INNOVATION IN BUSINESSES NOWDAYS: INNOVATION OR COPY ?!

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Abstract

Albania faces a different reality in terms of innovation compared to developed countries. Research in the field of innovation in Albania is difficult and often the efforts invested in this aspect have been experimental and do not go deep into the problem. Innovation has been treated as the new industrial revolution and as an alternative way to set in motion economies that are experiencing a slowdown in their growth. It represents the new paradigm according to which the use of existing technologies in different ways and the engagement of new technologies enable the creation of a new economy and new opportunities for development. The study confirms the positive relationship between innovation and performance, so innovative firms actually have better performance. The overall market orientation process takes place in parallel with organizational learning and capacity building. Responsibilities, as components of market orientation, prove to be good determinants of innovation and strong performance, despite the weaker effect it has on innovation rather than performance. In other words, it means the ability to recognize market information from consumers, competitors and other operators is responding properly by giving them new products and services. Also, it is noted that although it is not a new phenomenon, it has only received due attention in recent years. It was noticed that in recent years there has been an increase in socio-scientific publications focused on innovation.

Countries like Albania have an urgent need to adapt to innovative policies and promote them in order to diversify economically, increase productivity and compete in the market.

Another systemic problem that the Albanian economy has to do with macro-level expenditures related to R&D, only 0.4% of gross domestic product goes to that purpose, when the European reference is 3%. It should be noted that poor cooperation between private, public and academic partnerships indicates weak institutional relationships and a lack of system and vision. Therefore, the main question raised in this study is what are the barriers to innovation in Albanian businesses?

Keywords: Albania, Innovation, Process, Phenomenon, Performance, Technology

Introduction

In the 1960s began to appear for the first time studies related to innovation, they came from a special field of research and distanced themselves from universities. Studies in this field did not focus only on socio-economic studies and research, but also on the notions used to characterize change. The first center to study this field was established in 1965, the Science Policy Research Unit (Weill and Vitale, 2001). The first studies conducted by this institution were the basis of the components of innovation that precede further success (Wirtz, Pistoia, Ullrich and Göttel, 2016). In the following decades the number of departments and research centers that focused on studying the role that innovation played in economic and social change grew rapidly (Acs, Anselin and Varga, 2002). Further the need to study innovation was extended to different perspectives by taking an interdisciplinary orientation which shows that to study this field there is not a single discipline that studies all aspects of innovation, therefore to obtain more complete knowledge for innovation the need arises to acquire knowledge from different disciplines such as, for example, sociology, organizational sciences, management and business studies (Acs and Audretsch, 1987). Innovation in economic terms performs several functions Acemoglu, Akcigit and Celik, 2013):

- First, it is a key factor of an economy to compete in global markets. Logically, no global market will accept you unless you bring something better, cheaper, or faster.
- Second, innovation affects the improvement of living conditions.
- Third, through innovation firms, individuals, economies and systems improve their productivity. This brings competition between firms and makes it possible for each firm to bring something new to the consumer.

The effects of innovation depend on the type of innovation and will be different on the performance of a firm and the type of industry (Zott, Amit and Massa, 2011). Abrahamson (1991) argue that the effects of innovation on a firm's performance are also influenced by the size of the organization, elaborating that new and small firms have more visible effects on innovation performance than large firms, well-structured.

Today, Albania is significantly behind other Western Balkan countries and European Union countries in terms of research and innovation capacity. Referring to The Global Innovation Index (2020) the country has the lowest innovation index in the region and is rated at 27.12 points while the index in the countries of the region is respectively Bulgaria 39.98, Greece 36.79, Macedonia 33.43, Serbia 34.33, Bosnia 28.99 points. This performance is closely related to poor infrastructure, lack of market sophistication, human resources, poor quality products

and services, cooperation between industry and universities and lack of engagement of interest groups, where what is observed is the lack of private sector involvement.

Literature review

Referring to Abernathy and Utterback (1978), in the process of innovation they have highlighted three main aspects that promoted the occurrence of an innovation: The first was the inherent uncertainty in all innovation projects. The second was the need to move fast before anyone else did, the fastest way had to be found to innovate. This innovation according to him included leadership and vision, two qualities that he associates with entrepreneurship. The third was the prevalence of "resistance to new ways" - or to inertia. Two other equally important definitions come in the last decade following research into the measurement of innovation and the effort of research institutions to formulate a measurement instrument and a methodological structure. As a start, the OECD Oslo manual not only provides guidance on the collection and interpretation of data related to innovation but also provides a detailed definition.

Strategic behavior is a key determinant of innovation (Abernathy and Rosenbloom, 1969). The strategy that an organization chooses by being proactive, aggressive or risk-taking directly affects innovation in terms of how the organization chooses to stand out from its competitors (Acs and Audretsch, 1991). Although the literature argues that organizations must consider all elements of the external or internal environment in order to deliver innovative products or services in order to achieve higher organizational performance (Zieba and Zieba, 2014). Adams, Tranfield and Denyer (2008) have argued that market orientation and especially consumer orientation is not often the determining factor of innovative products or services as the consumer often does not know what they are looking for, and as long as the organization focuses on meeting current customer demands, competition has moved forward and it will not be innovative thus losing its competitive advantage.

Innovation or copy ?!

Organizational structure theories in the adoption of innovation recognize three main sources: imitation, acquisition and incubation (Brea-Solís, Casadesus-Masanell and Grifell-Tatjé, 2015). Imitation is the predisposition that firms have to copy or imitate innovations inside or outside their market (Christensen, Bartman and Van Bever, 2016). Acquisition reflects the willingness to assume the cost of a development by another firm through the acquisition, licensing, or merger of operators (Zaltman and Dubois, 1971). While incubation as a source of innovation expresses the predisposition of the firm to develop its innovations

through internal processes whether these are research - development or partnerships. The difference between sources of innovation is important in terms of decision-making and managerial time, how much, how and where a manager would place the emphasis to get the most out of the potential source (Zhou and Li, 2007). In addition to the managerial importance it has in time and attention, the distinction between sources of innovation is necessary in the range of policies that go beyond the organizational level of firms, ie at the macro level Zhou and Li, 2012). When the organization chooses, forced or not, the source of innovation that it will use, it consequently conditions the size and speed of adaptation of innovation within its structures. This is because the effectiveness of the chosen resource will be optimal in combination with the practices and organizational structure of the firm itself (Kortmann and Piller, 2016).

Discussion

Barriers to Innovation - According to the results of the distributed questionnaire, for the analysis of innovation barriers, it is noted that cost factors are seen as the main factors that affect the firm's ability to innovate, where the high cost of innovation is what is estimated as the main hindrance (28% of firms). Market factors with elements such as market dominance by existing businesses and uncertain demand for innovative products or services are the second most important factors as barriers to innovation, with 22% and 10%, respectively. While lack of knowledge about technology or markets is not a barrier, the data show that only 3% of companies claim that lack of information about technology is a barrier, while 54% see it as a low impact factor.

Problems in human resources - Developing countries like Albania operate significantly below the "technological frontier" and with low levels of human resources. It may happen that individuals do not have the right knowledge to create the right context and to make it possible for the new knowledge gained to be understood in order to capitalize on it (Zehir and Özşahin, 2008). According to the answers to the questionnaire, it is noticed that 54% of the firms that have internal research and development operations, or special departments, have more opportunities and abilities to use the information from the market in an optimal way. However, another way to create and gather knowledge within the organization is also from its activities (Winter, 1987).

Strategic orientation - As businesses constantly face challenges and pressures that come from an ever-changing environment, strategic orientation takes on great importance (Wiklund and Shepherd, 2005). Having said that, firms are constantly under constant pressure if they are

properly prepared and organized. In the literature, strategic orientation is considered as one of the main elements which influences the performance of a firm (Wernerfelt, 1984). In transition economies, firms face various problems strategic which are not simply related to the development of new products or markets but also to the transformation of the current organizational structure, management system and human resource development (West and Altink, 1996).

Recommendations

1. Business companies need to set up structures and properly plan the financial aspect of the R&D. Firms that do not have such capacities should benefit from open innovation which is massively in the market at a cost of almost 0, as well as be organized to create synergies which reduce the costs of research and development of products and services in the market. 2. Knowledge institutions such as: state agencies, state institutions and above all universities should work on creating a strategy for cooperation with business. Compared to other countries, there is no lack of cooperation between universities and business in the respective fields. The large market space which needs knowledge services and related studies is almost totally uncovered. Also, universities should be massively oriented towards market needs and above all practicality or applicable principles.

3. Rules and procedures, improved or newly created (organizational innovation) are necessary in terms of innovation in the firm and its well-functioning. The analysis shows that they are positive in terms of benefits and naturally as a recommendation for businesses there is a need to better regulate organizational procedures, improve them in relation to time changes, and above all deepen them in the managerial organization of work.

4. Albanian companies in the knowledge economy should pay more attention to innovation by investing in people above all (human capital) and turning investment into a well-controlled, orderly and sustainable process.

5. The Albanian state must formulate a well-thought-out innovation strategy. First, solid foundations must be laid for what academia and developed countries recognize as "National Innovation Systems." Second, the 7-year planning innovation strategy needs to be recomposed to reflect not only the latest developments, but also to be serious, professionally credible and reality-related. Third, given that the key to innovation and creativity are the university education systems and especially pre-university, there is a need to review the approach of both systems and their position in front of the market and society. The university education system has undergone the greatest distortion of a decade now, bringing to this apparent friction

inconsistency with the needs of market and industry-specific businesses. Large Albanian companies have set up training academies to meet the needs they have for employees and who can not get them from the public system, not to consider it private at all. Industries such as banking, telecommunications, media and mining processing have created parallel educational institutions which re-qualify, and re-educate staff according to their standards and requirements, ie the market. So, a function that should have been fulfilled by the state and educational institutions to justify their existence, is being fulfilled by the businesses themselves. Therefore, an emergency reflection and an operationalization of some concrete steps in this direction is recommended.

6. Companies should pay more attention to strategic aspects of business organization. Longer decision-making horizons affect the degree of innovation and business performance.

7. Firms should pay special attention to the generation of market information and should have more sophisticated tools for data processing. Informality of information gathering makes businesses even more unsustainable or significantly increases the risk of decision-making based on such information. If the generation of information were from more reliable sources and stable and reliable data then the investment horizons would be different. Furthermore, firms need to sophisticate all three stages of market orientation such as information generation, dissemination to organizations through all media and response to that information after proper processing. Companies need to be more market-oriented, however they should not lose the balance of the modern economy when they also need to create a market.

8. Given the lack of R&D structures and departments in Albanian organizations, the implication seems reasonable. Firms need to invest more accumulated knowledge by training employees, as well as documenting the firm's capacity as an institution in terms of "learning by doing".

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