

THE FACTORS DETERMINING INNOVATION-BASED ATTITUDE OF LATVIAN SMES TOWARDS SUSTAINABILITY

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The proportion of small and medium-sized enterprises (SMEs) is significant not only in the national economy of Latvia but also in the Economic Area of the European Union (EU). Out of approximately 20 million companies operating in the territory of the EU, 99 % correspond to the status of an SME [1]. Enterprises constitute a very heterogeneous group, ranging from global companies oriented towards high technologies to enterprises working in traditional sectors and operating solely in the local markets.

For a long time the traditional understanding of innovation processes was connected with new technologies whereas those were based on research and findings. At present innovations cannot be envisaged without social cooperation between enterprises and other market players, where knowledge and skills occupy a decisive role in the promotion of innovations. Innovations take various forms and, alongside with the traditional forms – such as technological innovations, – new business models, business organizational forms, innovative marketing and project solutions are developing, by causing a real challenge for preservation of competitiveness and sustainable development of an enterprise [2]. Innovations are a necessary precondition for a knowledge-oriented business which promote not only the economic competitiveness of the whole country, but also the welfare of each entrepreneur and the society.

This article emphasizes not only the innovation process as such, which characterizes series of certain intellectual and practical activities, but also the attitude of an economic entrepreneur towards innovations as a necessary precondition for the innovative process. Innovation process may take the form of purposeful novelties to improve the quality of products or the efficiency of processes, the form of an improved organization of work, the promotion of creating new relations between suppliers and consumers. Few Latvian enterprises introduce innovations and most of those doing so import

rather high technology equipment, instead of performing scientific research themselves or acquire findings from Latvian or foreign research institutes. Obviously, SMEs will not become centers of well remunerated employment, economic competitiveness and exponential development unless there is a dense communications network of larger rapidly growing (local or foreign) enterprises [3].

It is rarely spoken about innovations in the management processes of an enterprise. The competitiveness of an enterprise is developed by combining resources, technologies and business management skills, and therefore the innovative processes should encompass all the abovementioned factors. A combination of leadership, culture and appropriate organizational structure oriented towards rational use of employees – the most important resource – nowadays is to be considered an essential line of innovative activities in any enterprise.

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