at different organisational levels and from technology readiness up to market readiness with specially designed and focused programmes by the government to improve their IRL for gaining access to essential financial support (Britt *et al.*, 2008; Evans and Johnson, 2013; Irwin *et al.*, 2014; EC, 2015). This, in turn, completes the concept of IRL referring to the capability of entrepreneurs to be aware of the specific investors' needs and the ability to respond to them through relevant information and also to satisfy the investors' requirements. A high level of credibility and trust determine the investors' decision to finance the business (Duarte *et al.*, 2012; Scarbrough *et al.*, 2013; Pevzner *et al.*, 2013; Libby and Emmett, 2014). After all, drawing on the literature review, the major idea of the IRL and future contributions need to take into consideration both aspects: the demand and supply side of SMEs' financing (Vasilescu, 2009).

4 FUTURE RESEARCH DIRECTIONS

One central aim of this systematic empirical literature review is to recommend topics for future research. Based on this critical examination of the current state of research including 95 scientific peer-reviewed articles, this contribution offers a representative picture of research related to IRL with a focus on applied research methods. While this paper provides considerable insights, there remain opportunities for further research in this emerging area. To advance the research field of IRL, in this section potential research areas from the review are derived to be used as input for future investigations. Each part will be discussed in turn.

Primarily, facing differing views between entrepreneurs and investors when considering relationships with high expectations, these contradictions appear to result from the emotionally laden and overconfident entrepreneur who fails to observe the business from an investor's perspective. Entrepreneurs need to be aware of the fundamental assessment and investment criteria applied by investors (Proimos and Murray, 2006). Accordingly, first and foremost, the first central theme of this literature review concerns the different roles, needs and expectations of entrepreneurs and investors that require to be more researched having an in-depth look to information asymmetry with respect to agency theory.

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4.1 In-depth investigations into different roles, needs and expectations for decreasing information asymmetry with respect to agency theory

In SMEs a division between ownership and control is generally made in running the business. In this particular field, the principal delegates responsibilities and work to the agent, who carries out that work on the principal's behalf (Jensen and Meckling, 1976). According to earlier research this separation of functions is widespread because of related benefits in the sphere of specialization of management and risk bearing (Dalmácio and Nossa, 2004; Eisdorfer, 2011; Demarzo *et al.*, 2012; Yoo and Rhee, 2013). Furthermore, prior studies have investigated the power of human, strategic and economic factors in investors' decision-making (Hsu *et al.*, 2014). Drawing upon agency theory, specific human resources, enthusiasm strategic readiness, and economic potential matter in different ways to different investors showing that differences in investment decision policies can be explained by examining the agency costs, information asymmetry, risk management and management mechanisms (Hsu *et al.*, 2014). Consequently, IRL, corporate orientation, development stage, networks, industries, regions, relationships, management, market, trends, technology readiness level and the financial conception need to be considered as key elements for designing training programmes in alleviating the information asymmetry problem (Aernoudt, 2005; Nath, 2010).

Despite the extensive research on entrepreneurs and investors, advisors specialized in supporting entrepreneurs to raise funding has been overlooked (Mason and Harrison, 2002; McAdam and Marlow, 2011; Lahti, 2012; Fellnhofer and Thiele, 2014). Advisors appear to speed up the procedure of seeking and acquiring funding. In addition, they take part in negotiations to improve the terms and conditions in the preparation of documents. Consequently advisors may contribute to improving the IRL of SMEs while increasing the possibility of successful funding and might contribute to particular designed IRL programmes (Lehtonen and Lahti, 2009; McAdam and Marlow, 2011). Finally, the literature review calls for more research dedicated to the different roles, needs and expectations related to IRL for decreasing information asymmetry with respect to agency theory (Wright *et al.*, 2004; Amatucci and Sohl, 2004; Madill *et al.*, 2005; Kollmann and Kuckertz, 2006; Martens *et al.*, 2007; Brettel *et al.*, 2013; Schwienbacher, 2013).

In line with this argumentation, secondly, and based on the central themes discussed of bridging different points of view, future research should focus on a more differentiated look at the influence of different

maturity levels of IRL in different areas in comparison with sectors and regions.

4.2 In-depth investigations into subtopics of IRL to reach a definition

While several studies have highlighted the necessity for SMEs to become more investment ready in order to take advantage of the supply of capital (Douglas and Shepherd, 2002; Mason and Harrison, 2004; Mason and Kwok, 2010; McAdam and Marlow, 2011; Veugelers, 2011), business enterprises are perceived to be different in their IRLs – several appear to be more market and management ready than technology ready with respect to the applied financial strategy (Douglas and Shepherd, 2002).

Taken as a whole, IRL is determined by examining the new venture's technology, market and management or team readiness jointly (Proimos and Murray, 2006). Management readiness or team capability is seen as an essential driving force to increase and grow businesses (Higashide and Birley, 2002; Wheeler and Davies, 2004; Baeyens *et al.*, 2006; De Cleyn *et al.*, 2007; Killen *et al.*, 2008; Mäkelä and Maula, 2008; Maklan and Knox, 2009; Glenn Richey Jr and Autry, 2009; Ulbrich *et al.*, 2011; Cumming and Fischer, 2012; Ellemers *et al.*, 2013). The internationalization of a business is influenced positively by both the founder as a key leader and powerful decision teams. However, family-dominated group-level decision teams affect the internationalization process of a business (Wen-Ting, 2014). Furthermore, the technological readiness for developments within a company is discussed as an essential starting point for IRL (Britt *et al.*, 2008; Spath *et al.*, 2012; Evans and Johnson, 2013; EC, 2015). Last but not least, market readiness appears to be the final IRL aspect (Douglas and Shepherd, 2002; Zakaria and Janom, 2011; Janom *et al.*, 2014) having a detailed view on continuous business development (Silver *et al.*, 2010; Osterwalder *et al.*, 2011; Klaff, 2011; Soorjoo, 2012; Euchner and Ganguly, 2014).

However, these different subtopics of IRL are under-researched and have not been discussed in sufficient detail as part of the whole IRL debate and concept with respect to information asymmetry and agency theory. Furthermore, based on prior work it would be interesting to explore how other theories such as the pecking order theory, trade-off theory and fiscal theory influence financing decisions and so IRL in firms (Rossi, 2014). Consequently, in-depth investigations with mixed applied research methods are required to expand the current literature and evidence base, and finally, to arrive at a clear and measurable IRL definition based on reliable, valid and usable methods by both academics and business practitioners alike.

5 CONCLUSION AND LIMITATIONS

Recent decades have witnessed a constant increase in the number of articles dedicated to IRL. While IRL is as yet only vaguely defined, it has emerged as an influential concept for entrepreneurship and finance. However, while entrepreneurship has been cited as a significant instrument for society's wealth, there remains considerable uncertainty regarding the fundamental basis for entrepreneurial finance from alternative sources as regards barriers and gaps linked with the information asymmetry and agency theory. At this stage, research is considered necessary to outline and critically assess what has been studied and what has so far been neglected in this field. In this particular area of research, this contribution has taken an extensive look at present activities in IRL research resulting in prospect research streams, which need to be addressed in future work to advance the concept of IRL in SMEs.

To observe the present state of the IRL field, a systematic literature review was conducted based on a large number of 95 scholarly peer-reviewed journal articles. The outcomes of this review illustrated a well-built focus on two central themes of the IRL of SMEs, the supply and demand side, resulting in two central future research streams, in-depth investigations into different roles, needs and expectations for decreasing information asymmetry with respect to agency theory and in-depth investigations into subtopics of IRL ascertaining a clear and measurable IRL definition to reduce information asymmetry. Without claiming that these are the only streams in IRL research, these paths appear to be major avenues in the current literature base.

Based on the examination, there appear to be significant weaknesses in current research methods resulting in further suggested research directions including a mixed methods approach in the future. In addition, the analyses illustrate that further research including more applied quantitative research methods is required based on large samples to test different approaches to IRL in different SMEs from different sectors and regions to different investors with or without advisors' input or special training programmes. For instance, earlier research illustrates that in particular SMEs in developing countries such as in Eastern Europe (Weiss and Welsh, 2013), or in specific sectors such as the textile industry, face specific challenges that need to be addressed in future work (Jørgensen and Koch, 2012). Accordingly, it is assumed that different destinations and sectors may influence IRL. Qualitative methods are described as less

precise and consistent, and therefore less reliable and credible than quantitative methods (Jayaratne and Stewart, 1991; Brannen, 2005; Silverman, 2006; Starr, 2014). The core message of this review is that well-elaborated investigations in IRL based on mixed research methods will provide scientifically valuable supportive ways for enhancing knowledge, more valid concepts and a reliable definition of IRL. Taking advantage of mixed methods design IRL research will increase reliability to reach a better understanding of the interdisciplinary research field (Hohenthal, 2006). Moreover, this work proposes research designs for studying both developing theory and novel phenomena through different combinations. Methodological improvements have established procedures for mixed methods (Zachariadis *et al.*, 2013). The exploitation of different levels of abstraction is crucial in order to identify relationships, influences and dependences within IRL in SMEs. Within this approach future analyses related to financial decisions and IRL in different life stages of firms will also contribute to this research stream. In particular, the effects of different technological readiness levels for IRL will provide both theoretically as well as practically valuable implications (Britt *et al.*, 2008; Larson, 2011; EC, 2015). This article moreover discovered a great need for a comprehensive perception of the different roles of entrepreneurs and investors in the IRL literature.

Like every other piece of scientific writing, this study illustrates some limitations that need to be examined. First of all, this literature review could be criticized for not discussing all the essential contributions that appear to be related to the IRL of SMEs, and so being limited in the publications selected as an initial point for the examinations. Conversely, through the precise procedures of the systematic data collection applied, as comprehensive a literature base as possible representing the existing and leading views within IRL research was created. Consequently, the possibility of critical studies having been omitted that would have significantly changed the central conclusion with the two central suggested future research directions appears to be very slight. Furthermore, this paper describes the main avenues of existing conceptual and empirical findings related to IRL research. Without doubt, the limitations related to the impartiality of the results of the analyses and the individual interpretations of the outcomes are acknowledged. Based on different individual evaluations other scholars might have performed differently. Several assessment rounds over a longer period of time decreased the subjectivity.

Fundamentally, the results of this literature review lend credibility and reliability to the impression that the IRL of SMEs has attracted growing

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interest in recent years. However, the research field is still limited and fragmented in the sense that studies are available in a wide range of scientific journals and have dealt with a wide range of investigations with respect to various businesses. Consequently, at this stage it appears to be of utmost importance to define IRL for all individuals involved – researchers, investors, entrepreneurs and politicians alike – building a robust basis for further investigations.

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