

INCREASE OF REGIONAL INNOVATIVE CAPACITY AND MODERN ECONOMY

HARUN TAHIRI PhD*

NUHI SELA PhD**

SUMMARY

Supporting the creation of innovative society with quite innovative and wise people, it has to do with modern regional economy based on high technology and knowledge. Innovation is a process closely related to entrepreneurship, as Peter Drucker said, "Innovation is the specific instrument of entrepreneurship, act that endows resources with new capacity to create wealth." Today, management and the use of knowledge have become essential in achieving life opportunities of every society as a whole.

The intention of this research is to increase the innovative capacity of enterprises in the region with activity indicators such as: the presentation of successful research projects, preparation of promotional materials for the benefits of owning the capacity for innovation and measures for each priority.

Keywords: innovation, modern economy, capacity, promotion, priority.

* Department of Economics and Business, Faculty of Economics, State University of Tetova, Republic of Macedonia, Europe

** Postdoctoral Researcher, Department of Marketing and Management, Faculty of Economics, State University of Tetova, Republic of Macedonia, Europe

1. INTRODUCTION

By the end of the last century, the introduction of new enterprises, can be noticed mainly through research and technological innovation, which reviewed organizational elements (organizational structure, organizational culture, organizational learning, teamwork - leadership and motivation). Impact factor for the success of companies **is innovation, a central role in the competitiveness of companies and countries in the region.**

In the consideration of the changes in the world's economy and its impact on business and management worldwide, every science that deals with these issues and the fundamental understanding of the causes and its consequences, as well as trends and tendencies that are still awaiting us in our everyday life and business. It has a great importance for all future managers thanks to better information and understanding of contemporary processes, for dailies to be accurate, efficient, and effective decisions, people to be successfully managed and achieving certain goals.

In short, characteristics of modern management, may be multidisciplinary in its presence in all types of organizations, the dynamics of living and working environment, enterprise, application of modern technologies, in small and medium business.

Change of the new millennium for managers, in the context of business and management, brought many changes in local and international business organizations, changes in the labor market, describing the environment of each company, regardless of their ownership and organizational structure, size or type and their business decisions. Therefore, management means, managers change who should lead the company with the new conditions created in the market (Hooper and Potter).

2. LITERATURE REVIEW

The development of innovation theory regarding the analysis of J. Schumpeter (Schumpeter, JA 1934 *The Theory of Economic Development: An Inquiry into Profits, Capital, Credit Interest and the Business Cycle*, Transaction Publishers) in the first half of the last century, is listed as an innovation as a key factor in technological progress and economic development, in terms of

replacing old technology with the new (Latin Innovare- to do something new). He was one of the first scientists to recognize the importance of developing new product - product innovation for economic development, in consideration that competition is achieved by introducing a new product that is much more important than one that is based on marginal changes in the price of existing products.

Schumpeter identified innovation as the critical and crucial dimension of economic change, in terms of creating new value. **Innovation presentation** is one of the elements of the new economy based on knowledge, which has a strong impact on the redesign of industrial relations also in developing, product design, logistics, marketing, market demand, management and technology (D. Horvaty& M. Hovacic, Menadzment u MalomPoduzetnistvu 2008, Zagreb). In technology, electronic commerce has positive impactin:reducing business costs, enables direct contact with buyers and suppliers, effective service, market expansion with regional dimensions and wider. For innovation, there are many definitions related to this topic. In 1994 and 1995, only in the USA, 275 texts were published where in the title itself, contain the notion innovation. This is a process that involves all elements operating in an integrated form (Trophies, 1988, page 4).

Much later (1978), **Utterback and Abernathy, have developed an approach, according to which in the forming stage of any economic sector, there is a radical innovation of products and the relevant production processes.** Therefore, the opinion that innovation is associated with changes in technology is a key component in business development for existing market needs and more important component of the marketing environment - management in the sense of the subject, time and space. Innovation management refers to all kinds of forms and processes of theoretical and technical concepts, the practical application of commercial exploitation, represented as a link.

Therefore, innovation refers to the production output and the process from idea to realization (verification of the market, commercialization, Adair, 1990). It is useful for: reducing costs, increasing efficiency, increasing the competition, shorter cycles of product life (renovation of each series of product), the needs of industry and community for sustainable development,

higher responsibility demand, demographic changes, social and market share, increasing client loyalty in terms of service and quality, economy always in changing, greater capacity and potential of the useful technology on the need to overcome the competition (Hooper, A., Potter, J., 2001).

3. CASE STUDY- *Based on the results of the sectoral analysis and the feedback from the workshops organized during the preparation of the program to promote the development of the region and the priorities of the national strategies of the Republic of Macedonia and the region.*

3.1 Modern regional economy based on high technology and knowledge

The region has tremendous potential for development, especially in consideration of the natural resources, diverse population structure and tourism opportunities. This trend also applies to the movements in gross domestic product that makes the region one of the least developed in the country. Besides natural resources, the region has good infrastructure placement and access to markets that would increase the level of foreign trade and small business development through optimal utilization of tourism potential that is excellent base for development.

3.1.1 Priority

Increasing competition in the regional economy

The region has an excellent basis for building high quality human capital. In recent years, the number of educational institutions has increased significantly, so the main focus was placed on high productivity framework that can help the private sector in higher generating added value. Now has come the time when you should use the benefits of these investments in education and direct them effectively to economic growth in the region.

In order to increase competition in the regional economy, the focus should be placed on the ICT sector and better branding of well-known products for the region, tab 1.

Tab1. Output results and indicators on regional economy

Output results	Indicators
<ul style="list-style-type: none"> • Analysis prepared for the needs of the private sector on human capital in the region • Activities implemented to adapt the activities in educational institutions in accordance with the needs of the private sector • The number of students and undergraduate attending practical work • The number of analyzed companies with human capital needs • Number of realized trainings, workshops • Materials prepared for promotion and information • The number of branded products • The number of companies in the ICT sector • Preparation of package promotional materials for the benefits of the firms that invest in ICT 	<ul style="list-style-type: none"> • The total amount of funds utilized by internal resources and external financing • The total investment in the ICT sector • Production and export of key industries in the region • The number of employees in the ICT sector

The realization of this priority includes the following basic measures:

Measure 3.1.2

Increasing innovative capacity of enterprises in the region

Innovative capacity of companies is key for gaining their competitive advantage. Encouraging creativity and capacity for innovation of companies will enable increased efficiency and effectiveness in their work. This means increased knowledge for understanding and analysis of the market, customers, potential activities that can be applied and so on. This measure will be oriented on choosing modern technology that can be applied to improve business processes.

Indicative activities:

- Organizing trainings
- Preparation of promotional materials for the benefits of having the capacity for innovation
- Presentation of successful research projects
- Organization of public events to encourage the innovative spirit (public recognition, awards, etc.).
- Organizing contests
- Study tours
- Cooperation with the innovative and technological fund for development, for joint promotions in front of the companies
- Cooperation with the Ministry of Economy and presentation of measures for supporting the innovative activities.

Measure 3.1.3**Special benefits for investors who invest in high technology, robotics and ICT**

Setting the ICT, as one of the key strategic sectors is fully regulated in accordance as a regional level as well as national. Namely, on the one hand it is known that the central government is particularly focused on the development of this sector and on the other hand the region disposes excellent educational capacity for the development of ICT. In line with this, there are opportunities for synergistic effects, which will orient this measureon analysis of investment opportunities in the ICT sector, the implementation of incentives and the promotion of thebenefits.

Indicative activities:

- Analysis of the opportunities to invest in ICT
- Analysis of force oflabor market and implementing measures for increasing the human capital
- Communication with central institutions to provide information about the benefits if it is invested in ICT
- Cooperation with local level institutions for analysis and implementation of measures to stimulate investment in the ICT sector
- Guide to invest in ICT in the region

- Informative sessions
- Preparation of promotional materials
- Presentations

Measure 3.1.4

Strengthening management capacity to existing and potential entrepreneurs of small businesses.

The capacity of business managers is very important for enterprise development and also for the development of the region. In the modern economy, businesses are facing a number of challenges such as the need for innovative capacity, global competition, related effective values, etc. In order to understand and solve all these questions there is a need of adequate capacity of managers. Without adequate capacity managers, the survival and the progress of the small enterprises would be at risk.

Indicative activities:

- Training
- Case studies
- Study tour
- Workshop
- Guide for Managers
- Visiting companies abroad
- Cooperation with the Agency for national programs and mobilization for organizing internships in companies abroad for new managers

Measure 3.1.5

Application of information- communication technology

Today it's not possible to achieve sustainable development of a region without the intensive use of information- communication technology. The rate of use of these technologies do not achieve the desired level. Almost in all regions one of the reasons is poor information- communication technology knowledge. Implementation of this measure will contribute for better information about the benefits that brings the use of ICT and the same will be directed to:

- Strengthening the capacity of human resources for the use of ICT

- Strengthening with technical and technological capacity in ICT

Indicative activities:

- Maintain free ongoing training in using ICT to the level of rural structures
- Creation of Wi-Fi zones
- Free information services point
- Organization of training - "Replacing the information in rural environment"

CONCLUSION:

Quick changes are the key characteristic and features of the modern world in which we live. **The transformation of technology** is a concept of modern economy, because today it can't be considered sustainable economic development without the development of this sector. The new era, in the business context, brought many changes to respond to market needs and be ahead of the competition. These changes - dynamic, obviously manifest both locally as well as internationally level. They bring opportunity but also risk on the political, economical, social and technological scene anywhere in the world.

So, the recipe for success of the company is the essence of economic development success. Today's managers must accept the change as a challenge and not as a necessary risk, be flexible in plans and decisions that are made, be aware that nothing is permanent and unchanging. As always, the challenge is to change the man who serves, not to be a puppet in the hands of changes. Managers are people who convert potential in gain, knowing the risk factors and environment related to the changes that occur.

People by nature are investigating to understand and predict the future. Managers do their daily actions and decisions made before, they predict, and are ready to accept any change that brings the business. To be creative, find new solutions, bringing the situation to an open awareness and skill, to see things in a new and different light, where others do not notice them. From the management teams are expected precisely creativity in thinking, problem solving while working on projects, establish the external market equilibrium with internal enterprise competencies.

REFERENCES

- [1] Ana Ristevska, NuhiSela, Knowledge Management as Part of the Innovative Process in the Companies, 14 December, 2017, Belgrade, Serbia
- [2] A. Hasani, N.Sela, Economic Effects of Remittances in the Western Balkans, 02 December 2016, Tetova, Macedonia.
- [3] Adair,J.(1990) The Challenge of Innovation. Taalbot Adair Press).
- [4] D. Horvaty & M. Hovacic, Menanadzment u malom poduzetnistvu, 2008, Zagreb
- [5] Doyle, P., Bridgewater, S., (1998), „Innovation in marketing“, Butterworth- Heinman, Oxford
- [6] Hooper, A., Potter, J., (2001) Intelligent Leadership Random house.
- [7] NuhiSela& Ana Ristevska, The use of Information and Communication Technology in Small and Medium Enterprises in Macedonia: Case Study, 3-rd Scientific International Conference, 23-24 May 2014, Durres-Tirana, Albania
- [8] Peter Drucker: Innovation and Entrepreneurship, 1985
- [9] Schumpeter, J.A. (1934) The theory of Economic Development: An Inquiry into Profits, Capital, Credit Interest and the Business Cycle, Transaction Publishers.)
- [10] Trott, P. (2008). Innovation management and new product development (4th ed.). Prentice Hall.
- [11] Utterback, J. (1994) Mastering the Dynamics of Innovation, Harvard Business School Press.
- [12] www.mls.gov.mk