THE INNOVATIONS AND QUALITY ASSURANCE SUPPORT FOR SMES AS A SMART POLICY TOOL OF REGIONAL PUBLIC ADMINISTRATION AUTHORITIES

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ABSTRACT

Purpose: This paper builds on the result of the projects solved by author’s team in the previous years, oriented on quality assurance in areas not covered by ISO standards, as well as the proposed VEGA project “Promoting sustainability competitiveness of small and medium enterprises as a policy tool of Smart policy of regionals public authorities”. The paper is based on knowledge that innovations and quality of product and services exceeds the boundaries of individual organizations. Innovations and quality of product are not just tools to ensure competitiveness of organizations but also a tool to increase employment in various regions, the standard of living and ultimately the assurance of the quality life. Therefore, this issue is also managed at the national level, in particular with legislation. But when it concerns an aid, in particular for small and medium-sized companies, more effective form of management is by the public authorities. Therefore, the EU has elaborated two major documents: National/Regional Innovation Strategies for Smart Specialisation (RIS3) and Guide to Research and Innovation Strategies for Smart Specialisation (RIS3). The main aim of the article is to propose activities and forms of work, which should be used by Regional public authorities in assisting SMEs in the innovations and improving quality of products as part of the Smart policies of these bodies.

Methodology/Approach: When processing issues solved have been used mainly the following methods: (i) Method of research at the table, which was used mainly in studying literature on smart policy and documents, issued by EU about regional management systems; (ii) Questionnaire survey method, which was used in the survey requirements SMEs to assist in improving the quality and innovations activities in enterprises Trnava region; (iii) Method of direct talks with representatives of Regional public authorities of Trnava and Nitra.
Findings: Carrying out the analysis it was found that SMEs suffer from a lack of technical assistance in the implementation of innovations, using of modern methods of quality assurance and knowledge transfer of science and technology, nationwide conferences are few effective, use of consulting firms particular for micro enterprises are financially prohibitive. The authors have proposed methods and forms they should use regional public authorities in this area as part of their Smart policy.

Originality/Value of paper: This contribution is a review article, which may serve as a new knowledge background for the application of SMART policies in the Slovak SMEs.

INTRODUCTION

The issue of sustainability is a concept that is currently being associated with various entities and different challenges. This contribution will use this term in the context of sustainable competitiveness of SMEs. Sustainable competitiveness of enterprises depends on effective assurance of so-called “gold chain of activities” determining the sustainability. It can be expressed as follows:


Each activity of the above-mentioned chain is a prerequisite for the effective assurance of the competitiveness sustainability of manufacturing enterprises. It should be emphasised that the effectiveness of the chain is the responsibility of individual manufacturing companies, but also public administration authorities. The effective implementation of this chain is in fact a prerequisite of employability, GDP formation, living standards and the whole series of life standard indicators of our society.

The support for the implementation of this chain in the manufacturing enterprises is therefore also a challenge for all the administration authorities of the government. Government authorities at the highest level support the implementation of these activities by creating favourable business environment using the tools such as legislation, tax policy, social and other activities.

It should be emphasised that there are two parallel economies operating in this country: the economy of large multinational companies on the one hand, and the economy of around 60,000 small and medium-sized enterprises on the other hand, which greatly meet the above-mentioned indicators. In the implementation of the above-mentioned golden chain, they however operate in the conditions very different from those of the multinationals. While multinational companies completely support all links of the chain and implementation of these activities is based on the latest knowledge of science and technology, the small and medium-sized enterprises are practically detached from the first three areas (research,
development, innovation) and the latest knowledge in the field of science and technology for serious economic reasons. It is illustrated by the fact that the number of the patents filed in this sector is practically zero. Favourable business environment is insufficient to implement the chain; it requires more than the legislation support. These businesses are the bearers of employability and GDP development in our economy. This contribution should therefore help the small and medium-sized enterprises in the field of innovative approaches and quality assurance.

SMART POLICY OF THE PUBLIC ADMINISTRATION BODIES

Smart policy is a term frequently occurring in connection with various developmental projects of various subjects. Originally, the term was used to refer to such urban policy, which ensures continuous development of the city, particularly in ecological terms; the policy was therefore sometimes designated as policy of green cities. Later, it was denoted as smart policy ensuring sustainable development of the city. The smart policy currently comprises not only ecological, but also economic and especially social aspects of the related entity. Such smart policies have been implemented in the cities such as Amsterdam, Vienna, London, as well as in a number of American cities. (European Commission, 2014a).

It is worth to mention that economic potential and thus also respective powers of these cities is much bigger than in the counties in Slovakia. Smart policy in our cities can be therefore also developed, but its effectiveness is not great. On the other hand, the nature, size and economic potential space in our counties are satisfactory for the development of such a policy with SMART objectives, where:

S – specific
M – measurable
A – ambitious
R – realistic
T – time-determined

The current concept of smart policy has acquired a bigger significance. A standard basis of the smart regional policy is the EU Directive adopted in December 2013 by the European Parliament and the EU Council that defined the Smart Strategy as follows (European Commission, 2014b):

“Smart specialisation strategy means the national or regional innovation strategies which set priorities in order to build competitive advantage by developing and matching research and innovation own strengths to business
needs in order to address emerging opportunities and market developments in a coherent manner, while avoiding duplication and fragmentation of efforts. A smart specialisation strategy may take the form of, or be included in a national or regional research and innovation strategic policy framework”.

“Smart specialisation strategies shall be developed through involving national or regional managing authorities and stakeholders such as universities and other higher education institutions, industry and social partners in an entrepreneurial discovery process”.

Regional approach to the development of smart policy was highlighted by the two EU documents directly recommending a regional approach. The first one is Regional Innovation Strategies for Smart Specialisation known as RIS3 (Regional Innovation Strategy), fastening on the Regional Innovation Strategy projects that are being developed in some of our counties within the 7th Framework Programme of the EU (e.g. in the Trnava county – direct participation of the author in the project). While the RIS3 document defines the basic approaches, the second one entitled the Guide to Research and Innovation Strategies for Smart Specialisation represents a directive for regional authorities on how to develop their smart policy.

The smart regional policy should be directed to the small and medium-sized enterprises (SMEs), since they are the bearers of employability and GDP creation in the region. In order to perform the role, these businesses need legislative business environment, as well as the assistance and support regarding the use of modern methods in the field of innovative approaches, conditions for the scientific and technological knowledge transfer, knowledge of modern production control and quality management.

Smart regional policy should be supported by the activities fostering the implementation of innovative approaches in the small and medium-sized enterprises. Although the development of regional smart policy is beyond our competencies, results of our research activities allow us to propose the basic tasks for regional authorities, to be dealt with within their action plans, particularly the activities needed for SMEs in terms of ensuring the transfer of modern methods. As already mentioned in the introduction, national activities in the form of various single-shot conferences fully miss the target. Just to illustrate it: if such conference were attended by 100 participants (even if all of them are of the small and medium-sized enterprises), its efficiency is zero if taking into account 60,000 SMEs in the region. Although various consulting firms operate in this area, small businesses and micro-enterprises in particular have no funds to
pay external consultants or advisors. The local authorities must therefore find the forms and methods to solve this problem.

SUPPORT OF REGIONAL PUBLIC ADMINISTRATION BODIES FOR SUSTAINABLE COMPETITIVENESS OF THE SMALL AND MEDIUM-SIZED ENTERPRISES

In order to avoid unnecessary discussion regarding the use of the term “smart policy of the region”, we refer to the definition of the region, as set out in the Act No. 503/2001 on the regional development support, where the region is defined as a territory for creating and implementing the regional and structural policy on the second or third levels according to the classification of statistical territorial units. Although cities under this qualification are on the fourth level, the definition can also be used for a city, even though in terms of the powers, it is associated especially with a county.

The term Smart Regional Policy covers the policy of government authority aimed at promoting the sustainable development of the region. The policy or its components must fully meet the requirements of the current social, economic and environmental development; individual targets, on the other hand, should meet the requirements of SMART goals. The smart policy defined in this way can be fully implemented by the government at the regional level. The regional social, economic and environmental development can be considered a fundamental role of the public authority at this level.

The EU documents emphasize that the bearers of the economic prosperity of regions are mainly small and medium-sized enterprises. The EU Member States are bound to apply the so-called Small Business Act for Europe (SBA), a document which is a framework program for a more friendly business environment in Europe. Regional authorities should use the contents of this document to ensure its implementation at the regional level. The document is aimed at removing the barriers that prevent SMEs from exploitation of their potential economic growth and create new jobs (we have no information about the application of this document and achievements either at the state or at regional levels).

Besides the above-mentioned document, the EU has developed the supporting tools for:

- entrepreneurial spirit and development of enterprises,
- innovation support for the existing small and medium-sized enterprises,
- building the capacities of innovation agencies that disseminate the information on the new tools of innovation support in SMEs,
support of research and development activities in SMEs,
simplified approach to the risk capital,

Regional bodies should support the involvement of SMEs into the HORIZON projects via:

- disseminating information on the EU framework programmes,
- building sector and inter-sector interest groups,
- seeking foreign partners,
- providing training for potential project managers,
- seeking and supporting the commercialisation tools for the EU research and innovation activities.

We are persuaded that majority of SMEs know nothing about these options, which makes the implementation of the regional smart policy really inevitable.

Understood in this way, smart policy represents an extensive range of activities. To fulfil this role, the public authorities concerned must help ensure sustainable competitiveness of enterprises in the region. The target group of this aid are small and medium-sized businesses in the region, which are practically the bearers of the region development, but do not have the funds to ensure the acquisition and implementation of advanced knowledge in the field of innovation and quality management through consulting firms.

Objectives of the regional smart policy in the field of sustainable competitiveness of SMEs can be defined as follows:

- support for innovation and product quality development in the regional SMEs,
- support of competitiveness in the enterprises,
- increase of employability in the region via the above-mentioned activities,
- increase of the revenues of the regional public administration authorities via the existing tax policy.

The smart regional policy defined in such a way should be implemented via the following processes:

1) process of standards development and recording, comprising the following tasks:
• elaboration of smart regional policies aimed at promoting the competitiveness of small and medium-sized enterprises of the region,
• determination of liability and temporal determinants for individual tasks arising from this part of smart policy,
• elaboration of a complete database of SMEs in the region,
• elaboration of a system to track the results of SMEs in innovation activities and development of quality,
• draft of effective indicators of SMEs achievements in the field of innovation and quality development.

2) process of helping the regional SMEs in the implementation of innovations, quality development and environment protection in the product manufacturing, focused on the following tasks:
• assist small and medium-sized enterprises in the transfer of knowledge of modern science and technology in the production process,
• assist small and medium-sized enterprises in getting familiar with modern innovative approaches,
• assist small and medium-sized enterprises to build effective quality management systems,
• disseminate the modern methods of quality assurance of products,
• provide counselling assistance to small and medium projects in elaborating the projects of the products and production technologies innovation and product quality improvement,
• monitor the satisfaction of citizens in the region with the quality of products and services in the region,
• foster the preparation, motivation and development of human resources in the field of innovation and of products quality development.

3) process of providing coherence between the regional smart policy and the development of innovations and product quality in the region via the following tasks:
• consider the issue of innovation and development of product quality in the elaboration of normative documents of the region,
• ensure the participation of regional authorities in the development and protection of intellectual property,
• ensure the promotion of innovative approaches and quality development in the region,
• provide assistance to the regional authority in improving partnership between customers and suppliers,

• support the integration of environmental aspects in the life cycle of products manufactured in the region,

• encourage the transfer of modern technology and the research and development results in small and medium-sized enterprises.

The above-mentioned tasks will probably also require legislative intervention into the powers of regional authorities. These tasks should be at least generally included in the next National Quality Programme, as the current programme does not mention the role of regional authorities in the development process of innovation and product quality. The tasks should be included in the smart regional policy with clearly determined responsibilities and time determinants.

The tasks will not be implemented directly by the regional authority, but by all the organisational structures operating in this area in the region; the public authority will, however, bear responsibility for smart policy implementation.

CONCLUSION

The European Union Directive adopted by the European Parliament in December 2013 recommended that the regions develop and implement Smart Regional Policy. The main objective of regional policy is to ensure the sustainability of development in different regions via the development of innovative approaches and quality assurance. The target group of regional policy are small and medium-sized enterprises, which ensure the economic development of the regions. In order to perform this role, regional authorities must provide SMEs with the knowledge of modern science and technology, as national activities in this field are ineffective. Smart Regional Policy must involve all stakeholders in the region. Methodology of developing the Smart Regional Policy documents is provided in the documents of RIS3 project. The article proposes the activities and recommendations that should the regional public authorities provide to SMEs in the field of the innovation and quality products support.

REFERENCES


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