

INNOVATION AS INTERACTION IN SME's

(The case study of forestry sector
in Latvia)

Matīss Neimanis

15.05.2012

Content

1. Diversity of innovation
2. Theoretical frame
3. General information about forest sector
4. Innovation in SMEs
5. Conclusions

Innovation

Products

Processes

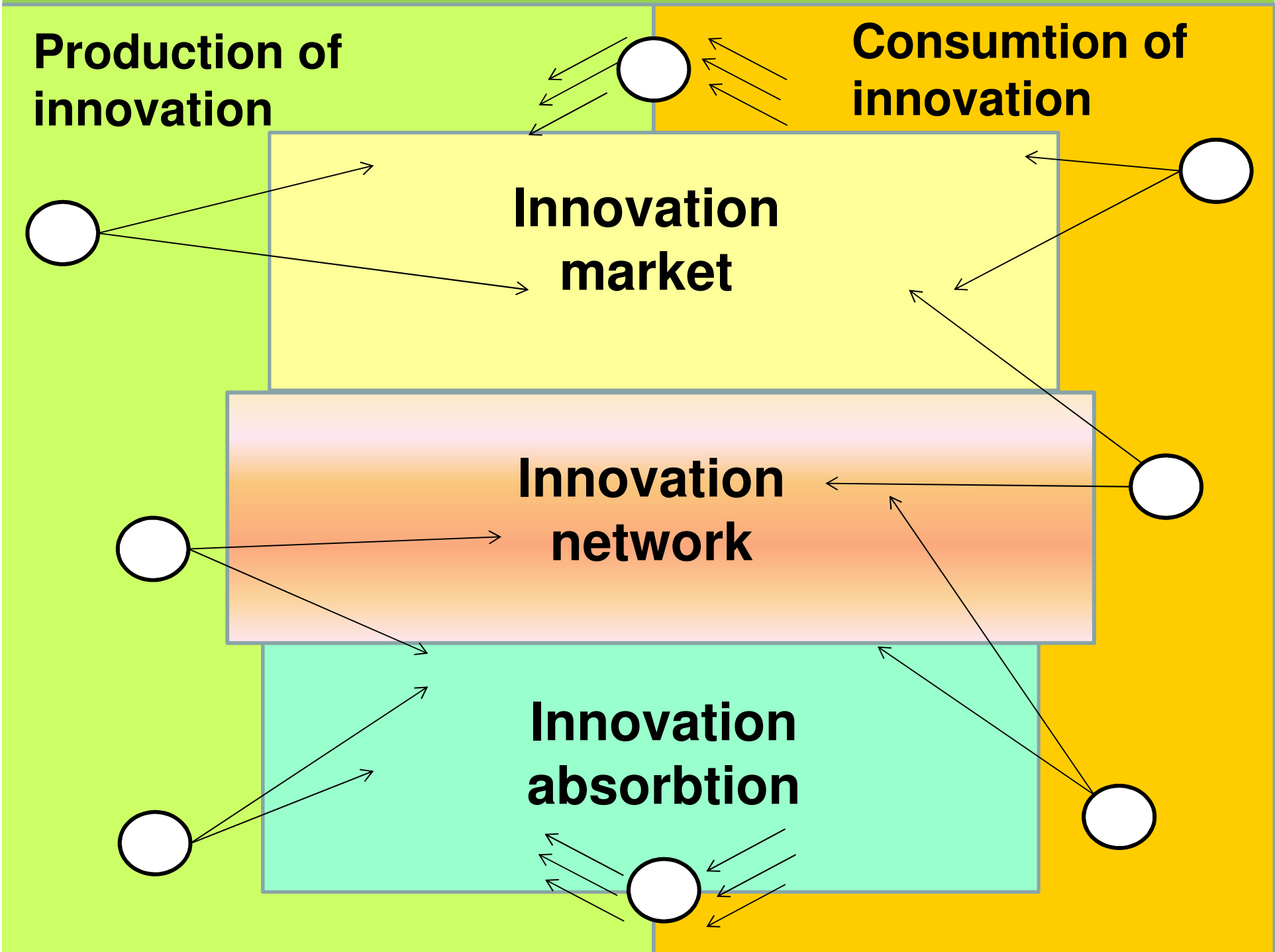
Goods Services

Technological

Organizational

Theoretical frame

- Innovation diffusion theory
- Agent network theory
- Sectorial innovation system



Forest sector in Latvia

- «Green gold» - Forest is covering approx. 50% of land
- GDP - 3.5%
- Export – 20%
- Employed approximately 5% of the working population
- Higher, professional educational and R&D institutions
- SME's and large companies
- Network of NGO's

High potential of innovation,
but

- Exported low added value products:
 - **Roundwood - 15% ;**
 - **Sawnwood - 24%**

 - Plywood– 10%
 - Fibrewood – 7%

- Mainly SME's are in low value added sector
 - Planing
 - Impregnation
 - Making sawnwood



IEGULDĪJUMS TAVĀ NĀKOTNĒ

Examples of innovation in SMEs

Sustainable forestry as a love of forest and protest against the conventional forestry

***Trust as source for innovation in micro
network***

***Innovation in interaction between forestry and
engineering companies***



Fibrolite



Products from tree foliage and needles



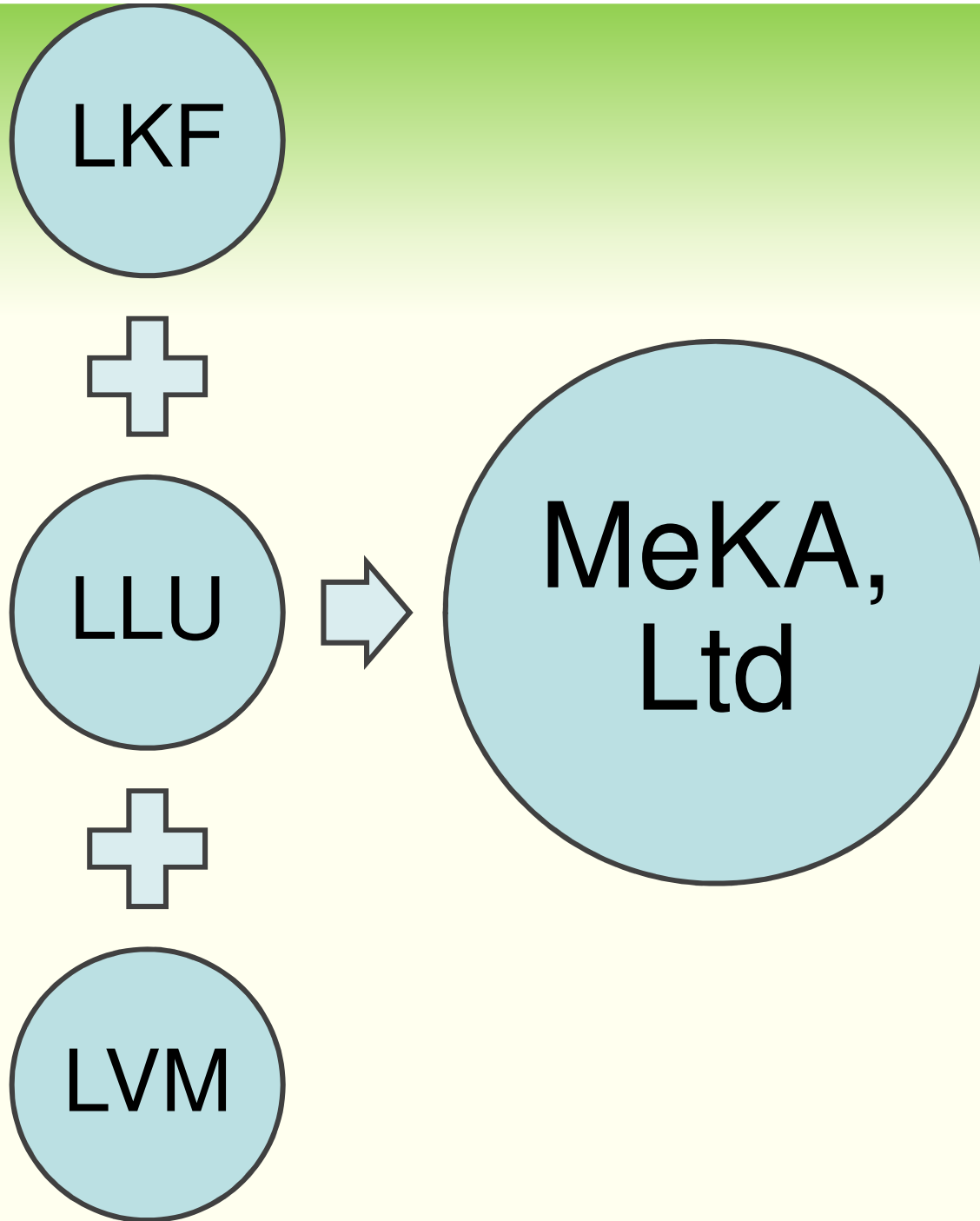
Eco Grill

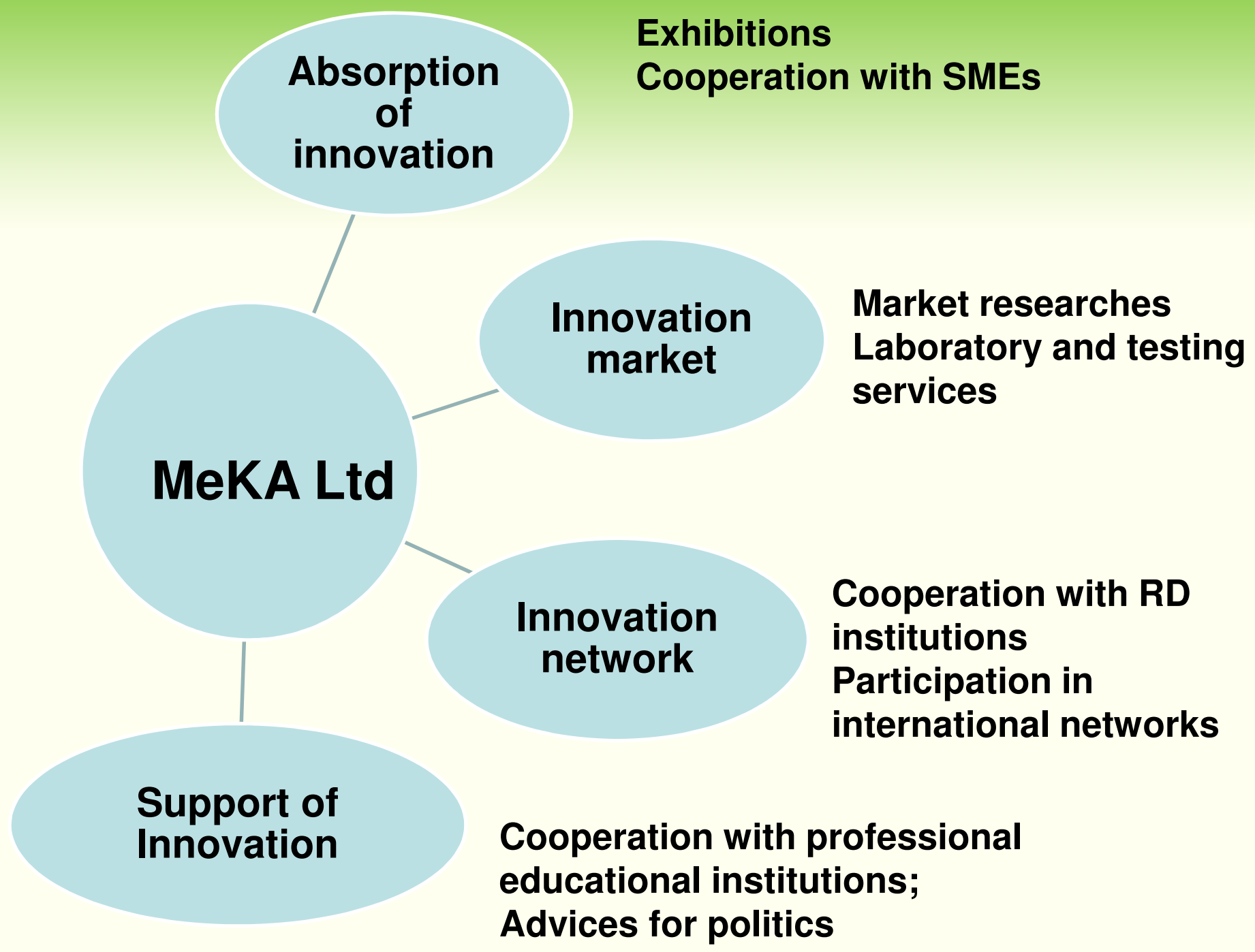




IEGULDĪJUMS TAVĀ NĀKOTNĒ

The organizational and technological innovation cluster





‘Ray’ kind of interaction in knowledge-intensive innovation

(Wooden toys as knowledge-
intensive innovation)



Conclusions

SME's understand necessity of interaction, but **there exist various challenges**

- Different understanding the concept of innovation
- Owner of SME as the hope and threat to innovation
- Organized network as a cluster of problems
- Interaction between ecological and economic values as conflict and potential for innovation

What is innovation?

- Commercialization of results of research
- Innovation must be as novelty in European or global scale
- Patentable products or technologies
- Innovation is usage of IT, high-tech
- Innovation is an expensive process

Owner of SME as the hope and threat to innovation

Hope, because

- Concentrates knowledge about all process in company
- Quick decisions
- Feels the local market
- Has direct links consumers

Threat, because

- Distrust to state, scientists, NGOs, other SMEs
- Time deficit for innovation
- Personalize the company with 'baby'
- No desire for rapid growth – «Thinking in scale of 100 EUR»
- Lack of knowledge about entrepreneurships, innovation and interaction
- Forced involvement in business - as the only chance to have incomes

Organized network as a cluster of problems

- SME's want to take, but not to give and share knowledge
- SME's have 'small' and unique problems, large companies have 'big' and common problems
- Necessity for competent leader
- Lack of time to participate in meetings
- Lack of money for memberships
- Lack of success stories

«If you think it is so bad to cut the forest, please do not use the toilet paper!!!»

- It is bad to cut the forest
- We want to live in log house
- It is good to use furniture from wood



Thank you!!!