



European Union
European Regional
Development Fund



Ελληνική Δημοκρατία
ΠΕΡΙΦΕΡΕΙΑ ΘΕΣΣΑΛΙΑΣ

INNOGROW
Interreg Europe

POLICY BRIEF 4

**WHAT FOSTERS INNOVATION
ADOPTION BY SMES?**

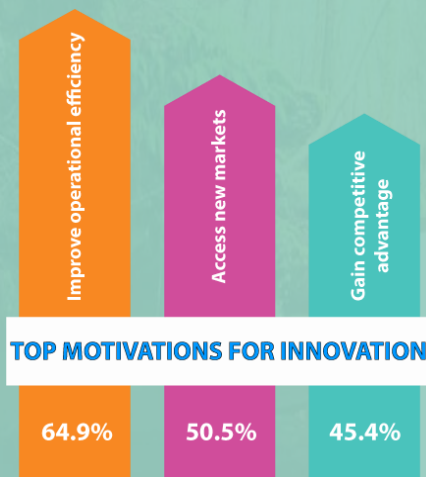
SUMMARY

The policy brief in hand presents the highlights of INNOGROW study activity on the enablers and barriers of innovation adoption by rural economy SMEs. The main issues presented are drawn from the survey that was conducted by project partners in their regions. The aim of this policy brief is to provide insight on the current level of innovation capacity of rural economy SMEs, the enabling factors and the obstacles affecting rural SMEs' capacity to invest in new technologies and engage in collaborations, existing and potential benefits of innovation adoption and the impact of innovation on business operations.

INNOGROW SURVEY IN A GLANCE

- **86% of SMEs state that they have adopted innovation within their business organization. The majority of them adopted new production technologies and processes, while the development of new products/services is also a prevalent mode of innovation.**
- **63% of SMEs demonstrate low intensity of innovation (one to two positive responses per innovation area), 28 % demonstrate moderate degree of innovation adoption (three to four positive responses per innovation area**
- **1 out of 10 rural SMEs exhibits "high intensity of innovation", namely, more than five to six innovation areas are addressed.**

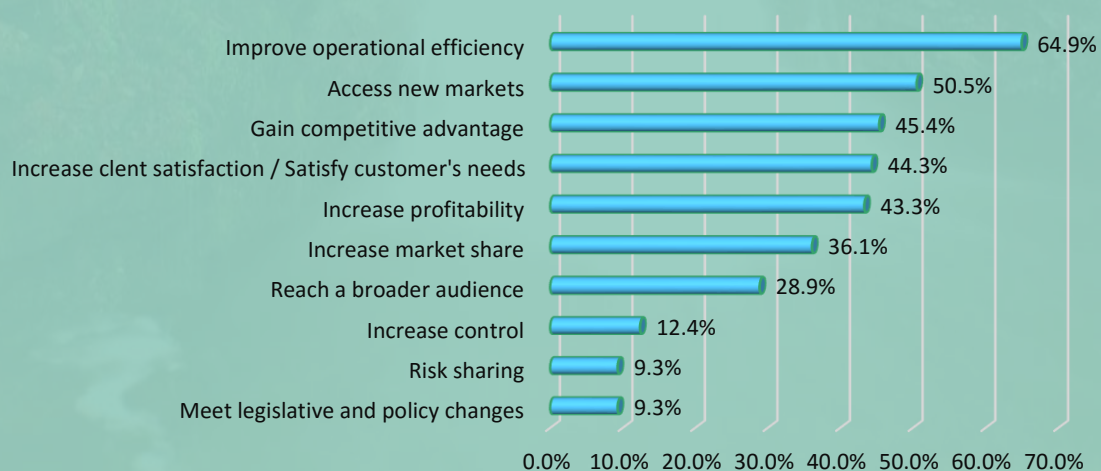
MOTIVATIONS



What drives innovation adoption according to SMEs?

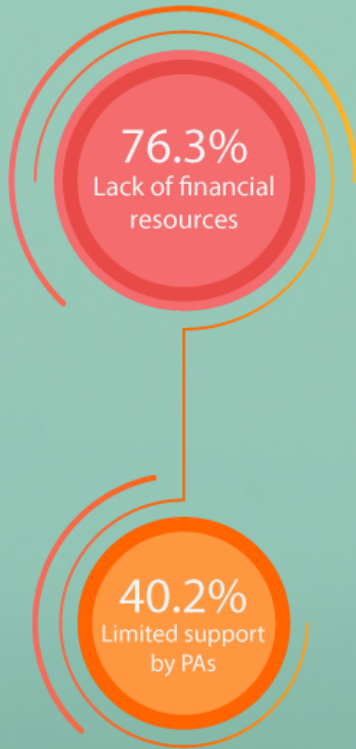
Evidence shows that rural economy SMEs tend to invest in innovation for fulfilling their functional needs; the motivations to get functional benefits drawn from the production of new products, reduced production costs and internationalisation. In particular, the most important motivation behind the adoption of innovation for rural SMEs is the need to improve their operational efficiency. Altogether, five types of motivations underlie SMEs' innovativeness: a) improve operational efficiency, b) access new markets, c) gain competitive advantage, d) increase client satisfaction / satisfy customer's needs and e) increase profitability.

Figure 1. Needs/objectives addressed through the adoption of innovation
Positive answers ("Yes") as % of total answers ("Yes" + "No") in each component



Source: INNOGROW A1.4

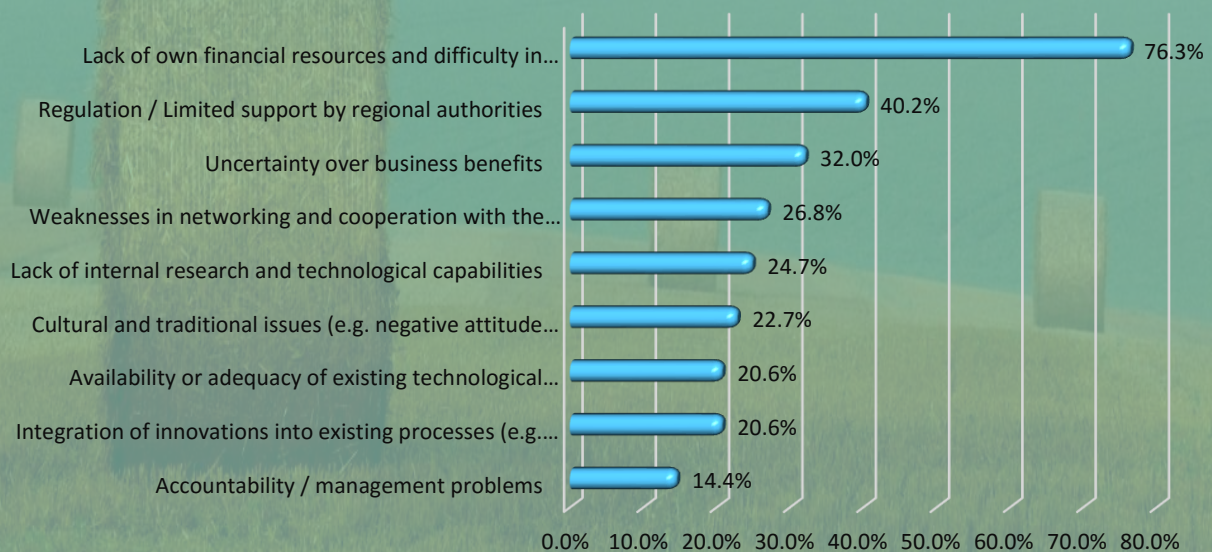
CONSTRAINTS & BARRIERS



Development and implementation of any type of innovation requires staff (human resources) with high quality research and technological skills that will support the adoption of innovative procedures/technologies within business operations. The need for highly skilful personnel with an innovative culture (e.g. scientists, technicians, or engineers) is necessary for both R&D and non R&D based SMEs. More than 24% of rural SMEs faced difficulties arising from the unavailability of internal research capabilities.

Figure 2. Barriers to innovation

Positive answers (“Yes”) as % of total answers (“Yes”+ “No”) in each component

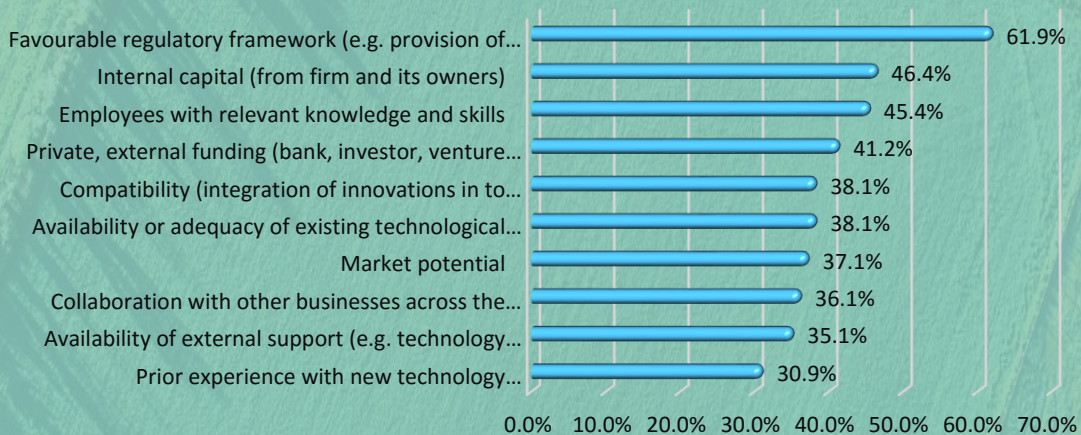


ENABLERS



A suitably skilled workforce (including strong management skills) is one of the key prerequisites for successful innovation – both innovation at the technological frontier and the adoption of existing technology – as workers are required to develop and learn new production techniques. Employees with relevant knowledge, skills and capacities affect the probability of investing in R&D and thus constitute a significant driver for introducing new production technologies and getting involved in innovative collaborative networks.

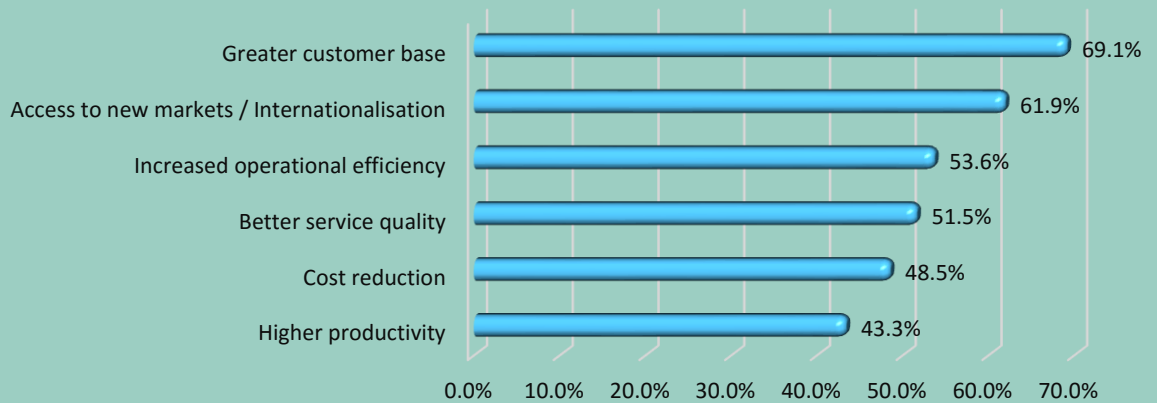
Figure 3. Enablers for innovation
Positive answers (“Yes”) as % of total answers (“Yes”+ “No”) in each component



Source: INNOGROW A1.4

EXPECTED ORGANISATIONAL IMPACT

Figure 4. Benefits from the adoption of innovation
Positive answers (“Yes”) as % of total answers (“Yes”+ “No”) in each component



Source: INNOGROW A1.4

Improvements related to productivity, service quality and operational efficiency appear to be the most expected benefits associated with the adoption of innovation.

Source: INNOGROW A1.4

