

Innovation and Micro-sized Enterprises: A Multi-site case study in South Wales

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Objectives: The aim of the paper is primarily to explore how micro-sized enterprises in the technology sector conduct innovation. In particular, the study considers the linkage between micro-sized and other organisations in relation to the innovation process. This involves non-start-up enterprises in South Wales developing their own products.

Approach: The research has been of an exploratory nature since the innovation process of an enterprise cannot be controlled by the researcher. Contemporary events have been considered together with some historical data which has involved a case study approach. This has built upon the literature which has demonstrated that research into innovation in micro-sized enterprises is often limited with a focus on start-up enterprises. The case study research design has used multiple cases involving a cross-sectional design due to the use of multiple enterprises. Since the case study strategy has used multiple cases this has allowed within-case analysis as well as a cross-case pattern search.

Results: The results are presented in relation to the type of innovation, the innovation process and strategy, drivers, business support and barriers. It is found that innovation is an important part of the activities undertaken by micro-sized enterprises and they focus on incremental or really new innovations in many cases. The agents for this focus include the enterprise size and the required short time for a return on the investment into product development. The evidence suggests further that being owner managed leads to a low risk approach to innovating, which favours incremental innovations.

Implications: This research has explored how innovation is undertaken in technology sector micro-sized enterprises, and although these are the second biggest enterprise group in the UK this has not been reflected in the literature. The literature illustrated that there were limited sources with this group of enterprises typically being excluded from innovation surveys by researchers and educators. Key results of the study relate to each other and form a picture of innovation in micro-sized enterprises of relevance to key groups such as entrepreneurs, policy makers and practitioners.

Value: The key contribution of the paper is that incremental or really new innovations are favoured over radical innovations by micro-sized enterprises. It is indicated by the evidence that the main influencing factor for this preference arises from the owner-manager also acting in an innovative capacity. Future research could therefore explore these points with a different group of micro-sized enterprises.

Keywords: Innovation, Small and Medium-sized enterprises, Micro-sized enterprises, South Wales, Technology Sector

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