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**Team size, diversity and performance of new ventures and SMEs: a meta-analysis**

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This paper describes what we know about the effect of top managerial teams (TMT) size and diversity on the performance of new ventures and SMEs. It does so by summarising the results of a thorough literature search of quantitative studies published on this topic between 1990 and 2016 and of a meta-analysis on the relationships reported in these studies.

The search revealed 47 studies and 266 measured relationships between TMT size or diversity and firm performance. These studies employed different samples, econometric techniques, geographical and industry sector focus. Almost 77% of the studies in our sample focus on new ventures, 60% on high-tech firms and 36% on SMEs.

Meta-analysis provides a systematic approach to reviewing the existing literature on a specific topic and synthesizing the prior empirical results, and estimates the effect size of the relationship, that is its strength and statistical significance across different studies. While the meta-analysis reveals many significant and positive effects of team size and diversity, the range of effects varies quite widely depending on context, generating a range of effect sizes

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from small to large. This inconsistency in results suggests that more replicative studies are required to add to the body of knowledge on team effects on performance.

The analysis showed the following consistent results for new ventures and established SMEs: a medium positive effect size of functional diversity on innovation, ethnic/gender diversity on internationalization, and experience diversity on other performance measures. Consistent results were also obtained for a small positive effect size of experience diversity on internationalization.

Other results differ between groups of firms:

- For new ventures, we find a very high effect size for ethnic/gender diversity on employment size, a very small effect size of team size on innovation, and a medium high effect size of ethnic/gender diversity on other performance measures.
- For high tech ventures (both new and established) we find a medium effect of education diversity on other financial measures of performance and a medium effect of functional diversity on innovation.

Our findings support a widespread view that a well-balanced management team is more likely to deliver strong performance. Some of these associations, for example an apparent link between gender/ethnicity diversity and internationalization, are particularly intriguing and warrant further research.

In policy terms our results suggest the value of considering both diversity and the size of top management teams in any form of growth or performance audit. In general terms, larger more diverse teams are associated with better performance. Context matters, however, with the evidence suggesting that the benefits of different aspects of diversity differ between firms in low-tech industries and high-tech ventures.