

Innovation In The Functioning Of A Contemporary Enterprise - Theoretical Approach

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Abstract: *Company's activities reflect, in a way, its origins. Enterprises are created as a result of an innovative idea and a desire to gain benefits from introducing this idea to the market. The factors that influence the consumer's choice are, among others, income which is closely related to the price of a product, usefulness as well as availability. These factors determine the levels of development of competitiveness and innovation of enterprises in the management process. The development of a company, on the other hand, is an important element for the development of the entire economy of a country and the world.*

The aim of the article is to present theoretical aspects of the functioning of a modern, innovative company in the realities of a market economy.

Keywords: *innovations, product innovations, process innovations, organizational innovations, marketing innovations, enterprise.*

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I. Introduction

Company's activities reflect, in a way, its origins. Enterprises are created as a result of an innovative idea and a desire to gain benefits from introducing it to the market. The next stage after the introduction of the idea is its continuous development on various levels, from changes in the creation processes to sales development. These are the consequences of market demand as well as competition. Both the demand and the supply of a product depend on the company's competitiveness, therefore it can be said that it is one of the basic conditions for the company's existence. An indirect role of each enterprise is also striving to increase the welfare of society through the willingness to multiply its own resources. When making a choice, a consumer is guided by the subjective feeling of values, moreover, these values change over time and other conditions. The factors that influence the consumer's choice are, among others, income, which is closely related to the price of the product, usefulness as well as availability. These factors determine the levels of development of competitiveness and innovation of enterprises in the management process. The development of a company, on the other hand, is an important element for the development of the entire economy of a country and the world.

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II. Literature Review

The importance of innovation for the development of a company

Market activities of enterprises are particularly important for those companies that wish to develop. The deliberate use of tools helps to improve competitiveness and gain influence in markets that have so far been unavailable. There is no doubt, however, that these activities must respond to real needs of the company. Otherwise, they will not bring expected results and, in addition, may cause financial problems. The effects of innovation may include:

- gaining a competitive advantage,
- company development,
- introducing products and services to new markets,
- acquiring new customers,
- survival of the company on the market,
- modernization of the company,
- cooperation with research centers.

In terms of achieved goal, innovations can be divided into (Dymitrowski 2012, p. 38):

- ultimate
- instrumental.

An ultimate innovation is an end in itself which is a competitive advantage, for example by creating a modern product. On the other hand, instrumental innovations such as changing the organization of workplaces are a step towards successive goals, they are not a primary goal in themselves (Dymitrowski 2012, p. 38). In this case, innovations support other activities of a company aimed, for example, at improving production processes or improving the flow of information.

Being distinguishable on the market is the result of multi-stage changes. Thanks to process and marketing innovations a company can develop, but at the same time it is not directly related to a higher level of profitability (Varis, Littunen 2012, p. 38). This is due to the fact that, especially in the case of innovations related to the purchase of specialized equipment or software, high costs are involved. Whether an investment in innovation will pay off can only be assessed after a few years.

Another effect of innovation is the possibility of acquiring new customers by entering new markets (Michie 2012, p. 38). Thanks to this, a company gains an advantage and its non-standard actions encourage consumers to use its offer. The use of innovative activities can be a strategy not only for large companies but also for those looking for opportunities to survive in the market. The ability to implement innovations allows to stay on the market (Cefis, Ciccarelli 2005, pp. 43-61) and this phenomenon is not limited only to selected sectors and industries. .

In the long term, innovation is a way not only to improve company's competitiveness but also to modernize it. Launching new products means the necessity to constantly research customer needs, gain knowledge about technological innovations and build a network of contacts with other companies or research centers (Ball-Woźniak). Referring to the definition of modernization as "a process in which everyone learns to use the network of regional and global connections and interdependencies" (Morawski 2010, p. 35), it can be claimed that innovation forces the need to "use" knowledge of other people, cooperation and team building. This is especially true for small and medium-sized enterprises which can gain strength by working towards common goals.

Technologies are not only to reduce costs but also to improve the effectiveness of financial market regulations. The key role in this type of innovation is played by the fact that there is no need to "manually" confirm transactions, because it happens automatically with the use of a computer programme (Morawski 2010, pp. 100-101). These changes show that the importance of financial institutions may be greatly marginalized in the future. It is true that "the biggest barriers are currently the main financial market institutions [for the development of digitized financial solutions]" (Biedrzycki 2018), nevertheless societies strive for solutions that are quick and provide convenience of use.

Stages of implementing innovation in an enterprise

Development understood as introducing innovations requires the analysis of factors that potentially strengthen or hinder undertaking innovative activities. It must be indicated that even two companies selling the same product may use different innovations. This is due to the fact that each of them operates in a specific environment and perhaps their products are used by two completely different groups of consumers. Therefore, the preparation of innovation should be a multi-stage activity in order to achieve an intended goal.

The innovative process can be divided into six stages such as (Griffin 2001, p. 659):

- development,
- application,
- launching,
- growth,
- maturity,
- decline.

The first stage which is development involves evaluation and modification of ideas that could be changed into new products and services (Griffin 2001, p. 659). At this stage, it is extremely important to research consumer needs and market trends or check the possibilities of financing innovation. The next stage, application, is the stage where the idea is transformed into tangible objects, new products or services. Launching is the time when a company decides to launch finished products or services. The next phase called growth is the stage when many customers decide to acquire a novelty and the company makes financial gains. The maturity stage refers to the time when the demand for the product becomes more stable and predictable. Decline opens up new possibilities for action, as it is the stage in which old innovations are replaced by newer ones (Griffin 2001, p. 659).

The implementation of innovations is never a short-term process, as it involves appropriate preparation not only in an enterprise, but also of customers who will use new solutions. Another division of the innovative process is proposed by W. Janasz and K. Koziół (Janasz, Koziół 2007, p. 34):

- basic research,

- applied research,
- development works,
- implementation works,
- the innovation phase,
- implementation phase.

Finding new regularities and rules is often the result of basic research. At this stage, theories, assumptions and ideas are gathered. An important aspect of these studies, however, is their practical application in innovation and they cannot be carried out without reference to the planned innovation activities. Applied research, on the other hand, is based on the results of basic research and aims to solve specific problems. Their effect may be the design of a new machine or the creation of a new programme (Janasz, Koziol 2007, p. 34).

A new invention or product is improved during the development works. It is here that potential problems related to the use of a given product are found. Implementation works involve the production of the product on an industrial scale. The key phase is undoubtedly the innovation phase, during which the product is placed on the market. In turn, the implementation phase (diffusion of innovation) is defined as the use of a new solution by other enterprises (Janasz, Koziol 2007, p. 34).

It should be remembered that difficulties may arise at each of these stages. Therefore, a key role is played by the correct design and preparation of innovation so that it is an opportunity for development, and not a cause of the company's collapse. It is worth emphasizing that innovations work only when they meet the needs of customers. Otherwise they will be perceived as impractical and useless.

Preparation of innovations in an enterprise

When making major changes in a company, it is worth considering not only the preparation and method of planning innovation, but also the place where it is to be introduced. What will be perceived by some customers as an innovation, by others it may be perceived almost as a revolution for which they are not ready. It cannot be denied that the introduction of innovations and modern solutions is often associated with a significant financial contribution. Moreover, the introduced innovations have five features, which include (Janasz, Koziol 2007, p. 39):

- relative benefit - evaluation of innovation using e.g. economic indicators,
- ease of adaptation - to what extent the innovation is consistent with the values and previous experiences of potential customers,
- comprehensiveness - to what extent the innovation is related to the tedious and difficult implementation process,
- ease of trying - how quickly can you see the effects,
- ease of observation - to what extent the influencing the effectiveness of innovation can be characterized in some way.

Many complex innovations are introduced in stages to not only get employees accustomed to a new way of working but also to test customers' reactions. This knowledge allows to better plan the next stages of innovative activities, and at the same time it is an element of risk management, which, if ignored, can cause serious problems for a company.

The implementation of innovations should be preceded by an in-depth analysis of the market situation, the company and consumer trends. Good innovation preparation should take into account factors such as (Oslo Manual):

- cost factors,
- knowledge factors,
- market factors,
- institutional factors,
- other reasons for the lack of innovative activity.

Each enterprise is embedded in the environment in which it operates. Global companies need comprehensive solutions, while local companies usually focus on the individual needs of a given client. In addition, not every company can take advantage of a low-interest loan or financial support from public institutions. Therefore, the preparation of innovations is largely based on examining potential difficulties, so that the very implementation of innovations does not involve unplanned financial costs or a long delay.

III. Conclusions

In order to remain on the market, a company must constantly undertake activities that will allow it to efficiently and effectively meet the needs of customers. In addition, observation of the competition allows to avoid potential mistakes, and also translates into the possibility of a real presence in a niche. Innovations are

needed not only by the companies that have been on the market only for a few years. The main benefits resulting from the introduction of innovations include:

- acquiring new customers,
- improving the company's competitiveness,
- building a creative team,
- modernization of the company,
- keeping up with global changes.

The article attempted to present theoretical issues related to the functioning of a modern enterprise.

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