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RESEARCH RESULTS OF INNOVATIVENESS IN CERTIFIED BUSINESS SYSTEMS

Abstract: *Constant development and investments in innovativeness need to become a priority of each business system, which has a tendency to become competitive and assume its position in the market. In this paper, we present particular results of research, based on interviews, innovations in certified business systems in Montenegro. This research has shown that certified Montenegrin business systems have a lot of space for the improvement of their innovativeness. By the increase of innovation capacities and improvement of innovation processes of business systems, we create the predispositions for the development of a higher number of new products/services and thus their chance for commercialization is higher.*

Keywords: *Innovations, Innovativeness, Certified business systems, Quality System*

1. INTRODUCTION

Processes of globalization and radical technological changes in the end of XX century have created a new reality in which the innovation is one of key elements of competitive advantage of business systems and national economy. Innovativeness represents a necessary condition for revitalization in cases of the decline in indicators of business success. If they want to survive and dominate in domestic and global economic market, business systems need to follow the changes, it is no longer sufficient to keep pace with them, but often to be a step ahead. [1,2]

Understanding the significance of innovation and reengineering of products/services, innovation strategy and activities of organization in that field is one of the preconditions for achieving competitive advantage and survival in dynamic market. Business system that tends to be successful and to make a

progress in market aspect, needs to be innovative. Creation of the new market or new category of product is the most efficient way of competing in mature markets. Innovations and innovative strategies, constant improvements and application of knowledge bring a series of advantages and their significance is reflected in the following [3,4,5]:

- Innovation encourages the economic growth and makes profit,
- Growth in innovations of 1% contributes to the growth of income per a citizen of about 0,05 %
- Innovation directly influences the increase of employment and indirectly contributes to economic efficiency and profit
- Innovative products provide the winning and retaining of a share in the market, as well as the increase of profitability in markets.

Organizations that learn, in which people continuously expand their capacities to create results they desire,

have the highest chances for success and progress in future. Ability to learn faster than competition can be one sustainable competitive advantage in today's business environment [6].

2. SUBJECT OF RESEARCH

Subject of research are certified Montenegrin business systems and their orientation to innovativeness, as well as the very development and implementation of innovations. By certified business systems (enterprises) we imply those that have introduced management system based on standards: ISO 9001:2008, ISO 14001:2004, HACCP, OHSAS 18001, ISO 17025:2006, ISO 27001. [7]

The concept of innovation can best be observed through the definition of innovation as the implementation of a new and improved idea, procedure, good, service, process which brings new benefits or quality in implementation. The most accepted is classification by OECD: [8]

- 1) Innovations of products/services,
- 2) Innovations of process,
- 3) Innovations of organization,
- 4) Innovations of marketing.

Innovation of product – some product or service which is new or significantly improved. This includes significant improvement in technical specifications, components and materials, improvement in the sense of approaching users' requirements and suitability for use or some other functional characteristics.

Innovation of process – new or significantly improved method of production or delivery. This includes significant changes in techniques, equipment and/or software.

Innovation of organization represents the implementation of a new method of the organization within the enterprise, organization in the workplace

or organization of external relations.

Innovation of marketing – new method in marketing that includes significant changes in product's design and packaging, placement of the product, promotion of the product or price formation.

Innovation is also the introduction of a new, previously unknown product or process or significant improvement of already existing organization scheme which leads to the development of a new generation of products and their distribution.

3. RESEARCH METHODOLOGY

Research was carried out in the period from 01.04. to 01.11.2011, by interview method. Questionnaire that is used in that occasion consisted of 91 questions, 33 of which referred to innovativeness.

From the set of all Montenegrin business systems, **basic set** (statistical set) consists of all certified business systems.

- 1) *Statistical set: 125 certified business systems* with valid certificates (with total 168 certificates), from 15 Montenegrin cities;
- 2) *Sample: 60 business systems with certificate*, from 11 Montenegrin cities; (which is 48% of the entity of main set)
- 3) *Unit of research (entity):* small, medium or large certified Montenegrin enterprise;
- 4) *Instrument of research:* INTERVIEW – filling in the survey questionnaire by the interviewer. Persons responsible for quality in enterprise – quality managers are interviewed.
- 5) *Manner of selecting the respondents:* Systematic.

The sample included 40% of certified business systems from northern region, 48,68% from middle region and 48,72% from southern region. Interviewed

business systems (60 business systems) employ about 11250 workers. [9]

4. RESEARCH RESULTS

- 1) Whether business systems have invested in modernization in the last 3 years and which was the type of investing:

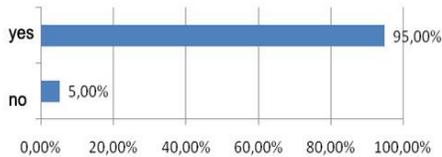


Figure 1. Investing in modernization of business systems

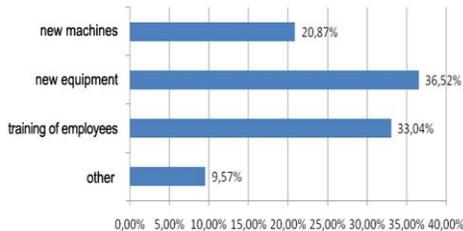


Figure 2. Type of investing in modernization of business systems

- 2) Whether in business system there is a person or team responsible for innovations:

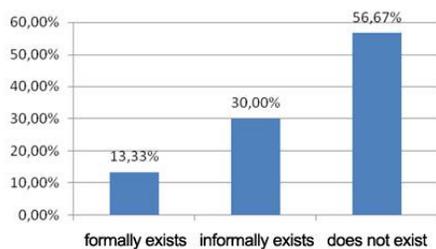


Figure 3. Existence of person/department responsible for innovations

In **56,67%** business systems, there is no department or a person responsible for innovations.

- 3) How often the meetings whose aim is to devise innovations are held in

business systems:

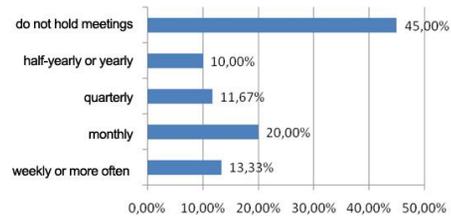


Figure 4. Frequency of holding the meetings whose aim are innovations

55% of business systems hold meetings whose aim is devising of innovations once half-yearly or not at all.

- 4) How many business systems set aside the funds for innovations at the annual level:

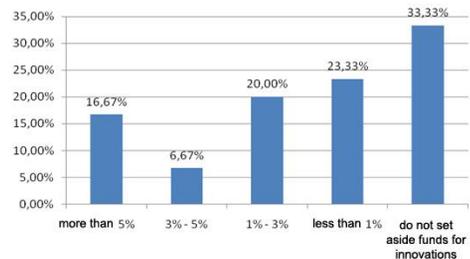


Figure 5. Funds that are set aside for innovations

Total of **56,66%** of business systems sets aside less than 1% for innovations, and therefore all 33,33% of all the interviewed business systems do not set aside funds for innovations at all.

- 5) Which priority have the innovations in the strategy of business systems' work:

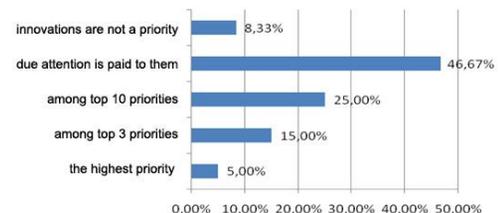


Figure 6. Place of innovations in strategy of business systems' work

In case of 80% of business systems, innovations are not among 3 top priorities,

and in case of 55% they are not among 10 priorities.

6) Documents of business systems that include innovativeness:

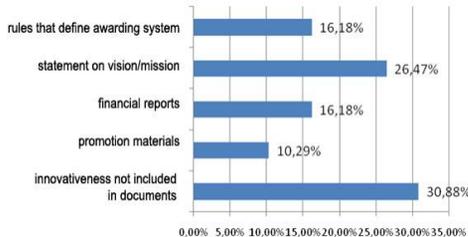


Figure 7. Documents that include innovativeness

In case of **41,17%** business systems, documents do not contain the concept of innovativeness (in case of 10,29%, innovativeness is included only in promotional materials of business systems). Statement on vision / mission includes innovativeness in 26,47% of business systems only.

7) What is the share of income from new – improved products/services, developed in the last 3 years, in total income of business systems:

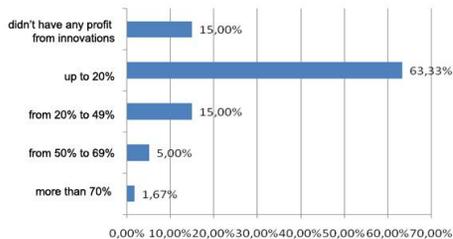


Figure 8. Share of income from innovations in total income of business systems

In **78,33%** of interviewed business systems, the income from innovations is less than 20% of the total income of business systems, and in 15% of business systems there was no income from innovations.

5. CONCLUSION

Business system, which does not recognize the necessity of constant changes and importance of creating innovative products/services in today's time of rapid dynamics of development and big competition, can expect to lose the market rather rapidly. For that reason, constant development and investments in innovativeness need to become a priority of each business system which tends to be competitive and assume its place in the market.

Majority of Montenegrin certified business systems invest in modernization and recognize the significance of innovativeness, but they do not pay sufficient attention to it. Namely, in case of 80% of business systems, innovations are not among 3 main priorities and in case of 41,17% none of the documents of business systems does not contain the concept of innovativeness. In addition, it is noticeable that there is a slight investment in innovations - even 56,66% sets aside less than 1% of profit, which is indeed little in comparison to successful global business systems which set aside more than 5% of profits only for the development of innovations. Investments in innovations must provide concrete results and affect the indicators of business success. In 78,33% of interviewed business systems, the income from innovations is less than 20% of total income of business systems, and there was no income from innovations in 15% of business systems.

Business systems, included in this research, mostly do not have a developed innovation system, which is reflected in the fact that in 56,67% there is no person/department responsible for managing the innovations, and even in 55% business systems there are no meetings whose aim is to devise innovations or if they are held, it is once half-yearly, which is certainly insufficient.

Significant item of innovation processes are innovation meetings whose aim should be to devise innovations and improve business processes. Regular holding of such meetings encourages creativity of the employees, and the ideas are aimed to areas important for development of business systems.

This research has shown that certified

Montenegrin business systems have a lot of space for improving their innovativeness. By the increase of innovation capacities and improvement of innovation processes of business systems, we create the predispositions for development of a bigger number of new products/services, and thus the chance for their commercialization is higher.

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