

THE INNOVATION CLIMATE WITHIN BOSNIA AND HERZEGOVINA'S ORGANIZATIONS

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ABSTRACT

Innovation is a driver of new economy- the economy which is based on pillars of smart, inclusive and sustainable development. The purpose of this study was to focus on how leaders and managers affect innovation and creativity through their efforts to deliberately foster a work climate that supports creative thinking. Organizational culture and management units provide the foundation for patterns of behavior that affect climate within organization. In this paper, we enfaced that innovation is significantly and positively related to superior performance and that it was a significant driver of a variety of types of organizational performance. The research focus was based on empirical results of survey conducted in Bosnia and Herzegovina's organizations in period 2009-2011.

1. INTRODUCTION

Innovation is quite an important in development of any country as pillar for the society of knowledge which is based on sustainable development, global competencies and competitiveness. The term of innovation triggers different association among theorists, policymakers and businessmen. In this paper, we adopted OECD definition from Oslo Manual: "Innovation is an implementation of a new or significantly improved product (good or service) or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations."

Nowadays, the European integration is creating the new market pressures, while globalization of production forces European organizations to match excellent performances. Having in mind such global framework, the South-Eastern Europe countries are facing the challenge to build innovation environment as a basic precondition to flourish innovation in order to achieve growth and competitiveness on the global market. Well, some countries are providing weak innovation systems while others provide a strong one. It depends on many factors, but some of them can be seen through the prism of difference in main actors and driving forces of the economy. Additionally, we could add also different intensity of: networks of organization, university's and research's organizations and policy actors.

The knowledge intensity and innovation capabilities of organizations are becoming high appreciated in the prosperity of economies because one's organization problem is another's opportunity. So, at the heart of innovation process is the skill to spot opportunities and create new ways to exploit them. One of the ways to do that is to create favorable innovation climate within organization.

2. THE BUSINESS ENVIRONMENT IN BOSNIA AND HERZEGOVINA

Before 1990, economic growth in Bosnia and Herzegovina (B&H) was based on: large domestic production and demand, strong inflow of foreign direct investments, a broad raw material base, strong metal, wood and agriculture sector, large investments in R&D and innovation activities (up to 1,5% GDP) and relatively cheap workforce.

After post-privatization period, its economy can be seen in two ways. On the one hand, there are characteristics such as: traditional cooperation with the countries in the region, inherited very strong scientific, technological and industrial base from Yugoslavia, a wealth of natural resources, attractive geographical location, on-going reforms in higher education sector, promotion of entrepreneurial activities, established innovation centers, clusters, incubators, participation in a lot of bilateral, regional and international projects, etc.

On the other hand, there are characteristics reflected through: unstable business environment; unpredictable development of political and economic situation; unfinished different kinds of reforms; inexistence of unique database of R&D and innovation indicators; lack of systematical planning for development of infrastructural support to R&D and innovation activities; low spending on R&D activities at the state level, entity level and enterprise level, etc.

In B&H, there is very noticeable separation of policy creation, transmission and application of knowledge and innovation, then the lack of legal compliance with EU guidelines in this area, the inadequacy of ways of organizing RDI activities and planning human resources, as well as inadequate positioning of the supporting infrastructure.

3. EMPIRICAL RESEARCH RESULTS

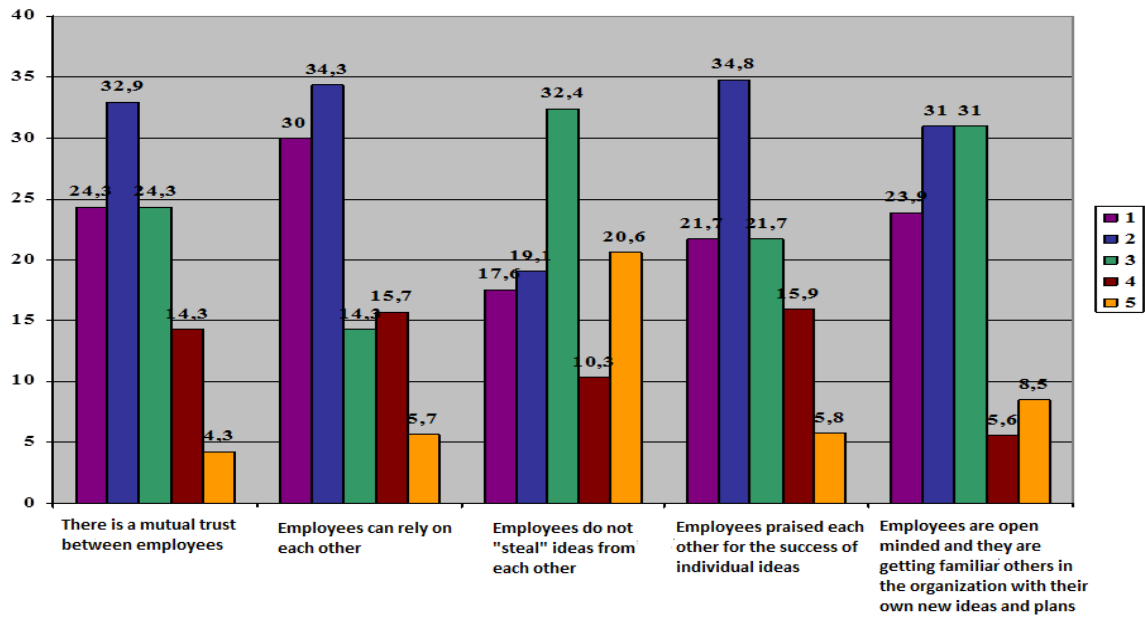
In this paper, we posed two hypotheses: H1 The working atmosphere within an organization has an important influence on its level of innovative productivity and H2 Organizational innovation depends on a climate that supports innovation.

The research methodology in the field was carried out by using the method of interview and observation methods, and then there had been made processing of collected primary data, systematization of the results of these studies using the method of analysis and synthesis.

Primary data collection on the state of innovation potential in B&H was conducted using a questionnaire and consideration of the overall economic situation in B&H by using numerous studies that analyzed the current state of B&H economy. These studies made it possible to reach a representative sample of 100 organizations out of which 72 responded to the questionnaire.

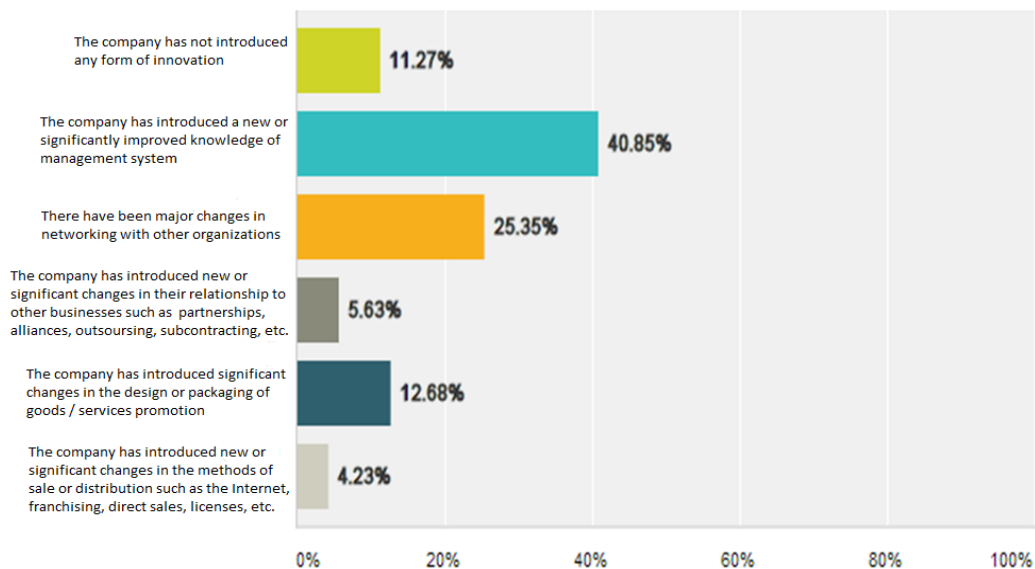
The questionnaire was designed in such a way that each of the studied qualitative terms was quantified using the appropriate scale. Consequently, the research was carried out and measured the level of innovation of various organizations in B&H through the analysis of the state of their innovation capacity, strategies, methods and models that lead to the creation of innovation. The sample on which they were carried out research and analysis prepared accounted for (the final volume) 72 different organizations from B&H, namely: education institutions, scientific research institutions, research and development institutions, as well as utility companies and production type ones (small, medium, large). Organizations have responded to 24 questions divided into thematic units by selected factors of innovation through a single online questionnaire created on the website Survey Monkey (www.surveymonkey.com).

Figure 1. Overview of answers to the question: "In your opinion, how much the development of adequate climate for innovation of your institution contributes to the trust / openness? Perform ranking putting numbers in the space in front of said claims 1, 2, 3, 4, 5 (significance level: 1 - most contributions) "



(Figure 1.) The majority of organizations considered that the development of a suitable climate for the development of innovation significantly favors the existence of mutual trust between employees (32.9%), reliance of employees on each other (34.3%) and mutual praise (34,8%). Organizations were ranked lower degree the importance of the contribution of employees taking ideas from each other (32.4%), and the same degree (31%) the importance of openness in terms of sharing their ideas and new plans.

Figure 2. Overview of answers to the question: "Did your institution have any of the following innovations in the last three years (2009 - 2011)?"



With regard to the introduction of some of the innovations in its business in period 2009 - 2011, research has shown (Figure 2.) that 40.8% organizations introduced a new or significantly improved knowledge management system in order to better use or exchange information, knowledge and skills. In a small number of organizations have been introduced new or significant changes in their relationship to other businesses through partnerships, alliances, outsourcings, subcontracting, etc. (5.6%), followed by significant changes in the design or packaging of goods / services (12.7%), then a new or significant changes in the methods of sale or distribution such as the Internet, franchising, direct sales, licensing and similar (4.2%). However, 11.3% of organizations did not inject any form of innovation in their business in the past three years.

4. CONCLUSION

In B&H is very noticeable separation of policy creation, transmission and application of knowledge and innovation, then the lack of legal compliance with EU guidelines in this area, the inadequacy of ways of organizing scientific research and innovation development activities and planning of human resources, and inadequate positioning of the supporting infrastructure. Although progress has been made, recently.

Primary research has shown that in most organizations: employees have the ability to apply their ideas to the relevant sector, mainly firms that use their own funds to stimulate the activities of RDI, that in their budgets, there are no specific funds that would be allocated for these activities, but there is no formal evaluation new ideas and innovation in the form of bonuses, salary increases or one-time cash award.

So, strategic direction should be creating a flexible innovation policy related to national (sectoral) priorities, which is based on the real needs of society with the use of instruments and assistance programs in this sector by the European Commission and other international organizations

Having in mind potential drivers of future growth, we can conclude that it will be very important for the economies to create business models through innovation as pillars for gaining competitiveness and sustainable growth. Well, enhancing competitiveness is a long-term process.

It will be required an improvement across many areas as well as long-lasting commitment from relevant stakeholders to mobilize: time, resources and efforts.

Also, in most organizations management in cooperation with various sectors jointly decide on the process of RDI, while the strategy of innovation and implementation of research and development activities exist as an integrated part of business strategy. Innovation could be foster in a way of combining internal and external ideas as well as internal and external paths to the market.

For policy makers trying to improve their economy's regulatory environment for business, a good place to start is to find out how it compares with the regulatory environment in other economies. Organizations have to operate within the context of their industries and their national economies. Actually, it is very important to understand the business area. The good ideas and the new ways of working will help organizations to remain fit for purpose in challenging times. Also, they will need strong, brave and imaginative leadership to realize their full potential.

5. REFERENCES

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