

Roles of Capabilities and Leader Characteristics in SME Digital Innovation

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Abstract

Digital technology (viewed as the combination of information, computing, communication, and connectivity technology) is impacting on the marketplaces that SMEs operate in. Yet, little is understood about how these businesses are adapting to, and adopting, digital technologies and creating digital innovation. Technology can be viewed as an opportunity for SMEs through which to engage in competitive behaviour, cost reduction, audience extension and intelligence gathering. European Commission recognises the SMEs form the backbone of the European economy

Qualitative data were gathered from 45 interviews with SME leaders across four European countries and 5 industry sectors. This paper reports on the findings from a research project investigating digital preparedness of European SMEs and specifically the characteristics and capabilities of SME leaders in adopting digital innovation. Insight is outlined through the scope of the research which integrates different countries, sizes of SMEs and industry sectors to provide an holistic view of European SME leader perceptions. General consensus was evident as to the characteristics and capabilities required to create digital innovation in a competitive environment and a tentative framework has been created.

This paper contributes to scholarship by providing a more comprehensive view of current European perceptions by SME practitioners concerning the profile of an SME leader undertaking digital innovation. Management implications include that any evaluation of SME digital innovation preparedness should look beyond capabilities and skills sets and include intangible aspects of character such as leaders' attitudes towards technologies.

Keywords: characteristics, capabilities, digital innovation, SME, European

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