

内容摘要

如今，中小企业在世界范围内都已经成为一个热门话题。它们已经成为世界经济和社会发展一个强大的动力和引擎。中小企业具有规模小、市场适应性强、市场反应快、富有创新精神等优势，但与此同时它们还存在着技术力量薄弱、管理水平落后、竞争能力差、经济效益低下等重要缺陷，造成了许多中小企业企业具有“寿命短”的现象。造成这些缺陷有很多原因，但最重要也是最直接的一个原因就是缺乏创新能力。在如今的知识经济条件下，创新能力对于一个企业特别是一个中小型企业尤为重要。如果中小企业想要抓住机遇，迎接挑战和实现跨越式发展，就必须不断完善和提升自身的创新能力。创新可以给企业不断注入新鲜血液，并最终将其变为动力和竞争力，推动企业的迅速发展。

创新，往往被认为都是体现在物质上或技术上的成就，但创新的关键却是体现在精神层面的改善。面对由于科学技术迅速发展、全球经济一体化进程加快所带来的机遇与挑战，中小企业能否立足于内外环境，关键的因素就是能否建设支持创新的企业文化。企业文化是一家企业能够持续成长、持续发展一个非常重要的核心，就像是企业的发动机一样。通过建设企业文化，发现企业的“灵魂”，培育独特的企业精神，一个企业就可以保证能够用创新的力量改变世界。一种开放的、尊重个人的积极向上的企业文化是现代中小企业发展最需要的，它是核心竞争力的重要因素。中小企业要通过培育企业文化找到自己独特的企业精神，即中小企业必须拥有自己独具特色的经营理念、价值观、道德观和精神风貌。

这种企业精神能使企业全体员工团结一致，充满凝聚力和活力，使得企业长盛不衰。但一直到现在许多中小型企业仍没有认识到企业文化建设的重要性。当今时代，市场环境瞬息万变，企业竞争日趋激烈。而企业发展的优胜劣汰、大浪淘沙启示我们，企业的发展必须适应时代的潮流。在国家和社会日趋重视文化的情况下，中小企业也应该发展独特的企业文化。作者参阅了大量相关书籍和文章，并针对一些中小企业的创新现状和企业文化建设进行调查研究，通过分析比较最终得出结论和建议。本文旨在探索中小型企业的企业文化建设和企业创新能力之间的关系，分析当今中小企业由于企业文化建设的不完善对其创新能力提高造成的不利影响，由此针对关于如何通过建立一个适合的支持创新的企业文化来提高中小企业的创新能力的提出了一些建议，最终使中小企业摆脱“寿命短”的现象，实现长期的持续的发展。

关键词：中小企业 企业创新 企业文化 企业家

ABSTRACT

Nowadays, the small & medium-sized enterprises have already become a hot topic all over the world. SMEs become a more important motive force and a stronger engine to the economic and social development in the world. But in the meantime, also because of their unique characteristics, small & medium-sized enterprises have been shown as a "short-lived " fate. There are a lot of reasons that account for this kind of laggard state, but the most important one is the lack of innovation capability. As we all known, most of the SMEs are in a small size, with a small amount of capital and less staff, so they have to keep innovating constantly to fresh themselves. Only in this way, they can always maintain their competitiveness to take the global challenge and seize the opportunities. As long as a SME always takes its innovation capability into account, it will be very competitive in the market competition. So to the SMEs, innovation is not just an optional accessory, but the air and water to make them survive.

Innovations are often thought of in terms of technical achievement, but they can also be achieved in the spirit level. Since the innovation is so important to the SMEs, what should they do to enhance their innovation capability? The key solution is building an innovation-supportive corporate culture. Until now many SMEs still haven't realized the importance of corporate culture. Corporate culture plays a

very important role in the growth and development of a SME, especially in inspiring its innovation capability. The author refers to many related books and articles, and conducts some surveys in some SMEs, listening to their ideas about corporate innovation and corporate culture building. Therefore, this paper aims to indicating the relationship between the corporate culture and innovation capability in the SMEs, exploring the reasons blocking SMEs' innovation capability improving from the corporate culture aspect and putting forward some suggestions about how to enhance the SME's innovation capability through building a suitable innovation-supportive corporate culture strategically which will finally make SMEs more and more successful.

KEY WORDS: SMEs innovation corporate culture entrepreneur

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
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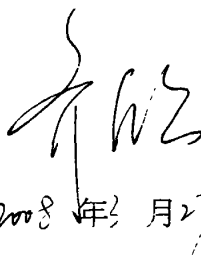
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Introduction

Nowadays, the small & medium-sized enterprises (hereinafter called SMEs) have already become a hot topic all over the world. It is sometimes assumed that large firms constitute the main drivers of economic activities. However, from a sample drawn from the World Bank database, we can find that SMEs have already become a more important motive force and a stronger engine to the economic and social development in the world. The practice of economic development indicates that the SMEs contribute a lot to promoting economy development, stimulating private investment, optimizing the economic structure, and activating the market. They also offer a large number of openings to employment and play a key role on reducing the periodical economic shocks and a large percentage of GNP comes from SMEs.

In addition to the contribution to economic growth and the creation of jobs, SMEs also broaden the base of participation in society, decentralize economic power and give people a stake in the society's future. With its unique characteristics, small and medium-sized business ownership encourages personal freedom and individual empowerment and contributes to social and political stability.

But in the meantime, because of their unique characteristics, SMEs also have been shown as a "short-lived " fate. According to the investigation from the relevant department, many SMEs' life cycles are shorter than 5 years. There are a lot of reasons that account for this kind of laggard state, but the most important one is the lack of innovation capability.

Innovation is the main driving force of economic development for developing as well as developed countries. It is a process which leads to improved engineering, technology, methods, state of mind and organization, with the aim at discovering something better in the uncharted territory than on the familiar ground. An innovation can be big or small, brand-new or just a bit different, clearly complex or seemingly simple. Innovations are often thought of in terms of technical achievement, but they can also be for improving the corporate culture in the spirit level.

As we all known, most of the SMEs are in a small size, with a small amount of capital and less staff, so they have to keep innovating constantly to fresh themselves. Only in this way, they can always maintain their competitiveness to take the global challenge and seize the opportunities. In fact, we can say that the developing history of an enterprise, especially a SME, is made up of numerous big and small continuous innovations. As long as a SME always takes its innovation capability into account, it will be very competitive in the market competition. On the contrary, if ignores the innovation, it will be slow down its pace of development, even in a state of standstill. It will be overtaken by its opponent and may be eliminated through selection or contest at last. So to the SMEs, innovation is not just an optional accessory, but the air and water to make them survive.

Since the innovation is so important to the SMEs, what should they do to enhance their innovation capability? The key solution is building an innovation-supportive corporate culture.

Because the corporate culture almost determines everything visible and invisible in an enterprise, the visible ones are what we called: dress code, work environment, work hours, rules for getting ahead and getting promoted, which we can see and observe.

But the far more powerful aspects of corporate culture are invisible. The cultural core is composed of the beliefs, values, standards, paradigms, and worldviews, moods, internal conversations of the people in the enterprise. These are the foundation of all actions and decisions within a team, a department, or the whole enterprise. So a good and suitable corporate culture can stimulate the innovation capability from many aspects.

But until now many SMEs still haven't realized the importance of corporate culture. It is common that when the SMEs are just set up, because of their small scale, they have so many problems to resolve, such as lack of capital, trying to find a way to sell more products to make their initial benefit, etc. So they pay little attention to building their corporate culture which they think is not very urgent, but actually will contribute a lot to their long-term success.

The fact is that without an excellent corporate culture, any enterprise, no matter what kind of scale it is, will not develop rapidly and stably. That is to say, corporate culture

plays a very important role in the growth and development of a SME, especially in inspiring its innovation capability. Because a good corporate culture can fully inspire each employee's potential and boost up their morale to ensure them using their creativity and endless energy to bring more fresh ideas to the enterprise so that the whole enterprise will be in an innovation-supportive atmosphere. Corporate culture is just like the most powerful engine which can make a SME develop successfully and consistently.

Every enterprise wants to make more profit and expand its scale. And the innovation and the corporate culture are just the keys to make its cake larger and larger. They are the crucial sources of an enterprise's long-term competitive advantage. Facing today's uncertainty business world with rapid change, increasing knowledge intensities, global integration, and increasing customer sophistication and influence, SMEs need to be more innovative to survive. Therefore, this paper aims to indicating the relationship between the corporate culture and innovation capability in the SMEs, exploring the reasons blocking SMEs innovation capability improving from the corporate culture aspect, and putting forward some suggestions about how to enhance the SME's innovation capability through building a suitable innovation-supportive corporate culture strategically which will finally make them more and more successful.

Chapter I Theories and Literature Reviews

1.1 Literature Reviews on SMEs

The Definition of SME

SME is the recognized abbreviation for Small and Medium-sized Enterprises. The majority of the workforce is employed by SMEs. Despite governments and many of the multinational organizations targeting this group for special financial business support, there is no single definition for a SME either nationally or internationally.

In the UK, sections 382 and 465 of the *Companies Act 2006* define a SME for the purpose of accounting requirements. According to this, a small company is one that has a turnover of not more than £5.6 million, a balance sheet total of not more than £2.8 million and not more than 50 employees. A medium-sized company has a turnover of not more than £22.8 million, a balance sheet total of not more than £11.4 million and not more than 250 employees.

The European Commission adopted *Recommendation 2003/361/EC* on 6th May 2003, to take effect from 1st January 2005. A small enterprise has a headcount of less than 50, and a turnover or balance sheet total of not more than €10 million. A medium-sized enterprise has a headcount of less than 250 and a turnover of not more than €50 million or a balance sheet total of not more than €43 million. The Commission considers application of this definition by Member States, the European Investment bank (EIB) and the European Investment Fund (EIF) to be an aid to improving consistency and effectiveness of policies targeting SMEs.

In the USA, the definition of small business is set by a government department called the Small Business Administration (SBA) Size Standards Office. The SBA uses the term “size standards” to indicate the largest a concern can be in order to still be considered a small business, and therefore able to benefit from small business targeted funding. The concern cannot be dominant in its field, on a national basis. It must also be independently owned and operated. Unlike the UK and the European Union which have simple

definitions applied to all industries, the US has chosen to set size standards for each individual NAICS coded industry. This variation is intended to better reflect industry differences. The most common size standards are:

- 500 employees for most manufacturing and mining industries
- 100 employees for wholesale trade industries
- \$6 million of annual receipts for most retail and service industries
- \$28.5 million of annual receipts for most general & heavy construction industries
- \$12 million of receipts for all special trade contractors
- \$0.75 million of receipts for most agricultural industries

Characteristics of SMEs

In the article *Small and Medium-Sized Enterprises and Globalization*, the author Dagmar Recklies mentioned that many typical characteristics of SMEs are related to the size of its organization or independent ownership (family of small group of people):

- Small size
- Simple structures
- Dependence on a limited number of people (often owners and managers are one and the same persons)
- Close relationships with customers and business partners

And these characteristics may lead to disadvantages and advantages in the process of operation and management:

- High flexibility and adaptability
- Basis for specialization, often successful with niche strategies
- Cross-functional communication and cooperation within the organization
- Short reaction times
- Static thinking, limited to the experiences and the knowledge of the owner(s)
- Potential conflicts between corporate objectives and personal objectives of the owner
- Risk to focus too much on existing basis of business
- Limited funds to finance investments and initial operating losses for new activities

There are also many other articles and books talk a lot about the special characteristics of the SMEs, for example: *The Cultural Characteristics of SME* by a Chinese writer named Sun Minghua; *Business Age and Characteristics of SME Performance* by Suresh H. Patel and so on. They also mentioned and summarized other features of the SMEs as following:

- SMEs are strongly owner-manager driven.
- SMEs do not have much of a process or structure.
- SMEs are generally more flexible, and can re-jig the way they do their work around a better solution.
- SMEs do not favor complex, formal methods of project management, preferring simplicity and familiarity.
- Entrepreneurs at SMEs are generally "all-rounder" with basic knowledge of many areas.
- SMEs are more people-dependent than process-dependent.
- SMEs are less sophisticated with their IT infrastructure, since it is much harder for them to recruit and retain technology professionals.
- The focus of SMEs is more on short or medium-term survival than long-term profits.
- Since SMEs don't have the efficiencies, they end up wasting a lot of time and money on SGA (selling, general and administrative expenses).
- SMEs are so time-pressured that they want just one solid relationship they can count on for top-quality service.

1.2 Literature Reviews on Corporate Culture

Corporate culture has surfaced as extremely important forces of innovation. For many years, scholars in organizational behavior have attempted to demonstrate the link between an organization's culture and its performance. It has been argued that the success of a corporate strategy depends, to a significant extent, on the corporate culture.

Culture concept appears in early 1871 defined by Edward B. Tylor, and people began to interest in corporate culture since Clifford Geertz (1973). Since then, it has been believed be important for any management system for a long time (Egan 1993, Peter and Waterman,

1982). There has been a great deal of anecdotal evidence and some empirical evidence regarding the performance effects of organizational culture. Anecdotal evidence begins with Peters and Waterman's *In Search of Excellence: Lessons from America's Best Run Companies* (1982). This book basically stimulated the now familiar business school case study approach. More anecdotal evidence regarding the most successful companies in the last several decades has been proffered in the investigation conducted by Cameron and Quinn (1999). At the same time, the survey was conducted by Kotter and Heskett (1992) also indicated that corporate culture was a key factor for corporate to achieve success of innovation. In addition, Denison (1990) found empirical support for the participation or involvement view of culture- higher levels of employee participation were correlated with better organizational performance.

In fact, every corporation has a unique corporate culture. It consists of value, practices, and behavioral norms which match what is needed for innovation helps energize people throughout the company to do their jobs in an innovation-supportive manner. Schein suggests that the role of corporate culture within innovation activities is even more important today than it was in the past. Increased competition and globalization have created a greater need for: Coordination and integration across organizational units in order to employ broad creative capabilities and resources efficiently within organization; the ability to successfully introduce new technologies, such as information technology; facilitation and spirit support of innovation teamwork.

1.3 Literature Reviews on Corporate Innovation

The importance of innovation is established as a necessary ingredient for firms simply wanting to remain competitive or pursue long-term advantages (Hamel, 1998; Roberts, 1998). For economies, innovation is frequently cited as a critical element of growth (Freeman and Soete, 1997).

There are numerous definitions of innovation in the literature, however, most definitions share common themes relating to knowledge, which may be turned into new products, processes and services to improve competitive advantage and meet customers' changing needs (Nystrom, 1990). Carnegie and Butlin in their book *Managing the*

Innovative Enterprise define innovation as “something that is new or improved done by an enterprise to create significantly added value either directly for the enterprise or directly for its customer.” Livingstone *et al.* (1998) refer to innovation as “new products or processes that increase value, including anything from patents and newly developed products to creative uses of information and effective human resource management systems”.

Intense competition in the marketplace is forcing the enterprises to examine the different ways by which they could enhance or retain their competitive advantage. Several enterprises have generated sustained competitive advantage through a continuous stream of incremental, overarching, and discontinuous innovation. Central to the notion of technology as a competitive advantage for nations, firms, and industries, is the significant role of small to medium-sized companies as a source of innovation during the early stages of new and emerging technologies (Abernathy and Utterback 1978). Several research studies (Rothwell 1983; Chanaron 1991; Khalil and Bayraktar 1994) have also attested that the rate of innovation by small and medium-sized enterprises has grown regularly and seems to be higher than that of very large corporations.

Although innovation is currently amongst the top-issues of many corporations, many executives still have a wrong or narrow view of it. To correct the wrong idea among them of “innovation is synonymous with new product development or traditional R&D”, Professors Mohanbir Sawhney, Robert C. Wolcott and Inigo Arroniz in the MIT have introduced their “Innovation Radar”. The radar features four major dimensions that serve as business anchors:

- Offerings a company creates (WHAT).
- Customers it serves (WHO).
- Processes it employs (HOW).
- Points of Presence it uses to take its offerings to market (WHERE).

The innovation radar can help to broaden the innovation focus in the corporations and to show that innovation is not only about creating new products, but also about creating the new value which is a more important part of corporate culture.

Chapter II The Analysis of Corporate Innovation Capability in the SMEs

Innovation is the most important quality which an enterprise is supposed to have under the knowledge economy, especially to a SME. It is the key point for a SME to seize the opportunities, meet challenges and realize its own development by leaps and bounds.

Innovation is like a blood-producing organ which keeps pouring the fresh blood to the enterprise continuously and eventually turned into a motivation and competitive power to drive the enterprise developing rapidly. The level of innovation capability directly affects the vitality, productivity and quality of an enterprise.

Innovation is the life-blood of making a company developing consistently and a key motivation of enhancing its international competitive power. Only with a strong innovation capability an enterprise can win the advantages in the face of fierce market competition, then catch up with even overtake the advanced world technical levels.

2.1 The Key Factors of the Innovation

Several different factors shape an enterprise's capabilities for innovation. The most important ones are the stock and production of human capital, the research for knowledge acquisition, ability to commercialize new knowledge, the presence of supporting infrastructures, an enterprise's openness to competition, and shared value and goal. Fully understanding these factors can help provide both a way to measure innovative capabilities and a guide for SMEs to make their policies.

Human Capital: Human capital means the skills and knowledge possessed by individuals. The economist Svetozar Pejovich believes that innovation is always carried out by the individual. This individual can find the opportunities and get an inspiration for innovation under the economy and society developing. This individual is also willing to take the risk of bringing the innovation to our economic society and have an ability to make the innovation idea become a real productivity. That is to say, the innovation capability of a company depends on its employees. Therefore, the key role in the

innovation making is the staff in the enterprise and the most important way to enhance the innovation capability of an enterprise is fully motivating all the staff's enthusiasm, initiative and creativity through developing the most suitable corporate culture including their unique system, policies and regulations to finally form an integrated and strong innovation capability force for the whole enterprise.

Research support: The primary source for technological innovation comes from the research group or center in the SMEs. It is essential for building the human capital needed and is the leading source of the ideas and the workforce needed for technological innovation. Research group can produce scientific knowledge and expertise. A strong research support is a crucial element for building an innovative, high tech SME.

Skill/Resource Clusters: Research provides ideas and knowledge, but to turn these into economically valuable activities requires many other skills. These additional skills include legal, financial, business and managerial expertise. When these skills are clustered, the SME's economic benefits will be maximized. The development of these skill/resource clusters around research group will provide real economic benefits. Clusters create communities of interlocking expertise that lower the costs and risks associated with innovation by ensuring that a range of needed skills can be easily found and readily accessible.

Supporting Infrastructures: the SMEs can increase innovation and attract investment by developing the infrastructures needed for innovative activity. These include the "physical" infrastructure (office, electricity, equipments), but also the intangible or "soft" infrastructure (legal system, regulations, financial system) that provide the conditions for innovation happen. Most of the SMEs are accustomed to the idea of the physical infrastructure requirements of economic activity. Soft infrastructure is comprised of the law, system, and culture that enable commercial activity and turn research into innovation and innovation into economic activity. The quality of the soft infrastructure has at times been overlooked, but these intangible factors are as important as physical infrastructure for economic growth.

Openness to Competition: There is a correlation between a long-term success

achieved by building an innovation-supportive culture and in that economy's openness to competition. The reason for this is that over the long term, competition leads to the more efficient use of resources.

Shared Value and goal: Building on strong-shared beliefs and common goals in an organization to drive aspirations and strategies that can guide innovation activities and initiatives. When all the staff in the enterprise shared the same value and goal, they will have the inspiration to try new way and things to achieve their shared goal.

2.2 The Types of Corporate Innovation

Corporate innovation can be divided into following categories:

1. Technology innovation

Technology innovation is the sum of a series of activities of a new technique or skill from research and development to entering the market and the application. Technology innovation is the lifeblood of the continued development of an enterprise and can enhance its international competitiveness. Only with a strong technology innovation capability, the SMEs can win in the fierce market competition or even overtake the international advanced level of technology, and ultimately enhance the competitiveness of itself.

2. Product Innovation

Product innovation is an activity that the SMEs try to find a way to change or improve or invent in the process of making, managing and marketing their products. When most people think of corporate innovation, they think of product innovation, in particular, launching those stunning new products which can bring in billions of dollar. We must say such innovation is nice and every entrepreneur's dream, but it is also cost a lot. Small improvements in your product are not only easier to come by, but also can help keep you one step ahead of the competition. Moreover, small improvements are easier to sell and generally do not require big changes in your business and has less risk

A radically new product also demands an innovative marketing approach that will allow you to bring the product to market successfully. Introducing a radically new product to your customers is in large part about educating your customers to your product and helping them realize how much they need or want your product.

3. Customer oriented innovation

“The customer comes first.” This is just as true with innovation as with anything else in business. If you cannot serve your customers cleverly, you might as well not bother with innovation at all.

Customer oriented innovation refers to all aspects of corporate-customer interaction, including: marketing, sales, delivery, customer service and everything in between. Although this comprises a diverse range of activities from advertising to after-sales service, the focus should always be the same: how to better serve your customers. Better advertising can provide more information to customers as well as remind existing customers that they made the right choice by your products. Better after-sales service can make all the difference between a making a single sale and developing a long-term relationship of multiple sales.

These days, as there is less and less to differentiate one product from another, customer oriented innovation is one area where your firm can demonstrate a real lead over the competition.

Moreover, every act of product or strategic innovation generally requires customer oriented innovation to ensure innovations are successfully delivered to the customers.

4. Process innovation

Process innovation may sound comparatively dull, but it is the bread and butter of corporate innovation. In most large companies lots of people are involved in internal processes that allow the company to run smoothly and legally. These are the people in middle management, human resources, accounting, finance, administration, and the like. In general, they recognize processes that do not work well and have ideas about how to make those processes more efficient. Sometimes, of course, they are wrong. But often they are right. Their ideas improve efficiency and help companies save money. If a company has operational expenses of Euro 1 billion annually and an accountant comes up with an idea that shaves costs by 0.5%, it translates into a savings off Euro 5 million – nothing to sneeze at. Likewise, 1,000 employees each with ideas worth Euro 10,000 in cost savings each will save the company Euro 10 million.

5. Strategy innovation

Strategy innovation is rare because it is about fundamental changes in how a company operates. And in a large company, that is about the most difficult task of all. Strategy innovation requires an innovative CEO with vision and determination. Jack Welch transformed GE from an old fashioned American industrial company into a powerful global services company. Jorma Ollila transformed Nokia from being a Finnish conglomerate with a forestry background into becoming the world's leading mobile telephone manufacturer. Although GE and Nokia are not SMEs now, these still prove that the strategy innovation will make a SME has a great-leap-forward development and finally becomes a big company.

Strategic innovation may not necessarily come from CEOs. But visionary CEOs are nevertheless necessary for implementing strategic innovation across the enterprise.

6. Management innovation

Management innovation is a secret to success of the SMEs, A management breakthrough can deliver a strong advantage to the innovating enterprise and produce a major shift in industry leadership. Few companies, however, have been able to come up with a formal process for fostering management innovation. The biggest challenge seems to be generating truly unique ideas. Three components can help: a big problem that demands fresh thinking, creative principles, or paradigms that can reveal new approaches; an evaluation of the conventions that constrain novel thinking; and examples and analogies that help redefine what can be done. A management innovation creates long-lasting advantage when it meets at least one of three conditions: It is based on a novel principle that challenges the orthodoxy; it is systemic, involving a range of processes and methods; or it is part of a program of invention, where progress compounds over time.

2.3 The Wrong Opinions about the Corporate Innovation in SMEs

Although innovation is currently amongst the top-issues of many corporations, many executives in SMEs still have a wrong and too narrow view of it.

One of the biggest mistakes an enterprise can make is to assume that only people in relevant departments can provide innovative ideas for a particular kind of innovation. The

believe that only the research department can have ideas about product innovation or that only the management level can have ideas about process innovation are totally wrong.

If top management of any company were really pay attention to the conversation or actions of their staff, they will discover soon that:

- Everyone in the company has ideas about all aspects of the company.
- Many of those ideas are well thought out.
- The people with ideas come from all divisions and all levels of the corporate hierarchy.
- Many of those ideas are worth good money to the company.

Only by installing an idea management or innovation strategy that encourages everyone in the enterprise to contribute ideas can top management truly maximize the SME's innovation potential.

2.4 The Significance of Corporate Innovation to the SMEs

The SMEs generally refers to the enterprises which are in a small scale or stay in the startup or growing stage, including the small-sized, medium-sized and also micro-sized enterprises. As the science and technology develop rapidly, market competition has become fiercer and fiercer. In this case, it's not easy for the SMEs to find a way to get a quick development. Besides that, they also need to face with its own weakness, such as poor risk-resisting ability in the market and so on. SMEs must fully analyze their own internal flaws and unpredictable changes in the external market environment, then strive to improve their innovation capabilities and strengthen strategic management to improve their whole management system:

1. With actively using of the advanced and suitable technology to transform their traditional products and management system, the SMEs can improve the capability of independent innovation which will promote the industrial optimization of the whole enterprise.

2. Enhancing the independent innovation capability of SMEs will help promote the positive transformation of the ways to achieve economic growth. By speeding up their technological progress, SMEs can use the scientific and technological ways to solve the

problem which arisen from the economic development and become more innovation-driven instead of elements-driven. It is necessary for the SMEs to get survival and development.

3. Enhancing the independent innovation capability of the SMEs will help promote to improve the quality of economic growth. Facing the pressure of international competition in the market, if the SMEs don't quickly enhance their independent innovation capability, they will not be able to break through technological monopoly and technical barriers. So it can be said that improving the independent innovation capability for the SMEs, is the guarantee to strengthen the international competitiveness

Chapter III The Impact of Corporate Culture on SMEs'

Innovation

3.1 The Necessity of the Corporate Culture

If we want to define the corporate culture, first we need fully understand the meaning of culture. Someone has compared culture to electricity, because culture is powerful and invisible and its effects are far reaching. Culture is an energy force that becomes woven through the thinking, behavior, and identity of those within the group. Every time people come together with a shared purpose, culture is created. This group of people could be a family, neighborhood, project team, or company. Culture is automatically created out of the combined thoughts, energies, and attitudes of the people in the group.

Culture drives the organization and its actions. It is somewhat like "the operating system" of the organization. It guides how employees think, act and feel. It is dynamic and fluid, and never static.

Many articles and books have been written in recent years about corporate culture. As the basic explanation, it refers to "the moral, social, and behavioral norms of an organization based on the beliefs, attitudes, and views of its members." it is also described as the personality of an organization. It guides how employees think, act, and feel. Corporate culture is a broad term used to define the unique personality or character of a particular company or organization, and includes such elements as core values and beliefs, corporate ethics, and rules of behavior.

As the corporate culture is defined as an energy field that determines how people think, act, and view the world around them in their enterprise, we will know that corporate culture is created naturally and automatically. A corporate culture is not a list of values developed by the executive team and framed on the wall in their lobbies as we usually thought. These are ideals. Every enterprise has its own unique culture or value set. Most enterprises don't consciously try to create a certain culture. The culture of an organization is typically created unconsciously, based on the values or of the top management or the founders of this organization. In reality, what management pays attention to and rewards is

often the strongest indicator of an organization's culture. This is often quite different than the values it verbalizes or the ideals it strives for.

The corporate culture will affect every staff in many, many ways, such as working hours, availability of options such as flextime and telecommuting, how people interact with each other in the workplace, how people dress for work, benefits offered to employees, office space, training and professional development opportunities, just about everything related to your time at work. Establishing the correct and appropriate corporate culture is an essential process of managing an organisation. Good corporate culture is the backbone of enterprise development; a unique entrepreneurial culture is the guarantee for the constantly development.

Today, the competition between the companies has risen to the cultural level. The corporate culture has become a source of competitive advantage. Corporate culture may not give a direct economic benefit, but it is a key factor which determines that whether a company will develop healthy and have a promising future. A healthy corporate culture can make a company always win.

3.2 The Impact of Corporate Culture on SME's Innovation

An excellent corporate culture is not only the spiritual pillar for the modern enterprises, but also an important source to enhance their technological innovation capability. The SME should put the corporate culture building into its overall development strategy to cultivate the culture which encourages the innovation from all the aspects.

3.2.1 Functions of Corporate Culture in an Enterprise

The corporate culture usually has the following major functions of stimulating the innovation coming out in SMEs:

1. The function of guiding, that is to say, guiding all the staff to the corporate objective of the innovation, especially the technological innovation
2. The function of restriction. The written or sanctified by usage enterprise rules and regulations, style and features of the SMEs, as well as its unique interpersonal relationship

will not only give an invisible restriction to the staff 's behavior, but also effect their view of moral to realize the combination of external restrict and self-restrict.

3. The function of cohesion. The corporate culture is like glue or a ligament which can make the whole company having a spirit of solidarity. The staff will regard the enterprise's objective as their own career goal. They will have the sense of belonging and honor. It will shows stronger power, especially when the enterprise faces difficulties. So there is an ideological support to stimulate their innovation inspiration.

4. The function of coordination. The corporate culture will make its staff share the same attitude, similar way of thinking. It will enhance the trust, make them communicate more with each other, and then finally all the activities in the enterprise will go smoothly and easily.

5. The function of radiation. Once a corporate culture is formed and it will influence every staff on their way of thinking, personality, hobbies, and comprehensive quality to finally create a new innovation-supportive environment and atmosphere.

6. The function of encourage. The corporate culture focuses on the individuals and emphasizes on the respecting and the trust on every member of the company. It will be a strong motivation, support and encourage for each employee for their innovation capability.

3.2.2 Influences of Corporate Culture on SMEs' Innovation

The influences of corporate culture on SMEs' innovation capability are obvious in the following aspects:

First, corporate culture has surfaced as extremely important forces of staff's innovation capability. Every enterprise has a unique organizational culture. It ground in value, practices, and behavioral norms that match what is needed for innovation helps energize people throughout the company to do their jobs in an innovation-supportive manner. For example, a culture where creativity, embracing change, and risk-taking are value strongly shared by organizational members would be very conducive to successful execution of a product innovation and technological leadership strategy. For many years, scholars in organizational behavior have attempted to demonstrate the link between an

organization's culture and its performance innovation. It has been argued that the success of a corporate strategy depends, to a significant extent, on the corporate culture. Innovation is often seen as the province of technical special specialists in R&D, engineering or design, the underlying creative skills and problem-solving abilities are possessed by everyone. Therefore, if an organization can foster a strong corporate culture and focus such abilities on a regular basis across the entire company, the resulting innovative potential will be enormous. Another reason that corporate culture has become more important to innovation in SMEs is, for an increasing number of corporations, intellectual as opposed to material assets now constitute the main source of value. Maximizing the value of employees as intellectual assets requires a culture that promotes their intellectual participation and facilitates both individual and organizational learning, new knowledge creation and application, and the willingness to share knowledge with others. Therefore, corporate culture today has played a key role in sparking innovation.

Second, corporate culture is the foundation of the corporate system innovation and business strategy innovation. Corporate culture reflects the enterprise system and business strategy through all staff's view of value. At the same time as the ideology, corporate culture will affect the arrangements of an enterprise system, as well as the choice about its business strategy. The corporate culture which is match with the social development, embodied the spirit of the age will inspire employees' enterprising spirit to help the company get rid of its long-standing malady, accelerate the pace of innovation and promote the enhancement of enterprise's core competitiveness. On the contrary, a conservative corporate culture will become the shackle which will block employees' pioneering spirit and at last lead the enterprise's management to a state of a vicious cycle and weaken its core competitiveness. Thus, corporate culture is very significant to the enterprise management system and the business strategy innovation.

Third, corporate culture is the fundamental force to form and enhance the core competitiveness of an enterprise. Corporate culture usually consists of three levels: spirit culture, system culture, and material culture. The spirit culture of an enterprise actually is a value system with enterprise's spirit as the core. It is the essence of fine tradition of the

enterprise. It is the spiritual backbone to form and enhance the core competitiveness of enterprises; the system culture is an organic combination of the material culture and spiritual cultural in the enterprise. The behavior culture of an enterprise is a dynamic manifestation of a company's business style, spirit outlook, and interpersonal relationship. It decides the level of the spirit style and features and the degree of civilization of the whole enterprise; the material culture is an object culture which is created by all the staff as products and a variety of material facilities. It is the direct and concrete indication of a company's core competitiveness. Therefore, from above, we can figure out that corporate culture is the fundamental guarantee of forming and enhancing the core competitiveness of a SME.

There are so many people ask that do the SMEs really need to build corporate culture? The answer is yes, definitely. Corporate culture has already existed in every enterprise once it started. No matter this enterprise is small, medium-sized or big, or what stage it stand, early stage, growing stage, and maturation stage, every enterprise has its own unique culture in its development process. The germ of this corporate culture may come from the certain intuition of the entrepreneurs. It is used to guide and constrain the staff with the written or unwritten regulations and norms to incorporate it into the enterprise management system by indoctrinating the staff consciously or unconsciously. As time passes, the staff will be self-conscious and voluntary obey this motivation and restraint system and form the similar view of value and moral, then a kind of cohesiveness comes out.

In the reality, many SMEs owners accept this new term "corporate culture", but often show this attitude: corporate culture is a very good thing. But now my business is small, everything is simple. So we don't need corporate culture now. Someone may think this statement sounds reasonable, but in fact, he makes a serious mistake. As long as the small business is set up, it already had its own culture. It just like a baby, when it is given birth, it already has its thinking although it is not immature, it does exist.

The CEO of Acer, Stan Shih said: "The corporate culture is not a movement with 2 or 3 years to achieve, it is better to start corporate culture building in the early stage of the company. Otherwise, it will be more difficult when the enterprise become larger. He

disagree the thought that small business should focuses on the short-term benefit rather than building enterprise culture. For instance, the credit is very important to an enterprise. Even though in the early stage, a small business is not supposed to get the short-term benefit by the way which will be harmful to the company's credit. Emphasizing the credit is of course a part of corporate culture. So only always having a long-term corporate culture plan, a small business will become bigger and bigger.

Chapter IV Exploring the Reasons Blocking SMEs Innovation Capability Improving from the Corporate Culture Aspects

4.1 The Problems Existing in Current SMEs' Innovation

In the literature review, I fully analyze the characteristics of the SMEs, so it's easy to see the flaws which will block the SMEs building their innovation capability. Although SMEs have a tremendous development and show their strong power in the world, but many of them still not have a reasonable organizational and industrial structure. Especially in recent years, because of weak market, inflexible mechanism, insufficient funding, lack of talent, and not having a good source of information, and so on, the structure problem of SMEs still have not been fundamentally solved. The flaws existing in the SMEs are as following:

- SMEs are strongly owner-manager driven. Much of the time of the top person is spent on doing routine tasks. Sometimes the top persons have to always pay attention to the processes and automation for the basic tasks, so that cannot be free to look at growth and management by "exception-handling".
- SMEs begun spontaneously from just one idea or new product, so they do not have much of a process or structure. They are run by one individual or a small team who make the decisions. In many cases, they are family/owner-driven. They will invest if they see value in making investments in the "short-term". So, they always have to work on providing immediate and tangible benefits.
- Since there is little process or structure in SMEs, this also provides a mechanism to put in place "best practice business" processes. SMEs are generally more flexible, and can re-jig the way they do their work around a better solution. SMEs do not favor complex, formal methods of project management, preferring simplicity and familiarity.
- Entrepreneurs at SMEs are generally "all-rounder" with basic knowledge of many areas. They are good at multi-tasking, and end up doing many tasks themselves since there are many holes in the organization, perhaps not in the most efficient manner. Because the

owner is the only person in a managerial position, and no board or formal governance arrangements, the owners' static thinking, limited to the experiences and the knowledge will be the biggest advantage.

- SMEs are more people-dependent than process-dependent. There are specific people who do certain tasks, with experience and knowledge driving them. This people-dependency needs to be changed into the business rules and processes must be built around these rules.
- SMEs are less sophisticated with their IT infrastructure, since it is much harder for them to recruit and retain technology professionals. They lack the sophistication and capability to deploy enterprise-scale systems. They also tend to be somewhat cynical on new technology adoption unless the benefits are clearly visible, or a competitor adopts it, or they are pushed by one of their bigger customers.
- SMEs focus on a small range of products or services sold mainly on the local domestic market. This make them pay more attention to the short or medium-term survival than long-term profits. They usually operate flexibly on trust, rather than on systems and contracts.
- Have a tight family-like culture where the values of the owner are strongly shared by the staff and workplace practices are flexible and suited to individual employees' needs
- SMEs have a vision and outlook that is bounded by the horizons, skills and experience of the founder/owner, the pressures of day-to-day management and tight resource constraints (i.e. a tactical rather than a strategic approach)
- There are difficulties to adapt corporate culture to new situations and challenges and potential conflicts between corporate objectives and personal objectives of the owner in SMEs
- The staff in SMEs have low willingness to introduce more sophisticated structures and limited funds are given to the finance investments and initial operating for new activates

All these flaws existing in current SMEs lead to the following four problems which usually block the SMEs improving their innovation capability:

1. Lack of motivation, that is to say, not willing to innovate.

Because the innovation need for a large number of investment, not only the money but also the human capital, but those investment can not return soon. And the more SMEs put into the innovation making the less their short-term profits will be. Since the daily producing can make a constant and stable benefit, most of the SMEs prefer not asking the bother to make innovation. So the characteristic of focusing on the short-term benefit determines that they reluctant to invest on their innovation capability. This fixed development pattern of SMEs restricts the formation of the internal driving force for their innovation.

2. The risk is too high, which makes the SMEs fear to innovate.

Developing the high-technology will make the enterprise facing a high market risk. Once the innovation failed, the enterprise will have a great loss, even a bankrupt. That makes the SMEs so fear to take this risk to develop new technology. Some people even think that "without innovation will die slowly, but once make an innovation, will die at once." But actually what we mentioned "innovation" can be large, also can be small. And the big innovation is always formed by the accumulation of a lot of small innovations: So the wrong or narrow understanding on the innovation makes them fear to innovate.

3. Lack of capacity and awareness, lead to having no idea about how to innovate.

The SMEs can introduce the new technology from outside, but the ability of technology innovation can not be introduced. Independent innovation is always conducted by the talent who know how to innovate. Without the talents, any innovation idea can not be realized. Many SMEs is very unstable, and in a small scale, less training which lead to the lack and loss of those important talents.

4. It is too difficult to financing so that no financial support to innovate.

Fund is the basic condition to support building the innovation capability and encourage the employees' enthusiasm and passion to create new methods and products. Without the fund, no new ideas and concepts can be turned into the real products. And the

situation in SMEs is that the investment funds are limited and fixed. So they would like to choose the stable way to make money. In fact, they must change their traditional mind and learn to make full use of external resources such as external investment from big company and the support from the government.

4.2 Exploring the Reasons Blocking SMEs' Innovation Capability Improving from the Corporate Culture Aspect

From above SME's flaws and problems we can figure out the factors in the aspect of corporate cultural that blocking innovation creating within SMEs:

4.2.1 The Limitation of the Entrepreneurs

Since we are talking about the corporate culture and innovation of SMEs, we have to mention a key individual, the entrepreneur of SME. Because of the SMEs own characteristics, the entrepreneurs become a crucial factor to SMEs' innovation and corporate culture building.

If we see throughout the history of a SME's growth we can find that whether a SME will be successful or not, mainly depends on the cultural quality and ideology of the entrepreneurs. Nowadays the culture of a SME will be obviously and deeply reflected by the personality and managing concept of the entrepreneur. That is to say, the quality of entrepreneur decides the SMEs' fate. The entrepreneurs' personal choice will decide the developing orientation of an enterprise.

Many entrepreneurs usually regard making the company bigger and stronger as their biggest success so that they blindly expand their scales and make diversification. In fact, not all the enterprises' expansion will lead to success. A successful enterprise must be in an appropriate size, matching with their ability and have longevity. But many enterprises just focus on the pursuit of big scale, but ignored their core competitiveness just because of the entrepreneurs' narrow mind.

The quality of the entrepreneurs determines their company's competition power. So the core values of entrepreneurs will decide the fate of the enterprise. However, many entrepreneurs' ideas can not catch up with the changing society and market, and just be

close in their own small circle. It will lead to the elimination of the enterprise out of the market.

The main existed problems on entrepreneurs are:

1. Still have the outdated ideas and thoughts, failed to keep pace with the development of the times, lack of awareness of capital, sense of risk and innovation which are needed by the market.

2. Lack of a clear positioning of the entrepreneurs themselves. Some of them still have no idea about what are their main responsibility, but keep eyes on all the tasks of the enterprise. Some of them are lack of professionalism and haven't treat business management as their life-long career. Some never have a long-term plan, without pioneering ambition and strong mind, and only like to engage in the short-term business, pursuing of short-term benefits. It seems make the whole enterprise look vigorous, but actually will result in an unstable productivity and exhaust all the energy of the enterprise.

3. Lack of the ability to control the market, the level of entrepreneur's management is very low, not familiar with the modern enterprise system, lack of the awareness of market competition so that cannot control the development direction of the enterprise.

4. Having a naturally superficial understanding on corporate culture. Some SMEs leadership thought that the enterprise still face many problems so that they have no time and energy to engage in building of corporate culture and some of them thought that building corporate culture is the focus of those large enterprises, but has no relationship with small and medium sized enterprises; Some believe that the corporate culture comes from design, so they invite many experts and specialized consulting firms to design for them carefully. They designed a corporate culture manual with the exquisite packaging and the gorgeous rhetoric. Then they think that they completed the building of corporate culture. Whenever small and medium-sized enterprises face pressure of competition, their first thought is how to reduce the cost, how to make a transition, how to change the sales strategy, but they ignores the soul of a company - corporate culture building.

5. Have a short-sight on corporate culture building. As many small and medium enterprises only pay attention to the immediate interests, but ignoring the long-term

business planning. It always makes culture building not constant and unstable. This instability can easily lead to the pursuit of quick success of the enterprise, just focus on the form of corporate culture, but ignoring the inside essence of corporate culture. Corporate culture will deviate from the business management. Such corporate culture is meaningless, unsustainable, can not be a cultural impetus to the development of enterprises and can not make a far-reaching implication, either.

6. Ignore the innovation and personality of the corporate culture. Corporate culture is a management mode with unique features under the particular cultural context. It reflects individuation of the enterprise performance, instead of the same standard model, not cater to the fashionable slogan, either. However, some SMEs have the wrong thought that the corporate culture is very similar or even same as each other, so they imitate one after another to. It leads to no unique personality of the corporate culture. In fact, every enterprises has its own developing history and structure, also face different competition pressures, so it will show its own characteristics on strategy respond to outside environment and the way dealing with internal conflicts, they can not be completely identical. Besides that, the type and intensity of corporate culture are different.

7. Have the feature of "ruled by certain man" in corporate culture. Some people say that SMEs culture is actually the boss's character? This saying has a certain basis. In fact the corporate culture is the direct reflection of pioneering awareness, management concept, management style and personal attributes in business management. However, this "ruled by certain man" corporate culture may be restrained easily by the quality of business leaders. Corporate culture is not conducive to a higher level by leaps and bounds. It will impede the corporate culture leap to a higher level. This old-style ranking system culture will impact the productivity and weakens the competitiveness of enterprises.

The essential feature of a knowledge-based economy requires the high-quality entrepreneurs. The 21st century is mainly driven by knowledge and information economy. All the essential features of knowledge-based economy are closely related to the innovation producing process and development of the enterprises. Innovation is the core of the knowledge economy. The entrepreneurs are the main forces to promote economy

knowledgeable and make knowledge globalizing. Therefore, the core of a knowledge-based economy and its development require the high-quality entrepreneurs. And enterprises' internationalization and economy globalization also demands of high-quality entrepreneurs. It requires entrepreneurs must have a high responsibility and strategic vision on business management; so the entrepreneurs must first break through a closed forms of operation and the narrow thought of the small-scale business; must have a broad perspective, that is to say, the perspective on economy, technology vision, political vision And international vision; must master at least two kinds of the knowledge structure, not only professional knowledge, but also management knowledge, and gradually become omnipotent. Should have the ability of think in advance, decision-making in advance, and prevent in advance; have a sense of innovation and hard thinking, good at thinking.

As mentioned above, the entrepreneur is really the most important factor in the SME's development, especially in the innovation process. The Shorter Oxford English Dictionary defines entrepreneur as: "A contractor acting as intermediary between capital and labour." And the South African Concise Oxford Dictionary's definition is: "A person who sets up a business or businesses taking on greater than normal financial risks in order to do so." The textbook definition of entrepreneur is: "A one-man business, a sole proprietorship, someone who creates change and acts as a catalyst." So no matter the corporate culture building or the innovation capability improving, it is mainly determined by the entrepreneur.

4.2.2 The Imperfection of the Internal Operation Mechanism

According to the survey, because initiated by one person- the owner, most of the SMEs are in the situation of family business. But if the enterprises want to get a development, family operating the business must just be the first phase but not the only phase. With the expansion of the size and facing a more complicated market, the limitations of operation mechanism in family business are exposed. And the cultural obstacle which comes from these limitations will be a key factor which hinders the development of SMEs. These limitations include:

1. In many enterprises the decisions are made by one individual or the family group.

So once there is a wrong decision, the entire enterprise may collapse. All the power and rights are concentrated in the hands of entrepreneurship, so it's hard to be democratic and scientific.

2. The family business mechanisms are often in cronyism and nepotism so that it is difficult to optimize its human resources. In this kind of enterprise, "blood" is more important than "capacity". That makes the talents who are outside of the family often feel little hope to find the opportunity to be promoted. So job-hopping happens a lot.

3. With the family business mechanism, the owner always has several titles such as chairman, general manager and so on. The owner wouldn't like to give other staff outside family the important right. The result is that the leader is usually engaged in many trivial things, but has no time to think about the business strategy. It is harmful to the company in a long run.

If the SMEs can not timely change their family business operation mechanism into a modern enterprise system, it will be difficult for them to develop the operating perspective, and form better development strategies to increase the core competitiveness. In addition, the family operations mechanism largely hinders the growth of the entrepreneurs and the professional manager team in SMEs.

4.2.3 Lack of the Ability of Effective Management

Compared with the large enterprises, SMEs are the most dynamic enterprises in market development and expansion. But they pay little attention to the internal management, and even think that management is insignificant to SMEs. The main reasons for that are: First, the benefit comes from enterprise internal management is not so easy to quantify as products selling. Second, actually SMEs don't know what they should do and where they should start from to enhance effectiveness by strategic management. The raising of the management level just can be achieved by a long process of continuous improvement and optimization. The enterprise always ignores the important of management in a nice market environment. But once the favorable external factors disappear, the SMEs will be trapped in a dilemma. And it is so late to regret and aware of the importance of management.

Most SMEs can not combine the management theory with management tools effectively. When the leadership of the SMEs talk about the theory of management, they always can give a clear and logical speech about it, and also can advance themselves with the times by learning new management thinking and theory. But they never think about the developing the effective management tools in the reality business operation, so that those theories they master can not be applied to the actual management work to make economic benefits.

In addition, the management in SMEs hasn't become a system yet. Many rules, regulations in management mechanism are set up or get attention only after the related the problems happen. That makes the enterprise just stay in the "fire-fighting "Level, but not the "fire proofing" level by building up a systematic, comprehensive, dynamic management mechanism.

4.2.4 Lack of Coordination within Organization.

Coordination is critical to the performance of any organization because so much problem-solving depends on combining different knowledge sets which may be widely distributed across the organization.

Inside the enterprises, we should also pay attention to the establishment of internal information transmission and two-way channel of communication so that it will raise the frequency of the communication between the employees and senior managers also between employees themselves. It will also help to establish an atmosphere of understanding and mutual aid. For example, business owners or senior managers may try to let some of the employees deal with the difficulties and problems selectively, in this way they can understand how and where the daily business decisions come out, and which part does the employees need to cooperate. The owners should be good at listening and select the good advice from the staff. In this way, employees' passion and positivism of creation will be greatly promoted, and the cohesion of the whole enterprise must be greatly improved. Once the coordination system is set up, the phenomenon called "labor in vain" will disappear. In every enterprise and every process from top to bottom will all have an invisible labor in vain, which is the root of what we called go-slow, or passive work

slowdown. It because that the employees and business owner don't trust each other, and they just do their task independently. So there might be some repeated work done by different staff, or there is a same part in the work of different workers who never communicate and coordinate with each other. This kind of "internal friction" and " passive work slowdown" happened every day in a large number.

It is just because the entrepreneurs of such enterprises haven't realize the harm of that invisible problem, and have no idea about that there are so many labor in vain. Of course, they have never been clear about everyday the enormous economic losses caused by a large number of no return wage costs and the waste from repeated work.

Chapter V The Strategies of Building an Innovation-supportive Culture in SMEs

Culture is a tradition, an informal system. It can regulate the employees' behavior, shaping their values, and effectively guarantee the enterprises can keep its own core ideas, making the employees have a sense of belonging and mission.

If an enterprise do not have the core belief or have an obscure core belief, its management group and employees will not have a same goal. And without a clear future, the employees will not understand the meaning and value of their work, not to mention a sense of mission and achievement. This will inevitably lead to the wrong business strategy and a mess on the organization and system. At last the enterprise's internal friction will be greatly increased but the competition power will be reduced.

So the SMEs should cultivate corporate values and spirits which encourage every staff in the enterprise including the entrepreneurs themselves, to innovate and establish flexible, competitive environments to nurture staff's creativity. Innovation culture will help the employees in SMEs own the sense of innovation and get use to regarding innovation as their behavior norms. So it is important for all the SMEs to cultivate innovation corporate culture in order to develop their sustained innovation capabilities.

A SME can build its innovation-supportive corporate culture in the following strategies:

5.1 A Need for Strategic Entrepreneurship

Innovation is the specific function of entrepreneurship, especially in the SMEs. Strategic entrepreneurship can be the catalyst of innovation, which is a key to achieve successful innovation for SMEs.

So the entrepreneurs should have the awareness of improving the quality themselves consistently and emphasize more on the understanding and building of corporate culture. Most of the leaders of the small and medium-sized enterprises are building up from nothing related to culture and the quality of leadership generally is not high, but which at

the same time also play a key role on building corporate culture. Therefore, every entrepreneur has to continuously learn to improve their quality and capability and enhance the awareness of the importance of corporate culture to the SME's innovation.

The entrepreneurs should eliminate the old development ideas that paying more attention to the material but not the spirit which is an important part of corporate culture. They should contribute more to combining the culture building with their business running to make the culture become a strong backup for the business development through the innovation ways. There are eight rules for the entrepreneurs to restrain them to cultivate their awareness of innovation-supportive culture:

1. Thinking before speaking - control the desire to speak

In many small and medium enterprises, entrepreneurs often have absolute authority, which played a crucial role on the survival and development on the initial stage, but on the transforming stage, its drawbacks will gradually come out, and every word from entrepreneurs is regarded as the decree in the whole enterprise, which will directly lead to weakening the mechanism building, and bring obstacles for the enterprise transforming. So entrepreneurs must control their desire to speak and know the importance of the thinking before speaking. They should think about what kind of result his words will lead to, because once the boss says something, there will be few staff express different views. On the one hand, most of the entrepreneurs cannot always deeply involved in the real market, so that they does not fully aware of the true situation of the market, while the employees who really understand the market don't have the opportunity to say their views. As time passes, enterprises will have a decision-making error. It will be very dangerous. Once the entrepreneurs make wrong decisions, the internal crisis of confidence and doubt will come out, and dampens staff's enthusiasm. Therefore, the practice of thinking before speaking is a good beginning of scientific decision-making for the small and medium enterprises, and an important means for the cohesion of their employees.

2. Base on the reality and focus on the transformation and application of knowledge

Nowadays, entrepreneurs emphasize more and more on learning, but how to screen a large number of complex marketing and management knowledge, and transfer and apply

them to the actual operating level becomes an urgent problem. That's a main point for the entrepreneurs' self-cultivation and a necessary condition for the growth of small and medium enterprises. To achieve the transformation and application of knowledge, the entrepreneurs, at first, must have a correct understanding of their own enterprises from answering the following questions: how many resources their enterprises can make use of? What position their enterprises are in their industry? What is the biggest and most urgent problem at present in the enterprises? What are the enterprises want to get from learning? Only after answering these questions, they can combine the actual situation with the study without blindness but practical promoting effect. Entrepreneurs should learn to screen the valuable knowledge and have a clear understanding of what really is beneficial to the development of enterprises.

3. Never try to be a superman - encourage and make a good use of the whole enterprise's capacity

Many entrepreneurs of SMEs have such a wrong idea that the ability of the staff will be never better than me. This "Superman" thought comes from the consciousness of the past success of entrepreneurs leading to the self-expansion. It will greatly harm the business operations. First, it will make staff getting used to relying on the boss making the decisions, and always adhere with the boss's orders. Secondly, the authority of the entrepreneurs will lead to that many excellent employees have no way to show their ability, and finally the talents will tend to leave the enterprise. Based on the above two points, entrepreneurs must be clear: the basic units of business practice and corporate operations are an organization (team) rather than an individual. What they pursue should be that our team is better than other team, but not that I'm better than other members in our team. The current main task in the SMEs is to find appropriate individuals and structure a platform for talents to show their advantage.

4. Pursuing the cultural innovation constantly

Corporate culture always represents the combination of a series of interdependent view of values and way of behavior. These view of values and way of behavior should be jointly owned by all the staff and accumulated for a long period. Therefore, the corporate

culture has a certain degree of stability characteristics. However, as the knowledge-based economy and the advent of the era of information, culture must change with the external environment and to make an appropriate adjustment. The pursuit of innovation is a necessary quality for an outstanding entrepreneur. The entrepreneurs should be based on the requirements of the times and situations of enterprises themselves, make adjustments and improvements, to create a truly promote business growth performance of culture.

5. Have the sense of danger in times of peace

The 21st century is an era of great changes in a knowledge-based economy. With each passing day, there are fewer and fewer static things. Business leaders must be "very careful". Any slight carelessness will bring a serious consequence. According to a survey of *Business Weekly*, 1 / 3 of the ones known as a good enterprise three years ago are in crisis now. So entrepreneurs must clearly understand that the success in the past is not the guarantee for the victory in the future. They must constantly have the sense of "treading on thin ice". A long-term success will be possible only when they always have fear in mind. Only forgetting the success of the past will enable entrepreneurs focus more on the challenges of the future in order to remain open-minded attitude toward learning and organizations flexibility.

6. Pay more attention to the communication

Miscommunication is the common problem in a large number of enterprises. As entrepreneurs, they must be the leader and advocator of the equal communication, take the initiative to communicate with the staff, understand the subordinates' feelings and needs and try to make the staff regard enterprise as their own home. They also need to create a good working environment and relationships with the tradition of "harmony and cooperation". Always emphasizing the overall efficiency and avoiding energy waste, and making full use of all the channels of communication will employees can be sustained at their best condition.

7. Accept the failures

Failure is something which any enterprise must face in its growth. As the same token of the experience of setbacks can make an individual stronger, the tolerance of failure is

the criteria to measure whether the entrepreneurs can build a culture of learning. Since the enterprise can not avoid the failure experience, then only be not fear of failures and encourage the staff's spirit of challenge, will get a constant success. On the contrary, in the bureaucracy of an organization, due to the attitude of always investigate who will take the responsibility of failure, the staff will be afraid of doing anything. So the organization will gradually become ossified.

5.2 Building an Appropriate Staff Management System

The corporate culture construction should rely on each individual inside the enterprise, if lack of the support and propellant of the staff, the cultural building will be just an empty talk. It requires business leaders to attach great importance to and support employees in active participation and coordination, there is also the need for more full-time, dedicated staff to be responsible for the implementation, perfection and innovation, so that enterprise culture will be advanced with the times, and provide an inexhaustible motive force for the long-term development of enterprises.

5.2.1 Making Considerable Effort to Screen and Evaluate the Applicants

The enterprise must select only those with suitable skill sets, energy, initiative, and aptitudes for learning and adaptability to the company's work environment and culture.

Because building the enterprise culture will involve in a number of fields and levels, it's a complex, long-term and systematic project. Then how to scientifically select talent who will be helpful to corporate culture developing? They should focus more on the following abilities and skills to select the most suitable employees:

First, must have strong communication skills. They should have the skills of communication with business leaders to feedback the work and easy to grasp the ideas, strategies and tactics of the leadership. They also should have the ability to communicate freely with other staff. If they are lack of strong communication skills, there will not be good dredge channels to promote an enterprise culture.

Second, must have the ability of learning. Innovation stems from knowledge. And the accumulation of knowledge can be achieved only by learning. Continuous learning of new

knowledge, new ideas, new thinking and new technique will promote a culture of entrepreneurship innovation.

Corporate culture itself is a kind of invisible indoctrination to the staff. It will impact on the staff by changing their thoughts, ideas, way of thinking and behavior. Therefore, besides the ability and skill, a qualified employee also needs to have a certain quality:

First, must with sincerity. As long as sincerely communicate with other staff, every employee in the enterprise can become good friends with each other so that the corporate culture can be delivered and shared easily in the enterprise. On the contrary, if lack of real good quality, everyone is reluctant to communicate with him or her.

Second, have the spirit of dedication. Only working cautiously and conscientiously can win the respect and recognition of whole enterprise. Finally, every staff will have a sense of responsibility. And responsibility will decide the quality of the work. Without the sense of responsibility, no one can really do a good job. With a strong sense of responsibility, there is no problem that can not be resolved.

5.2.2 Encouraging Staffs to be More Creative and Innovative

That is to say, challenging the existing ways of doing things and offering better ways, and submitting new ideas for making new products or businesses. Exerting efforts to retain high-potential, high performing staffs with salary increases, and innovation bonuses, or give staffs challenging, interesting, and skills-stretching assignments.

Effective incentive mechanism should be established to motivate employees innovate. The compensation system should connect the employee' innovation actions with their incomes and ensure them to get physical and mental reward from their innovations. An effective motivation mechanism can mobilize employees' creative potential to use and develop innovations. So building up effective incentive mechanism helps SMEs develop their sustained innovation competence.

Let employees know more about the enterprise is the most important prerequisite which can encourage staff's innovation. Although the staff has been working in the enterprises, they must be very familiar with their working environment and their own tasks, but may have no idea about the business strategies and development plans of the whole

enterprise. As the external environment constantly changing, the corporate strategy and plan need to be changed accordingly. If the leaders cannot deliver those changing information timely to the staff, their idea and thought will slowly behind the company's development.

If the enterprises still have not formed the atmosphere of innovation, managers must take some actions to encourage the innovation. For example, as mentioned above, SMEs can set up an innovation award to reward the staff who propose some outstanding suggestions about innovation; entrepreneurs also can organize a series of discussions to let everyone give some advice on how to improve their work respectively.

In fact, every employee has the desire to understand other fields. The business leaders should let every staff to do something they are interested besides complete their own work. The innovative advice from the staff in other field, with thinking about the same problem in different angles, may bring unexpected result. This also reflects the concern of the staff to the company.

5.2.3 Providing Staffs Effective and Constant Training Programs

Since the capacity of employees especially their innovative capability determines the enterprises' sustained innovation competence, the SMEs should establish effective training system to develop their employees' creativity, expand the workers' skills and enables their staffs more innovative and productive.

Talent is the most important business capital for an enterprise. The development of staff training should be changed with the growing of the enterprise. It's the basis of a sustainable and healthy development of enterprises.

The aim of staff training is improving the qualities and skills of the staff to enable them not only to do a good job now, but also do well in the future. Staff training can be divided into two kinds: skills training and culture training. Here we just talk about the culture training because the aim of this paper is at exploring the importance of the corporate culture to innovation.

The training of the corporate culture is the foundation of the whole training, because the building of corporate culture has become a crucial to the success of competition in the

market, plays a key role on the development of an enterprise. A good corporate culture will promote the healthy and sustained development of an enterprise. Corporate culture will reflect all the members' sense of belonging to the enterprise; the corporate culture as a binder, making a standard for staff's behavior and speech to aggregate the entire enterprise.

If SMEs and their members can not change themselves with the variant outside world for a long time, as time pass, they tend to reluctantly to make innovation. But the corporate culture as a control mechanism to guide and shape the attitudes and behavior of staff. Now we are in an environment of globalization, the factors which affect the environment change rapidly. If an enterprise wants to keep a sustained and healthy development, it must have a good corporate culture as a basis, building a good corporate culture.

Therefore, corporate culture training should focus more on promoting the continuously changing and innovative corporate culture. Because an excellent corporate culture can maximize all the members' potential.

First, we should make the employees recognize that we are in fast, changeable times with many crises, if we do not change ourselves with the times, we may be abandoned by the times. Therefore, the staff training should more about improving the ability to learn, change with the changing times and at last it turns out that the staff is willing to be trained and learn spontaneously to keep pace with changes and development of the times to avoid outdated. This kind of training process can create a sense of urgency and crisis; inspire the morale of the employees to win; encourage employees to struggle for the same goal of the enterprise. When the enterprise's goal is completed, it will just like the personal success of the employees themselves.

Second, at the same time, the management team should be good at planning their promising but rational objectivity and perspective to the employees. By sharing the same objectivity and perspective with the enterprise, the staff will feel the sense of family responsibility and have the motivation to strive to make all the goals come true. Then the entire enterprise will be a solid unity. It will show the strong power of the corporate culture.

5.3 Cultivating the Culture of Learning.

The innovative spirit and capability of an enterprise are based on its staff's cultural quality and technical skills. Cultivating the atmosphere of learning will enhance the positivism to innovation to raise more creative talents for the enterprise. What's more, the entrepreneurs should take the initiative to make up the learning and innovation system, and put themselves to this learning atmosphere to lead and encourage all the staff be more active in the culture and innovation learning.

One of the ways of learning atmosphere cultivating is becoming a learning enterprise, that is to say, establishing the learning teams to enhance the enterprise's adaptability. Each learning team should be closer to the employees' nature, and the enterprise composed of learning teams will have a noble and correct core values, beliefs and mission, a robust vitality and a motivated passion to achieve the shared goals. A learning enterprise will possess an adaptability of constant change and development. The staff who work in a learning enterprise will share the similar even same vision, the staff will work together for this same vision or goal to solve problems and overcome the difficulties. They will discard the old ways of thinking and conventional working procedures; as a member of this learning system, they will think actively about the interaction between processes, activities, functions and environment in the whole enterprise; people communication with each other freely and frankly, without fear of being blamed or punished with proposing wrong ideas. A learning environment can be created by following ways:

First, fully study on the current cultural status of the enterprise

Building a culture of learning should not be just on the spur of a moment, must fully understand the current cultural conditions and factors of the enterprise through investigation and study. And then make an accurate estimation the strengths, weaknesses and overall adaptability of the whole enterprise. The study and estimation should include: the operation scale and competition characteristics, the successful experience, excellent traditions and the personal quality and spirit of the entrepreneurs, the quality and needs of employees, and the main problems and obstacles on enterprise's development. Only the corporate culture established on the basis of those studies and researches can reflects

objective law of an enterprise's development and the various elements which unit the whole enterprise. Then the enterprise will have a great vitality.

Ways to build a learning-oriented corporate culture

1. Build a suitable organizational structure for the learning-oriented corporate culture combining with the reality.

A flexible adaptability on the whole is the value core of the learning-oriented corporate culture. Therefore, the enterprise structure should also have the characteristics of flexibility and adaptability.

Along with the development of knowledge economy, the requirement for the free exchange of information and knowledge-sharing ability inside and outside the enterprise is more and more. If the structure is not suitable for the learning and hinder the information exchanging, the positivity and passion will be seriously dampened.

2. Enhance the leadership's learning ability

Corporate culture is usually advocated and initiated by the founders and early leaders of the enterprise. When the ideas and values they advocated finally make a successful enterprise, will be institutionalized. Corporate culture's stability will be maintained for a long period. However, the Leaders should not just stand behind the whole group as a backup but put himself in the middle of the group with the employees to promote the group moving forward and encourage the group strive for achieving organizational goals. Create a learning-oriented corporate culture needs a leadership who support, advocate that culture and have the related quality as a guarantee.

3. Make a design or plan for learning-oriented corporate culture creating

First, proposed the ideas and thoughts base on the characters of learning-oriented corporate culture itself and the actual situation of enterprises, and developing a good learning atmosphere; improving employees' ability of independent thinking, the spirit of self-perfection; eliminating the barriers in different levels between the staff. Second, find out the factors which will impact the learning-oriented corporate culture creating. Then make a high-quality investigation report. Finally, base on the investigation report, create and design the learning system by focusing on the enterprise characteristics and

environmental features.

5.4 Making Your Corporate Culture Unique and Suitable

Unique means different. It is a basic requirement for innovation. More unique and different the enterprise is, more competitive it will be. But at the same time in the process of exploring the unique characteristics, small and medium enterprises should fully analyze their own advantages and flaws to what is really suitable for them. Only in this kind of culture system, the long-term innovation goals of both the enterprise and individuals can be realized step by step

First, making a diagnostic analysis for the enterprise

If the SMEs want to create a suitable corporate culture, they must suit the remedy to their case, that is to say, must have a precise and correct understanding to the enterprise. Only in this way, they can ensure the design for corporate culture suited to the enterprise.

Internal diagnosis:

1. Software components: the popularity of enterprises, reputation, and view of values, and management system;
2. Hardware components: office environment, producing and operating environment, various facilities, quality of products.

External diagnosis: state's policies, laws and regulations, cultural environments, situation of industrial competition, major competitors and so on.

Second, analyzing the enterprise's diagnosis

With the diagnosis report, enterprise can analyze the development trends and direction in the future of itself. Then, they will be able to on the basis of this analysis to do corporate culture positioning.

Third, positioning the corporate cultural

The positioning of the corporate culture in SMEs is very important, should pay attention to the following aspects:

1. Must have their own focus. Some entrepreneurs have the thought that the culture is just like a basket, so they put all what they want in to this basket. I suggest that the positioning should base on the situation of the all members of the enterprise.

2. Must be with unique personality, and should combine their own characteristics, and don't always echo what other says.

3. Realistic, never reach for what is beyond one's grasp;

4. Consider the overall situation, and must be able to cover the entire organization;

5. Be forward-looking;

6. Be able to maintain a relatively long and stable situation.

The positioning of corporate culture should avoid that cannot see beyond the length of one's nose and eager for quick success and instant benefit, it will have a bearing on the development of the enterprises in future.

Fourth, a final design for corporate culture

Make the corporate culture design and plan in these three levels: Material, spirit and system of the enterprise. And then the SMEs can develop a program for building corporate culture

1. The design for corporate culture from the material level

Such as: product design, packaging design, brand promotion design, design for the production, management and office space;

2. The design for corporate culture from the system level

Such as: management system, and various operating manual design;

3. The design for corporate culture from the spirit level

Such as: operating purposes, corporate values, employees creed, enterprise songs to promote a certain spirit of the enterprise.

4. Develop programs to build a corporate culture

Ideal approach: the best way is from different angles, creating a corporate culture of with a wide range of layout, and keep the same pace. Must according to the actual situation to make the designs and plans, never puff yourself up to your own cost

Fourth, the implementation of corporate culture building program

Just have a good program but without a strong implementing ability is also no use. The enterprises can taking the lead of corporate culture building by the owner, or setting up

a special corporate culture building committee or corporate culture building group to charge for the program implementation, monitoring the process and evaluation the effect.

All in all, from the understanding to create a corporate culture must be such a long process, it is not the thing completed by just one or two person, nor a overnight work, it should be the long-term goal and the pursuit shared by all the members in the enterprise base on the reality and situation of each enterprise

5.5 Making a Constant Innovation.

The competition in market will never end. So the solution for an enterprise especially for the SMEs to deal with this issue is keeping on making the good innovation forever. In the process of continued innovation, the enterprise brand value will also be improved. As we all known, technology innovation, product innovation, and management innovation are the advantage for a SME to get a win in the market competition and make its scale larger and larger. But all of these innovations come from the enterprise's innovation-supportive culture. As the market competition and innovation activities varies continuously, so it ask for the corporate culture should never stop catching up with those constant changes and innovate itself every now and then.

1. Technology Innovation

Focus on improving the ability of constant innovation, enterprises should continue to increase fund and talent invest for technological innovation. According to international experience, the enterprises whose technology, R & D investment is less than 1% of sales will be very difficult to survive in a long term; who can reach to 2% just could get by, only the enterprise whose proportion reaches to 5% will have the competitiveness in the market. From this aspect, increasing the funding and talent invest for technology innovation can ensure the constant improving of innovation ability in order to enhance their core competitiveness.

The fundamental driving force of an enterprise technology innovation lies on that the technology innovation can enhance the competitiveness of enterprises, and create competitive advantage. As increasingly fierce competition between the enterprises, the one

who wants to survive in this the complex and volatile business environment, must constantly create the competitive advantage to bear down our competitors.

2. Product innovation

Product innovation is the magic weapon for the SME to win. It is a key element for finding a foothold in current market competition. That is undeniable. Secondly, the product innovation must be able to bring benefits and values to customers, and will provide unique function, performance or price. Third, product innovation is a standardized process, must be completed in accordance with the requirements step by step, rather than simply turn a good idea into products. Fourth, SMEs must try to protect their product innovation.

If an enterprise wants to maintain a relatively high profit, there is only one way to take, that is, make differentiation of the integrated product (including the service). Enterprises must have the ability to make differences not only on core products, but also on the external and derivative products and services.

Therefore, enterprises can make an innovation of not only the products, but also the target market (customers) choosing and operation pattern.

3. Management innovation

Management innovation is the soul of an enterprise. Strategic management is related to the development direction of enterprises. The old and outdated ideas are the biggest obstacle of enterprise's management innovation. Many business leaders have not yet had a sense of the modern enterprise management, and haven't recognized the tremendous role of modern management model on corporate efficiency. Business leaders should recognize the importance and urgency of management innovation under the current economic competition.

Corporate strategy innovation first refers to the development and implementation of the strategy should focus on global competition. The strategy must focus more on the formation of the enterprise's core competitiveness on the basis of capturing external opportunities. Following are some suggestions about how to build a strategic management innovation:

1. Constructing an "enterprise ecosystem"

"Enterprise ecosphere" refers to the harmonious environment for an enterprise's survival and development. The survival and development of the SMEs are just like all the other kinds of biological species in nature. They both live a kind of what we called "ecological relations." If an SME wants to have a creative feature in its management they must strengthen the awareness of market and sensitivity to the environment.

The first step of constructing "enterprise ecosphere" is conducting a cooperative competition. Competing in the cooperation means through a certain degree of cooperation and sharing of resources to seek competitive advantage, to achieve a "win-win" situation. The key of cooperative competition is to choose the partners who can potentially create interest, and create a favorable environment for cooperation.

Cost control is another key to achieve management innovation. The final goal of an enterprise is to pursuing the maximum profit. We can not control the price in the market, but the initiative to control the cost rests with the SMEs themselves. An enterprise will not be successful without a reasonable cost control.

SMEs should use multi-channel and multi-method to conduct the cost control, and rely on the scientific decision-making, technological progress and structure adjustment to reduce the cost, optimizing cost expending, and try to achieve the speed and efficiency improved simultaneously.

The ideas and systems innovation can promote the SMEs' management innovation.

1. Changing the mind is the prerequisite for the implementation of effective management innovation.

2. Centralizing the financial authority is an important means to implement effective management innovation.

3. Strengthening the investment management is an important part of the implementation of effective management innovation. SMEs must pay attention to the pre-investment management, guarantee the correctness of the direction of investment and investment income, finally establish a practical incentive and restraint systems,

4. Strengthening the asset management is an important way of implement effective management innovation.

5. Strengthening data management is the basic guarantee of the implementation of effective management innovation. Data management is very important. It is the basis for the enterprise to get information resources, and decision-making. To establish digital enterprise, it is necessary to involve the data management into enterprise management track.

In short, corporate strategy is the guideline for corporate innovation. It determines the direction of corporate innovation. SMEs all over the world should formulate systematic innovation plans in accordance with their corporate strategy. These plans will guide SMEs to conduct varieties of innovations effectively, no matter market, management, product or technology innovations. So SMEs should emphasize corporate strategy management in order to enhance their sustained innovation competence.

5.6 Taking the Advantage of External Resources

The SMEs should take advantage of external resources to enhance their sustained innovation capabilities. For example, SMEs can establish good relationship with universities and research institutes since it is an effective way to enhance SMEs' technology innovative abilities. In the meantime, favorable relations with government and bank help SMEs raise more funds to invest in corporate innovation. And in this IT age, with e-commerce provide the SMEs more opportunities trough internet to shared recourses with others. And al so can form an alliance with big company. So we can draw the conclusion that making full use of external resources can help SMEs enhance their sustained innovation capabilities by reduce the cost and with strong technique support.

Conclusion

Small and medium-sized enterprises (SMEs) are one of the leading forces of economic development. A vibrant SME sector is vital to stimulate growth and job creation. SMEs are flexible and can more easily adapt to the ebb and flow of market demands. They also generate jobs more rapidly than any other businesses, are highly diversified and contribute to exports and trade. They are therefore critical to the development of a competitive economy.

Today our memory is primarily driven by the laws of the free market. So a company, especially a SME needs to churn out innovations constantly, otherwise the competition will leave it standing. The future of many businesses depends upon their ability to innovate. Competition is fierce. Knowledge spreads quickly. The ability of a company to not only keep up with its current business practices, but to exceed its own – and its competition's – expectations are critical to survival.

With their flexibility and responsiveness, Small and Medium Enterprises (SMEs) play a vital role in innovation. SMEs have to innovate to fill the needs created by the changing and globalizing marketplace. However, in order to facilitate the innovative activities of SMEs, appropriate economic and policy environments have to be put into place.

We can be seen from above discussion that the close linkage between corporate culture and innovation is abundantly clear. Corporate sustainability and growth is dependent upon it. No matter how to change, no matter what kind of SMEs, there is one constant that largely determines their success or failure—it is the corporate culture of stimulating and supporting innovation. A good corporate culture can fully inspire each employee's potential and boost up their morale to ensure them using their creativity and endless energy to bring more fresh ideas to the enterprise so that the whole enterprise will be in an innovation-supportive atmosphere. Corporate culture is just like the most powerful engine which can make a SME develop successfully and consistently. It is obvious that corporate culture would be one of the critical sources of competitive advantages.

The diversification of the market offers the SMEs many opportunities, but also challenges. How to adjust the corporate culture to maximally stimulate their vitality and innovation capability to enable the SMEs never be defeated becomes the focus of the world's attention.

The keen competitions require the SMEs to improve their dynamic innovation capabilities otherwise they can not survive and develop. We hope the SMEs can fully explore the cultural obstacles which may hinder their development of dynamic innovation capabilities and pay more attention to building their innovation-supportive corporate culture to promote their innovation capability constantly.

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