

INNOVATIVITY AND MOTIVATION AS THE KEY FACTOR OF SUCCESS

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***Abstract:** It has been customary in scientific and technical literature to emphasize the importance of human resources for business success. There is also a greater emphasis on the idea, as the most valuable resource for achieving competitive advantage. A large number of top managers at their meetings declarative encourage creative thinking, and when some of the members express a different view, there is a certain amount of vanity and distrust. Finally, in some organizations, there are boxes in which employees can throw their proposals into, but the question is whether and how management discusses it and how seriously the proposals are analyzed. Only partial citing of some weaknesses shows that the system of creating and motivating people to give ideas is in deep crisis and there is a big difference between declarative and real. The reasons are numerous. However, one major, or one of the main reasons is in a large presence of traditional management and organization. This can be simply represented as - Big mistake. Colossal expenditure. A missed opportunity.*

***Keywords:** ideas, creativity, innovators*

1. INTRODUCTION

Professional and wise managers in modern business conditions, apply methods and concepts that are more oriented towards people and less towards material factors of the organization. They motivate employees each year to work smarter, not more, and to give ideas. In a number of successful companies production quota is abolished i.e. standards or performance, but the staff must give at least two ideas during the month. In other words, instead of using physical force, in the foreground is the use of mental energy. This rule applies to all levels of employees, from CEO down to the last individual in the organization. The aim is that most part of organization is renewed every year, at least 80%, and that applies as much percent of new ideas or innovations. Therefore, the emphasis here is not just quantity, but above all the quality. For these reasons, competent teams form, which carefully analyze every idea and looking for a spark that can improve business. This is natural if one takes into account that ideas can be of high quality, but they can be discarded because of a

superficial analysis, that is, to be worse, and improved in the process of analysis and thus make applicable in practice.

Innovative companies are trying to make any idea applicable, regardless of where it comes from, whether that will change or improve operations or will it be a radical innovation, which will have a revolutionary impact on business. Innovation is equally important in manufacturing facilities, as well as in administration and management. It is shown that intense technological innovations, from the organizational up to the largest reserves in the improvement of organizational systems "lie" in managerial and organizational spheres. In this context, the best ideas are those that connect operations, functions, and processes. Management seeks ideas to improve the accuracy, quality control, performance machine, material management, financial and information flows, working conditions, the rationalization of the administration, security, etc. Ideas to reduce the processing of metal waste, reducing defects in tools, rational use of working time, cost, etc. these and other ideas are often expressed in the mission itself, but more importantly they are consistently implemented by any individual i.e. business unit.

2. INNOVATION IN "DANA" CORPORATION

What kind of level of severity for creating ideas we are talking about, can be seen in the example of "Dana" Company from Pennsylvania, which deals with the repair of light vehicles. In one of its division, there are about 3,600 employees. The growth of its ideas from different fields moving on the enormous rate, so in less than four years, a number of ideas from 9,000, grew to nearly 64,000, which is six times more. This is about total growth of ideas, which is largely taken from the practice of Toyota's business philosophy¹.

The above resulted in increasing number of customers, so during the same period the profitability of division grew by 40% and productivity by 13%. Morale at the company is high than it has ever been. People at all levels feel supported to make the difference. It is interesting that individuals are motivated to create ideas, not because they expect financial gain, but because they have a personal sense of satisfaction generated by making a difference in the way some things are done, compared to some past time.

Paris division of this renowned service has become an example of the speed and cost of services provided. Its practice is studied from other divisions, but also from external competition in order to bring positive experiences to other systems. There is practically realized the idea that it is often said, that people are the most valuable potential of each organization and that the way of work is a type of style.

"Dana" has a highly defined corporate culture, and people are aware of the moment when they enter a door. This can be seen relatively well on one side of the list of main management concepts called "Dana Style". In fact, here we are talking about the nine points given for the beliefs, values, and attitudes of the company and serve as a guide for action. Management understands that "Dana Style" is crucial to the company's global success, and it has consistently promoted and modeled by top management during their frequent visits to factories in the United States and abroad. Business philosophy, "10% of cash and 90% of the people" is deeply rooted in „Dana“.

In the personnel section of the "Dana Style" one point is, "Experts-25 square feet". This means that in 25 square feet that Dana's people use at least eight hours a day, every day of their working lives, they think of innovations that can improve the performance of all repair

¹ Southwood J. Morcott: "The deies Dana Corporation", Fortuna, 2008.

services. They see the problems that prevent the system to function better. They were the first to notice problems waiting to happen. They are first to detect errors that are correctable. They see ways to increase efficiency. However, with no mechanism to record the insights of experts, improvements would never have been noticed. For this reason, another element of Dana Style is the "four magic words: What do *you* think?" This recognizes the need to actively seek for the ideas of employees. Sounds simple but it is rarely done effectively. The vast majority of the world's labor force has never been asked for their ideas. Friends, spouses, bartenders - all but the employer - learn what is wrong in business and how this could do better.

Even companies that are looking for ideas to make the way that people say loud and clear that there is a low priority of the company regarding to that request. Typically, no one think about which ideas are needed. No incentives are offered. People may be scared by the fact that they have to justify their ideas with the help of sophisticated business analysis. There is often a significant delay of time between the moment when the ideas are submitted and the time when the response has been received. Even if the response is received, it usually is, „Thank you for your idea. The Committee considered it, but unfortunately we have to inform you that we cannot do anything about it for now". In other words, "Thanks, but no thanks.“

It is clear that „Dana“ do not think this way. Practice shows that there are no poor and unacceptable ideas, as there are no bad questions, only stupid answers. So the most important thing is to ask questions, because in them lies much of the quality of responses. If the idea is not currently acceptable, it is considered and develops further, and seeks to gain its full form. It is shown that the synergism in it is the most important, and that is one idea plus other idea, is always more than two ideas. Namely, of two individual ideas most often the third idea is generated, which is generally better than the sum of individual ideas. So the main thing in any organization is to create favorable conditions for communication, exchange of experiences and ideas, as from the law of large numbers, there is a possibility to create and large number of good ideas.

3. THE HIGHEST QUALITY IDEAS ARISE FROM A SYSTEM OF IDEAS

Ideas do not come from nothing. However, any occurrence, or a consequence of the process has its source and causes of the emergence, or disappearance. This also applies to ideas. Moreover, they have their own causes, which can be influenced in order to foster the process of creating ideas. As part of this problem, the question is how successful companies develop ideas and how to successfully implement them in the organizational practice.

All people in any company have ideas. However, if management is not able to get people to create ideas, they will not happen. The problem is that it is considered that high-level managers, highly educated people, should give the idea and so on. In some companies, developing departments have been established, with the main task to take care of the future and through the application of new concepts and technologies to ensure as much as possible secure development. It is clear that without a broad front of all employees, there is not innovative and creative organization, which imposes the need to create a new, i.e. creative, or innovative management.

The practice shows that good ideas are the result of free and individual shooters rarely happens. The enthusiasm of individuals can give some results, but not in the long run, especially this cannot be achieved permanently. Accordingly, the best ideas are developed from the system, organized approach that provides a way for people to create ideas, identify

how they will be recorded, evaluated, shared, and applied. In this context, the system includes a subsystem of remuneration i.e. pecuniary and non-material stimulators for the successful implementation of ideas. It is shown that the formalities on these issues are reduced to a minimum, which is natural, since the formalization of a strict and absolute order is a great danger for all elements of the creative process, and his practical side. Most companies needlessly complicate the process, which slows down the process of creating and applying ideas.

On the other hand, management should create a culture in which the creation and implementation of innovation will be an integral part of organizational culture and behavior, and growth strategy and corporate development. This is largely associated with treating a man in the organization, and whether the culture of the organization such that it is focused on people. Of course, between the intensity and quality of innovation on the one hand, and educational level on the other hand, there is a high degree of correlation. Therefore, it is said that the creation of ideas goes hand in hand with education. In many companies, the practice is, that employees for several weeks during a year carrying out a refreshing or acquiring of new knowledge, skills and abilities. It turns out that educated people are good idea creators, as technological, and organization-management. Specific results are achieved if education is associated with adequate treatment of creative and talented people, and incentive systems. Practice in a number of successful companies is that creative and educational people are released from normal working regime and freedom is given to them in terms of presence in the workplace, terms about the meeting of obligations, and so on. This idea is logical, since the creation of ideas cannot be commanded, nor can it be locked into a box. In business organizations, where there is flexibility, and which operate on the principle of "organized chaos" average output of ideas is much higher².

Each innovation begins in the human neocortex. "Millipore" company search for sources, i.e. the idea creators, a system for managing ideas is created. Thus, the idea may come from laboratory staff employed and found the possibility of improving the use of the new membrane as their main product. The idea may also come from marketing, which identified the need for customers i.e. employees in the department of research and development, in which 120 people is working, different specialties from designers up to constructors, and designers and specialists in the design of packaging, in order to determine the possibility of implementing ideas into practice. Research and Development Department prepare a feasibility study of development of ideas, while taking into account technical and economic dimensions. If the idea is possible and economically viable, decision is made in which necessary parameters are defined, such as the necessary funding, how to implement the innovation, time, timing, etc. Further product development is going in two directions; the first is the development of membranes and other product development. Engineers in the laboratory made prototype of the final product, which is tested and its functionality is checked. If there are problems in functionality and other performance, team eliminate them, re-check, which ends in an experimental phase, after which it enters into production. Most important of all elements is that the market accepts the new idea, or a modified idea of membrane, but it must be taken into account that the product can be withdrawn in the early stage of its introduction into the market, if not accepted by the customer³.

Finally, employees should support the idea. People who create ideas have the right to exert influence on the quality standards of work performance in their area of responsibility. The practice shows that relatively good ideas occur in organizations where people are respected and where management recognizes the expertise and creativity. People will help to achieve

² Radosavljevic, Z. „*Savremeni Menadžment*“, Pronalazastvo, Belgrade, 1996
³ Case: Millipore corporation, Fortune, June 2000

the appropriate level of quality and customer satisfaction, improved sales and greater profitability. In this way, the company will support its people, and that will contribute to:

- Improving decisions which will improve the resolution, speed, flexibility and accountability, especially when it comes to respecting the needs, desires and interests of customers or consumers,
- Achieving greater flexibility in balancing diverse and reliable people to react to the environment, which is uncertain and which is constantly changing,
- Creating highly responsible, highly motivated staff members to overcome the large disparities in order to achieve business goals.

The system of ideas from which the ideas arise is a dynamic system that changes and adapts to changes occurring within the system, but also in the environment. If this system does not change for at least the speed at which the environment changes, the organization is lagging and is doomed to fail. A typical example is in rewarding and motivating of innovators. The company must to reward people who create and implement ideas in relation to competition; only then can retain creative individuals. Awards under this level call into question the motivation of innovators, and increase the fluctuation, i.e. leaving of the educational and creative individuals.

4. MECHANISMS FOR MOTIVATING CREATORS AND INNOVATORS

Any system that involves a man must be accompanied by incentive funds, i.e. motivating for certain acts or omissions. This applies to the creation and implementation of ideas. It must be borne in mind that ideas are not objective, but that they are instruments for achieving business goals and that is raising of the competitive capacity. In this context, special mechanisms have been developed to motivate. This may be through dividends, special awards, or otherwise. In innovative organizations, or at least those who seek to obtain this epithet, satisfaction at work is the most important thing. "Satisfaction is defined as the individual's mental attitude toward the work environment, particularly in relation to the company, managers, employees, organized labor and others. Commitment to work is associated to bunch of motives leading to greater efficiency and expression of the degree of satisfaction⁴.

In the modern business, it is necessary to build awareness and culture or habits that employees generate ideas and that any person at any level can bring at least two ideas in a month, and the task of management is that the application of it in practice. Here the emphasis is given to small ideas so to speak, that can have great benefit and impact. This creates a larger quantity, and thus the potential.

To understand the relationship of stimulating innovation, it is important to distinguish the two phenomena - creativity and innovation. **Creativity** refers to the ability to combine different ideas in a unique way or the strange connection (pairing) of ideas. An organization that encourages creativity, develops unique ways to work and a new (strange) solutions of the problem. **Innovation** is the process of using creative ideas and converting it into a useful product, process, service, or method. Therefore, an innovative organization is characterized by its ability to channel creativity to useful outcomes. When managers talk about changing the organization to be more creative, generally thought to stimulate and increase the level of

⁴ Vujić. V: „Menadžment ljudskog kapitala“, Rijeka, 2008.

innovation. Sony, 3M and Intel companies are appropriately described as innovative, because they adopt new ideas and turn them into profitable products and methods.

When employees see that a large percentage of ideas are implemented, they formed the view that management refers to the ideas seriously, which is one way of motivating. In other words, when employees acquire the habit of creating ideas and how they acquire their appropriate recognition for their contributions to create the conditions that created "brainstorming". It is essential that top hierarchy of the pyramid supports the process of creating ideas, and to create an atmosphere in which ideas are not only welcomed but also expected. In such circumstances, a situation is common in various companies, where individuals come from one or two ideas in one day.

Today, more or less every company formalize systems of ideas, occupying the highest place in the news at the meetings of the strategic and operational management, in meetings of staff responsible for quality, or the level of tactical management. Companies have set up special panels in which they announce the best monthly ideas, with the pictures of their authors and the effects of which ideas are made. This is the basis for selecting the best ideas at the year level, which gets a place in the so-called "golden frame", and the holder receives special treatment in the future.

Company newsletters are also important mechanism to motivate and promote innovation makers and ideas. This in turn creates other ideas, but also the spread of such practices on the environment to which the organization belongs. Company's magazines often have special sections for innovators and ideas, and competent experts assess them. The practice is to organize often the sessions of "brainstorming" in which the amount in an informal way "crazy ideas" are represented to be considered carefully and applied in practice. The above gets particularly important if accompanied by appropriate material or immaterial stimulators.

Informal relationships in the organization are favorable environment for the development of ideas and being more informal, they are generally favorable for freer communication and thinking about new ways or techniques of reaching goals. Over at "Dana", making the idea is clear as its placement on a piece of paper. The company provides a form, but the idea is on the cards, napkins, and the reverse side of the dry cleaning bills. As for the application, all we ask is, "Is that your idea could be applied for \$50 or less?" If so, the idea is supported and can be implemented – it is only required to be documented. If not, the idea should be taken to the competent supervisor who shall submit a written response on the applicability of the idea within 48 hours. If the idea is rejected, you will be explained why, but the chances that something like this happens are almost impossible. It follows that the effort must be assessed on an individual creating of more efficient and effective ways of performing a task or operation. Of course, it is necessary to work smarter, not more. Otherwise, an individual whose ideas will be ridiculed will not be in the mood to place them in the future.

This indicates and proves that not only the financial effects or material rewards are motive for the creation of ideas. Most people want to do their job well, or the best, creating quality products and providing quality service. Often individuals feel exalted when they see that their idea is producing results, or how customers are delighted by improving a product or service.

Promoting of own ideas is giving employees a special pride to belong to a successful company, and the use of ideas in practice to achieve their personal, and corporate goals, which is enough reward in itself. By realization of personal goals, the company achieves its goals. In other words, if the effect of some innovation is worth 10,000 Euros, and its author gets 3,000 Euros, it shows that the application of the ideas is helpful for innovators, but also for the company. In broad terms, the idea is useful for a global world.

Awards to individuals, teams or certain parts of the company are also a powerful motivator. In many cases, praise or guidance of good examples of individuals means a lot, especially in regulated systems with satisfactory standard of living. It is particularly important a recognition given to individual by its colleagues or professional associations, as well as the most competent and most objective evaluation. Awards are given to innovators, but in that way is indicated that all will be rewarded, if they create an idea that will find its application in practice.

5. RESUME

One of the most effective ways to raise the competitiveness of companies is in the successful management of innovation. To achieve that, it is necessary to eliminate the classical organization and management based on determinism, i.e. schematism. These concepts are more focused on the search for errors and sanctioning of employees, and less on creating a favorable atmosphere. In this context, it is necessary to establish a system for formation of motivational ideas and mechanisms. Motivation is manifested as a primarily and crucial tool of every scientific and other researches and finally the constitution of science as the highest quality and most efficient instrument to achieve greater organizational performance. In this context, many appropriate mechanisms have been developed to promote the idea of corporate newsletters, notice boards, regular meetings where people are invited to express their ideas. They must make clear that all ideas are welcome no matter how small they were and maybe appear irrelevant.

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