

## THE DETERMINANT FACTORS OF THE INNOVATIVENESS IN THE MICRO ENTERPRISE CONTEXT

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During recent decades, innovation has been a key ingredient in shaping the strategies of companies, irrespective of size or legal form. In this sense, innovation has become a key factor of the new corporate consciousness, becoming one of the topics of scientific research that has generated most literature. Furthermore, several studies argue that companies which are able to innovate, have the ability to respond to changes in the environment better and faster than the non-innovative firms (Romero y Martínez-Román, 2012). Thus, this is one of the underlying concepts of this work. There are major differences in the management of innovation among small and large businesses, and of course the results achieved. Large companies tend to have a more bureaucratic structure, with a greater number of organizational levels, and often have their own R&D, unlike the case of small firms. Therefore, the integration of the innovation process at different levels of large organizations is sometimes complex, quite the opposite in the case of small businesses (Laforet, 2013).

In the context of small businesses, especially in the microenterprise case, Fiegenbaum and Karnani (1991) state that usually the smaller companies lack the administrative bureaucracy of large companies, and the owner / manager is able to make important decisions quickly, taking advantage of efficiently informal internal communication, and developing strong relationships with customers and employees. These features enable a quick response to technical and market changes, leading to the creation of new differentiated products for niche markets. In this line, several studies have demonstrated how the internal variables, more related to the figure of the manager (also usually the owner) and certain strategic decisions taken in the company, have a key role in the explanation for the capacity to innovate of small firms (Zitan Chen et al., 2014). For these reasons, innovation in microenterprise is expected to be different.

Based on the above arguments, this paper aims to contribute to the study of microenterprises, focusing in the analysis of the internal factors. This article focuses on comparing several strategic and structural factors between innovative and non-innovative microenterprises, with the objective to achieve clear conclusions about which are the factors may explain the differences between both types of microenterprises.

The traditional theory of the firm bases the development of innovation in the internal factors of the company and its ability to generate innovative resources (Knight, 1967). Furthermore, certain environmental factors, whose influence has been widely proven in the case of large enterprises, are less powerful as an explanation of the decision to innovate in smaller companies, in favor of internal factors, associated with the individual figure of the micro entrepreneur and other cultural, financial and organizational aspects. Some potentially important factors are the initial level of education, experience, training, or the use of technology (Romijn and Albaladejo, 2002). Other internal factors to be considered in the proposed analysis are those related to the organization and activity of the micro enterprise, such as the use of information technology for management, the corporate values and the consideration of business culture, the use of cooperative alliances as organizational strategies, or the scope of the company.

This exploratory study presents a comparison of innovative and non-innovative microenterprises. The field study is a statistical analysis of the micro enterprise population by choosing a sample. A survey has been used to obtain the data. The population to be analyzed is the 3,128,181 micro enterprises that made up the Spanish business network at December 31, 2009. From the review of the literature on the characteristics and management of microenterprises in times of crisis, we have developed a questionnaire consisting of twenty closed questions. The surveys have been conducted on micro-entrepreneurs or relatives working in the company both in person and by telephone, and mobile phone numbers and other information, such as how long the company has been operating, have been obtained using the database "Analysis System Iberian Balance" (SABI). One sample is formed from companies involved in product innovation during the current economic crisis and the other is formed from companies not involved in product

innovation during the same period. The comparison analyzes which internal factors, supported by the literature as the influential factors of small business innovation, are significant when explaining the main differences between innovative microenterprises and non-innovative ones. This analysis aims to examine whether the two sub-samples show significant differences in certain independent variables, for example, the age of the micro or small businessperson in microenterprises which "innovate" and those which don't. The choice of one type of technique or another depends on the variable to be compared. So for continuous variables ANOVA was used, for ordinal variables the Mann-Whitney "U" test and for nominal variables the chi-square.

The results obtained seem to reveal that the factors related to the profile of the micro entrepreneur do not have such a differentiating effect on the innovative character of the micro enterprise as those related to the activity and organization of the company. According to the results it can be determined that the differences of averages are practically negligible for the variables age and experience of the micro-entrepreneur. This means that the difference of averages between firms which "innovate" and those which don't, in relation to the factors of the age of the micro-entrepreneur and the company's seniority are not significant for the development of new products in the Spanish microenterprise. In the same way, as happens with "age" and "experience", the factors "gender" or "studies" of the micro-entrepreneur do not seem to explain the significant differences in innovative intensity between microenterprises which innovate and those which don't. However, factors related to the use of ICT, business cooperation networks or conducting CSR activities show significant differences between those companies that are innovative and those which are not.

Hence, following the line presented by some of the literature reviewed in this paper, there are certain factors such as the use of ICT (Kyvik and El Tarabishy, 2009; Barnes et al., 2012), understanding and implementing CSR activities (Hockerts, 2008), or membership of networks and partnerships, which are drivers for business results and improvement in the competitiveness of enterprises (Albaladejo and Romijn, 2000). This study adds to this literature by providing new conclusive data which appears to reveal that these factors are also determinants in explaining the results regarding the innovative process in the field of Spanish micro enterprises.

For a better understanding of the results, it must be specified that the use of ICT, understanding and implementation of CSR activities and membership of cooperative networks and alliances, are also related to the sociological profile of the entrepreneur in the context of the microenterprise. This is justified by the characteristics of the corporate structure in Spain, as discussed in this article, that more than fifty percent of them had no other employees than the owner. For this reason it is necessary to understand that the variables identified as significant in the study will also depend on the micro-entrepreneur's performance and certain factors related to his or her sociological profile, such as education, age, experience or gender.

## REFERENCE

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