Innovation and its Influence on Organizational Development: Description of the Process in Colombian SMEs

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Abstract

Innovation in small and medium enterprises (SMEs) is a challenge, due to the characteristics of this type of business. There are several factors that have an impact and should be analyzed, especially in this era of change and globalization. To observe from the perspective of SMEs, as has been the growth of innovation, the results of a descriptive / quantitative research are shown. For the study, a questionnaire was designed under the Likert scale, with key questions on innovation applied to 150 small companies in the city of Barranquilla; after the collection of responses from these companies, an analysis was carried out in SPSS to facilitate the understanding of the data. The most relevant results show that SMEs focus on innovating in existing processes and that new procedures or approaches are developed in an incipient way. The recommendations are aimed at empowering the actors influencing the SME process to promote more significant advances in this regard.

Keywords: innovation, processes, SMEs, globalization, competitiveness
1 Introduction

In the Colombian economic context, the largest number of companies is made up of small and medium enterprises (SMEs), which are characterized by few workers, limited resources and moderate volume business compared to large companies and infrastructure. It is estimated that for this year, SMEs contribute about 80% of the country's employment and 40% of the Gross Domestic Product (GDP) [1]. It is evident the importance of these small productive units in the national economy, the figures of their participation denote a high degree of entrepreneurship in the national territory, where the SME stands as an alternative to the lack of formal employment. However, according to the Colombian Confederation of Chambers of Commerce (Confecámaras) [2], the survival of companies is worrying, since while 78.3% survived the first year of its creation, only 61% survived the third year and 42.9% the fifth, therefore, it can be concluded that only 40% of SMEs created are still active after 5 years of operation.

According to diverse studies, the mentioned problems can be summarized in the lack of a directive that favors the competitiveness [3], which, in a globalized market, can be the trigger of situations that lead to the closing of these units [4]; from there the conclusion that the innovation becomes an essential factor in the performance of the companies in the long term, identifying it as the main variable to impel the managerial dynamics in the present time [5].

Innovation as a trend has been analyzed from different points of view, finding today several typologies, which are summarized according to their approach in figure 1 below.

Fig. 1: Types of innovation

The types of innovation vary according to the object of each organization [5], for which reason, diverse forms of inserting improvements and novelties in each company can be derived. Below are the results of an instrument that investigated the progress in SMEs in the city of Barranquilla to know the progress against the topic of interest.
2 Metodología

Considerando el propósito de esta investigación, fue necesario utilizar un método de investigación cuantitativo/descriptivo, el cual, según las normativas de la área, facilitó los análisis establecidos [6]. La investigación involucró a 150 empresas de las industria, comercio y servicios de la ciudad de Barranquilla, que fueron seleccionadas intencionalmente bajo los siguientes parámetros: empresas inscritas en el comercio con más de doce meses de operación, con un mínimo número de cinco empleados, con ventas mayores a $15,000,000. Los cuestionarios fueron valorados en una escala entre 1 y 5, que se detalla como sigue: 1 (desacuerdo), 2 (parcialmente), 3 (moderadamente), 4 (acuerdo) y 5 (totalmente de acuerdo). Los resultados fueron analizados en el programa SPSS para facilitar la ilustración de los aspectos más relevantes. Las empresas participantes fueron cubiertas por la ley de habeas data vigente en el país.

3 Resultados y Discusiones

En la compilación de las respuestas de los participantes, fueron categorizadas según los aspectos contemplados, y son resumidas en las escalas definidas en el cuestionario. Véase resultados en tabla 1.

<table>
<thead>
<tr>
<th>Valued aspects</th>
<th>Very much in agreement</th>
<th>All right</th>
<th>Moderately agree</th>
<th>Partially agree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation is promoted in SMEs</td>
<td>50</td>
<td>40</td>
<td>25</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>Innovation processes are continuous</td>
<td>45</td>
<td>35</td>
<td>28</td>
<td>22</td>
<td>20</td>
</tr>
<tr>
<td>The staff is trained for innovation</td>
<td>30</td>
<td>45</td>
<td>23</td>
<td>45</td>
<td>7</td>
</tr>
<tr>
<td>Earmarked budget for innovation</td>
<td>43</td>
<td>33</td>
<td>26</td>
<td>25</td>
<td>23</td>
</tr>
<tr>
<td>Innovate in products</td>
<td>5</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>135</td>
</tr>
<tr>
<td>Innovates in processes</td>
<td>42</td>
<td>32</td>
<td>27</td>
<td>24</td>
<td>25</td>
</tr>
</tbody>
</table>

Los hallazgos obtenidos nos permiten observar varios aspectos que reflejan la innovación en SMEs. En primer lugar, al consultar a los líderes y coordinadores de estas unidades sobre la promoción de la innovación dentro de la organización, se puede observar que sólo 90 SMEs promueven este componente, los restantes 60 están distribuidos entre el rango de acuerdo y desacuerdo. En una línea similar se ubica la continuidad de los procesos innovadores, donde se obtuvo que 80 de las SMEs si los dan continuidad y 70 están distribuidos entre moderadamente y desacuerdo.

Cuando se analiza con detalle los aspectos de mayor progreso, la promoción de la innovación y la continuidad de los procesos innovadores están estrechamente relacionados, como se muestra en figura 2.
In detailing the responses by scale, it can be seen that some results are similar, which allows inferring that promotion contributes or facilitates innovation or that continuity also makes promotion possible, which suggests that as an organization adopts an innovative culture, it gives way to a cycle of constant growth that can significantly dynamize innovation as a business component. This corresponds to research carried out in different countries that propose that as SMEs adopt these guidelines, the innovation wheel does not stop moving [7]. A similar case is analyzed when observing the response scales of what was consulted with reference to process innovation and budget allocation, as shown in figure 3.
According to the results, 76 of the SMEs invest part of their budget for the promotion of innovation, while the others are distributed among the rest of the scales. Very similar answers can be found when consulting about innovation in processes, which makes it possible to visualize a clear trend in this line on the part of SMEs. This is consistent with research that suggests that SMEs have a short and medium-term vision [8], which is why they have not yet embarked on product innovation and prefer process innovation [9]. This corresponds to the orientation that small entrepreneurs try to invest their resources and efforts in those concepts that they believe will give results in a more agile manner [10]. For the reality of these small units is limited [11] and the tax aspects, as well as the hiring of labor can interfere with the allocation of resources for this purpose [12]. The aspect of product innovation is the most precarious in all SMEs showing the compilation of figure 4.

Fig. 4: Product Innovation

It is evident from the responses provided by entrepreneurs that product innovation is not part of their priorities, which can be contrasted with related studies that indicate that as long as the SME landscape does not change, product innovation will occur very slowly [13]. This type of innovation is occurring mostly in large companies that may have significant resources [13], but for small entrepreneurs it will be very difficult to reach these levels [14], while current conditions are preserved [15]. The aspects compiled in these results show great interest on the part of small entrepreneurs to innovate [16], the progress achieved confirms that innovation is a component that is being positioned in business management [17], however, tax and economic demands and access to sources of financing [18] may be factors that impact the process and delay it in comparison with the expected advances.
4 Conclusions

The revised information makes it possible to specify that innovation is a fundamental component for SMEs to excel in an environment where competitiveness and globalization have a strong impact. The SMEs consulted show that they currently promote innovation, innovate in processes and already allocate some budget for this purpose. However, what is related to product innovation is something incipient. Entrepreneurs indicate that the tax burden, as well as the hiring of personnel are factors that can impact on the processes of SMEs, so the innovation process is an aspect that in some cases does not have the desired continuity. The above suggests that the mentality of the entrepreneur has begun a transformation and that some advances can already be seen. However, there is still a tendency towards short- and medium-term results, which must change to ensure that these productive units can last over time and therefore remain an important source of employment, economic and social development.

References


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