

The importance of innovations and networks for Finnish SMEs

Snowman -project findings from SMEs interviews in summer 2018

Europe has huge potential for innovation, growth and increased employment in the owner-managed SMEs, which represent most of SMEs in Europe. Despite the potential, actions are currently missing partly because of unsuitable tools between intermediaries and SMEs.

Snowman -project focuses on finding suitable solutions for owner-managed SMEs. It has gathered thirteen project partners from 5 countries. The main tasks are to find solutions for improving counselling process and develop new types of tools and methods that both owner-managers and intermediaries will find effective and value-creating.

One key element in the project are owner-manager interviews. The current MBA thesis project focuses on the interviews of the Finnish SMEs which were conducted in summer 2018. The sample was 16 interviews where 15 interviewed were owner-managers and one was a manager. Of this sample 12 SMEs had been active over 20 years and most of all interviewed SMEs were family-owned businesses.

Themes on SMEs interview were challenges, non-technological innovations, and counselling. The current MBA thesis focuses on questions on innovations and networks. The aim is to examine in which level Finnish SMEs are on innovations and in networks, and what is the importance of networks for innovations.

The results showed that major companies, other SMEs, and intermediaries & business organisations were the main co-operation partners for SMEs. Fast and flexible decision making, simple organisation and freedom to develop and creating own looking services and products were seen as advantages. Challenges in co-operation were reported to be lack of time, only few persons on sales and decision making and too much to do.

One question considered wishes for the magic fairy and answers reflected on two major areas: money and workforce. Wishes for money included issues such as stable cash flow, investments, bigger and major projects, and more customers. Wishes for workforce included competent and skilled staff but also wishes for improving wellbeing and comfort of the employees. Counselling was typically reported to be used when needed but at least once a year. The respondents saw counselling important if it gives good and usable advices. Good counselling should be expertise, it should provide clear answers and facts, advice when needed and give new and unexpected views.

Innovations were familiar to most of the interviewed owner-managers and they were seen important for the business and not only a buzz-word or fashion phenomenon.

However, even if innovations were known and highly appreciated, most of the respondents didn't report any specific innovation strategy. Innovations were usually quite small and were made by the owner or internal staff. Of the non-technological innovations, the most interesting ones were reported to be the marketing innovations and quite many of the respondents were waiting more information on these; especially on possibilities digitalisation could offer for boosting the business. Of the respondents, 10 of 15 were planning to increase their non-technological innovation level during the next five years. Innovations were seen as motivators, which can have a positive effect on work. However, because of the lack of time, only those innovations that were really expected to improve the business and pay off are done.

Finally, the results showed that when the SMEs had strong co-operation with major companies, other SMEs or/and intermediaries, they also reported high innovation levels. Frequent co-operation with schools (vocational or Universities), on the other hand, was not linked to high innovation level.

More results and conclusions of the interviews about innovations and networks can be read from my thesis that hopefully is ready in the end of 2018.

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