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## CREATIVITY AND INNOVATION FOR A COMPANY DEVELOPMENT - CASE STUDY

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**Abstract:** Entrepreneurship involves new entrepreneurial activities that result from innovation as a source of creativity. It cannot be called entrepreneurship without innovation and innovation without creativity because, only the innovative companies can be competitive in the market. Companies have to develop both in the local market and beyond; in their business activities consistently innovate whether new product or service, new process or new way of existing production. It is important to implement the right innovations so that the effects of innovation might be positive for the company. In this way, the company not only manages its growth but also influences the development of the market where it operates by offering more quality products and services. One such example has been followed by the company "MEN 2006".

This paper aims at proving the importance of innovation as a source of creativity of the company in which it influences its development and, at the same time the development of the market where it operates.

**Keywords:** Creativity, innovation, companies, market

### 1. INTRODUCTION

Entrepreneurship is distinguished by a high degree of innovative capability. The entrepreneur should possess imagination at certain level, sufficient knowledge and necessary information in order to come up with different ideas that can later be used as innovations. Implementation of innovations in companies is a result of innovative management. Proper innovations should produce positive results that reflect the development of the company, namely, the internal organizational changes which are then, followed by market changes. Internal changes may be the change of organizational chart, organizational structure, change of production process, new product or service. The result of these changes is the growth of the business, respectively, the development of the company. The development of the company affects the development of the market where it operates through new hires, increasing competition, supplying the market with new quality products and services, creating new value i.e. improvement of social life in general. Every innovation does not guarantee success but every innovation carries a risk. It is therefore very important for the entrepreneur to know how to implement the right innovations in a timely manner in order to derive maximum benefit from them, likewise the innovation can prove to be wrong and put the business at a risk. In order to examine the hypothesis: Creativity and innovativeness are key factors in the development of a company. In this paper, a case study of the company "MEN 2006" has been conducted through the analysis of implemented innovations and their impact on the development of the company.

The purpose of this paper is to analyze the case study of the company "MEN 2006" and to determine the impact of innovations on the development of the company and, at the same time the market where the company operates, as well as, the impact of innovation risk.

### 2. LITERATURE REVIEW (Creativity and Innovation for Company Development)

Most researchers agree that creativity is a process of producing something that is original and valuable (Sternberg, 1996), otherwise it would not have been called creativity. Creativity is the ability to create new ideas and discover new ways of looking at problems and opportunities (Zimmerer and Scarborough, 1996). Even smaller ideas can have great effects. The success of the enterprise is dependent on the creativity of the enterprise leadership, the creativity of the employees and the innovation of the organization as a whole, namely the ability to produce innovative products and services in the market ( Jakovljević et al., 2012). Thus, all the stakeholders in the enterprise can contribute to the flow of innovation. Creativity means the process of presenting, selecting the right idea, and transforming it into innovation.

**Innovation** - is a prerequisite for maintaining a competitive market position. Successful companies constantly invest in bringing innovations to the company. Innovations are generally accepted as key factors in the competitiveness of nations and organizations (<http://nardus.mpn.gov.rs>). They are a key factor in the race to be among the competitors. According to Porter, a nation's competitiveness depends on its economy's ability to innovate and improve (Porter, 1990), because innovation can bring competitive advantages. Innovation is a major necessity for any company that wants to survive and stay at a time when everything is accelerated to the limits that menus can be traced, and competition is forced to extraordinary proportions (<https://scindeks-clanci.ceon.rs -inovacije>). Innovation is the imposed solution. Entrepreneurship is management which implies continuous care for the opportunities and

challenges, whether it is the business development of an already established organization or the creation of a new business and new organization (Jaksic, 2003). Entrepreneurship and innovation are mutual in relationship in all business phases. Innovation is a process that goes through the phase of investment and diffusion to be realized as innovation.

**Invention** can be defined as the creation of something technologically new, something that has not existed before (Karavidic et Ivkovic, p. 87, 2012). At this stage, innovation is still an idea or concept not materialized as economic good.

**Diffusion** means an innovation process after an investment when the product is put on the market, i.e when it materializes in the economic good.

The importance of innovation in contemporary economies requires management of innovation, and the same innovation then can be achieved through thought-provoking techniques (Karavidic et Ivkovic, p. 88, 2012):

- a) Brainstorming method,
- b) Creative orientation method,
- c) The method of creative confrontation of things.

The innovation literature constantly emphasizes the importance of the role individuals play in the process of industrial-technological innovation (Boh et al., 2014). It is individuals who create, apply and exploit the effects of innovation in their companies.

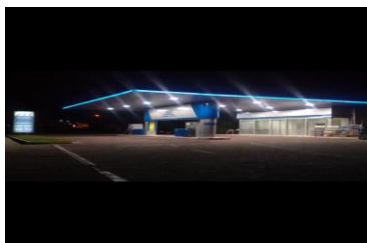
**Innovation management** - The notion of managing innovation in an organization includes “planning, organizing, coordinating and controlling innovation processes and innovations - from idea to implementation” (<https://scindeks-clanci.ceon.rs-upravljanjeinovacijama>). Enterprises, however, often have to solve various problems caused by their unwillingness to manage innovation processes (Lendel et al., 2015). Adequate innovation management reduces or eliminates such problems. Contemporary management literature and practice recognize Technology and Innovation Management (TIM) as critical success factors for companies, sectors, economies and regions (<http://symorg.fon.bg.ac.rs>). Changes in environment create inadequacy between company and environment, technology and, innovation management claims to reduce these inconsistencies.

### 3. RESEARCH METHODS AND RESULTS

In preparing this research paper besides relevant scientific literature in the fields of management, entrepreneurship and innovation, the case study research method has been used alike. The research has been conducted in the company "MEN 2006" and includes the analysis of the company, its development history over 13 years of business from 2006 to 2019 as a result of continuous management innovations (data obtained from company management).

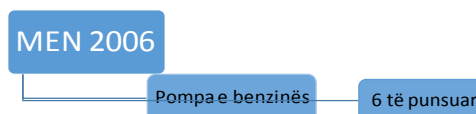
MEN Company was established in 2006 as an enterprise for internal and external trade MEN-2006 LLC Presevo, with sales activity. The company conducts business mainly in the local market and partly wider. In 13 years of business it has incorporated a number of innovations, such as the opening of premises (gas station, megamarket 1, megamarket 2, restaurant), land acquisition, construction of over 1500 m<sup>2</sup> facility, investment in new equipment, modern equipment, expansion of product assortment and the services it provides. This has led to changing organizational charts, employee structure, increased sales capacities and services with new jobs, skilled workers and better working conditions. The company in the local market has achieved competitive advantage as one of the first companies of this nature where for its buyers represents an attractive destination in which they can find the best products and services. The first entrepreneurial activity started in 2006 with the opening of a 200 m<sup>2</sup> gas station in a rented facility, with 6 employees located on the administrative road and often frequented to the city exit. The owner has been running this business for 12 years as the only one in the area.

*Photo 1. "MEN 2006" in 2006*



Source: MEN 2006

*Photo 2. Scheme of "MEN 2006" in 2006*

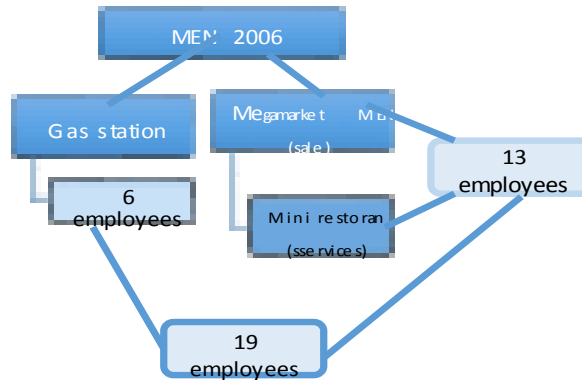


Source: Author's Creation

Having opened the gas station at the same location in 2007, eight months later “Megamarket MEN 1” was opened in order to expand the business. The market also includes a mini-restaurant with numerous services for customers who

would like to relax and enjoy the services offered. The "Megamarket MEN 1" facility comprises of 1000m<sup>2</sup> (rented) space with 13 employees. A total number of employees reaches 19. Innovations included size of work space, interior arrangement, organization of work, contemporary equipment, contemporary working conditions, greater competitiveness of bid compared to competitors, various offerings in pricing policy such as: different stocks, price reductions etc. For the company it was a coming innovation, but also for the local market it presented something new, better and different from the existing competitors to provide the company with competitive advantage.

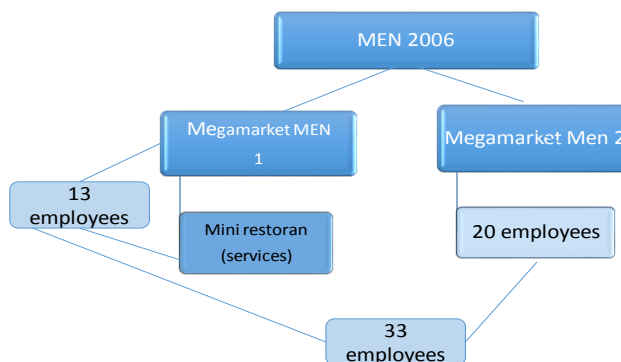
*Photo 3. Scheme of "MEN 2006" in 2007*



Source: Author's Creation

This trend continued until in 2018, near the petrol station location where another competitor appeared as a result of which the gas station business declined and forced the management of MEN Company to close it after 12 years of successful operation. At the same time the company opened another market but in a new location in the city center with an area of 700 m<sup>2</sup>. The company manages to buy the land and build the facility and open "Megamarket MEN 2" with 20 new skilled workers in new jobs. The total number of employees in the company after the closure of the gas station and the opening of Megamarket MEN 2 reaches 33 employees

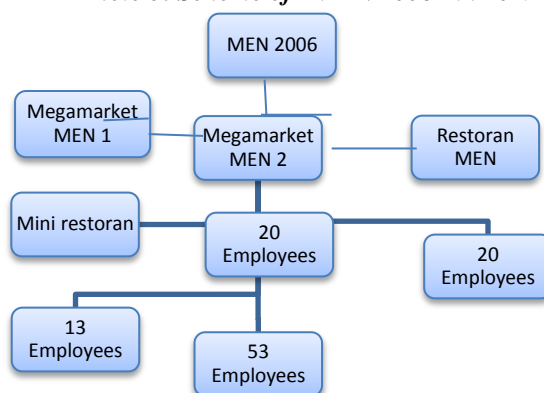
*Photo 4. Scheme of "MEN 2006" in 2018*



Source: Author's Creation

At the end of 2018, the company as a new innovation opened the restaurant "MEN" with an area of 830 m<sup>2</sup> and 20 new employees, where besides the commercial activity it began with the service that would contribute to its further growth and development.

Photo 5. Scheme of "MEN 2006" in 2019



Source: Author's Creation

Restaurant "MEN" has been opened in the same facility as "MEGAMARKET MEN 2", which offers various services such as kitchen, cafeteria, pastry shop, games corner, conference room, parking etc. Restaurant "MEN" represents one of the most luxurious restaurants in the local market but also wider. For 13 years business, the company "MEN 2006", from a business with only 6 employees operating in rented premises turns into a company with 53 employees and with a total area of 2530 m<sup>2</sup> (where 1530 m<sup>2</sup> owned), and then in two megamarkets and a restaurant.

#### 4. CONCLUSION

Innovations are the result of innovative company management and a source of creativity. A successful entrepreneur is willing to continuously take the risk to move his business forward in line with the on-going innovations in the company. The constant flow of innovations in the company affects the transformation of the company, its growth, the development of the company but also the market at the same time. It is important to bring the right innovations under the right circumstances in order to be positive. This is evidenced by the case of the company "MEN 2006" with its fundamental transformation into 13 years of successful business.

In appreciation to the creative and innovative management of the management company "MEN 2006" through continuous involvement of innovations, the company has managed to transform from a gas station into a serious modern company; a leader in the local market. Continuous innovations have enabled the gradual development of the company. The company was founded in 2006 as a gas station, expanding in 2007 with the opening of "Megamarket MEN 1" in 2018 due to competition closes the gas station, in order to maintain the growth trend as the next step innovation "Megamarket MEN 2" at a favourable location. 2019 includes another innovation, the opening of "Restaurant MEN". Every innovation implemented has influenced the next innovation flow, thanks to the positive results they have brought. Every innovation has reflected with the development of the company until its complete transformation. The innovations reflecting to be key factor in the development of the company is evidenced by the transformation of the company "MEN 2006" which was founded in 2006 into a leasing and 6 employees facility, which in 2019 would become a company with a working space of 2530 m<sup>2</sup> (owning 1530m<sup>2</sup>), with more than 50 employees and two activities within the company, trade and services. Thanks to the creativity and innovations of MEN 2006 "from a small enterprise it becomes a medium-sized enterprise, and also contributes to the development of the local market by stimulating competition by supplying the market with numerous quality products and services.

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