

**SEEKING AND IMPLEMENTATION OF INNOVATION
OPPORTUNITIES**

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ABSTRACT

This paper presents and compares the results of the innovation potential surveys conducted at wood processing and furniture manufacturing enterprises in Slovakia and Croatia. The survey was conducted at 55 Slovak and 30 Croatian enterprises by using a questionnaire containing 14 major groups of questions. The results of the survey showed some different approaches and a different current situation in Slovak and Croatian enterprises. There are certain areas in which improvement can be achieved in both Slovak and Croatian enterprises, while in certain areas Slovak enterprises showed better results than Croatian enterprises. Innovation potential is similar in both countries, although Slovak enterprises showed better results in general.

KEY WORDS: innovation, innovation potential, wood processing and furniture manufacturing

INTRODUCTION

The Slovak Republic is located in Central Europe with total area 49 thousand km² and a population of 5.4 mil. people. Wood represents a significant renewable raw material for the relatively well-developed forest products industries, which are represented by a large scale of wood processing companies to small firms. The share of forest industries in the creation of Slovak GDP is about 3% in 2006. Forests cover is about 42% of territory (2 mil. ha). A good wood quality of total growing stock more than 439 million m³. The average growing stock per hectare is more than 220 m³, which highly overtops the European average. Domestic wood consumption is more than 2 mil. m³ annually. The reduction in timber export and increase in domestic industrial processing and timber use has shown on global results of wood-processing industry; in 2005 the revenues were about 2 billion Euros, and the industry employed 30 thousand employees (Paluš and Parobek 2008, Parobek and Paluš 2008)).

The Republic of Croatia is located in South East Europe with total area over 56 thousand km² and population of 4.5 mil. People. As in Slovakia, in Croatia wood represents a significant raw material. The share of wood processing and furniture manufacturing in Croatian GDP is about 3% in 2007. Forests cover about 48% of territory (2,6 mil. ha). Total growing stock is more than 398 million m³. The average growing stock per hectare is about 180 m³. Domestic wood consumption in Croatia is over 3,4 mil. m³ annually and in the year 2007 the revenues were over 1 billion Euros with over 25 thousand employees.

Innovativeness is the propensity of a firm to create and/or adopt new products, proceses or business systems. The innovativeness of the firm impacts how the firm addresses challenges and problems, affecting the ability of the firm to survive and be successful in the future (Allen 1994, Hornakova 2006, Crespell and Hensen 2006, Crespell and Hensen 2007, Knowles and Hensen 2007).

Process innovation refers to all the operational improvements that lower operational costs, reduce delivery time, increase flexibility. Business innovation refers to improvements in customer-focused activities and/or Total Quality Management. Product innovation refers to improvements of existing products or developing totally new products. During the research all three of them were indentified as potential competitive advtages (Hensen et al. 2006 a,b,c, Hensen et al. 2007).

RESEARCH METHOD

The results of the innovation potential surveys present and compare Slovak and Croatian enterprises. The surveys were realized during the years 2006 and 2007 at 55 Slovak enterprises (86% small enterprises, 9% middle enterprises, 5% big enterprises) and 30 Croatian enterprises (27% small enterprises, 46% middle enterprises, 27% big enterprise) using the method of questionnaire. The questionnaire was established as a research method in the project “Seeking and implementation of innovation opportunities” (Skalicky et al. 2001). This questionnaire consists of the questions that are related to all areas of the innovation potential of the enterprises (IP). The surveyed areas were:

1. strategic approach of the enterprise,
2. inclusion of the innovation in the enterprise's strategy,
3. existence and observance of the system,
4. collecting of the innovation suggestions,
5. employees' creativity,
6. ability to assess the potential of the innovative idea,
7. team work,
8. project management,
9. cooperation with the external professional institutions,
10. innovation culture,
11. financing,
12. continuous education,
13. decision making within the risk conditions,
14. monitoring of the innovation efficiency

Numerical values were assigned to the responses to every question, on the basis of which the results of the questionnaire were quantified (Acs et al. 1991, West 1992). In every area we first

surveyed its actual condition in a group of enterprises. Consequently, we surveyed the approach of the managers to this area, researching if they have the knowledge of the correct way of managing this area. By averaging these two aspects we obtained the values that, by every area, determine its contribution to the whole innovation potential of the group of enterprises. Accomplished values are shown in the Tabs. 1 and 2 below. As critical areas (the enhanced attention has to be paid) we considered the areas with the total value under the level 3. Maximal obtained level, which would express optimal actual situation as well as the approach to the matter, is value 4.

Tab. 1: Values of the innovation potential areas by the size of enterprises

Areas	Small enterprises						Middle enterprises						Big enterprises					
	Slovakia			Croatia			Slovakia			Croatia			Slovakia			Croatia		
	S	P	T	S	P	T	S	P	T	S	P	T	S	P	T	S	P	T
1.	3,3	2,3	2,8	2,7	2	2,4	3,3	2,4	2,9	2,7	1,7	2,2	3,7	1,7	2,7	2,9	1,8	2,4
2.	3,2	3,7	3,5	3	3,6	3,3	2,9	4	3,5	3	3,8	3,4	3,4	4	3,7	2,8	3,9	3,4
3.	2,9	3	3	2,3	1,6	2	3,1	3,4	3,3	2,2	1,5	1,9	3,6	3,7	3,7	2,5	1,5	2
4.	3,3	2,6	3	3	2	2,5	2,9	3	3	2,9	1,9	2,4	3,5	3,3	3,4	2,6	1,8	2,2
5.	3,1	3,4	3,3	2,7	3,1	2,9	2,5	3,8	3,2	2,6	3,4	3	2,9	3,7	3,3	2,7	3,8	3,3
6.	2,8	2,5	2,7	2,7	1,9	2,3	3,1	2,4	2,8	2,7	1,7	2,2	3,1	2,3	2,7	2,7	1,6	2,2
7.	3,2	3,3	3,3	2,7	2,4	2,6	2,9	3,8	3,4	2,7	2,8	2,8	3,3	3,5	3,4	2,8	2,6	2,7
8.	3,1	3,5	3,3	2,6	3,3	3	2,8	3,4	3,1	2,7	3,6	3,2	3,4	3,2	3,3	2,7	3,6	3,2
9.	2,2	2,6	2,4	2,3	2,4	2,4	2,6	3	2,8	2,7	2	2,4	3	3	3	2,5	2	2,3
10.	2,9	2,7	2,8	2,9	2,8	2,9	2,6	2,9	2,8	2,7	2,7	2,7	2,9	2,9	2,9	2,5	2,9	2,7
11.	2,8	2,9	2,9	2,8	2,9	2,9	2,7	3,6	3,2	2,7	3,1	2,9	3,7	4	3,9	2,4	3,5	3
12.	2,7	3,4	3,1	2,7	1,8	2,3	2,7	3,1	2,9	2,5	1,5	2	3,2	3,8	3,5	2,4	1,4	1,9
13.	2,9	2,9	2,9	2,9	3,4	3,2	2,9	2,2	2,6	2,8	3	2,9	2,6	2,8	2,7	2,8	3,4	3,1
14.	3,2	2,6	2,9	3,1	2,1	2,6	2,6	3,2	2,9	2,8	1,9	2,4	3,4	3,3	3,4	2,7	1,9	2,3
Total IP	3			2,5			3,1			2,4			3,3			2,5		

Notes: S – actual situation, P – approach to the problematic, T – total value for the area

Tab. 2: Values of the innovation potential areas for all sizes together

Areas	Total values					
	Slovakia			Croatia		
	S	P	T	S	P	T
1.	3,4	2,1	2,8	2,8	1,8	2,3
2.	3,2	3,9	3,5	2,9	3,8	3,4
3.	3,2	3,4	3,3	2,3	1,5	1,9
4.	3,2	3	3,1	2,8	1,9	2,4
5.	2,8	3,6	3,2	2,7	3,4	3
6.	3	2,4	2,7	2,7	1,7	2,2
7.	3,1	3,5	3,3	2,7	2,6	2,7
8.	3,1	3,4	3,2	2,7	3,5	3,1
9.	2,6	2,9	2,7	2,5	2,1	2,3
10.	2,8	2,8	2,8	2,7	2,8	2,8
11.	3,1	3,5	3,3	2,6	3,2	2,9
12.	2,9	3,4	3,2	2,5	1,6	2
13.	2,8	2,6	2,7	2,8	3,3	3
14.	3,1	3	3,1	2,9	2	2,4
Total IP	3,2			2,5		

Notes: S – actual situation, P – approach to the problematic, T – total value for the area

COMPARISON OF THE INNOVATION POTENTIAL ASPECTS OF THE ENTERPRISES BY THEIR SIZE IN CROATIA AND SLOVAKIA

In Tabs. 1 and 2 you can see what areas in what aspect and in what size of enterprise are critical for the innovation potential of Slovak and Croatian firms. By means of simple comparison of the number of critical areas we have come to initial conclusions. The number of critical areas in small enterprises in Slovakia is 7 (actual situation – 7 critical areas, approach to the problem – 8 critical areas) with the total score of innovation potential 3. In Croatia it is 11 (actual situation – 11 critical areas, approach to the problem – 10 critical areas) with the total score of innovation potential 2, 5. According to the actual situation, Croatian small enterprises are better only in one area, and that is the area of cooperation with the external professional institutions. At the approach to the problem, they are better in 2 areas, and they are innovation culture and decision making within the risk conditions. Compared to Slovak small enterprises, the managers of Croatian small enterprises have the worst negative difference in approach to the issue of continuous education of employees, where Slovak enterprises achieved score 3,4 and Croatian enterprises score 1,8. Croatian small enterprises are better only in one area over Slovak enterprises in total score of the areas. It is the area of decision making within the risk conditions.

The number of critical areas in middle enterprises in Slovakia is 7 (actual situation – 11 critical areas, approach to the problem – 4 critical areas) with the total score of innovation potential 3, 1 and in Croatia it is 11 (actual situation – 13 critical areas, approach to the problem – 9 critical areas) with the total score of innovation potential 2, 4. According to the actual situation, Croatian middle enterprises are better in four areas, the areas of inclusion of the innovation into the enterprise's strategy, employees' creativity, innovation culture and monitoring of the innovation efficiency. At the approach to the problem, they are better in 2 areas, in project management and decision making within the risk conditions. Compared to Slovak middle enterprises, the managers of Croatian middle enterprises have the worst negative difference in approach to the problem of existence and observance of the system, where Slovak enterprises achieved the score 3,4 and Croatian enterprises the score 1,5. Croatian middle enterprises are better only in two areas over Slovak enterprises in the total score of the areas, in areas project management and decision making within the risk conditions.

The number of critical areas in big enterprises in Slovakia is 4 (actual situation – 3 critical areas, approach to the problem – 4 critical areas) with the total score of innovation potential 3, 3 and in Croatia it is 9 (actual situation – 14 critical areas, approach to the problem – 9 critical areas) with the total score of innovation potential 2, 5. According to the actual situation, Croatian big enterprises are better only in the area of decision making within the risk conditions. At the approach to the problem, they are better in 4 areas - in strategic approach, creativity of employees, project management and decision making within the risk conditions. Compared to Slovak big enterprises, the managers of Croatian big enterprises have the worst negative difference in the approach to the problem of continuous education, where Slovak enterprises achieved the score 3,8 and Croatian enterprises the score 1,4. Croatian big enterprises are better only in one area over Slovak enterprises in the total score of areas, in the area of decision making within the risk conditions.

Total score of the innovation potential grade in Slovak wood-processing enterprises is 3, 2 and in Croatian enterprises it is 2, 5. In the following text we describe the reasons for this situation.

ACTUAL SITUATION OF THE INNOVATION POTENTIAL AREAS

According to the results of the questionnaire the most critical area of the innovation potential in the current situation of Slovak wood-processing enterprises is cooperation with the external

scientific institutions. The other critical areas are, in order: innovation culture, decision making within risk conditions, continuous education, employees' creativity and ability to assess the potential of the innovative idea.

The best current situation is in the area of strategic approach.

The scores in all innovation potential areas in Croatian wood-processing enterprises were under the critical level (score 3), which means that innovation potential in Croatian wood-processing enterprises has to be increased through constant improvement in all areas. The worst score was achieved in the area existence and observance of the system (2, 3) and the best area was monitoring of the innovation efficiency (2, 9).

These results were gained by evaluating the responses to the questions related to the current situation of the innovation potential.

For Slovak wood processing enterprises we established that in the area cooperation with the external scientific institutions they only rarely or not at all cooperate with the external specialized institutions (e.g. universities, research institutes ...). In the area innovation culture we found out that the vision of the management about the future of the company is not made known to all employees of the enterprise (thus in Slovak enterprises the communication among particular levels fails, which also obstructs the identification of the employees with their company). Insufficient communication can be observed in the un-awareness of employees of their assignments, in determination of competences and responsibilities. The motivation of the employees for innovation efforts is insufficient, because employees do not come to new ideas by themselves. Furthermore, stimulation of the employees, who are not used to regular evaluation from the side of management, is also insufficient. Their innovation ideas could also be considered in the process, natural interest of the employees in running of the business does not exceed the frontier of their professional specialization, which is related to their insufficient motivation and stimulation. In the area of decision making within risk conditions enterprises avoid good risks that they do not consider as a necessary requirement for the development of the enterprise. Employees are often befalling for their decision about innovations, which are shown as an incorrect in the end, even when everything that could be relevant is verified. Furthermore, enterprises innovate just in case when they are completely convinced of innovation success.

In the area of continuous education and training of the employees the current situation in Slovak wood-processing enterprises faces following problems: employees of the enterprises are not regularly participating in trainings, courses, conferences or other education activities, companies are not used to taking specialized journals, and if they are, their employees do not read them and the selection of trainings and seminars for employees is coincidental and based on long-term goals of the company.

In the area creativity of the employees most Slovak wood-processing enterprises have not met the situation in which competition would copy their ideas, employees unwillingly embrace new inventions, they rather stick to the approved methods and they do not think about other ways of solving the problems. Moreover, fantasy and originality of their employees have rarely contributed to the strengthening of the competitiveness of the company and when employees accomplish their firmly delimited assignments, they are not concerned any more.

The research in the area accomplishment to innovation inventions consideration showed that the companies already met the situation when they were not successful after the underestimation of a financial analysis. In technical realization of the suggested production technology or product innovations as well as market potential of the proposed new products, companies do not consult internal or external specialists, and before the preparation of a new activity they do not do the most to estimate its financial cost. Moreover, they often direct effort to a new product or technology preparation, which in the end proves to be technically unrealized and in the past they directed effort to realization of products, for which there was no interest at the market.

According to the results of the survey, Croatian wood-processing enterprises whose innovation potential is weakened by facts related to other surveyed areas face the same internal innovativeness barriers mentioned above. They deal with the following facts. In the area existence and observance we found out that there are no established practices that have to be carried out from the first idea to the innovation. When the first impulse to the innovation shows up in the company, nobody exactly knows how to handle it – which affirms the nonexistent system of work with innovation within enterprises. It often happens that after a successful work at innovation (reduction to the primary feasibility study or to the prototype phase) nobody knows how to proceed further. The results also show that in Croatian wood-processing companies they do not have time to deal with new innovation proposals; allegedly their employees have to work at more urgent tasks (thus in the companies nobody acts as an innovation manager who would supervise the required system observance), they do not have time to finish the semi-finished projects that have to be interrupted because of more urgent tasks. Furthermore, there is no reliable evidence about the innovations held in pledge and about the ones currently realized. In the area strategic approach the management does not have concrete vision of the state of the company in future years including the strategies how to accomplish it. The management does not periodically meet to evaluate the situation the enterprise is in and how to run it further, it is mostly engaged in solving more urgent problems. The area inclusion of the innovation into the strategy deals with problems such as long term plans; Croatian enterprises do not take account of product and process innovations, they do not preserve human or financial resources of innovations and their detection. In the area collecting of the innovation suggestions Croatian enterprises do not consider and register every suggestion for an improvement from internal and external environment (there is no functional registry system in the companies). Employees do not propose their own suggestions for the improvement of the work in their departments. The companies do not know about strengths of their competitors and regularly do not contemplate about the improvement of competitive position. There are no employees (or external co-operators) in these companies who would monitor the last news in the field and who would regularly inform about opportunities and threats, which could emerge from them for the company and employees, those who are in contact with the customers do not register their reactions or these records do not move further.

In the area team work we established following innovativeness barriers of Croatian wood-processing enterprises. After initial enthusiasm they do not develop good ideas to the end (there is nobody in the team, who would lead it from the beginning to the end). In team work it usually happens that somebody is not informed about important facts (content coordination in the team is absent). There is often collision of members inside teams, not only the collision of opinions, and nobody acts as an informal leader who would be respected by others. Croatian companies often do not use team work and if they do, while working on a complicated task, it often happens that in the initial phase an important fact is missing (in the team there is no member specialized in gathering all necessary information) or not all of the team members usually agree with conclusions after a discussion. They usually avoid team work, because, in their opinion, it does not lead to the usable results. Members of teams also do not have necessary determination to goal achievement, they do not understand that the goals will not be achieved with the contribution of the others and do not feel responsibility for the success of the whole team. There is no rule in the team that while somebody speaks the others listen to him and make sure that they understand the content correctly.

In the area project management and the ability to lead the project the problems are originated from these facts: working at extensive tasks, it is always clear to everybody what their responsibilities and competences are as well as that there is not always a delegated person responsible for the whole task and often two employees do the same. They begin working on extensive tasks later and then with difficulties observe initially apportioned terms. Projects are often delayed because work results

of particular employees are not consequential and they do not organize regular discussions, at which progress of the works would be controlled and the following progress would be specified. Croatian wood-processing companies do not always estimate correctly the capacity possibilities and then they have problems with terms and quality. In the current situation they are not always satisfied with services of the external specialized institutions on the part of terms and quality observance (thus the companies are not able to choose well from the offer of external co-operators).

In the area the ability to finance innovation activities these companies mostly do not know about possible financial supports that could be used for realization of their innovations, but at the same time they declare that they cannot realize perspective innovation suggestions because of the lack of financial resources. Furthermore, they mostly do not make any reserves for implementation of their innovative suggestions.

We found out the following problems of Croatian companies in the last area - monitoring of the innovation efficiency: while applying the innovation strategy of the enterprise they do not use the results of its innovation efficiency regular evaluation. They do not try the most to assign exactly the costs to the gains from realized innovation and do not assess regularly if the currently realized innovations are in correspondence with long term intentions of the enterprise. In the end, in the current situation Croatian wood-processing enterprises do not compare regularly the real and planned results of the innovation work.

Fig. 1 shows the current situation of each innovation potential area of Slovak enterprises in the comparison with Croatian enterprises. It is recognizable that current situation of the areas in Croatian enterprises is trailing after current situation of each area in the Slovak enterprises, except for the area *risk* and decision making within risk conditions.

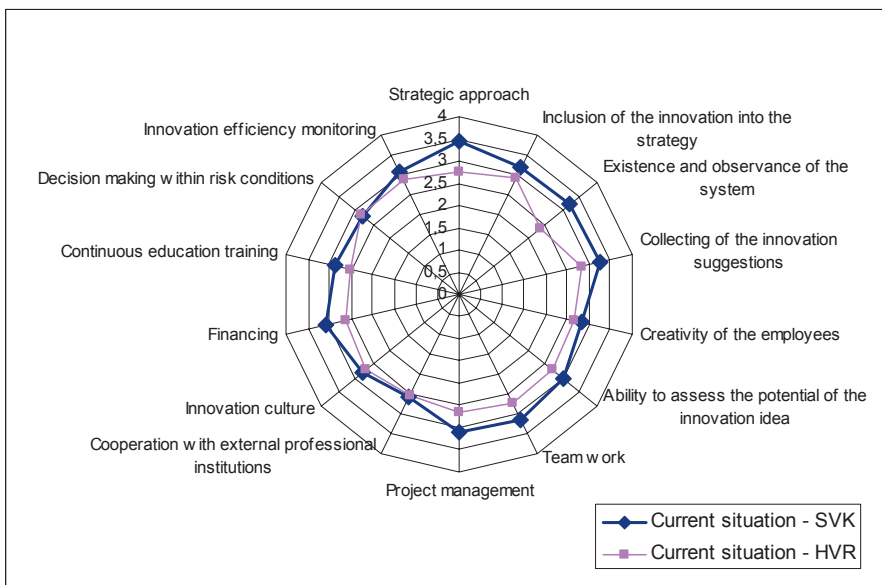


Fig. 1: Innovation potential areas comparison by their current situation in Slovak and Croatian enterprises

APPROACH TO THE PROBLEM OF THE INNOVATION POTENTIAL AREAS

Fig. 2 shows scores of each area gained according to the approach to the problem of Slovak managers in comparison with the opinion of Croatian managers. According to these scores, we are able to estimate in which the current situation could improve in the future and in which it could get worse. In the areas that gained higher score in the approach to the problem there are following situations:

- managers of the enterprise lately made some changes (qualification increasing, personal changes at key positions) and need more time to aplicate their knowledge into the everyday praxis of the enterprise to make it improve the current situation of the innovation potential areas,
- managers of the enterprise have necessary knowledge for the precise running of the enterprise, but they underestimate this knowledge from the view of contribution to the improvement of its activities. They consider this knowledge as clearly theoretical and they are not willing or able to accept and applicate it (managers have knowledge, but the accomplishment to its application or key personal features of the managers is absent).

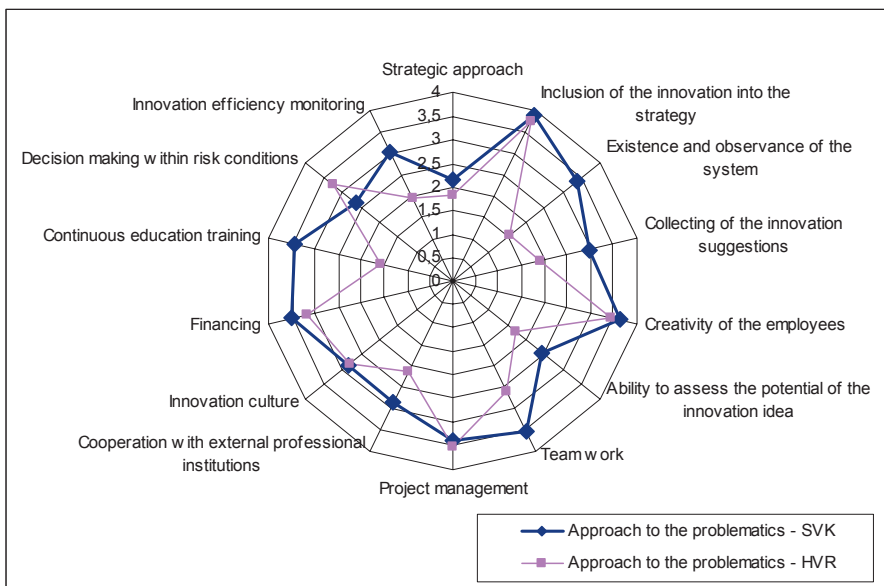


Fig. 2: Innovation potential areas comparison by the approach to the problem in Slovak and Croatian enterprises

The worst weakness of the managers of Slovak wood-processing enterprises is in their approach to issue of the area ability to assess the potential of the innovative idea. The following areas with the critical score are decision making within risk conditions, innovation innovation culture, and cooperation with the external scientific institutions and collecting of the suffestion.

For the areas which are considered the best on the part of approach to the problem, we may consider *creativity of the employees* and *inclusion of the innovations* into the strategy. Scores of the approach to the problem are lower than in the areas strategic approach, collecting of the innovation suggestions, ability to assess the potential of the innovative idea and decision making within risk conditions. For Slovak enterprises it might mean the continuous negative trend of these areas.

In the area strategic approach Slovak managers think that it is necessary to arise from the actual situation primarily and that the long term plans do not have great value, because they are based on uncertain environment trend predictions. They are short of knowledge about significance of strategic planning, from determining the vision of the enterprise and its mission to continuously determining strategic goals. Simultaneously, should all intended innovation activities be assessed to see if they are in correspondence with long term goals of the enterprise? In small enterprises mainly, strategic planning is totally absent; there are only operative innovations activities performed, which cannot ensure continuous quality and innovation capacity grade increasing. Stagnant capacity cannot then be basis for long term development goals achieving of the enterprises.

In the area ability to assess the potential of the innovative idea managers claim that it is more important to act fast than to perform complicated analyses beforehand. In this claim we see the ground of failure to diffuse innovations in these enterprises. In such a case their investments in innovations may be high, but the returnability from them is low particularly because of underestimating the financial analysis, marketing studies and elaborated technical and constructional documentation.

Decision making within the risk conditions is another critical area of innovation potential improvement of Slovak wood-processing enterprises. Most of the managers think that it is possible to innovate without any risk and that in decision making about innovation it is not necessary to keep in mind that not every decision will prove its correctness in the end. They do not take into consideration that a lot of more or less important risks influence every innovation activity and that they should be identified as exactly as possible beforehand. The quantification of significance of the particular risks and the expectations of their abundance are possible through various methods (expert evaluation, sensitivity analysis, statistic characteristics of variability), about which the managers often do not have necessary knowledge.

The area innovation culture is also not dealt with correctly in Slovak enterprises. The management does not recognize the importance of stimulation of employees for innovations and they are convinced that they cannot influence the personal initiative of their employees in bringing new ideas. Furthermore, we found out that managers do not recognize the importance of communication for motivation because they think that employees do not need to know the strategy of the company to be proactive in seeking innovation opportunities. They also think that employees can be proactive in seeking innovation opportunities even when they are not personally engaged in the improvement of the performance of the company. They do not realize that it is not sufficient for the employees to know only their exactly specified task. They think that it makes no sense to inform employees about strategic plans of the company, because it cannot contribute to their innovation initiative. A lot of problems arise from the opinion of managers that their success is not related to ability to motivate employees individually, which means more effectively to a better performance.

The approach of managers to the problem in the area cooperation with external professional capacities (universities, research institutes...) is affected by their belief that

universities, research institutes, etc. cannot significantly help small and medium sized companies. The ground of this position is in scarce knowledge of entrepreneurs and managers of possibilities to cooperate and insufficient or inadequate communication of universities and other scientific institutions with them. The scepticism of managers towards the results of scientific and research work often arises from their conviction that the benefit for their enterprise would be clearly theoretical and thus none for the development of their company. The solution for this issue can be seen in aiming of the research institutions at contact making with enterprising subjects to solve their concrete problems and in the application of gained knowledge from the praxis into the educational process, scientific and research activities. Such a relationship would be a benefit for both science and praxis and the approach of the managers to this cooperation would probably be significantly improved.

Systematic collection of ideas that can lead to innovation is the last critical area in approach of managers in Slovak enterprises. Managers in their responses incline to the opinion that keeping of written records of innovation ideas is time consuming and it is not effective. They think that if the idea is really good, it wins its way anyway. With this approach they lose a lot of prospective innovations, which might be realized by their competitors.

The most critical score in the innovation potential of Croatian wood-processing enterprises was achieved in the area existence and observance of the system work with innovation. The following critical areas are continuous education of employees, ability to assess the potential of the innovative ideas, strategic approach, collection of ideas, monitoring of the innovation performance, cooperation with external professional capacities, team work and innovation culture. On the contrary, quality of the innovation potential is improved by a good approach of the managers in these areas: inclusion of innovations into strategy, creativity of employees, project management, financing and decision making within risk conditions.

Compared to Slovak enterprises, the management of Croatian enterprises approach correctly the area of decision making within risk conditions, the area which is significantly critical in innovation potential of Slovak enterprises. The areas such as existence and observance of system, team work, continuous education and monitoring of the innovation performance, towards which Slovak managers have the correct approach, are critical areas for Croatian managers.

The problems in the approach to problem of particular areas that were assessed as critical in Slovak enterprises may be applied to Croatian enterprises, too. In addition, these are inaccurately managed in other four areas.

In the area existence and observance of the system Croatian managers are not conscious of the fact that innovative ideas are not good luck and systematic work can help a lot.

In the area team work, managers are often convinced that the individual person can solve a complicated problem better than a team composed of people with different professions. In enterprises there is often a system of task assigning on the basis of work contents that are determined in advance for every employee. In case of a new task, problems with delegation to more employees arise, with the definition of competences and responsibilities, with the unwillingness of employees to work at these tasks which are not directly the content of their work. Managers should be aware of the problems related to the involvement of more employees so that solving a difficult situation does not prevail benefits that such team work could mean for the company in the future. Managers also incorrectly think that supervisors do not need to know the qualities of employees selected for problem-solving teams. Their

professional experiences are not often a guarantee of the successful work in a team. As developed companies consider their employees' personal features and characteristics when choosing them, thus it is necessary to consider the compatibility of particular employees for a team for problem solving at the level of the management of companies. To ponder Continuous education of the employees is another critical area on the part of manager approach in the Croatian enterprises. The managers mostly think that a good professional does not need any other education and if the company hires a good professional, it does not have to take care of his further education. The influence of such an approach in the future might be significant. If we imagine the innovation potential as constantly changing characteristics of the enterprise, where a small improvement in one area could significantly impact other areas, education and training of the employees should be the key concern of the managers on the part of the approach to this problem.

The last critical area in Croatian enterprises in the managers' approach is monitoring of the innovation efficiency, where managers declared ignorance of convenient instruments for the efficiency and performance of the innovation work evaluation. They also declared unwillingness to assess innovation performance of their enterprises because of their difficult quantification. Because of these reasons, managers often consider their enterprise as innovative, even if it achieves its real innovation potential only in a small rate.

TOTAL SCORES OF INNOVATION POTENTIAL AREAS IN SLOVAK AND CROATIAN ENTERPRISES

In the Fig. 3 we can observe the comparison of total scores of areas of Slovak and Croatian wood-processing enterprises (average of scores according to the current situation and scores of the approach to problem of every area).

The most critical area of Slovak enterprises is the area of ability to assess the potential of the innovative idea. The second most critical area is decision making within the risk conditions and the third is cooperation with external professional capacities followed by strategic approach and innovation culture.

Innovation potential of Croatian enterprises achieves critical scores in the following areas in order: existence and observance of system, continuous education and training, ability to assess the potential of the innovative idea, strategic approach, cooperation with external professional capacities, systematic collection of ideas that can lead to innovation, monitoring of innovation efficiency, team work, innovation culture and financing.

The strongest area of innovation potential of Slovak enterprises is the area inclusion of the innovation into the strategy. This area is also the strongest within innovation potential of Croatian enterprise. Paradoxically, the area closely related to it - strategic approach is both in Slovak and Croatian enterprises critical. This fact explains why the predetermined strategic decisions are not adequately accomplished within short term plans. Although in both countries the enterprises take into consideration future product and process innovations in their long term plans, in which they also make reserves in necessary resources for their realization, by the sudden external changes of their environment they deflect from these plans and act operatively without relation to the long term goals of the enterprise.

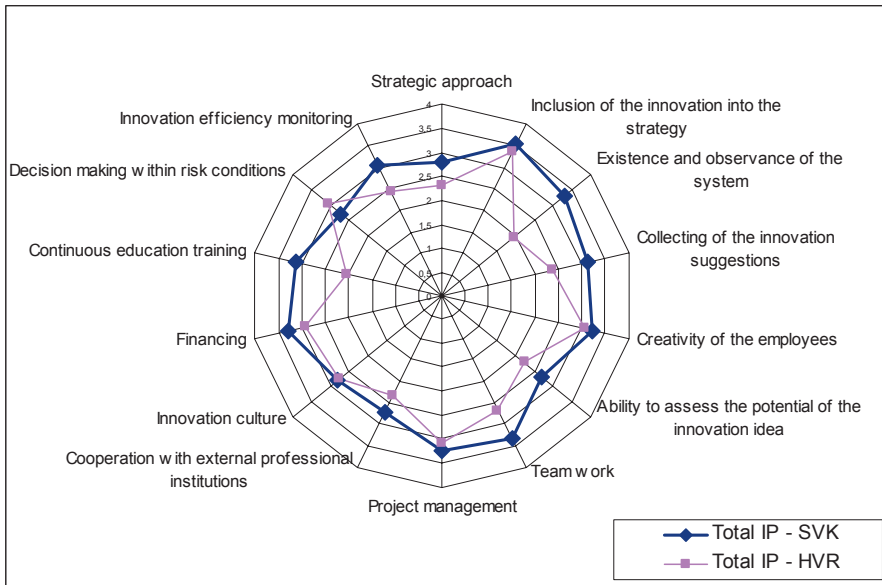


Fig. 3: Innovation potential areas comparison in Slovak and Croatian enterprises

CONCLUSIONS

The conclusions for the management of Slovak and Croatian enterprises are evident in the submitted paper, which describes the weaknesses of particular innovation potential areas (Mišik et al. 1992, Cohen and Levinthal 1989). Furthermore, it also suggests the possibility of innovation potential improvement in these enterprises. In the areas in which the enterprises achieved worse scores according to the current situation than according to the approach to the problem, we can assume these situations:

- managers of the enterprise lately passed some changes (qualification increasing, personal changes at the key positions) and need more time to applicate their knowledge into the everyday praxis of the enterprise to make it prove at the current situation of the innovation potential areas,
- managers of the enterprise have the necessary knowledge for the precise running of the enterprise, but they underestimate this knowledge from the view of the contribution to the improvement of its activities. They consider this knowledge as clearly theoretical and they are not willing or able to accept and applicate (managers have knowledge, but the accomplishment of its application or key personal features of the managers absent).

In the areas, in which enterprises achieved worse scores according to the approach to the problem than according to current situation and by the areas, which were critically evaluated only in approach to the problem, it is possible to recommend:

- educational activities for managers of Slovak enterprises in the areas: strategic approach, collection of innovative ideas, ability to assess innovative suggestions, innovation culture, decision making in risk conditions. Managers of Croatian enterprises should improve their knowledge in the areas: strategic approach, existence and observance of system, collection

- of innovative ideas, ability to assess innovative ideas, team work, innovation culture, continuous education and innovation efficiency monitoring.
- specialized consultations and cooperation with external professional capacities for concrete problems solving (areas with better approach to the problem than current situation, where there is no ability of managers to apply theoretical knowledge to the everyday praxis). To Slovak companies we recommend consultations in areas: inclusion innovations into the strategy, existence and observance of system, creativity of employees, team work, project management, financing, continuous education and innovation efficiency monitoring and to Croatian companies consultations in areas: inclusion innovation into the strategy, creativity of employees, project management, financing and decision making within risk conditions.
 - These activities should be initiated primarily by the universities, with the strategic intention to build up contacts with enterprisers and managers of the companies through the supply of their short and long term problems solving (also by way of the diploma and dissertation theses) and cooperation in the creation and implementation of long term projects. The long term intensive cooperation of research institutions and enterprises, as well as the increase of reliance of the enterprisers and company managers to the results of the external professional capacities ensure scientific and research work.

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