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# THE ROLE OF INNOVATION CAPABILITY IN THE DIGITAL TRANSFORMATION OF SMES

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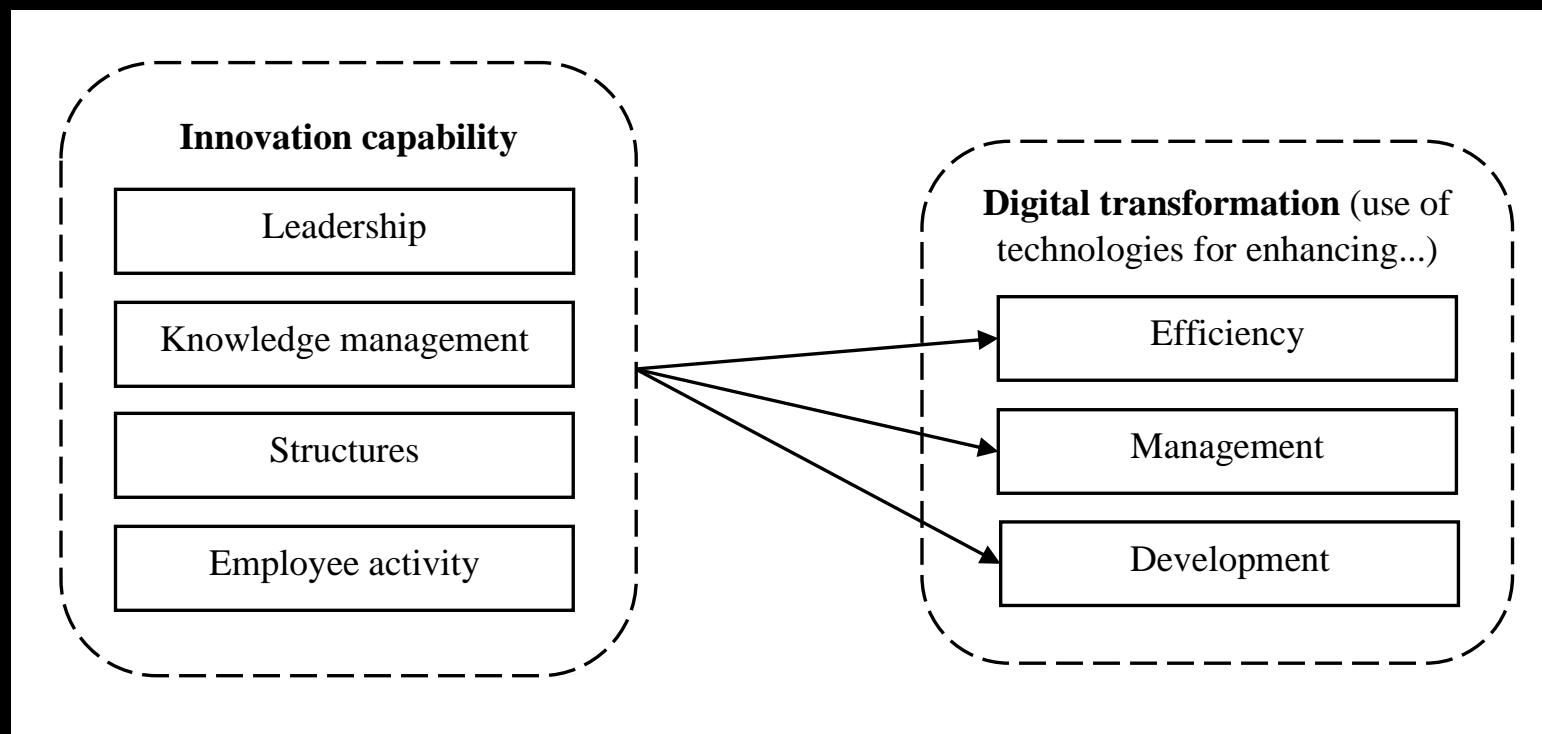
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## BACKGROUND

- » One way that digital transformation can gain value is through facilitating innovation (Hess et al., 2016; Ferreira et al., 2019).
- » Further research is needed on which organizational choices (innovation capabilities) are more effective in facilitating digital transformation (Appio et al., 2021; Holopainen et al., 2022).
- » Gap in the literature: The role of innovation capabilities in digital transformation has not been investigated empirically.
- » How different dimensions of innovation capability contribute to digital transformation of SMEs?

# RESEARCH MODEL

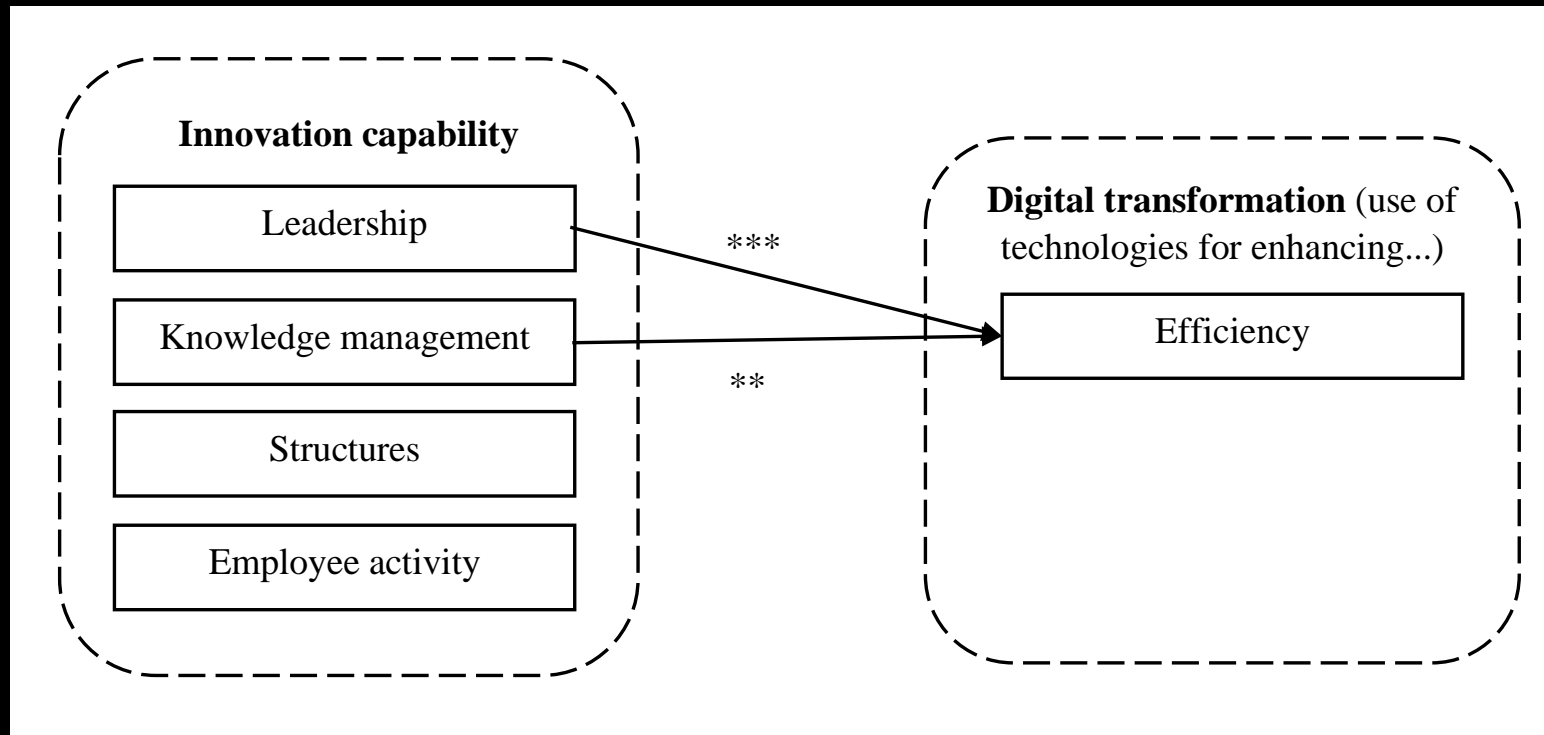




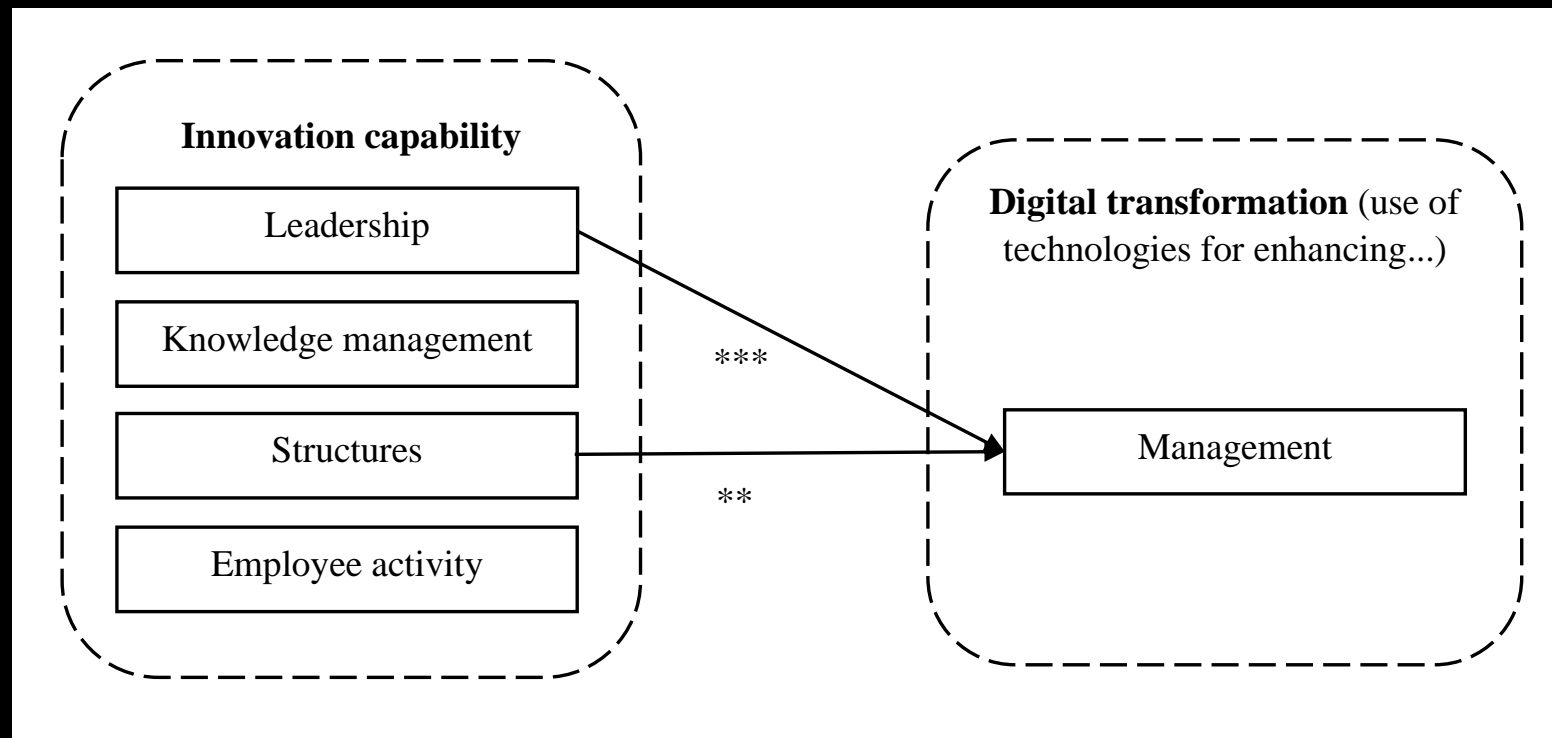
# RESEARCH DESIGN

- » Survey data collected from randomly selected SMEs
  
- » 271 usable responses (~5% response rate)
  - Respondents were managers of SMEs
  - 68 percent within small companies (less than 49 employees) and 32 percent within medium-sized companies (between 50 to 249 employees).
  - Around 54 percent were operating in the service industry, whereas the rest (46 percent) were operating in the manufacturing industry.
  
- » Different ex-ante and ex-post remedies conducted to avoid bias (non-response, common method, social desirability) that can interfere the results.

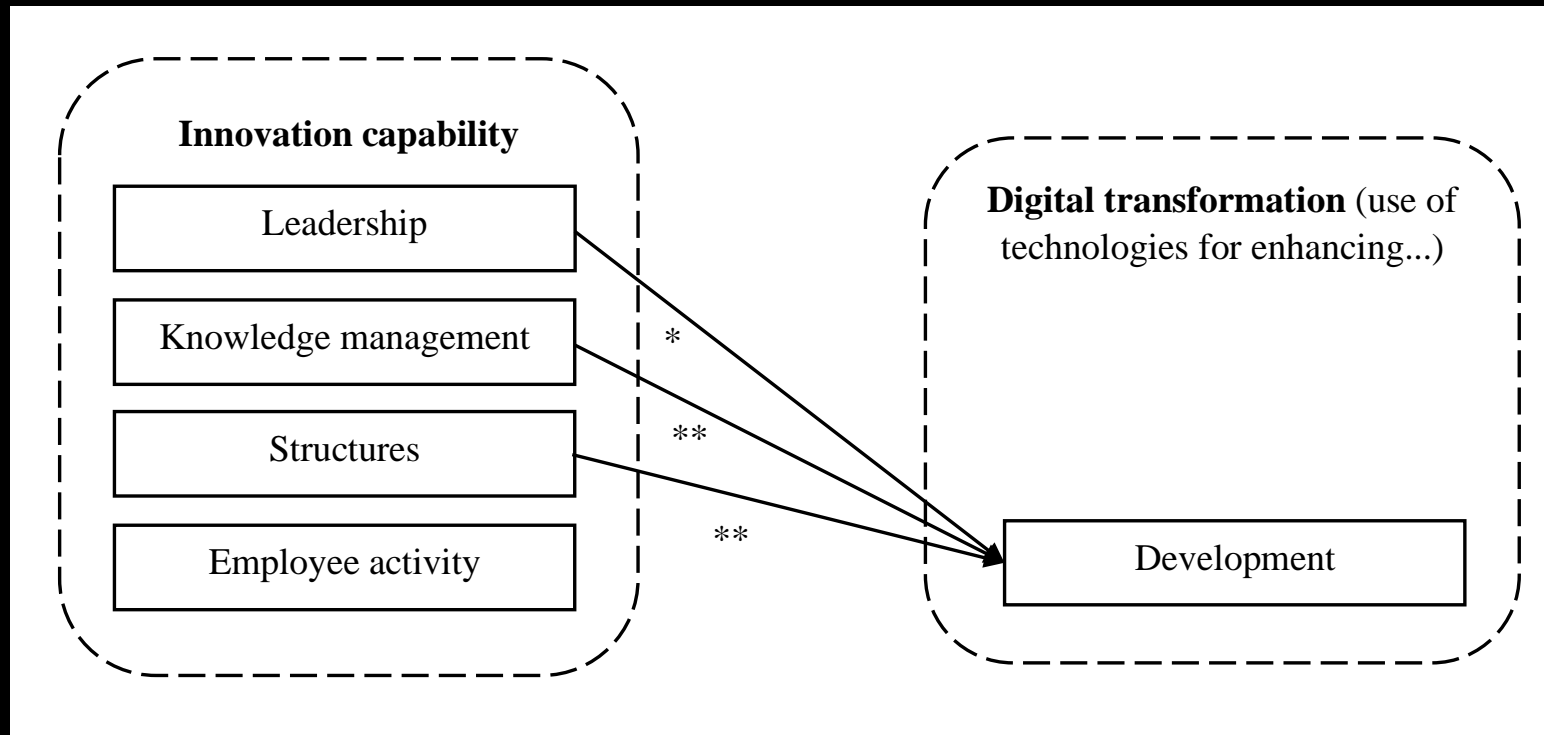
## RESULTS (1/3)



## RESULTS (2/3)



## RESULTS (3/3)





# CONCLUSIONS

- » Contribution to research in the field of digital transformation and innovation.
  - » Leadership, knowledge management and structures are the most influential innovation capabilities in digital transformation of SMEs.
  - » Employee activity was not found to affect the use of technologies.
  
- » From the practical point of view, the findings provide knowledge for the practitioners of what issues to concentrate when aiming at digital transformation with innovation capabilities.
  - » SMEs need to develop different dimensions of innovation capabilities to develop different uses of technologies.
  - » Developing a single dimension is not enough, but successful digital transformation requires developing several dimensions in parallel.





# THANK YOU!

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Työsuojelurahasto  
Arbetarskyddsfonden  
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