
Editorial

Erich J. Schwarz* and Malgorzata A. Wdowiak

Department of Innovation Management and Entrepreneurship,
Klagenfurt University,
Universitaetsstrasse 65-67, 9020 Klagenfurt, Austria
E-mail: erich.schwarz@uni-klu.ac.at
E-mail: malgorzata.wdowiak@uni-klu.ac.at
*Corresponding author

Biographical notes: Erich J. Schwarz is the Head of the Department of Innovation Management and Entrepreneurship and Dean of the School of Management and Economics at the Klagenfurt University, Austria. He was a Visiting Professor at several universities in Austria, Germany and Slovenia. His research interests focus on issues relevant to SMEs and young firms. He conducts research primarily in the areas of innovation, strategy, performance, internationalisation, and behaviour of entrepreneurs.

Malgorzata A. Wdowiak is a University Assistant at the Klagenfurt University, Austria. She studied economics, business management and political sciences at universities in Germany and Poland. She was a Visiting Researcher at the University College Cork, Ireland. Her research interests include cultural economics, economic sociology, and entrepreneurship.

In the last decade, the number of small and medium sized enterprises (SMEs) increased worldwide impressively. In the European Economy, the number of SMEs¹ grew by 13% (2.4 million) compared to the 5%-rise of the number of large enterprises between 2002 and 2008 (European Commission, 2009). In 2008, the considerable majority (99.8%) of over 20 million enterprises in the European Union constituted SMEs. They are expected to generate economic growth and react innovatively on market demands (Baumol, 2002). The most remarkable phenomenon of SMEs is their role in the creation of new job opportunities despite their smaller size (Acs et al., 1999). Between 2002 and 2008, the SME-sector was responsible for the creation of 9.4 million jobs (European Commission, 2009).

However, SMEs in the European Economy have still a lower productivity and innovativeness than large enterprises, not least because they usually dispose of limited economic resources and, more importantly, of lower qualified personnel (Koegh et al., 2005; European Commission, 2009). Therefore, it is crucial to investigate how SMEs can improve their knowledge resources and management processes, thus increasing firm innovativeness. In the light of current financial and economic crisis, taking actions aiming at innovativeness improvement appear as decisive for the existence and development of SMEs. The collection of six following papers – most of them presented on the conference on ‘Management of SMEs: growth, innovation and internationalisation’ in Klagenfurt (Austria) in September 2009 – responses to these challenges. The papers primarily focus on cognitive aspects and social embeddedness of actions enhancing innovation and management processes in SMEs.

The paper opening the issue, 'Enhancing process innovations: the role of cognitions and power-based leadership', by Diana Eva Krause, examines how using reward and coercive power by supervisors affects innovation-related cognitions and behaviours of middle managers in SMEs. The study reveals that leadership style based on coercive power is counterproductive to behaviour and cognition in the context of innovations. So, this component of power-based leadership should be renounced in innovation management.

Similarly, Waiguny, Terlutter and Zaglia address a cognitive perspective of innovativeness in their work on 'The influence of advergames on consumers' attitudes and behaviour: an empirical study among young consumers'. Advergames are viewed as innovative tools for creation of customer relationship. The study reveals that firms may have manifold benefits from applying advergames in their marketing practice. For example, a positive attitude toward advergames increases the enjoyable experience of the game, which in turn encourages reusing and recommending the game, thus, supporting creation and enhancing of brand loyalty. Also, the players of advergames are usually more likely to engage in innovation communities providing SMEs with new innovative ideas.

The next two papers offer examples of the role of social embeddedness in the creation and fostering of innovativeness of local small businesses. The first article, 'Competence development in start-ups and SMEs: what is the role of higher education institutions as cooperation partners?', by Kailer and Thum-Kraft, discusses benefits from cooperation with local institutions of higher education. A more closely embeddedness into regional institutional networks emerges as crucial for SMEs innovativeness due to transferred new knowledge inputs. Besides, the authors identify factors important to SMEs in the choice process of institutional partners.

The subsequent article, 'How to turn public networks into clubs? The challenge of being a cluster manager', by Jungwirth, Grundgreif and Müller, deals with the challenges regarding transformation of a public subsidised cluster into a private financed one. It is an important issue since private clusters, being independent from public directives and goals, may response more efficiently to the (innovation) needs of local SMEs embedded in such networks. The authors provide recommendations how to succeed such cluster transformation.

In the next paper, 'Management accounting and controlling in German SMEs – do company size and family influence matter?', Becker, Ulrich and Staffel discuss managerial practices in (family vs. non-family) SMEs regarding the use of financial information. The authors could detect significant differences pertaining to applying of controlling instruments. For example, German family businesses are likely to use less strategic tools like prognostics and management information systems than non-family enterprises. The study employs a qualitative approach and goes so beyond the vast majority of previous research using merely formal quantitative design.

The final contribution, 'Examining SME performance: the role of innovation, R&D and internationalisation', by Pett and Wolff, enables us to learn from the US experience with innovativeness of SMEs. The authors investigate how internationalisation and innovation-related capabilities impact sales growth and profitability of the US businesses. The results suggest that SMEs seeking sales growth should create a culture that appreciates extensive R&D investments and continue new product development efforts. Profitability is in turn strongly related with internationalisation capabilities.

We believe papers selected for this special issue address timely insights into the cognitive perspective and social embeddedness of innovativeness of SMEs, which is central for firm survival and competitiveness in times of economic crisis. We would like to thank all authors for their effort and enthusiasm by producing this special issue and all reviewers for their valuable comments.

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Notes

- 1 According to the Commission Recommendation (2003/361/EC), SMEs are defined as economic subjects that employ less than 250 persons and realise annual turnover less than EUR 50 million and balance sheet total less than EUR 43 million.