This report was prepared by Babes-Bolyai University

Country Report: ROMANIA

Training on Corporate Innovation Management System for Competitiveness

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Contents

1. Context of the study

Innovation is firmly recognized as the main driver of economic growth and development. In the last two decades, growth is no longer the prerogative of the leading Western EU countries, as CEE countries increasingly craft policies to raise their innovation capacity, and consequently, their performance. Still, the latest *The Innovation Union Scoreboard* survey, from 2015[i] shows that CEE countries have either moderate, or modest innovation performance within the EU. Nevertheless, their performances improve slowly, as a direct consequence of investments in innovation management system within SMSs and large enterprises.

The present report outlines the findings of data analysis that has been performed as part of the InnoMe research [Training on Corporate Innovation Management System for Competitiveness], conducted in February - May 2016. The research took place in four CEE countries [Poland, Romani, Hungary and Slovakia], and consisted in 450 online questionnaires and 32 interviews.

Our research question was focused on the context of innovation, including the economic effects of innovation (high-tech products and knowledge-intensive services), how is this related to the human resources (if tertiary education influence the innovation capacity), firm investments (innovation expenditures), size of the company, entrepreneurship (innovative SMEs) and type of innovation (product, process innovations, etc).

As such, the main purpose of the survey was (1) to describe the general milieu for innovation in the private and public sector in the four CEE countries mentioned above; (2) to understand how these companies conceive their innovation procedure; (3) and to identify an ideal profile of the innovation manager who would lead to a better performance of the company. In terms of methodology, the quantitative research sampling procedure deployed was convenience sampling. The qualitative component was represented by semi-structured, face to face interviews.

In Romania, the number of fulfilled valid questionnaires was 59 and the number of conducted interviews was 12.

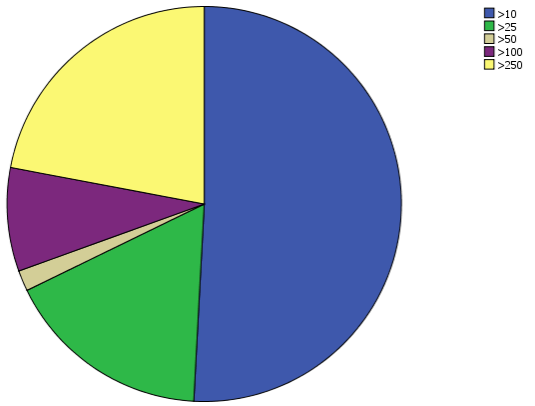
	Hungary	Poland	**Romania**	Slovakia	Total
Number of responses for the questionnaires	42	324	**59 (13,1%)**	25	450

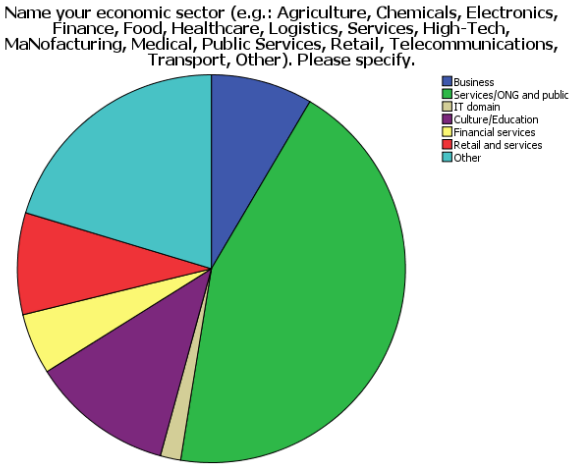
The InnoMe partner institution who collected data from Romania were Babas-Bolyai University and Employers Association of Providers of Vocational Training.

2. Findings

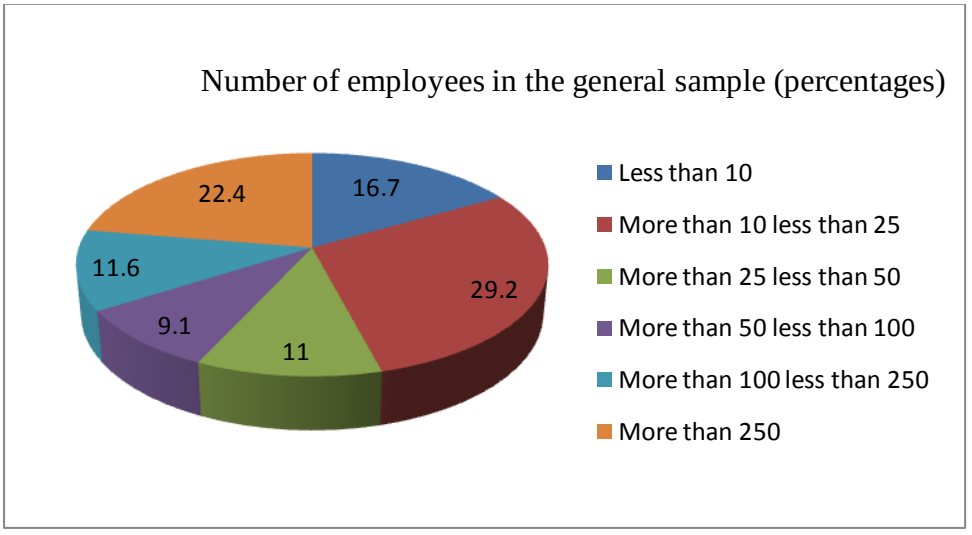
2.1. Number of employees and sectors

	>10	>25	>50	>100	>250
Number of employees	50.8%	16.9%	1.7%	8.5%	22.0%
	Name of the economic sector: Social Media; Business; Services/ONG and public; IT domain; Industry; Culture/Education; Financial services; Retail and services; Other.				
Sector	Business 8.5% Services/ONG and public 44.1% IT domain 1.7% Culture/Education 11.9%			Financial services 5.1% Retail and services 8.5% Other 20.3%	





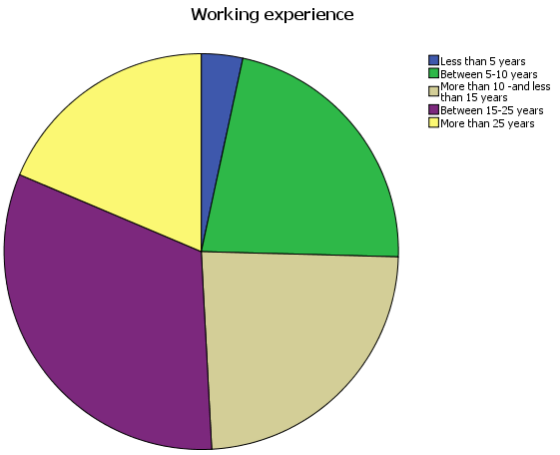
The sample covered a large variety of organisations concerning the size and the economical field of activity. In terms of size, 78 % of the Romanian surveyed organisations are SMSs, and 22% of them are large organisations. In comparison, the final four country sample included 77.6% small organisations and 22.4% medium and large organisation, which shown similarities with the Romanian sample.

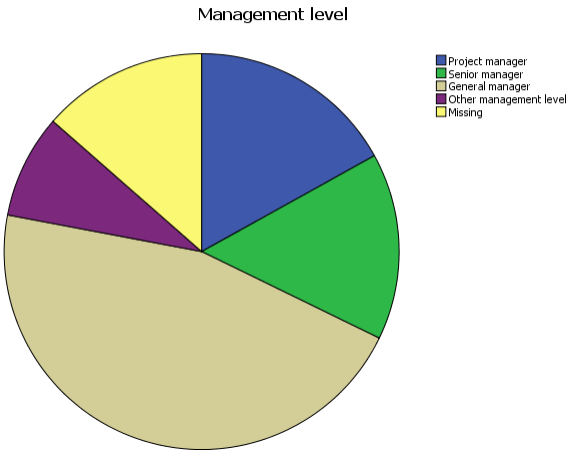


The activity sectors very considerably in Romania, but the most relevant two are represented by services (44.1%) and cultural domain (11.9%).

2.2. Number of respondents with working experience and management level

	N/A	Less than 5 years	Between 5-10 years	More than 10 -and less than 15 years	Between 15-25 years	More than 25+ years
Working experience		3.4%	22.0%	23.7%	32.2%	18.6%
	N/A	Supervisor	Project manager	Senior manager	General manager	Other management level, please specify
Management level		1.2%	19.0%	17.0%	52.9%	9.8%

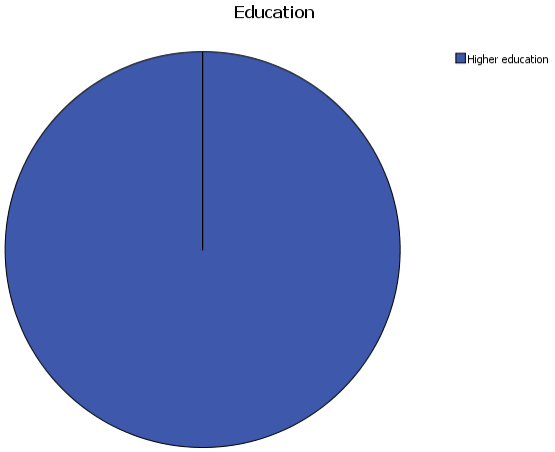


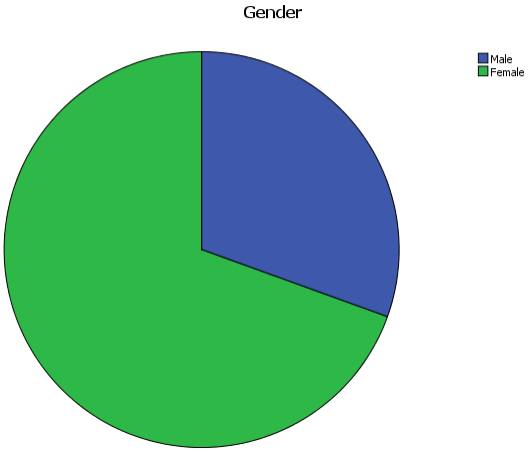


With regard working experience, the large majority of the respondents in the sample had between 10-25 years experience (55.9%). In addition, more than half of respondents were senior managers (52.9%).

2.3. Number of respondents: education and sex criteria

Education	N/A	Secondary education	Higher education
		0.1%	99.9%
Sex	N/A	Female	Male
		69.5%	30.5%





With regard education, the large majority of the respondents in the Romanian sample had higher education degree (99.9%). Nevertheless, there was an unbalanced gender ratio, with 69.5% female and 30.5% male respondents.

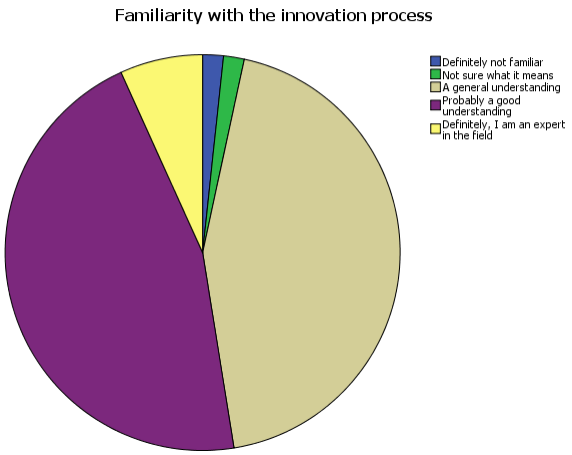
In the other three countries where the survey was conducted, the overall ratios is:

Education (%)	Secondary education	Higher education
	6.9%	93.1%
Sex (%)	Female	Male
	46.5%	53.5%

which means, that the Romanian sample shows considerable deviation from the overall sample, especially on gender imbalance.

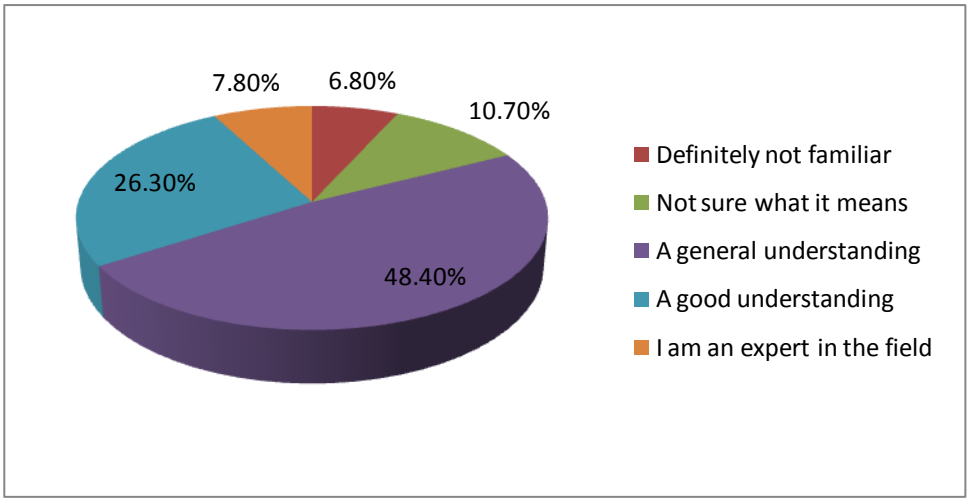
2.4. Familiarity with innovation in the business process

	Definitely not familiar	Not sure what it means	A general understanding	Probably a good understanding	Definitely, I am an expert in the field
Familiarity with the innovation process	1.7%	1.7%	44.1%	45.8%	6.8%



An important aspect analysed in the survey was the respondents' familiarity with the innovation process. The Romanian respondents perceived themselves as having a general or good understanding of the innovation process (89.9%), and almost 7% of them are experts in the field. The four country final sample included a rather balanced ratio of respondents (48.4% declared a general understanding, 6.8% are definitely not familiar, and 7.8% considered that they are experts in the field).

Final sample familiarity with innovation (%)

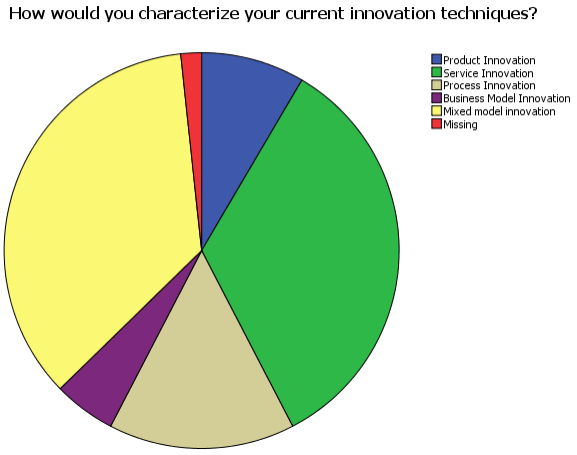


The results show that there was an association between the size of the organization and the perceived familiarity. But, there was no association between the domain of the organization and the perceived familiarity.

2.5. Number of respondents currently using sectors of in innovation

		Product Innovation	Service Innovation	Process Innovation	Business Model Innovation	Mixed model innovation
Innovation branch		8.6%	34.5%	15.5%	5.2%	36.2%

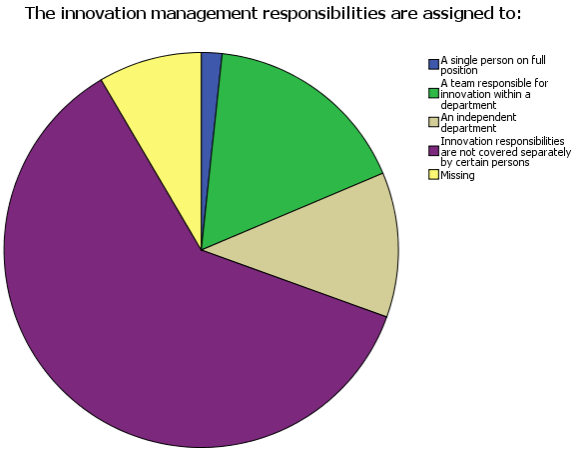
The results showed an association between the size of the organization and the focus of the innovation: larger companies are more focused on product and process innovation, while smaller ones on service innovation.



Respondents considered service (34.5%) and mixed model one (36.2%) the most typical in their organization, in circumstances in which the presence of mixed model is considerably higher in Romania than in the other countries.

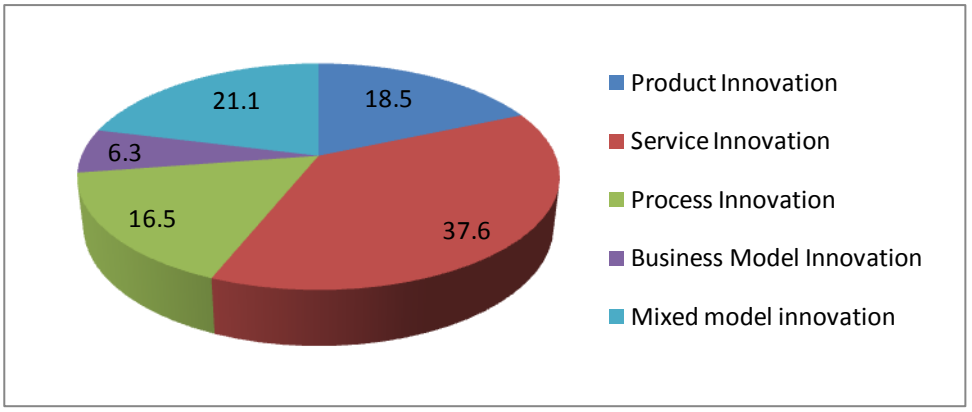
2.6. To whom the innovation management responsibilities are assigned to

	A single person on part time position	A team responsible for innovation within a department	An independent department	Innovation responsibilities are not covered separately by certain persons
Persons assigned	1.9%	18.5%	13.0%	66.7%



Respondents from Romania admit that in 66.7% of cases, innovation responsibilities are not covered separately by a single person. In comparison, the four country survey aimed to find out how the innovation process is organized within the organizations. The data showed that in more than half of the organizations, the innovation responsibilities are not covered separately by certain persons. As expected, there was a strong association between the size of the organization and the assigned responsibilities: larger organizations more often use teams and independent departments, while smaller ones use single individuals.

Use of innovation (%)



3. Innovation manger profile

To reveal the profile of the innovation manager in Romania, we analysed the skills, the competencies, and the knowledge in the view of the participants. Based on the questionnaires, the most important 5 competences, skills and knowledge to each phase of implementation are in the following chart:

In the planning phase - skills	
Skills	Ability to generate ideas and think outside the box Ability to support the generation of ideas within organization Ability to provide analytical support for the strategic planning process Ability to forecast, predict major changes that might occur Ability to understand existing and emerging trends in technology and business
In the planning phase - competences	
Competences	Strategic thinking Creativity Ability to set targets Strategic intelligence Change management competency
In the planning phase - knowledge	

Knowledge	Knowledge on innovation strategy Knowledge on external context of the organization analysis Knowledge on development of the innovation projects Knowledge on innovation management system Knowledge on internal organizational environment analysis
In the implementation phase – skills	
Skills	Ability to implement innovation projects Ability to apply research findings in new products/services Ability to manage people and activities for innovation strategic direction Ability to foster positive innovation culture Ability to improve innovation skills of the team
In the implementation phase – competences	
Competences	Decision making and taking responsibility Communication Problem solving Creativity Coordination
In the implementation phase – knowledge	
Knowledge	Knowledge on coordination of people and resources Knowledge on leadership techniques Knowledge on motivation techniques Knowledge on tools and techniques that might facilitate innovation Knowledge on creation of innovation culture
In the assessment phase – skills	
Skills	Ability to monitor the business impact of the innovation Ability to monitor the progress of the projects Ability to give constructive feedback Ability to improve and develop own potential Self-assessment ability

In the assessment phase – competences	
Competences	Develop ideas and solutions Ability to set priorities Vision and creativity Encourage continuous learning Consistency
In the assessment phase – knowledge	
Knowledge	Knowledge on market introduction of the innovation Knowledge on the evaluation techniques Knowledge on quantitative and qualitative evaluation instruments and methods Knowledge on innovation management system Knowledge on performance management

4. Interviews

The qualitative component of the survey was represented by 12 semi-structured, face to face interviews.

Respondents interpret innovation processes as:

> "as a change in the status quo both within company, within the immediate environment of the organizations and on personal level of employees; innovation could also be a technical solution for a problem that has not been solved by anyone else before." (R1, 2)

They had been asked if enterprises generally have an innovation strategy or an innovation management system. They consider that

> "In the recent years, the company put some effort in a strategic focus on new service development. To achieve this goal, the company needs to develop competencies and appropriate organizational structures that foster creativity and innovation at national levels as well. But the innovation department is still located abroad, at the company's headquarter, and local innovation is just far away goal." (R2, 4)

On the professional and psychological profile of an innovation manager, Romanian respondents offered a variety of viewpoint, focusing especially on management skills:

"The main roles of innovation manager should be: to identify waste (time, resources, energy) and to come up with adaptive solutions and bypass intermediaries when it is required. " (R1, 3)

"Good communicator is considered the most important skill, as managers basically need adhesion of the employees in all the phases of the innovation process, but most importantly in the implementation phase. The second in the sequences of importance is 'thinking outside of the box' or 'breaking the ice' in an effort to bring new services and select qualified personnel." (R1, 3)

4. Conclusion

The results shown above indicate the fact that, in Romania, the innovation process is less structured than in other CEE countries from the sample, as innovation management tasks are not covered separately by a person or a department. Although, this tendency is present in the other surveyed CEE countries, Romanian data emphasize even more strongly the imminent need for developing an innovative culture, not only an innovation system.

Through the conducted interviews, it had been reveled than, in multinational companies located in Romania, innovation is perceived as a high task which "takes place" at the headquarter of the companies, unfortunately not in Romania. In contrast, in SMS enterprises, respondents considered that mixed model innovation as the most frequent one, even if they were unclear on the characteristics of such a model. Nevertheless, both dimensions conduct through the same observation: there is a lack of confidence in addressing the issue of a clear model of innovation or the need to make innovation at the local branch of a larger company.

Romanian companies are perceived in many international surveys as modest players in the field of innovation, and the present survey have shown the same lack of confidence in the way in which SMSs regard their own innovative potential. Even more, many companies are less aware on the concrete economic effects they could gain in implementing the innovation management system, as they regard the investment in this field as a zero sum game. Even if the performance of Romanian enterprises has increased in the last decade, the SMSs sector is still the most vulnerable in such extend. As small companies are under pressure of competitors and the market fluctuation , they have to use better they innovation potential.

One of the main objectives of the survey, partly conducted in Romania, was focused on identifying the general profile of the innovation manager. The top three skills, competencies, and knowledge that we obtained for each of the three stages of the innovation process are presented in the table below:

`No	Competence area and innovation process phase	Characteristics of an Innovation Manager in the examined CEE countries
1.	**PLAN (Idea generation and idea management, planning the innovation process)**	
Competence of an Innovation Manager		▪ Creativity ▪ Strategic thinking ▪ Ability to set targets
Knowledge of an Innovation Manager		▪ Knowledge on existing and emerging trends in technology and business ▪ Knowledge on development of the innovation projects ▪ Knowledge on innovation strategy
Skills of an Innovation Manager		▪ Ability to generate ideas and think outside the box ▪ Ability to support the generation of ideas within organization ▪ Ability to understand emerging trends in technology and business
2.	**Implementation (Implementation, protection, exploitation, marketing)**	
Competence of an Innovation Manager		▪ Decision making and taking responsibility ▪ Problem solving ▪ Communication
Knowledge of an Innovation Manager		▪ Knowledge on coordination of people and resources ▪ Knowledge on leadership techniques ▪ Knowledge on motivation techniques
Skills of an Innovation Manager		▪ Ability to implement innovation projects ▪ Ability to implement the strategy into operation ▪ Ability to apply research findings in new products/services

3.	ASSESSMENT (Assessment and improvement)
Competence of an Innovation Manager	▪ Consistency ▪ Objectivity ▪ Ability to set priorities
Knowledge of an Innovation Manager	▪ Knowledge on market introduction of the innovation ▪ Knowledge on the evaluation technique ▪ Knowledge on quantitative and qualitative evaluation methods
Skills of an Innovation Manager	▪ Ability to monitor the business impact of the innovation ▪ Ability to monitor the progress of the projects ▪ Ability to set realistic evaluation criteria for the innovation process

Regarding the profile of innovation manager, comparing the results obtained across the four countries, including Romania, we could notice a general agreement for the importance of the implementation skills and implementation competencies. Also, the four countries showed a general agreement for perceiving the knowledge in each of the three innovation stages to be less important compared to the skills and abilities. Still, it is important to mention that larger organisations assigned a stronger importance for the planning knowledge compared to the smaller ones.

To conclude, while there were both individual and country differences in the perceived importance of the characteristics of the innovation manager, the results showed that there are common characteristics which allow the identification of a general profile.

[i] Maastricht Economic and Social Research Institute on Innovation and Technology (ed.), *Innovation Union Scoreboard 2015*, Belgium: European Union, 2015, available at http://ec.europa.eu/growth/industry/innovation/facts-figures/scoreboards/index_en.htm