

Chapter 1

Organizational Components That Explain the Management of Innovation and Knowledge in Colombian SMEs

Rafael Ignacio Pérez-Uribe
EAN University, Colombia

Maria Del Pilar Ramirez-Salazar
EAN University, Colombia

ABSTRACT

This chapter is based on a work of approximately twelve years implementing the MMOM (Model of Modernization for Organizational Management) in about 310 Small and Medium Enterprises (SMEs). In this way we wanted to analyze which of sixteen components better explain the behavior of innovation management and knowledge. This is in order to present to the entrepreneurs of this type of companies and to the academics, that a series of activities in which to concentrate to develop this component. A multivariate analysis was carried out, specifying a dependent variable in the innovation and knowledge component. The remaining fifteen elements act as independent variables, in such a way that this statistical model yielded the predictive mathematical equation. This equation showed that showed those factors that work preferentially in order to develop innovative SMEs.

INTRODUCTION

Small and Medium Enterprises (SMEs) play a major role in most economies, particularly in developing countries. Formal SMEs contribute up to 60% of total employment and up to 40% of national income (GDP) in emerging economies. These numbers are significantly higher when informal SMEs are included. According to our estimates, 600 million jobs will be needed in the next 15 years to absorb the growing global workforce, mainly in Asia and Sub-Saharan Africa. In emerging markets, most formal

DOI: 10.4018/978-1-5225-3543-0.ch001

Organizational Components That Explain the Management of Innovation and Knowledge

jobs are generated by SMEs, which also create 4 out of 5 new positions. However, access to finance is a key constraint to SME growth. Without access to capital, many SMEs languish and stagnate. (Bell, 2015)

The MSMEs (micro, small and medium-sized enterprises) play a key role in Colombian economy, as they represent 95.5% (Figure 1) with about 1, 372,943 companies in 2015 (Confecamaras, 2016) and according to the Dane¹, they generate around 67% of employment and contribute 28% of the Gross Domestic Product (GDP) (Revista dinero, 2016). According to Law 905 of 2004 in Colombia, this type of companies is classified as follows (MINCIT, 2016) (Table 1).

Eighty percent (80%) of the SMEs are concentrated as following (Confecamaras, 2016) (Figure 2): Bogotá with 28%, Antioquia with 12.1%, Valle del Cauca with 8.9%, Santander with 5.9%, Cundinamarca with 5.1%, Atlántico with 4.1%, Norte de Santander with 3.2%, Tolima with 2.9%, Meta with 2.9%, Boyacá with 2.8, and Bolivar with 2.7. The other departments account for 20% of SMEs (Table 2).

However in the Colombian case, it can be stated that this large majority of companies (SMEs), as mentioned above, contribute the lowest value to GDP (28%) (Revista dinero, 2016), compared to large companies (72%). The bottom of this reality is the state of the low competitiveness and innovation of

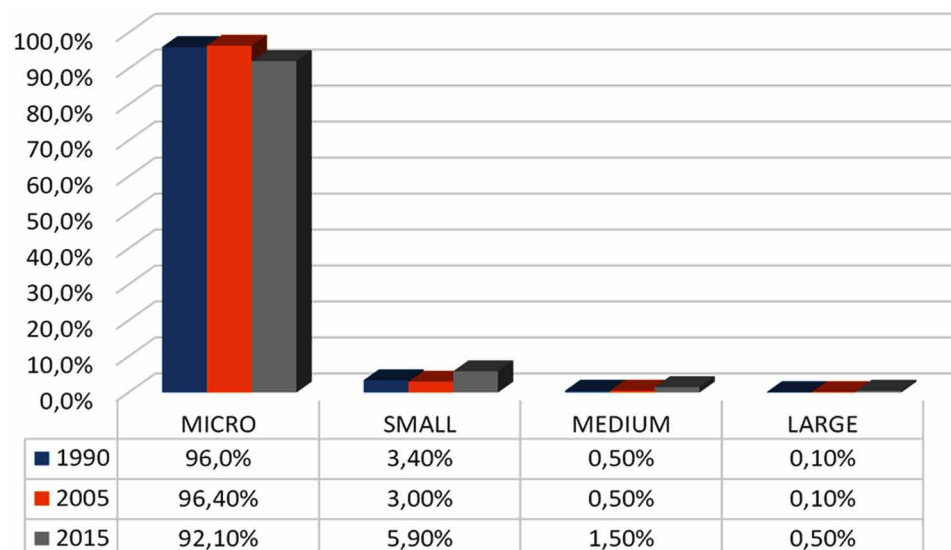
Table 1. Classification of SMEs according to Law 905 from 2004

Company Size	Workers	Volume of Assets
MICRO	Less than 10	Less than 500
SMALL	11 a 50	501 a 5.000
MEDIUM	51 to 200	5.001 to 30.000
LARGE	201 onwards	30.001 onwards

Source. MINCIT² (2016)

Figure 1. Percentage of Enterprises in Colombia according to their size

Source. Authors from Confecamaras (2016)



25 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

www.igi-global.com/chapter/organizational-components-that-explain-the-management-of-innovation-and-knowledge-in-colombian-smes/202613

Related Content

Downfall of the Sports Industry Due to the Pandemic of COVID-19

Ranjit Barua and Nibedita Bardhan (2021). *Impacts and Implications for the Sports Industry in the Post-COVID-19 Era* (pp. 60-72).

www.irma-international.org/chapter/downfall-of-the-sports-industry-due-to-the-pandemic-of-covid-19/278858

The New Marketing Realities and the Major Marketing Forces: Strategies and Initiatives

Pratap Chandra Mandal (2023). *Journal of Business Ecosystems* (pp. 1-14).

www.irma-international.org/article/the-new-marketing-realities-and-the-major-marketing-forces/320484

Ethics of Architecture or Ethical Architecture?

Hisham Abusaada (2019). *International Journal of Responsible Leadership and Ethical Decision-Making* (pp. 1-15).

www.irma-international.org/article/ethics-of-architecture-or-ethical-architecture/264436

An Assessment of the Saudi Entrepreneurial Ecosystem

Mustafa Almuzeland Timothy R. Anderson (2021). *Journal of Business Ecosystems* (pp. 1-9).

www.irma-international.org/article/an-assessment-of-the-saudi-entrepreneurial-ecosystem/300327

A Differentiation of Restaurant Types Based on Customers' Perceived Attributes: A Study in Tokyo

Bình Nghiệm-Phú and Erika DeJong Watanabe (2021). *Handbook of Research on Disruptive Innovation and Digital Transformation in Asia* (pp. 491-510).

www.irma-international.org/chapter/a-differentiation-of-restaurant-types-based-on-customers-perceived-attributes/275926