

INNOVATION MANAGEMENT: DEFINITION, PROBLEMS AND RECOMMENDATIONS

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Abstract: *The main goal of the article is to collect novel information and knowledge in the area of innovation management, specifically focusing on defining innovation management within the area of management, and to highlight managerial tools and techniques available for use in innovation management in a company. The article thus brings to managers a handy tool in a form of a set of recommendations (instructions) that are meant to support problem-free use of innovation management within a company.*

Keywords: *innovation, innovation management, management.*

JEL Classification: *M31, O31*

1. INTRODUCTION

The issue of innovation management is currently very actual. Innovations are an important tool for increasing competitiveness of companies. Companies do not develop their innovation activities on the basis of "impressions" or "intuition", but on the basis of knowledge obtained from the opinion survey of customers, employees and partners. They collect the necessary information and innovative ideas, reveal innovative opportunities and make decisions about the need to innovate. The aim of the companies is to realize their full potential for innovation. However, in order to be successful, it is necessary to effectively manage these activities and to be able to quickly and flexibly respond to developments in the market. Right there is a place for the identification of major problems and draft of appropriate recommendations to ensure the effective use of market opportunities through innovation.

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2. THE CURRENT STATE OF DEALING WITH THE ISSUE

Innovation management is a key activity of a company and the synergistic mechanism between technological and non-technological elements, including strategy and culture [1]. In the scientific literature is also a mention about the new paradigm called a total innovation management, which represents the management of the innovation value chain. The innovation value chain dynamically integrates the concept, strategy, technology, business process, culture, and people at all levels of the company. The aim of a total innovation management is to enhance the innovative ability of a company, create value for stakeholders and keep a competitive advantage in a company [2].

Definition of innovation management can be understood as a process of solving problems within the area of innovation in the company [3] or as all activities relating to the effective implementation of new ideas into effective solutions for the market or company [4]. Preble and

Hoffman (2012) identified three basic organizational dimensions which affecting innovation management: organizational structure, management systems, corporate values and culture [5]. Johannesen et al. (1999) claim that ideas and knowledge are needed to create new products, services and added value, while emphasize the importance of knowledge and learning of employees [6]. Ortt and Duin (2008) perceive innovation management as an administration and organization of innovation processes [7]. Niosi (1999) pointed out the content development of definition of innovation management at the time [8]. It distinguishes four basic generations of innovation management. The first generation focused on corporate R & D department and management of research activities of the R & D department. The second generation adopts and applies methods and tools of project management. The third generation focuses on processes and strategic management in the form of internal cooperation between different departments of the company. The latest generation represents opening up of the company externally while includes knowledge of users and competitors in the management of innovation processes.

An interesting view of the innovation management bring Birkinshaw and Mol (2009). These authors claim that innovation management is the implementation of new business management practices to increase its performance [9]. A similar view is shared by several authors who emphasize the need for regular investing into innovative projects and implementing the necessary organizational changes [10, 11 and 12]. Buchanan and Badham (1999) highlighting the specific role of the innovation management, which is the ability to perform rapid and radical changes in the behaviour of the company, if necessary (ensuring the availability of resources, changing work habits ...) [13].

Havlíček (2011) consider the system approach to implementation of the changes as a basic of innovation management [14]. Changes should aim to improve products, processes or position of the company. According to Trommsdorff and Steinhoff (2009) innovation management means integration of functions and areas involved in the innovation process [15]. Tureková and Mičieta (2010) perceive innovation management as a comprehensive tool

for effective management of innovation processes in the company [16]. Several authors perceived the innovation management as a process in which manager through scientific knowledge and especially practical recommendations, performs basic management activities while using available resources to identify and achieve innovation goals of the company. Innovation management creates a framework for the innovation processes management in order to improve company performance while effective usage of innovation potential.

Management represents the main element on the connecting line between a company and its customers. In order to work, management requires information from the IT system, mainly information accumulated by the departments involved in the innovation activities. A mutual connection exists between management and innovation management. Innovation management offers immediate overview about the overall development of the key areas of the business as well as a perspective on individual innovation activities performed by employees. Management manifests within innovation management mainly through the following elements (Figure 1):

- strategic management,
- change management,
- project management,
- process management,
- management of human resources.

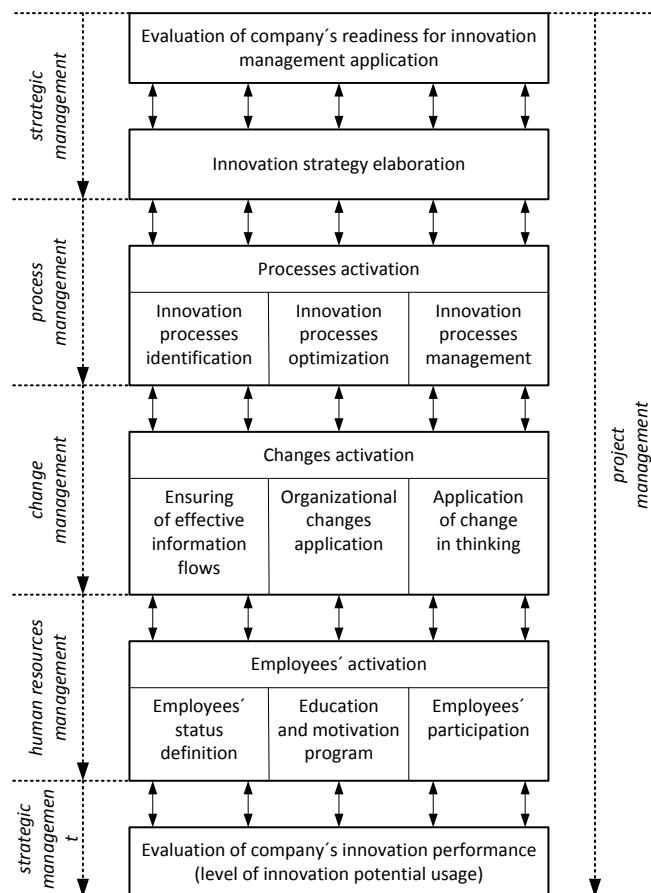


Figure 1 Identification of the main aspects of innovation management [19]

3. PROBLEMS AND RECOMMENDATIONS

Use of innovation management in a company is a complex process that requires thorough understanding of the company environment. Causes of failure in this process can be multiple and may have a different character. For example, there may be a lack of innovation expertise, failure to secure information flow in the company, lack of education and motivation of employees and so on. Reasons of failure in the management of innovation activities are affected several actors. Firstly, they are managers, in the case of lack of support to innovative activities in the company, employees of the company, in the case of passive participation in the innovation process and customers, in the case of indifference in providing an added. In the next part identify possible risks together with recommendations that are meant to help to reduce these risks. A necessary requirement for successful functioning of innovation management in a company is also prevention.

As a problem in ensuring the information security in innovation processes arising in this field can be considered the inefficient information flows in the company. This is the reason of misunderstandings and employees cannot realize their innovative tasks entirely. It is recommended to the managers to ensure the efficient work with information related to innovation in the company. This means that it is necessary to ensure the access to information to all interested parts in the innovation process, and it is necessary to collect all valuable information in one database and apply the principles of effective work with information.

Another problem is the lack of information systems to work with innovative ideas, opportunities and innovations. In many cases there is no evidence of implemented innovations and innovative ideas generated in the company. This often means that the potential innovative opportunities are left unused. It is recommended to the managers to make a comprehensive record of innovative ideas and innovations in the company. Every innovative idea in the company have to be recorded and assessed. Same importance has the record of the currently unusable innovative ideas which have potential value for the future.

In the area of ensuring the innovation expertise can be seen as a problem an inadequate usage of creative thinking in the development of ideas to solve the problem. The result is low number of ideas that do not allow to take a decision to resolve the problem. It can be recommended to the managers to develop human creative potential in the company. It is necessary to create conditions for application of creative thinking selecting appropriate exercises to develop creative skills and abilities of employees. It would also be appropriate to create innovative teams, including representatives of the young and old. Innovative team should include representatives of several departments of the company (production, sales, logistics, trade, service).

Problem in the application of management elements in the innovation process is the lack of a coherent methodology for the management of innovation in the company. The managers can often exchange the innovation process by using of a simple type of creative brainstorming techniques. In many cases, they are in time and work stress and they do not pay attention to the support of innovation and integrating innovations into long-term strategic plans of

the company. The managers may be encourage to pay more attention to innovative activities of the company, turn them into long-term business objectives and incorporate them into innovative business strategy.

Another problem is the lack of development of the innovation program. In many cases, managers do not have sufficient information about available resources and means when they plan innovative activities. The result is the increased probability of failure of implementation of the innovation project. It is recommended to carry out a detailed analysis of the current state of innovation potential and application of methods and techniques of project management.

Another problem is the absence of remuneration for innovative ideas and appropriate motivation program. The result is the passivity of employees who are not motivated to bring new innovative ideas and engage in innovative task solutions beyond their tasks and responsibilities. It is recommended to the managers to establish a fair system of remuneration for innovative ideas. It is necessary to develop appropriate motivation program, which involves employees in innovation activities of the company. Employees will be informed of the expected changes and motivation program will encourage open communication within the company. One of the most important factors of employee motivation is to show an interest in them, employees need to feel valued and important for the enterprise [25].

Failure of the management of innovation processes can be caused by unsuitable organizational structure, which does not allow open communication between the stakeholders and does not support new innovations. It is recommended to the managers to rethink the current organizational structure, creation and implementation of flexible organizational structure that will have the ability to respond to changes in business environment and allow fast exchange of information, organization of meetings and activity of innovative teams.

A common problem in the measurement of innovation performance is non-evaluation of effects and benefits of implemented innovations. The result is that the company has no feedback on the adoption of innovations by the customers, cannot measure their performance and take measures leading to continuous improvement of the management of the innovation process. It is recommended to the managers to create an evaluation system focusing on the diagnosis of the results and contributions created and on the market launched new products. Based on the results it is also recommended to formulate measures to improve the management of the innovation process.

A common problem is, that the first and the second phase of the innovation process is carried out insufficiently. In many cases it can be observed the development of the first innovative idea that pops up without detailed analysis. The result is the frequent changes and increased costs of implemented innovative projects. It is recommended to the managers to carry out a detailed analysis of all the innovative ideas and suggestions from internal and external environment. It is necessary to pay attention to the first two phases of the innovation process because they affect its success. Only the identification of valuable innovative ideas can bring successful innovation.

4. CONCLUSIONS

The management of innovation activities cannot be carried out only intuitively based on the development of the situation. Company managers should be aware that implementation of innovation management also brings certain risks. Otherwise would this initiative be doomed to failure. In order to succeed in this area, it is a key to identify risk areas early and to take corresponding measures in order to increase probability of success of implementing innovation management in a company.

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