INC

INNOVATION CULTURE FOR SMEs

*Best Practices Guide*

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# Contents

**CONTEXT**

*In today's dynamic and rapidly evolving business landscape, innovation stands as a cornerstone of growth and sustainability. Small and Medium-sized Enterprises (SMEs) constitute a significant portion of the global economy and play a pivotal role in fostering innovation. However, they often face unique challenges in embracing and implementing an innovation culture.*

*The InC project, a collaborative effort involving project partners Consiliul National al Intreprinderilor Private Mici si Mijlocii din Romania - filiala Arad (C.N.I.P.M.M.R. Arad), Asociatia de Dezvoltare Economico-Sociala (ADES), Asociación Valencia Inno Hub (Inno Hub), E&D KNOWLEDGE CONSULTING, LDA (E&D), and DANMAR COMPUTERS SP ZOO seeks to empower SMEs by building awareness among their managers about the importance of fostering an innovation culture within their organizations. To achieve this goal, ADES, C.N.I.P.M.M.R. Arad, and Inno Hub have collected a wealth of best practices and inspirational examples. These practices encompass various aspects of innovation culture, from principles guiding engagement to models that have succeeded in different contexts.*

*This Best Practice Guide serves as a comprehensive resource for SME managers, organizations, and stakeholders interested in instilling innovation at the core of their operations. It synthesizes the valuable insights and experiences gained from the InC project partners and presents them in a structured and actionable format. The guide is designed to empower SME managers with practical strategies, tools, and approaches for cultivating an innovation culture within their companies.*

# I.  INTRODUCTION

In today's rapidly evolving business landscape, innovation stands as a cornerstone of progress, prosperity, and competitiveness. The imperative for innovation extends to small and medium-sized enterprises (SMEs), which are integral to inclusive growth strategies. SMEs that embrace innovation can enhance productivity, raise wages, and foster better working conditions, contributing significantly to reducing economic disparities (OECD, 2015a).

In the pursuit of innovation, the OECD categorizes various activities that encompass the innovation spectrum, including research and experimental development, creative design, marketing and branding, intellectual property, employee training, software development, asset acquisition, and innovation management (OECD, 2018). To gauge a firm's capacity for innovation, the concept of business capabilities emerges as a critical factor. Business capabilities encompass attributes such as design capabilities, problem-solving skills, technical expertise, digital competence, human resources skills, and organizational learning, all of which enable firms to engage effectively in innovation activities (OECD, Oslo Manual 2018).

This guide aims to provide invaluable insights and practical recommendations to facilitate the integration of innovation culture within SMEs. The contents of this guide have been meticulously curated through desk research and interviews with seasoned business experts.

The approach taken by ADES experts underscores the significance of cultivating an innovation culture within SMEs. Innovation culture is characterized by principles such as building trust, demonstrating expertise, fostering openness, maintaining confidentiality, proposing tailored solutions, and preventing conflicts of interest. ADES experts stress that SME managers should be empowered with the competencies necessary to instill an innovation culture within their organizations. The InC project seeks to develop a program that equips SME managers in low/no tech environments with the tools to nurture innovation cultures, enabling pro-innovative orientations within their teams.

C.N.I.P.M.M.R. Arad experts, employing desk research, emphasize the critical role of innovation culture across SMEs. They provide examples of public organizations from leading economies, such as the US and the UK, which have actively supported SMEs in embracing innovation culture. In the wake of the pandemic-induced economic challenges, fostering an innovation culture has become even more pertinent for SMEs. This guide

explores how SMEs can navigate disruptions and seize new business opportunities through a robust innovation culture.

In the pursuit of understanding the dynamics of innovation culture, Inno Hub's focus leans toward Spanish SMEs, recognized for their exemplar innovation culture. While SMEs play a pivotal role in economic growth, they also grapple with unique challenges. These include limited capital, marketing hurdles, non-standard organizational structures, quality management issues, human resource constraints, and legal intricacies (Michael, Zainurossalamia, & Sri, 2017). To surmount these challenges, SMEs must not only invest in innovative products but also cultivate innovation culture, characterized by creativity, empowerment, and a transformative shift in organizational ethos (Aksoy, 2017).

In essence, this guide amalgamates global perspectives, academic insights, and real-world experiences to provide SME managers with a comprehensive roadmap to foster innovation culture within their organizations. By delving into the principles, methodologies, and case studies presented in this guide, SMEs can unlock their potential as engines of innovation, not only benefiting their bottom lines but also contributing to broader economic, social, and environmental advancements.

## II. IMPORTANCE OF SUPPORTING SMES IN BUILDING COMPETENCIES FOR IMPLEMENTING INNOVATION CULTURE AMONG SMES MANAGERS IN LOW/ NO-TECH SECTORS

The current economic landscape can be aptly described as both "complicated" and "unpredictable," demanding a high degree of adaptability to navigate successfully in an ever-changing world. In this context, leaders and managers bear the responsibility of steering their organizations toward innovation by shedding outdated practices in favor of more efficient, innovation-driven approaches (Hashim, 2012).

A strategic focus on innovation is not just an option; it's a strategic imperative for firms operating in today's market economy (Hardie, 2010). The symbiotic relationship between innovation and company performance is evident, where a company's strategic orientation significantly influences its innovativeness, and innovation, in turn, drives competitiveness and performance (Kumar, Boesso, Favotto, and Menini, 2012). Particularly for SMEs, survival and growth hinge on their ability to foster an innovative mindset (Demirbas, Hussain, and Matlay, 2011).

Globalization has brought about unique challenges for firms of varying sizes. While larger companies may find it relatively easier to adapt to new environments due to greater financial and human resources (Acs, Audretsch, 2006), innovation remains the foundation for competitiveness. The capability to adapt to unforeseen market changes and deliver superior products faster than competitors is paramount (Porter, 1990).

Innovation is deeply rooted in a company's resources, with collaboration and support from partners playing a pivotal role in enhancing technological capabilities and product innovation performance. In knowledge-based economies, innovation assumes particular importance at both local and regional levels. Effective leadership emerges as a critical factor, with leaders serving as the catalysts for innovative ideas and implementation techniques, enabling SMEs to remain competitive globally (Demirbas, Hussain, and Matlay, 2011).

Innovation capability stands out as the most invaluable knowledge-based intangible resource for SMEs' survival, competitiveness, and long-term sustainability. This capability translates an explicit concept into value, leading to wealth creation and sustainable SMEs,

a sector renowned for its contributions to employment, innovation, and economic dynamism (Demirbas, Hussain, and Matlay, 2011).

Across the globe, SME managers, particularly in Austria, recognize the transformative power of innovation. Austrian SMEs, comprising 61% of the total, actively engage in innovation, notably in digital transformation and sustainability. The younger generations, often taking the reins of family-run SMEs, are spearheading innovation culture, fostering an open and innovation-oriented environment. Such a culture not only fuels innovation output but also enhances employee well-being and attracts top talent, countering the advantages of larger corporations (Bouwman, Nikou, & Mark, 2019).

Fostering an innovation culture is not just a choice; it's an imperative for SMEs to thrive in an era defined by rapid technological changes, global economic shifts, and evolving consumer preferences (Dyche, 2022). An innovation culture aligns with autonomy, adaptability, and diversity within organizations (Price, 2022).

SMEs, particularly those in low/no-tech sectors, require societal support to build the capacities and competencies necessary to embrace innovation culture effectively. As we navigate a world characterized by globalization, digitalization, and constant change, more industries recognize the imperative of resilience and competitiveness.

Digital transformation is a defining feature of today's business landscape, requiring SME managers to transition their business models effectively (Unruh & Kiron, 2017). However, many small businesses lag behind their larger counterparts in adopting new technologies (Michael, Zainurossalamia, & Sri, 2017). To bridge this gap, SMEs need support and best practices to facilitate a smooth and informed transition.

Sustaining an innovation culture is equally crucial, necessitating motivation and education within the company (Aksoy, 2017). Building, maintaining, and promoting a culture of innovation is paramount for companies to remain successful and continually create new products (Aksoy, 2017).

## III. BEST PRACTICES

**A. Methods of Addressing the SMEs Managers of Low/ No-tech Sectors Regarding the Importance of Developing the Culture of Innovation within Companies**

In the pursuit of fostering a culture of innovation within SMEs operating in low/ no-tech sectors, several methods and strategies have emerged to address the unique challenges faced by managers in these domains. This chapter explores these methods, their underlying principles, and real-world examples of their application.

### a.1. Barriers to Innovation in SMEs

When discussing innovation with SME managers, it is common to encounter a gap between their recognition of innovation's importance and the actual actions taken within their companies. Despite acknowledging the significance of innovation, managers often deal with several barriers that hinder its implementation:

**a.1.1. Managerial Challenges:** Managers themselves can pose a challenge, as not all employees possess the same capacity for innovation. Managers must identify individuals with innovative potential and create an environment conducive to their creative contributions. Moreover, the daily demands of running a business, including strict deadlines and customer demands, often overshadow the space required for innovative thinking and experimentation.

**a.1.2. Financial Constraints:** SMEs, constrained by limited capital compared to larger enterprises, face hurdles in allocating resources for innovation initiatives.

**a.1.3. Talent Attraction:** SMEs often struggle to attract high-potential employees who may prefer the career opportunities and higher compensation offered by larger corporations.

**a.1.4. Lack of Methodology:** Innovation processes in SMEs sometimes lack structured methodologies, resulting in ad-hoc or customer-driven innovation rather than systematic approaches (Aksoy, 2017).

### a.2. Approaches to Overcoming Barriers

Addressing these barriers requires strategic and personalized approaches that resonate with SME managers:

**a.2.1. Consultative Sales Approach:** Understanding that the audience comprises individuals, not just companies, is essential. Building rapport with senior managers and owners by demonstrating a deep understanding of their business challenges

and actively listening to their problems is vital. This consultative approach shifts the focus from traditional product-centric sales to prospect-centric engagement, offering custom solutions for long-term relationships.

**a.2.2. Value Proposition:** Managers often seek to understand the value they stand to gain from innovation efforts. Providing a concrete value proposition that demonstrates cost savings, time efficiency, or business growth can pique their interest. SMEs are more likely to embrace innovation when they can see tangible benefits like accelerated time-to-market or increased profitability.

**a.2.3. Co-Creation of Innovations:** Engaging with SME managers directly to collaboratively create innovations for their businesses fosters a personal experience that resonates deeply. This hands-on approach extends to employees, ensuring that the workplace environment supports trust, relaxation, and experimentation.

**a.2.4. Sharing Success Stories:** Highlighting success stories, especially from within the same industry, can be a powerful tool to motivate SME managers. These stories showcase how innovation can lead to growth and profitability. Success is not limited to new products; it can also involve new services, processes, or business models.

## a.3. Education and Training

SME managers can benefit from education and training programs designed to enhance their understanding of innovation culture and management. These programs empower managers with the leadership and management techniques needed to foster creative problem-solving and drive innovation (Livescault, 2022).

## a.4. Networking and Collaboration

Creating networks and channels for SMEs to collaborate with other businesses can promote knowledge sharing, access to new technologies, and mutual support. Alliances between SMEs can be instrumental in leveraging each other's R&D investments and facilitating innovation (Almeida, Hohberger, & Parada, 2011).

## a.5. Leveraging Public Funds

Accessing public financial resources not only lends credibility to innovation initiatives but also addresses the financial constraints often faced by SMEs. Establishing connections with educational institutions, such as universities or technological institutes, can help SMEs leverage public funding effectively. An example is the creation of Technological Diffusion Centers (TDCs) in Madrid, which act as innovation intermediaries and provide SMEs with support and resources (Díaz-Puente, 2009).

### a.6. Case Studies: U.S.A. and U.K.

The United States and the United Kingdom offer insights into how innovative policies and ecosystems can support SMEs. Various programs, funding, and initiatives exist to aid SMEs in innovation-related activities, including R&D tax credits, technology-based economic development, and entrepreneurship training (The International Network for SMEs, 2020). In the UK, national agencies actively support businesses in growth through innovation, fostering an environment that encourages creativity and responsible innovation (Department for Business, Energy & Industrial Strategy, 2019).

### a.7. Innovation Culture as a Precondition

Ultimately, education is paramount, as managers must understand the potential and benefits of innovation. Cultivating a culture of innovation is the foundation for organizational, marketing, and managerial success in competitive markets (Aksoy, 2017).

In conclusion, SME managers in low/ no-tech sectors can overcome barriers to innovation by adopting tailored approaches that consider their unique challenges and objectives. These methods, along with public funding, networking, and education, pave the way for SMEs to thrive in an innovation-driven landscape.

## B. Principles and Models of Engaging SMEs Managers in the Culture of Innovation

In the pursuit of fostering a culture of innovation within SMEs, it is imperative to understand the underlying principles and models that guide successful engagement with SME managers. This chapter delves into these principles and presents real-world models that exemplify effective strategies.

### b.1 Principles of Engaging SME Managers in the Culture of Innovation

To effectively engage SME managers in the culture of innovation, several fundamental principles should be considered:

### b.1.1 Trust, Experience, and Expertise:

Trust, experience, and expertise are paramount when engaging SME managers in the culture of innovation. Building trust is the foundation for any successful partnership. Demonstrating experience and expertise instills confidence in SMEs, assuring them that you can provide unique and creative solutions tailored to their needs.

### b.1.2 Openness and Non-Discrimination:

Openness is a key principle, emphasizing compliance with non-discrimination and the elimination of any form of dignity violation. An inclusive approach ensures that all SMEs have access to innovation opportunities without prejudice.

### b.1.3 Confidentiality:

Maintaining confidentiality in relations with SME representatives is crucial. SMEs must feel that their proprietary information and ideas are safe when engaging in innovation initiatives.

### b.1.4 Adequacy:

The principle of adequacy underscores the importance of tailoring innovation efforts to match the specific situation in the region and the capabilities of the SME. This ensures that interventions are aligned with the SME's unique circumstances.

### b.1.5 Conflict Prevention:

Preventing conflicts of interest is essential to maintain trust and transparency in innovation collaborations. Establishing clear guidelines and protocols can help mitigate potential conflicts.

### b.2 Models of SME Managers Engaged in Fostering a Culture of Innovation

Several real-world examples demonstrate the successful engagement of SME managers in the culture of innovation:

### b.2.1 NG Green Innovations:

NG Green Innovations, a small Austrian company, exemplifies innovation through collaboration between SMEs and research centers. Founded by sustainability engineer Hanna Gansch, the company addressed the issue of energy-intensive farming equipment. Through a design thinking process, they developed a multifunctional milling machine that can clear snow in winter, transport materials in spring and autumn, and load harvest goods in summer. This model showcases innovation deriving from an innovative spirit, methodological approach, open innovation, and collaboration with research centers.

### b.2.2 Hamburg-based Metal Construction Company:

This company transformed its suppliers and distributors into partners by offering them training in new technologies and techniques. This approach fosters innovation that benefits both the company and its partners.

### b.2.3 Flexible Work Arrangements:

A Hamburg-based construction company introduced flexible work arrangements that allow employees to decide when they want to work. This innovative approach results in high staff satisfaction and eliminates the need for overtime.

### b.2.4 Collaborative Construction Teams:

Another Hamburg-based construction company adopted a collaborative model by forming construction teams with architects. This high degree of self-coordination among partners leads to cost savings of up to 25% and competitive pricing.

### b.2.5 Quality Management by Experienced Employees:

A Hamburg-based painting company implemented a unique quality management system. Experienced employees, including those aged 75, act as quality managers who interact with customers, inspect work, and discuss results solely with employees. This approach has a positive impact on quality and attracts new orders.
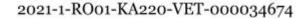
### b.2.6 Pandemic-Driven Innovation:

The COVID-19 pandemic forced rapid innovation across various sectors. Examples include the widespread adoption of telemedicine, robot deliveries, online education, video conferencing tools like Zoom, QR codes for menus, and remote voting. The pandemic demonstrated the necessity of innovation during challenging times.

### b. 2.7 Diverse European Innovations

For further inspiration, a comprehensive collection of detailed examples from various European countries, including Romania, Spain, Portugal, Poland, Finland, and Austria,

can be explored. These examples provide insights into innovative practices across diverse sectors and regions. The document at https://increase.erasmus.site/wp-content/uploads/2022/07/IO2_BEST-PRACTICES-GUIDE.pdf offers a wealth of valuable case studies and practical examples that can guide SME managers and organizations in their pursuit of fostering innovation.

## b.3 Innovations in Employee Engagement:

The application of innovation often requires a shift in organizational culture. Encouraging employees to share their skills and knowledge is a fundamental aspect of innovation culture. Values, beliefs, and behaviors shared among organizational members build an innovation culture that empowers company development and knowledge acquisition (Aksoy, 2017).

To fully engage employees in the innovation process, education and training are essential. Training courses can equip employees with the necessary skills and tools to analyze, develop, and test innovative solutions. Creating a collaborative environment that encourages new business ideas and models also contributes to fostering innovation within SMEs (Kohnoŕ, Papulaŕ, & Salajová, 2019).

## b.4 Targeting SMEs Effectively:

Organizations delivering interventions to SMEs should consider various principles:

- SME typologies vary based on innovation levels and decision-makers' tenure. Interventions should target specific typologies, addressing their unique needs.
- Language and tone should be tailored to resonate with different SME typologies, as words like "productivity," "success," and "innovation" may have distinct meanings.
- SMEs often adopt new technologies more readily than management practices. The benefits of management practice interventions should be communicated using relatable case studies.
- Interventions should focus on highlighting the inclusive benefits of innovation adoption (Department for Business, Energy & Industrial Strategy, 2019).

## b.5 Establishing a Connecting Hub:

To promote collaboration and knowledge sharing among SMEs, the establishment of a Connecting Hub, as recommended by the European Commission, can serve as a facilitating platform for integrating and promoting the entrepreneurial ecosystem, start-ups, and scale-ups in a region (European Commission, 2017).

## b.6 Promoting an Innovative Culture:

Fostering an innovative culture within SMEs requires top managers to prioritize technology-related education and training for their employees. Creating an environment that encourages innovation, creativity, teamwork, open communication, and positive employee relationships is crucial (Aksoy, 2017).

Principles and models of engaging SME managers in the culture of innovation revolve around building trust, promoting collaboration, ensuring adequacy, and preventing conflicts of interest. Real-world examples showcase how innovative thinking can drive business growth, improve operations, and adapt to challenging circumstances. To achieve a culture of innovation, SMEs must prioritize employee engagement, education, and training while targeting interventions effectively and considering the unique needs of different SME typologies.

## IV. LESSONS LEARNED

**A. Successful Methods in Engaging SMEs**

### a.1.1 Putting SME Needs First:

One overarching theme that emerged from the discussions and research is the importance of tailoring interventions to meet the specific needs of SMEs. This approach avoids imposing one-size-fits-all solutions, acknowledging that each SME is unique.

### a.1.2 Creation of Strategy, Innovation, and Knowledge Roadmaps:

The creation of roadmaps based on technological trends and digital transformation has proven highly effective. These roadmaps provide valuable insights and help SMEs look into the future, aligning their strategies with emerging trends.

### a.1.3 Implementation of Design Thinking and Agile Innovation Development:

Design Thinking and agile innovation development approaches have gained popularity and proven successful. These methods resonate with SMEs due to their flexibility and adaptability, making them suitable for the dynamic business environment.

### a.1.4 Technological Innovation and Creativity Techniques:

Techniques like TRIZ (theory of inventive problem-solving) and biomimicry have been successful in guiding engineers to explore unconventional development paths. These methods encourage innovative thinking by drawing inspiration from diverse sources, including nature.

### a.2 Challenges in SME Engagement

### a.2.1 Defining the Target Audience:

One challenge encountered in SME engagement is defining the appropriate target audience. Some intervention ideas may resonate more with less innovative businesses, particularly those categorized as "Defiant Resisters" or "Reluctant Innovators".

### a.2.2 Refining Interventions:

While certain intervention ideas were well-received, SMEs often required more detailed explanations of the underlying principles and benefits. Clear and jargon-free communication is essential to help SMEs relate potential solutions to their daily challenges.

### a.2.3 Effective Marketing Execution:

The language used to describe interventions and the delivery methods significantly impact

engagement levels. Clear, relatable, and personalized language is crucial to making SMEs see the relevance of the interventions. Online marketing materials should be structured to cater to different technology and management practices based on SMEs' current innovation levels, while considering offline channels for specific audiences.

### a.3 Managerial Engagement and Public Collaboration

#### a.3.1 Public Collaboration in Spain:

The Spanish initiative based in Madrid is a prime example of successful public collaboration with SMEs. In Madrid, SMEs constitute a significant portion of total enterprises in Spain, highlighting the critical role of public support in their development.

#### a.3.2 Networking Channels for Managers:

Promoting networking channels for managers has proven successful, particularly in the context of start-ups and co-working environments. Such initiatives encourage collaboration and knowledge sharing among SMEs and have gained traction.

#### a.3.3 Connecting Hub in Romania:

The Connecting Hub for start-ups in Romania has demonstrated success by bringing together people, ideas, and processes. It serves as a multifaceted structure that supports businesses and provides access to opportunities. This model reflects the importance of creating supportive ecosystems for SMEs.

#### a.3.4 Employee Education and Recognition:

Investing in employee education has yielded positive results. Recognitions like the Spanish Government's Innovative SME award underscore the importance of making information accessible and educating employees. These practices contribute to a culture of innovation.

The lessons learned from various methods and approaches highlight the significance of tailoring interventions to SME needs, employing flexible and innovative methodologies, and ensuring clear and relatable communication. Successful examples of public collaboration, networking, and employee education emphasize the value of holistic approaches to SME development and innovation.

## B. Ineffective Methods in Engaging SMEs

### b.1.1 Resistance to Public Policies:

One notable method that has faced resistance is the application of public policies on a large scale. SME managers, who tend to be results-oriented and practical, often find it challenging to embrace initiatives operating at a broader governmental level. The misalignment between the scale of these policies and the preferences of SME managers can hinder their effectiveness.

### b.1.2 Lengthy Instructions and Detailed Explanations:

Extensive instructions and detailed explanations about the benefits and guidelines have not proven effective in engaging SME managers. This audience prefers a more guided approach that doesn't prescribe answers but encourages critical thinking by asking the right questions. Attempts to dictate what to do and how to do it are often met with resistance.

### b.1.3 One-Size-Fits-All Approaches:

Imposing a one-size-fits-all framework or approach has been counterproductive. SMEs, given their diversity and unique characteristics, do not respond well to standardized solutions. Flexibility and adaptability are crucial when engaging with SMEs, as their needs vary widely.

### b.1.4 Lack of Transparency and Fairness:

Not being genuine and fair in explaining what SMEs stand to gain from fostering an innovation culture has hindered the effectiveness of certain methods. Transparency and clarity in communicating the potential benefits are essential for building trust and engagement. SMEs are more likely to participate when they understand the value they can derive.

### b.2 The Conceptual Link Between Experimentation and Learning

### b.2.1 Experimentation as a Learning Dimension:

It is crucial to recognize the conceptual link between the learning dimension of innovativeness and the act of experimentation. Experimentation activities, even when less productive than expected, provide valuable lessons on what works. This learning process contributes not only to the discovery of successful business models but also enhances the firm's capacity to innovate.

### b.2.2 The Value of Experimentation:

The act of experimentation is inherently tied to learning and innovation. Even when

experiments do not yield the desired outcomes, they offer insights into what works and what doesn't. This iterative process of trial and error can lead to the development of more effective approaches and strategies.

There are also methods that, even if they are generally used as creative/innovation boosters, are more of one-size-fits-all approaches:

- Classic creativity techniques, especially Brainstorming, as it leads usually not to really new approaches ("more of the same").
- Software based innovation tools, as they are often too complicated for the users in SMEs.

# CONCLUSIONS AND RECOMMENDATIONS

In this concluding chapter, we draw upon the insights gathered throughout this study and provide recommendations for fostering innovation in small and medium-sized enterprises (SMEs). We emphasize the importance of promoting an innovation culture within SMEs and offer guidance for both SME managers and organizations aiming to support them in this endeavor.

## 5.1 The Significance of Innovation in SMEs

Innovation stands as a crucial driver of productivity and long-term growth. It offers a means to address societal challenges cost-effectively (OECD, 2015a). Inclusive growth strategies rely on innovation within SMEs, which can enhance their productivity, enabling them to provide better wages and improved working conditions. This, in turn, contributes to reducing inequalities in society.

While SMEs, on average, lag behind larger enterprises in innovation, there are exceptions. Some small businesses exhibit remarkable innovation capabilities, achieving productivity levels that surpass those of their larger counterparts. Effective utilization of internal resources, including managerial and workforce skills, ICT, and R&D, along with collaboration within the innovation ecosystem, significantly impacts SMEs' innovation performance.

## 5.2 The Imperative of Building Innovation Capacities

It is imperative to heighten awareness among SME managers regarding the critical importance of nurturing innovation capacities within their companies. Equipping these managers with the tools and knowledge to integrate innovation into their processes and harness the innovative potential of their employees is paramount.

The program developed within the InC project seeks to address this need by offering solutions to develop competencies among SME managers in low/no tech sectors. Its primary goal is to foster an innovation culture within SMEs, encouraging a pro-innovative orientation among their teams and facilitating the utilization of individual competencies of employees within SMEs. The principles of engaging SME managers, such as building trust, demonstrating expertise, openness, confidentiality, proposing adequate solutions, and preventing conflicts of interest, will guide the project's implementation and program development.

## 5.3 Tailoring Communication and Interventions

SMEs are not a homogenous group when it comes to innovation (Gaskell, 2022). While they may be perceived as predominantly low-technology, they actively participate in open innovation partnerships with various stakeholders. Effective support for SMEs and their managers is vital in improving the adoption of innovation.

Our research underscores the need to tailor communication and interventions to the specific attitudes and needs of SMEs and their managers. Providing guiding principles related to funding research, consortium creation, knowledge transfer to the market, entrepreneurial culture, sources of capital, and a skilled workforce is essential. These tailored approaches enable SMEs to navigate the complexities of innovation effectively.

## 5.4 Promoting Best Practices in Transitioning to an Innovation Culture

In conclusion, promoting and encouraging SME managers to adopt best practices in transitioning to an innovation culture, particularly in low/no-tech environments, is paramount. This shift not only benefits the individual managers but also enhances the overall performance of the company. It offers economic, social, environmental, and productivity advantages.

To implement these practices effectively, strategies such as facilitating access to public funding, providing networking opportunities for all SMEs, organizing events like fairs and conferences, and fostering a collaborative environment between managers and employees should be considered.

Fostering an innovation culture within SMEs is a multifaceted endeavor that requires commitment, guidance, and tailored support. By implementing the recommendations outlined in this chapter, organizations and SME managers can play a pivotal role in driving innovation, contributing to economic growth, and achieving a more inclusive and equitable society.

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