

INNOVATION AS A COMPETITIVE ADVANTAGE IN MANAGEMENT

Milos Nikolic, master student, University Union, Belgrade

e-mail: nikolic2206@gmail.com

Abstract:

Innovation in management can be defined as a set of activities undertaken by the organization, and are a source for new products or production processes. The development of enterprises and organizations are mainly related to the existence of innovation. Innovation is the commercialization of new ideas or converting it into a specific product, process or service, as well as of competitive advantages in management. Contemporary business environment characterized by high volatility, uncertainty and risk to a company or organization to survive in such an environment, it is necessary to continually invest in research and development and innovation activities.

Companies and organizations are trying to combine their existing resources and capabilities and to use them in the new, the best way possible. For those of their activity are derived and innovation are born innovative organization. Innovation is something that is related to the concept of the entrepreneur-manager who strives to always observe the changes, respond to them and accept a high level of risk, and uses it as an option in their operations. But in addition, large companies are precisely those that have the ability and the necessary financial resources to implement innovations.

Keywords: innovation, innovation, management, organization, company.

Introduction

Innovation is the maintenance factor of competitive advantage of market-oriented business systems at both the international and domestic markets. Innovation in management is increasingly determinant of competitive power of enterprises and organizations, as well as a key factor for success in a dynamic environment and in an unpredictable market. Innovation as of competitive advantage in management and modern business environment

today requires management the right way. This is where the role of managers at all levels and their ability to make a balance between the optimization of innovative activities in the enterprise. "Everything flows, everything changes, but the changes are constant", a metaphor that fully reflects the contemporary business conditions.

In previous times, business strategies were defined and implemented most often in a reactive manner in relation to the processes in the environment, but also within organizations. Today, most organizations act proactively, that can be observed events prior to their formation and react to them. Customizing numerous and varied changes, growth and competitiveness constantly improving performance, is a basic condition for the survival and success of modern enterprises. U this paper will especially concentrate on how organizations implement their innovations to manage them and what strategies are used at the same time, as part of innovation processes in management.

1. Innovation as a competitive advantage in management

The early development of the theory of innovation primarily related to the name J. Schumpeter, who during the first half of the last century innovations marked as a basic factor in achieving technological and economic development. It is commonly thought of replacing old technology with new technology, which is described as creative destruction.

Also, most authors believe that innovation is primarily related to technology and to implement those most in this field, ie. today we

can not talk about technological innovation. New technology, as a result of innovation has resulted in the emergence of new economic activities and firms. Technological changes play an important role in the competitive dynamics. The changes they bring can have several outcomes:

- They bring with them new products and processes;
- Changes the value chain and value constellations company;
- They change the nature of the rivalry between the companies¹.

In the twenty-first century technology is the main source of competitive advantage. Technological innovations represent the first application of science and technology in a new direction with the commercial use. One of the main drivers of economic growth is certainly diffusion or diffusion of innovation through the economic system. It is a very complex process in which they are present in addition to the numerous non-market elements, such as systems support R & D collaboration between companies and the like. It is very important to properly understand the conduct of the innovation process. For a long time it was represented to policy innovation process conducted by the linear model, where the key role of investment in research and development.

In an environment where product lifecycles significantly reduced, innovation is the only way that companies manage to survive in such a changeable and uncertain environment. Some of the characteristics of today's business environment:

Deregulation and liberalization of trade lowered barriers to entry in various industrial activities, such as banking, transport and telecommunications vazdušni.

Power network is reflected in the fact that new companies do not have to build the world's infrastructure due to the global market. In this way, companies like Google (Google), eBay

(eBay), and MySpace (MySpace) very quickly managed to diversify its business.

The disintegration of large companies, through devertikalizacije and outsourcing, also helped new entrants to the market. By submitting the increasing number of activities contractors of third parties, big companies are willing to sell their services to anyone. Using a worldwide database designers, brand consultants and those under contract products or components of products for someone new strength from the bandage can come out fully developed.

Large companies also have to contend with a large number of competitors who offer low prices. Ikea, Zara, ErAzija (AirAsia) are just some of the companies that have radically altered the cost structure of industrial activities. There are a lot of clients who gave it enormous power to determine the margins. Before the Internet, most customers could not be sure that you get the best deals when it comes to mortgages, credit card debt or a car loan. There was no opportunity to fully examine the situation that reflected the margin, but today every day consumers are becoming more aware. In addition, it eliminates the cost of doing business. The fees they received all kinds of market makers - dealers, brokers and agents - experienced a drastic decline, or will soon doživeti. Distribucioni monopolies have strongly attacked. Unlike publishers of newspapers and magazines, bloggers are not required physical distribution network to reach its readers. Similarly, the new brands do not have to kiss up to the representatives of the publishing houses to be able to gain fans through social networking sites such as Facebook and MySpace.² Demolition of barriers to market entry, hiperefikasni competitors, customers power - all this will reduce the margins in the coming years. For most of the innovations are still on the level of organizational units, which have the competence development of new products, research and development.

Innovators are by their nature Contrasts. In many cases, the real obstacle to strategic innovation is precisely the resistance of the old

¹ Tošović A. Stevanovic, competitive advantage and innovation, Foundation Andrejevic, Belgrade, 2009, p. 20

² B. Greene, G. Hamel, *The Future of Management*, Novi Sad, ASEE, 2009, p. 63-65

mental models, or beliefs that exist and which are kept organized in their organizational culture. What the biggest companies prevents innovation, not a lack of risk taking. Large companies are precisely the ones who daily undertake large and often unnecessary risks. Founders is difficult to acknowledge the ideas that threaten the foundations of business models that they have devised. Therefore, the scope of innovation narrows and the risk of limited vision grows, a young innovators transferred to other companies and there trying to find an opportunity for their ideas.

Striving to achieve efficiency, companies are putting out a lot of unnecessary activities from their work. The problem is that if you remove all the unnecessary activities of the company, there is likely to be ejected or innovation will remain unnoticed. Innovation is a process that itself takes time. As said Peka Himanen: "... the most important source of productivity information economy is creativity, and it is not possible to create something interesting jurcajući continuously or in a regulated manner from nine to five hours."³

Here are a few questions that managers should be guided to become successful managers innovators:

How is it possible to include every individual within the organization to work on innovation and equip every necessary tools that encourage creativity?

How to ensure that the beliefs embedded in the organizational culture are not resist the development of creativity and innovation?

How can create time and space for primary innovation in the organization?⁴

All of this requires a lot of time and commitment of the management of companies and organizations that the results come to the fore

2. Meaningful innovation and sources of innovative capabilities

Innovation is a change that allows the creation of wealth. Innovation, in fact, creates a resource. Likewise, innovation and makes everything that brings changes in the potential of producing wealth with existing resources. Innovation does not have to be technical, it need not be the thing. Regardless of where it was and how it was introduced, innovation always brings changes in the economic system of a country.

"Systematic Innovation, therefore, consists of a purposeful and organized search for changes, so that in the system analysis of the possibility of such changes can be accepted as economic or social innovation."⁵ System innovation allows controlling the sources of innovative features.

There are four sources of innovative features that are also very sure indicators of changes:

- unexpected - an unexpected success, the unexpected failure, unexpected external event;
- discrepancy - between reality as it currently is, and the reality of what it should be; innovation is based on the need for a process instance. production;
- changes in the structure of the economy or the markets, which can surprise everyone.⁶

The second set of sources of innovative features, a set of three such sources include changes outside of the company or outside of the economy:

- demographic trends - changes;
- changes in perceptions, moods and meanings;
- new knowledge, scientific and unscientific.⁷

³ P. Himanen, *The Hackers Ethic and the Spirit of the Information Age*, New York, Random House, 2001, p. 72

⁴ B. Greene, G. Hamel, *The Future of Management*, Novi Sad, ASEE, 2009, p. 71-72

⁵ P. Drucker, *Innovation and Entrepreneurship - Practice and Principles*, Belgrade, Economic Review, 1991, p. 61

⁶ P. Drucker, *Innovation and Entrepreneurship - Practice and Principles*, Belgrade, Economic Review, 1991, p. 62

⁷ P. Drucker, *Innovation and Entrepreneurship - Practice and Principles*, Belgrade, Economic Review, 1991, p. 62

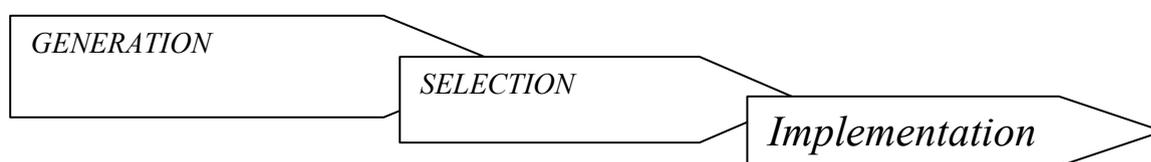
The lines of demarcation between these seven sources of innovative possibilities are rather unclear and it could be said that there is a significant degree interleaving. Each of these sources is subject to a separate analysis, because each of them has its own special characteristics. All of these sources are arranged in order of decreasing reliability and predictability. Despite its importance, scientifically based innovation is, in fact, the least reliable and predictable. On the other hand, the unexpected success or failure carries a very small risk and uncertainty.

3. The realization inovacijau management

One of the most frequently asked questions is: What needs to be done to realize innovation? We can say that this is a process that consists of three steps.

These activities can be represented graphically as follows:

Figure 1. The implementation process of innovation:



The first stage is the stage of generating innovative features. Within this phase, companies are taking action to scan and study their surroundings, as internal as well as external. In this way they are trying to detect signals that could direct them to potential innovation. Companies are required to find those opportunities that they are able to respond.

The second phase of the process The implementation of the invention relates to the strategic selection of options already selected. You should make a choice between the potential of innovative features, which should primarily aligned with available resources in the organization. Even those organizations that have the best resources, are unable to take advantage of everything the opportunities that are in front of them provide.

Last ie the third phase of the implementation process of the invention relates to their implementation and on what is needed to be taken to innovation "happens". When is already selected, organizations should implement this idea through different stages, so that it was finally launched on the market. In particular, the need to fight and do everything against high-risk and uncertainty.

Also, what is a necessity for the measurement of innovation performance. Now we list some of the possible measurement and indicators:

Measurement of specific outputs of different types - for example, patents, licenses, know-how (establishing percent of sales or profits they bring to us). All these indicators are successful product innovation or innovation process.

Measuring customer satisfaction, quality improvement and flexibility in business.

Measurement of certain indicators that can be compared within a sector or area - for example, product prices, market share, quality performance.

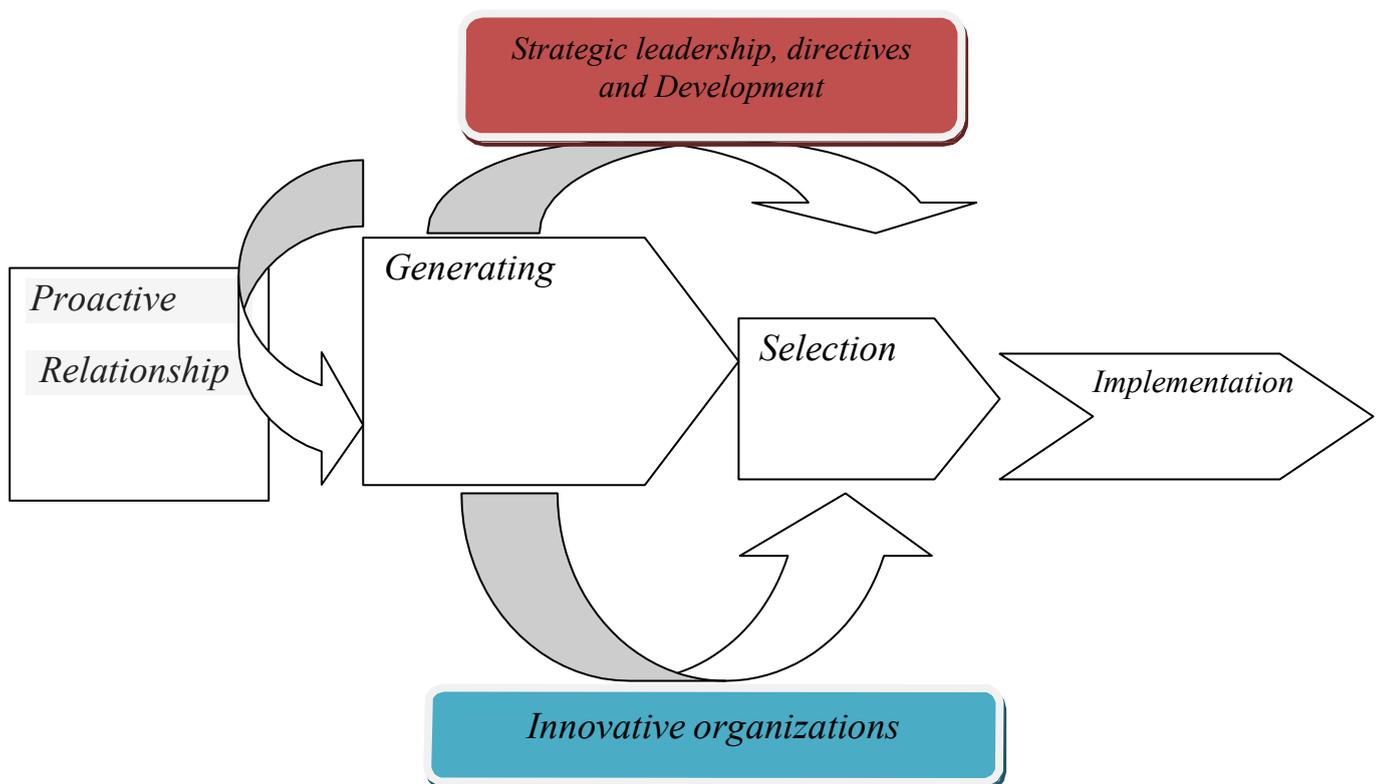
Measuring the success of implemented strategies, realized benefits, directly or indirectly, through innovation - for example, increase market share, improve profitability, increased added value.

Also, it is necessary to take into account some specific measurements, and individual elements within them. For example, we refer to:

- The number of new ideas that may relate to product, process or service, which are located at the beginning of the innovation process;
- Rates of failure within the development process in the market;
- The percentage of cost overruns and budget;
- What is what customers actually want?;
- It takes time for the completion of innovation; Measurement of continuous improvement - suggestions of employees, number of solved problems and the existence of teams to solve problems ...

Now we will graphically display the simplified model of innovation management:

Figure 2. Model for Innovative management:



The essence of successful innovation management is recognizing the real opportunities that arise both in the organization and in its environment. Basically everything is concentrated in small groups or teams who possess this creative energy needed to create something new in the organization. It is also necessary enthusiasm, preventing resistance to change, lack of prejudice. It is very long tension between the goal that innovation brings with it what she should realize that to create something completely different - discontinuous innovation.

4. Components of an innovative organization

Innovative organizations is the best form of organization that occurs in a turbulent environment. Most often associated with large organizations that possess enormous financial power. Successful entrepreneurs and innovative organizations are identified by their use of different structures, tools and techniques that will help them to maintain a balance in its operations. Some of the basic components that characterize the innovative organization would be:

- Sharing the vision, leadership, and desire for innovation with everyone in the organization;
- Appropriate structures;
- Key role for the individuals in the organization;
- Effective teamwork;
- Continuous and individual development;
- Extensive communication;
- High participation in the innovation process;
- External focus; Air-suited for expressing creativity;
- The learning organization.

Innovative organizations is the basis of development, in terms of long-term profitability and competitiveness, and maintaining a balance between efficiency and effectiveness. The most favorable ratio between all strategic orientation can be achieved, if properly formulate innovation strategy of the company. The role of the project team for Innovation, in which should be included and top management, in order to be a successful way to manage all phases of the innovation process.⁸

5. National Innovation ability

Innovation capability is the ability to create, development, application and diffusion of new or improvement of existing technological resources, processes, methods and procedures. Innovation capability is manifested in changes and improvements to old and finding new products and services, new sales channels, new market potentials, either by size, either by diversity. Innovation ability of a company depends not only on its internal characteristics, but the environment: organizations, institutions, regulations that affect business in a big way. At the macro level, the problem of innovation country is determined by the quality of interaction between research and development, the demand for innovation, absorption capacity and diffusion of knowledge and innovation through market and non-market cooperation.

⁹Innovation is definitely more not only about technical - Technological progress. A vast field of innovation exist in combining existing technology assets and creating new value for the consumer.

The state has a significant role in fostering innovation in a country. This is proven by the examples of developed economies in the world in which significant funds invest in innovation centers. Japanese entrepreneurs have developed their way to success, so as to enable them to rapidly replicate successful practices, primarily from the United States. Later they themselves add to this commitment to quality and as a logical consequence there is abundance of generating innovation. The development was mainly led by information technology, on one hand, contributes to the rapid increase in productivity, and on the other hand, globalization affects the strengthening of real and financial linkages.

National innovation capability is the ability of a country to produce and commercialize new products for a longer period.¹⁰ National Innovation capability uses three key concepts based on:

- theory of endogenous growth;
- theory of competitive advantage of nations;
- I study of the national innovation system.

Each concept has specific factors that determine the country of innovation. National innovation system emphasizes the active role of government policy and other specialized institutions. Despite some general characteristics, Porter highlights innovations that shape the specialized inputs and knowledge, the pressures of demand, competitive dynamics and externalities, pervasive in all companies and industries. National innovation ability can be defined as the potential of a country. The concept of national innovation capabilities consist of three

⁸ Stosic B., *management innovation - expert systems, models and methods*, University of Belgrade, Faculty of Organizational Sciences, Belgrade, 2007, p. 5-6

⁹ Tošović A. *Stevanovic, competitive advantage and innovation*, Foundation Andrejevic, Belgrade, 2009, p. 41

¹⁰ A. Tošović *Stevanovic, competitive advantage and innovation*, Foundation Andrejevic, Belgrade, 2009, p. 43

parts: the innovation infrastructure, cluster - specific conditions and quality of interpersonal relationships.

6. Innovative Organization

We can accept a definition of innovation and innovation according to which technological innovations relate primarily to changes in technology (products, processes), innovation is a term that is related to the organization: "Innovation is the process of adopting new ideas. Innovation, on the other hand, is a property unit that deals with the adoption process ... in the notion that we use here; Innovation is not ultimately dependent variable, but rather influential variable that can be predicted in terms of the efficiency of the organization".¹¹ The message is clear: the process of innovation and innovation processes as may be deemed necessary or successful only in relation to the broader goals of the organization. The main variable that is perceived effectiveness of the organization as stenen fulfillment of the objectives of the organization. A more detailed look nrirode and the basic characteristics of innovation, it is concluded that the basic philosophy of occurrence of technological innovation, in fact linking technical capabilities and market needs. In other words, 6i innovation to be successful, it must be guided by the need tržšita and technical resources that meet these needs. Uterbakov model shows the process of innovation, which is influenced by two main groups of factors in the environment:

1. The state of technical knowledge and usage of products and processes, and
2. The needs and demand for new products and processes.

To make the benefits of new, mostly flexible manufacturing technologies could make full use of proposed new organizačpna structure, a specific form of organization of production - a flexible production management systems (fsup). This is considered the optimal

form of organizational structure of production that will match the factory of the future.¹²

The industrialized countries of the West are still in the role of a follower of philosophy imperatives of technology, which is opposed to the Japanese concept of the imperatives of the market and market demands. The concept fsup contained in the model of innovative organizations, in accordance with the basic requirement that organizations need in modern conditions very quickly to respond to impulses from the environment. If the organizational structure was too rigid and mechanistic set, strategic resources contained in the flexibility of modern technology would be brought into question.¹³

On the other hand, it is necessary that the organizational structure is not too loosely. It is necessary to ensure a satisfactory degree of homogeneity within the organization in order to be more successful innovation may apply. This means that the necessary organizational structures are sufficiently organic placed to facilitate the development of creativity and openness to innovation, and, on the other hand, sufficiently rigid and mechanistic and innovation to be successfully accepted and applied. Bearing all this in mind, it is proposed a new organizational structure, the model innovative organization that best meets all these demands of new technologies.

The main characteristics of innovative organizations include:

1. The vision of the company as a whole and its role and place;
2. Orientation towards customers and markets;
3. Reliance on tehnologijs as a resource for competitiveness;
4. Shallow organizational structure and that no more than five levels from top to bottom;
5. The internal competition among project teams in order to mitigate risk and as substantiated arguments defending innovation projects;

¹¹ Levi - M. Jaksic, Komazec G., operations management, Megatrend University, Belgrade, 2008, p. 41st

¹² Levi - M. Jaksic, Komazec G., operations management, Megatrend University, Belgrade, 2008, p. 42nd

¹³ Levi - M. Jaksic, Komazec G., operations management, Megatrend University, Belgrade, 2008, p. 43rd

6. Acceptance of unorthodox ideas and solutions;
7. Positive attitude towards change management;
8. Reward system to meet the encouragement of innovation.

In modern times, more and more, when it comes to usnešnoj application of new technologies, discusses the organizational culture. Organizational culture is defined as a set of value judgments, attitudes and opinions, beliefs, people who are inside an organization.

Conclusion

Based on all the above it can be concluded that innovation in management occur as a necessity today. Large organizations to survive in a turbulent environment must continually innovate their products, processes and services.

The realization of innovations must be implemented very organized and with continuous monitoring of management responsible for innovation. He must control the process, evaluates, corrects errors that come in his way. Management must constantly listening to impulse markets, primarily refers to the demand for innovation. All organizations today should strive for an innovative organization that is flexible, creative, offers the possibility of participation in decision-making and the ability to prove the individuals in the organization. Each organization in modern conditions, must be a learning organization and continuously, and which has specific mechanisms and tools for the application of their knowledge of the business.

Companies that do not innovate rapidly deteriorate or disappear from the market. Even small companies have to work very hard to make every effort so as not to be swept away by the big giants. Strategies that will be applied without depending on the size of the organization, their activities, business objectives, mission, vision. There is a wide range of strategies, but the essence is to adapt to current developments in the region, because

only companies that succeed in this, they can expect a positive result in the long run.

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