INNOVATIVE ORGANIZATION AND MANAGEMENT

MILITARY TRANSFORMATION PROCESS AND DISBANDING OF MILITARY UNITS

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Abstract: *Reductions in military personnel, material and financial resources are the most obvious effects in contemporary undertakens known as the military transformations. Reductions generates disbanding of military units, and that processes are not less complex than vice versa -forces generation. Disbanding process generate reverse logistics supply chains for huge amounts of military material. Parts of that material are weapons, vehicles, various equipment, ammunition, mines and other explosive items. Those are highly dangerous items which need special and specific care. Normally, logistics lines are not designed for altered flow direction of large amounts of war material. Large scale reverse logistics of explosive ordnance is unusual task and needs to be planed and realized on the project management basis. Another sensitive issue of disbanding process, is dealing with sufficient military personnel. For a number of reasons, solving the problem of military human resources surplus is expected also to be successful. All implications of disbanding of military units are complex and needs to be carefully planned and executed, which leave enough room for application of various methods of System Analysis, Project management, Operational Research and Management Science. Lessons Learned approach, that is, analyses of available experiences of former and current military transformation events, is precondition for success in the future.*

Keywords*: Military transformation, System analyses, Supply management, Human Resource Management*

1. INTRODUCTION

Military transformation is a complex process of changes of one military organization, undertaken to meet current and future challenges for national security. There are many subjects of change: size, organization, deployment, doctrine, training, equipment, organizational culture and values. There are many limitations and imperatives like: budget, time, law, visions of strategic decision maker, capacity for change, current obligations and engagements, etc.

At this moment, military transformation in case of many countries means next: downsizing of military personnel, units, garrisons and supplies; new organizational patterns of military units; technical modernization (new weapons and equipment); doctrinal changes (urban warfare, counter-insurgent operations, multinational engagement, peace missions); new profile of the military man, etc.

Collateral product of military transformation is disbanding of military units. Disbanding generate surplus of personnel, equipment, weapons and explosive ordnance. Those have to be processed somehow. Material flow direction has to be altered: dispose, collect and somehow terminate military material from end users (military units) to some point where it will be terminated in a safe and appropriate way.

Disbanding of military units means and comprises next activities:

- Dismissing a military unit from its obligations, tasks, duties, zone of responsibility, and cetera.
- Discharging of military personnel from theirs positions, duties, responsibilities, etc.
- Dislocations of material items that belong to a military unit which is a subject of disbanding process: main items (vehicles, armaments, etc), unit's supplies (ammunition, fuel, spare parts, food, etc); and other equipment, from current physical location of the unit into logistical bases of higher command or other predefined places.
- Dispatching a documentation of military units towards the Military Archive.
- Deserting the military facilities and infrastructures (release real estate form the presence of military units).

2. DISBANDING OF MILITARY UNITS

Military transformation is a process that takes time, money and good realistic plan. Part of transformation is change of the structure: number and composition of military units. At this moment, the change means downsizing or in other words: disbanding of military units. That is complex task which should be perceived as

project management problem. A number of different but connected and interrelated problems should be resolved in parallel, inside a specified time period, and with a restricted budget.

One of a large scale military transformation process in a near past, started in a time around a dissolution of former state (Serbia and Montenegro in June 2006). Serbian General Staff started with huge transformation of subordinate commands and military units (without administration of Ministry of Defense and its subordinate organizations). According to a former Chief of General Staff, general Ponos, in a period of one year (from June 2006, to June 2007) a number of garrisons was reduced for 47%, a number of brigade-size units decreased for 55%, and separate battalions cut down for 70% approximately; personnel reduction was planned at the level of about 30% (Ponos, 2007).

Figure 1 presents entities that should be processed (terminated in a proper manner) in disbanding of military units. General disbanding process presented at Figure 1, offers a lot of opportunities for creative application of the System Analysis, Project Management and methods of Operational Research and Management Science. The most challenging entities at Figure 1 are explosive ordnance reverse logistics and resolving a problem of personnel coming from disbanding military units.

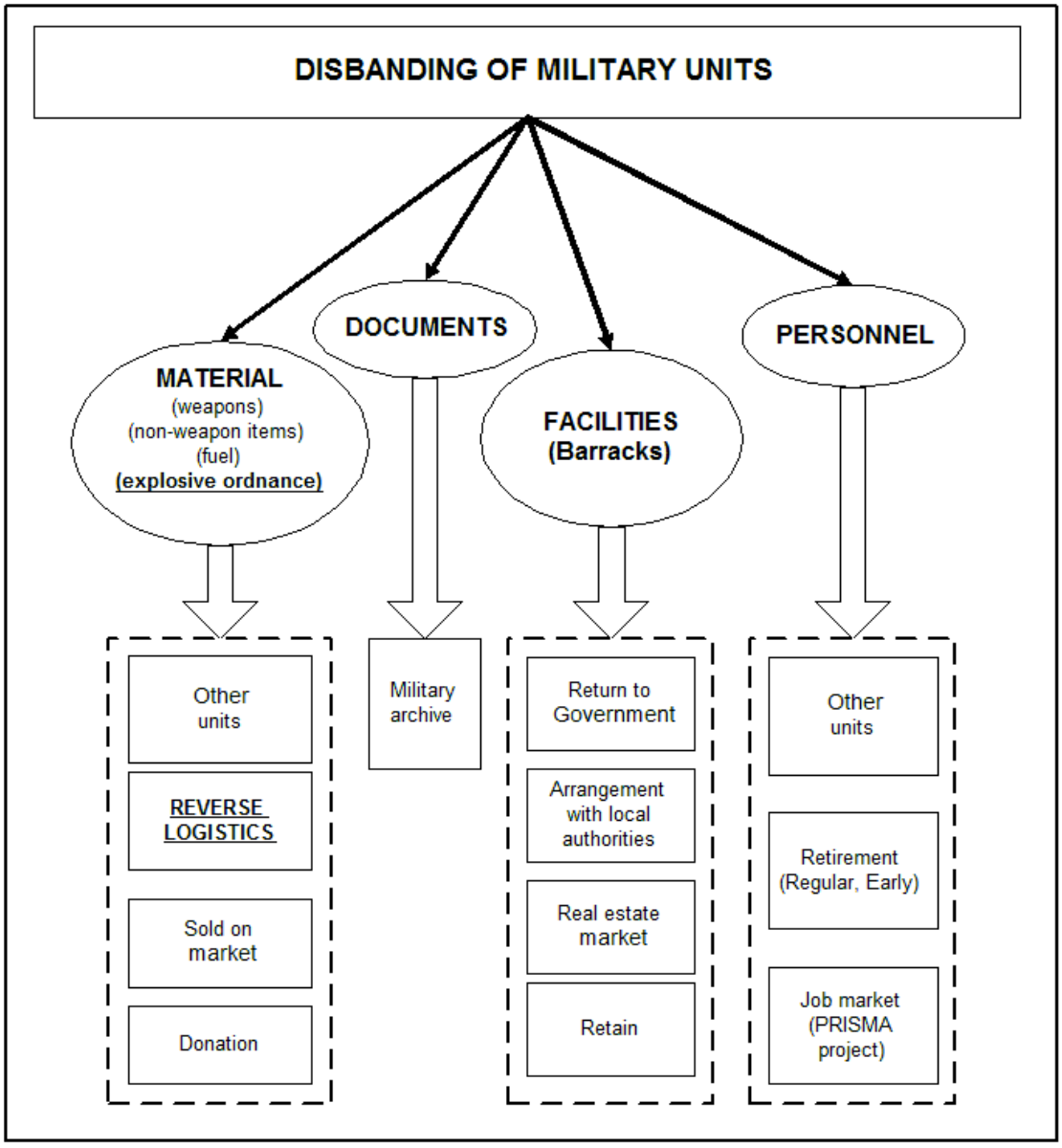

Figure 1. Disbanding of military units

3. DISCHARGING MILITARY PERSONNEL

Dealing with military personnel of disbanded military units is highly sensitive issue in many aspects and due to a specific character of military profession. Also, it is an organizational challenge for a human resources management.

There are different solutions for this challenge. Some of military professionals will be retired (regular or early retirement), some of them will be additionally trained and directed to civilian labor market. The rest will be distributed in other military units. In any case, many professional will make a career transitions inside or outside military organization.

Mechanisms for a Selective Early Retirement (SER) of military personnel exist in many countries, but in different forms that do not change the main two-fold idea. First, SER obtains care of military personnel after respective time period of military service (usually at least 20 years of service for full pension). And second, SER allows effective tool for military organization to transform itself (in this context to reduce its size) in a predefined time.

Ministry of Defence, jointly with some international organizations dedicated to the problem of security and demilitarization, developed the Program for Resettlement of military personnel (known as program PRISMA), in order to find one of possible solutions to the problem (Pietz, 2005). PRISMA was established and run in cooperation with some civilian faculties (Faculty of Organizational Sciences in Belgrade, in example), and with strong financial support from some partner states (Denmark, Norway, Sweden and Finland). Project PRISMA has lasted about six years, on more locations (regional centers) in Serbia, and costs near 10 millions of euros, encompassing around 7500 potential users.

On the other side, one vital organization should try to keep in active service better personnel. To make decision “who is better military professional” some criteria and some methodology are needed. Decision making theory and Multiple-criteria analysis could help here. Nikolic (2009), presented some problems and possible approach towards solution for better criteria for ranking of military officers. In fact, problem of ranking military officers (and other categories of personnel) belongs to wider area of the Human Resources Management (HRM). Various problems appears in the HRM due to the organizational dynamic, changes at the strategic level of organizational management, altering stakeholders preferences, changes in the wider organizational environment, an so on. In various periods, different problems can arise as dominant and place more care on human resources recruiting and development, or retaining or discharging. However, high quality and reliable system of ranking criteria, is always welcomed.

4. DESERTING MILITARY FACILITIES/INSTALATIONS

Problems with military facilities and installations (real estate), which remains empty in a disbanding process of military units, is logically simple but cumbersome for practical realization due to complicated laws, many stakeholders with different interests, etc.

In case of Serbia, Ministry of Defence, made a document known as “Master plan for military real estate”. The main idea behind that plan was expectation that many of buildings in former military bases will be sold on the real estate market. Huge amount of money was expected from that undertaken, and planned to be reinvested in some other urgent needs (like technical modernization).

However, that was too optimistic and many of those building are still in status quo. Some of main reasons for this were very complicated procedures, real estate’s documentation, valid and clear property proofs, differences in approaches to starting price level determination (market prices were very high, but potential buyers expected different treatment), problematic situation at real estate market, and of course negative influence of world economic crises in period after 2008.

5. DISPATCHING MILITARY UNIT’S DOCUMENTATION

Documents of military units usually go to the Military Archive and there is no special problem with this, except of heavy workload for the Military Archive services. This process assumes not only a physical relocation from military units to the Military Archive, but also accomplishment of some administrative procedures for classification, collecting and packing of unit’s documents, which is time consuming effort.

Military Archive is an organization in Ministry of Defence, whose mission is to collects, process and keeps documents that have been created in an army from its early days until today. In case of Serbia, that is the Military Archive who takes care of military documentation, starting from 1847 until today (www.isi.mod.gov.rs/vojni_arhiv02 , retrieved on March 24, 2014.). At the moment, there are more than 36 million pages of various documents generated in armed forces during the wars and peace intervals from 1847 up to now.

Documentation allocated in the Military Archive is valuable source for domestic and international historians, academics, courts, lawyers, and similar subjects, but also for common people who wants to get information about their relatives who served in military units in the past. Military Archive works according clear procedures and respects Republic of Serbia's law related to the archival material and archival service.

6. DISLOCATION AND PROCESSING OF MILITARY UNIT'S MATERIELS

Part of the disbanding process is the reverse logistics of all material of a military unit. First method for dealing with material surplus, coming from disbanding military unit, is relocation of material and equipment to other military units that will survive transformation. Second approach assume recycling of weapons, and it is relatively simple and benignly process besides it could be expensive due to cutting of high quality steel and generating transportation cost. Other methods for releasing the units from military equipment is selling it, or even donating it to some other (friends, partners,…) countries. Sometimes, donating material to the third subject/country may create mutual benefits (economic or political). Fuel can be "processed" through normal use or easily sold on market, so there is no problem with it besides it is a kind of dangerous and explosive items.

However, the situation is completely different in a case of explosive ordnance. Explosive ordnance is common term for all kinds of ammunitions, mines, missiles, rockets, and other explosive devices. There are many kinds of explosive ordnanace. They are very sensitivity and dangerous. Conseuently, they need special care, safety and security measures. Explosive ordnance are enery of war and have to be available to the military units in right amounts, at right time, on right place, and in right conditions. Explosive ordnance are very speciffic products with speciffic market. Consumption is not predictable enough: there is almost zero consumption in peace time, but within war demands increase drastically. Usually, all armies have some level of explosive ordnance supplies, which are calculated on the base of many factors.

There are many factors which make that explosive ordnance supplies become obsolete or surplus: changes in the strategic environment (peace dividend, change of adversaries, new security challenges and international agreements); technical innovations (new weapons); change of military doctrines; and end of life cycle of explosive items.

Military logistics system worked under heavy conditions in order to met hard lines of military transformation process. However, material flow was altered from its original design: all material from many disbanding military units flowed to a few depots. Disbanding of military units and, consequently, reverse logistics chain of explosive ordnance (EO), could be seen as important projects in the wider framework of military transformation process, because (according to set of definition of "project", Nokes and Kelly, 2007):

- It is "a temporary endeavor undertaken to create a unique result" (PMI definition of the project). Disbanding of military units and reverse supply chain of EO are discrete, almost unique events in life cycle of a military organization.
- It is "a set of coordinated activities, with a specific start and finish, pursuing a specific goal with constraints on time, cost and resources" (ISO 8402). Disbanding of military units and reverse supply chain of EO are complex endeavor usually forced with hard time-limits placed by strategic decision makers and constrained with prescribed procedures, laws and resources.

Besides a security sector reform, military transformation and disbanding of military units as a consequence, there could be more other reasons for ammunition disposals:

- International treaty obligations (bans of\n some kinds of ammunition or mines; weapons controls; CSBM – confidence and security building measures).
- DREAM (Disarmament, Demobilization, Reintegration and Arms Management).
- Decommissioning (the removal of weapons from active service induce removal of ammunition for that weapons).
- Return of military units from missions or wars.

"Normal" military logistics supply chains are well studied due to its primary importance, including new research trends and innovative concepts (in example: Wang, 2000; Dumond and others, 2001; Robbins at all, 2004). Main problem with reverse logistics supply chain for explosive ordnance in the case of disbanding of military units is a quantity of material which has to be processed in a short time with limited resources. In simple words, it is not designed for such level of reverse material flow.

In terms of the queueing theory, we have overloading of service channels, or at least heavy traffic conditions. Under pressure to finish task in a limited time, elements of supply system (depots) which receive material from a number of disbanding units, have to accelerate servicing (receiving, sorting, packing, stocking, securing). However, that could leads to a harassment of appropriate procedures and prescribed standards for safe stockpile management. The result is higher safety risk. Additional danger comes in situation with declared "non-perspective" ammunition. It is in a human nature to pay lower attention on items which are declared for disposition and destruction ("non-perspective" items).

7. CONCLUSION

Military transformation is a complex process that could be initiated on the basses of different events: political decision, international obligations, security environment, economical issues, societal changes, technological advancement, and so on. Military transformation assumes the change in its essence. There are many subjects of change: size, organization, deployment, doctrine, training, equipment, organizational culture and values. There are many limitations and imperatives like: budget, time, law, visions of strategic decision maker, capacity for change, current obligations and engagements, etc.

Military transformation in case of many countries means next: downsizing of military personnel, units, garrisons and supplies; new organizational patterns of military units; technical modernization (new weapons and equipment); doctrinal changes (urban warfare, counter-insurgent operations, multinational engagement, peace missions); new profile of the military man, etc. In this paper we identify and elaborate few main flows in a disbanding process of military units, as its main implications, which are: discharging of military personnel; dislocations and processing of material items that belong to a military unit which is a subject of disbanding process; dispatching a documentation of military units towards documentation warehouse (the Military Archive); and deserting the military real estate.

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POSSIBILITY OF ORGANIZATIONAL CONSULTING AS A PROCESS IN IMPROVING THE PERFORMANCE OF ORGANIZATIONS AND INSTITUTIONS

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***Abstract**: The paper deals with a problem of changes in external environment which influence and require organizational changes in organizations and institutions, in public sector above all. The process of continual organizational changes and role of consulting in the process of changes and implementation of proposed changes are analyzed in the second part of the paper. Organizations today recognize changes within themselves, in society and in the environment in general. They monitor changes that occur in all three segments in order to develop mechanisms which would enable them to cope with the inherent risks mainly relating to lenience of organizational boundaries, disintegration of internal hierarchical structures and crisis of trust. Organizations in which people work and provide livelihood ceased to be perceived as a safe place, which also relates to public sector, health organizations, educational sector and others. Changes and transformations, as well as increased permeability of institutions bring some benefits, but also evident risks and damages that can be seen in hindering the fulfillment of the primary task. These changes can have particularly serious consequences certain sectors such as public health and education. There is a trend of increased monitoring of the performance of the public sectors, but it is accompanied with pronounced requirements to achieve results with limited economic resources, which leads to dissatisfaction among staff. A group of professionals from different sectors and different roles in organizations are interested in the process of further education in organizational consulting within the Section of psychodynamic and group analytic approach to understand the psychodynamics of institutions, organizations and society. They are studying the possibility of "curing" institutions. By studying psychodynamics of institutions in the sensitive time of transition and changes and by using different techniques and process organizational consulting, a positive contribution to the individual goals within the organization, as well as to group and overall goals of the organization may be provided. Psychodynamic approach is a significant step in improving the work and it contributes to the improvement of the matrix of the organization.*

***Key words**:*
Organizations and Institutions, Process of Transition, Organizational Consulting, Psychodynamics of Institutions, Matrix Organizations

1. CONTEXT

The paper deals with a problem of changes in external environment which influence and require organizational changes in organizations and institutions, in public sector above all. Organizations today recognize changes within themselves, in society and in the environment in general. Organizational boundaries are more lenient, more fluid, more flexible, but also unpredictable.

Network communication, influence and partnerships within and among organizations are more developed. Partnerships between organizations are developing rapidly, but this merging changed the conventional boundaries of the organization and the field. Outsourcing or obtaining services needed for its work from outside the organization, change the structure, procedures, methods of work, and also contribute to the openness of the system, transformations and changes.

Hierarchy in organizations today are not "straight" and clear, but complex, overlapping and fluid. Individual authorities of some roles in the organization are continuously the subject of negotiation in

relation to the short term task and goal, which is a risk for individual management roles, as well as danger for the whole organization. Permanent teams of rigid structure are changed by the teams formed by the project task, of long or short duration, but limited time frame.

It seems that where once a boundary (of the organization) used to be, there is a network now. The good side of this phenomenon is the diversification and expansion, and the accompanying, negative side is certainly the risk of dislocation, disintegration, degradation. It is therefore important that consultants knowledgeable in this area discuss the topics of great importance:

- sociological and psychological characteristics of a new organizational system,
- opportunities to work in new organizational circumstances,
- characteristics of the consultations of the new organizational groups and possible dilemmas,
- impact of gained experiences on the theory and practice here and now.

Public sector, as well as health sector and educational sector are important sectors in all countries (Crnjanski V 2012, NHIS 2014). They have many employees, represent a large system of special sensitivity to outcomes that are expected of it and these organizations are in line with the changes, less rigid than before, and the boundaries of organizations are more lenient. Professional and commercial networks of impact are more developed; availability and flow of information are more present, as well as partnership and cooperation, but also mechanisms of disintegration, which are more and more evident in the organizations.

Organizations monitor changes that occur in wide work environment and in the region in general. It is necessary, therefore, to develop an awareness of risk and knowledge of risk management of modern organizations, both with managers and workers, i.e. members of the organization, in order to overcome disintegration and crisis of trust to the best extent possible (Cooper and Darlington 2004).

The group matrix as a secure base was investigated by Liza Glenn and nature of matrix is most consistently described as a network and not easy to understand (Glenn L 1987). Galbraith Jay wrote in her book that organization structure does not fail, but management fails at implementing them correctly (Galbraith J 2014).

Considering the importance of the public sector, it is necessary in the analysis to take into account that this sector is inseparable from other sectors of society, and that our societies are becoming increasingly structured around bipolar opposition, between the net and the self (Castells 2000). State of instability is present in all organizations, and it is necessary to get used to this situation and to seek ways of functioning outside the state of stability. Society and its main organizational units and sectors are in the continuing process of transformation, and new states of stability, it is completely obvious, cannot be expected in the near future (Schon D 1973).

As large institutions and organizations are especially vulnerable and instability is more visible, it is obvious that the age of anxiety did not bypass the public, health and educational sector and did not remain within the limits of one country, political system or economic level of development. Lack of trust in managers and implementation of their solutions is deeply rooted in the health sector, and managerial roles can often be associated with the post of the scapegoat. Being powerful does not mean having a job well done, but it seems more often being good in a complex game of avoiding pitfalls, winners and losers (Cooper and Darlington 2004).

There is a trend of increased monitoring of the performance of the public sectors, especially those of health and education. The control system of performance is becoming more complex. The question is how to work in the new organizational environment in light of the many new negative occurrences and more pronounced requirements to achieve results with limited economic resources. The perspective that funding will be more and more complicated and difficult is clear and therefore there will be growing dissatisfaction of individuals in health sector organizations.

The question is how to work in the new organizational environment in light of the numerous adverse events, challenges of changes and demands for achieving better results, with limited economic resources. Resistance, uncertainty and control dominate the atmosphere in institutions and organizations. Trust and positive economic outcomes in the present circumstances, are difficult goals

to achieve, which often threatens the realization of the primary task, for example treatment of patients and improving the health of the population in health sector.

Public sector, health organizations and educational sector as well as individuals are exposed to all the influences of the present age. Consequently not only tradition and history but also an organization's vision and mission are exposed to the influence of various external factors. The relations within the health organizations are a consequence of both the external factors and the internal norms developed within the same organization. Human resources, equipment and facilities are basic elements of an organization. Further structuring depends upon the vision, mission aims, type, purpose, possibility, legal frame but there are some organizational segments that are not easy to formulate or analyze. This part of an institution's organizational capacity makes a matrix which does not follow any technical, legal or other strict procedural aspect of the organization. It significantly influences the feelings of an individual within the organization as well as the image that the organization sends to the outer world.

2. METHODS

Bearing in mind the overall general situation which monitors public sector and health organizations, the aim of this paper is, among other things, to show the possibility of using psychoanalytic and group analytic approach in work with organizations of the public sector and health organizations.

The attempt is made to improve the working results of the health system using the method of the psychoanalytical and group-analytical approach to understanding the psychodynamics within the work process of institutions, organizations and society.

For this purpose, a systematic approach to the education of experts interested in contribution in this area, who are basically of different educational backgrounds but share ambition of focusing their work in the future on the improvement of the work in organizations, has been designed.

The education is organized by the Section for psychoanalytic and group-analytic approach to understanding the psychodynamics of institutions, organizations and society, which is a part of the Group Analytic Society Belgrade (GASB), and in cooperation with the Society for consulting and education 'Consulting-Art' (Jevtic M et al 2013).

The entrance interview is obligatory and the education consists of: theory, supervision, experience in working in a small group-analytic semi-open group, social dreaming experience, experience in working in medium group-analytic group as a facultative activity, as well as a facultative participation in two international educative workshops in this field. Theory and supervision are organized in 14 modules (12 regular and 2 facultative modules). Reporting on an organizational situation from the point of view of a leader, manager or HR representative or any other view or reporting on some other social group situation in which a trainee has participated in is discussed and linked to the theory and practice of this field.

By acquiring theoretical knowledge, presenting and showing examples from the practice, by practicing through the role of the client, observer, supervisor, as well as a consultant, course attendant acquires the knowledge and ability to conduct process consulting in health and other organizations.

3. RESULTS

The complex relations within groups and organizations as well as the effects of external factors are especially important to all sectors and institutions. They are not only affecting the efficiency and quality of the provided services but also the mental health of both health professionals and clients and patients. The organization's matrix is of great importance for its efficiency, especially in the public sector and health system.

Over 30 experts from the health system are being additionally educated in the field of organizational consulting organized by the Section for psychoanalytic and group-analytic approach to understanding the psychodynamics of institutions, organizations and society. The significant capacity for "healing" of organizations and institutions is gained in such a way. For example, today the network of public health institutions in Serbia consists of over 150 primary health care institutions, over 40 hospitals, 30 specialized hospitals, 16 institutes and 4 clinical centers. Clinical centers as the most complex

organizations with several thousand employees are undergoing organizational transition, which economically represents a difficult situation, and have extremely complex system of relations among individuals and groups.

The result of the work is the realization of two levels of the Course of organizational consulting, with two generations of attendants and gradual establishment of a network of the people interested in working in the public sector, different institutions and health system, with the appropriate capacities and acquired skills and knowledge that can benefit the organization, whether that work is carried out in the form of external or internal process of consulting. The emphasis is on process, not the expert consulting, which is also important note, because it requires the development of partnership between the consultant and the client (clients).

4. DISCUSSION

All organizations are nowadays more networked than before, and hierarchies are not "straight" and clear, but complex, overlapping and fluid. Individual authorities of individual roles in the organization are continually subject to negotiation in relation to the current task. This leads to the inexorable uncertainty among managers, endangered status in relation to others and in relation to the own self.

Andrew Cooper and Tim Darlington (2004) primarily studied public sector organizations, in which the boundaries of autonomy and control are dissolved, and which are at the same time followed by instability and complexity, as accompanying features. They compared the contrast of a new organizational order and orthodox psychoanalytic theory of functionality and dysfunctionality, wondering to which extent fitting into the current reality of people's experiences in organizations goes. The prerequisite of human psychological and social health at work are processes of containment as a common practice of thinking and, in a way, a new kind of phenomenal form in the organization. Thinking leads to the discussion of the disappearing organization, i.e. organizational containment in a networked world.

Linda Hoyle points out that the change is an additional potential for creativity. Reactions to changes are, however, very different, and it is important to explore the psychoanalytic theories of unconscious resistance to a change (Hoyle L 2004). Elliot Jaques (1955) and Isabel Menzies (1989) who have also dealt with these works, point out that people use social systems (organizations) to ward off anxiety. Stress and anxiety in the system of hospital personnel cannot, for example, only be attributed to the task and to the fact that the social defense system is insufficient to reduce anxiety because it also produces it. Change in the organization conducted by the management faces different reactions from sycophant (absolute followership) to sabotage and reactions of positive support with constructive comments, or negative and contradicting, with the stated reasons for such an attitude can be found among them. On the basis of this study the possibility of using the model of process consulting, by helping people in the organization to move from the extreme roles of saboteurs or sycophants, to contemplating and constructive positions in which they would give a better contribution to the work of the organization, with the aim of contributing to the realization of the primary task in the public sector and health sector, has been open (Menzies I L 1989, Jaques E 1955).

It is also important to emphasize that the understanding of individual existential primary task, which is a source of resistance to a change, is using a process of bringing the existential task into conscious awareness with the aim of understanding one's own anxiety and the perception of resistance as a non-compliance with the organizational normative primary task.

The standpoint of Sarah Vaughan on the impact of organizational culture in dealing with conflicts in the workplace is interesting one. Conflict is natural and useful in solving problems in the organization, but it can also be devastating and lead to destructive and negative behaviors in the workplace, including physical and verbal aggression, intimidation and victimization, leading to the development of negative consequences, both for the employee and organization as a whole. Because of the severity and magnitude of the problem in health systems and their importance to society as a whole, the study of culture, ethics and the relationship between national culture and organizational culture in the function of the realization of the primary task in health care organizations is important (Vaughan 2011).

Due to the significance which all institutions and organizations represent to individuals, for its size, capacity and aim, it can be said that:

- It is necessary to constantly search for new approaches in order to find a new possibility to improve the organization
- Today, more than ever before, organizations represent a challenge when studying processes and dynamics within them is concerned
- Group analytic therapy can be further developed to research the psychodynamics of institutions, organizations and societies
- There is a significant interest among group analysts and other professionals as well for education in this segment in order to improve the relations in the organizations, different groups and society in general.

5. CONCLUSION

Interdependence in modern organizations and systems increases; this also applies to the public sector, health and educational organizations, which is important for intergroup relations.

In order to achieve the progress a step toward cultural fluidity and flexibility is needed, as well as the work of the containment, and in its absence the risk of instability, destruction, unpredictability is high and the chances for promotion of solidarity, creativity, and sense of security, are smaller.

Naturally, the question of psychoanalytical theory and practice persists, as well as this function, it can become real, applicable and with satisfactory results. Until we make effort, invest time, knowledge and creativity, it cannot be known. One thing is certain, that every kind of such and similar work in organizations, the use of the psychodynamic approach, brings small or large steps in advancing the work of the organization and contributes to the improvement of the matrix.

Groups within health organizations have different levels of cohesiveness which mainly depends on the common aim and a motive deriving from it. Therefore, the research of group and subgroup characteristics within organizations is an important topic whose aim is to improve the management of all institutions which nowadays can be candidates for the work improvement through the group-analytic organizational consulting.

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MANAGEMENT OF INNOVATIVE ACTIVITIES OF COMPANIES IN THE FUNCTION OF ACQUIRING AND MAINTAINING A COMPETITIVE ADVANTAGE

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***Abstract**: The study shows how innovation activities combine the dimension of management and innovation activities, and whether the appropriate intensity of their use may affect the competitiveness of enterprises. The research had been conducted in order to explore an impact of management innovation activities on the competitiveness of small, medium and large enterprises in Bosnia and Herzegovina. Survey has been used as a methodology and sample has been made of respondents from companies. Based on the identified barriers in the management of innovative activities, the model of innovation activities that would escalate innovative activities on daily basis has been proposed. Within the model it has been proposed framework and criteria for investment flow and measure the results of innovative activities. The model is applicable to all companies, regardless of their size.*

Keywords: *management, innovative activities, competition, enterprise model.*

EXORDIUM:

Uncertainty business, innovation activities and competitiveness do not represent a new theme in the business environment, but its perseverance promote that the only certainty of surrounding is the fact that tomorrow will be the same as uncertain as today. It is precisely in the fact that the environment changes are constantly monitored and it that lies the greatest problem related to the management. And it is very clear that even today many trends change, creating the conditions under which it will be in due time to change the rules in the existing industries. The path of development is based on change and flexibility, due to the fact that positive changes in the long term will contribute to greater wealth, higher levels of employment and freedom of the individual (Jovicic, 2006). Nevertheless, talking about the constantly changing environment and a high degree of uncertainty, the basic principles of good management, if necessary, adapt and configure compared to the changed circumstances.

Good management is essentially what has always been a challenge to make the accumulation and use of all available resources, especially knowledge. The ability of management is a key moment in response to external changes and trends (*Preston, Kerr and Cawley 2009; Hotho and Champion, 2011; Cunningham, Cutler, Hearn, Ryan, and Keane, 2004*), and on the cooperation with educational institutions in designing relevant innovative plans and programs (*Bauer, Viola and Strauss, 2011; Haukka, 2011; Bridgstock 2011*). In practice, every manager has to deal with the problem of changes, challenges and new opportunities that must react to innovative activities (*Jaksic-Levi, 2001*). In today's turbulent environment, the question is pointed on survival, the survival of enterprises and even entire countries to the global market. It is necessary for management to adapt to changes in the environment, and to maintain the strength in the innovation activities of enterprises continuity to maintain in the business, and in order to survive. If you are not able to follow the changes, to initiate change, to be innovative, to change their own organization, products, methods, technology, etc., it is inevitably that it will befall crisis. The aim of the study is to review the existing practices of innovative activity management in companies in Bosnia and Herzegovina (B'n'H) and its effect on strengthening the competitiveness of enterprises caused by the same.

1. REVIEW OF THE LITERATURE

For the management of the last century it can be said that it is an activity of coordinate tasks that they perform more efficiently and effectively. Management evaluates started and expected changes in the environment that will inevitably impact on the overall strategic position of the company. These changes are often subtle, inaudible and should been seen, heard, identified and assessed much earlier than do competing companies (SehiC, 2002). This, above all, a skill that is focused on finding such measures and actions to improve the implementation of certain activities and enterprise, and the functioning of the economic and social system makes it more efficient, today it's called management, and it took its place among the modern scientific disciplines *(Jovanovic, 2009*). However, management theorists of twentieth

century have made the management of most companies to have a similar hierarchy pyramid structure, so it's hard to find the best practical examples of management who are really good enough. Even for those companies that are set to be an example, are not sufficiently flexible as they should be, and not innovative as they could be. It is clear that what limits the innovation company is not operational, but its business model management. Theorists innovative management, management of the XXI century, are trying to change the principles of management of the last century (*Hatunić, Kuc, Hatunić, Mesic, Kuc, 2011*).

Previous studies, some more than 80 years in the field of innovation management have pointed to two conclusions. Innovation is primarily a process, not just a single event, and in accordance with this innovation should be managed. The second conclusion relates to the fact that the result of the process of innovation can influence by influencing the process of innovation (*Tidd, Bessant and Pavitt, 2005*). The main challenge today is the fact that the level on which is placed the management of innovative activities is expanded significantly. Globalization moves the competition from the level of prices and technical innovation to the knowledge management and innovation management (*Djordjevic, Cockalo & Bogetić, 2010)*. Accordingly specified words, it comes to mass innovative phenomena in organizing and managing work in companies, and recent research has focused on the management associated with cognitive management doctrine (*Avolio, Walumbwa and Weber, 2009).* As a result, management takes an innovative-creative character, and companies that successfully implement innovative activities become more innovative companies. The introduction of innovation in the enterprise cannot be realized without good governance same. American professor of management Tide (Tide, 2009), suggests four stages in the process of innovative activities that would lead to their accelerating, namely:

1. Management scanning and searching internal and external environment;
2. Managing strategic selection of ideas;
3. Manage the allocation of resources for the development of knowledge and the use of selected and collected signal;
4. Management implementation innovation.

From ability of management depends on innovation enterprises, improving operations, risk management, working effectively with employees, improving employees' knowledge, adequate organizational culture and climate, etc., all of which leads to the effectiveness of investments. Efficient management is an important success factor (*Mumford, Scott, Gaddis, and Strange 2002*). Evidence suggests that management plays an important role in the production of creative thinking and innovation (*Rickards and Moger, 2006*). Bigliardi (*Bigliardi, 2013*) emphasizes the importance of managing the development of innovative activities to meet the needs of customers, and the end result would be the improvement of financial results and distancing himself from the competition. Empirical results (Ibid, 2013) confirms that by increasing the level of innovative activity has improved financial results of the company. Today, managers are viewed primarily as professionals who possess effective knowledge, skills and abilities, and who know that it successfully applied to other employees in order to strengthen the innovative activities, produce results and achieve corporate objectives. So young and avant-garde company usually seeks managers who are able to make quick, intuitive decisions, without hesitation of applying innovative approaches to problem solving (*Lalic, 2010*).

According Rejnert (*Rejnert, 2010*) from the profile manager largely depends in what extent the company will overcome the inherited problems and accept market rules because the challenges are much greater than they were before 20 years or more, and the reasons are that:

1. Modern enterprises focus on the provision of services;
2. Modern enterprises are enterprises in the sphere of knowledge economy;
3. Modified form of techno-economic causes major changes;
4. The amount of allowable defects is much smaller than in the past;
5. It is impossible to choose the winners;

With regard to management of enterprises of B'n'H, attention was not paid to management, probably because of leadership, which is the legacy of socialist planning, but also because of the fall of consciousness during and after the war. The strategic course of B'n'H is integration into the European Union and the placement of domestic enterprises and the economy into the European and world market, which can only be achieved by their competitiveness. In front of the management companies from Bosnia and Herzegovina lies a complex task that requires awareness of the importance of innovative activities of enterprises, competent management, good choice of strategy, business flexibility, elasticity organizational structure, etc. (*Hatunić et*

al, 2011). Therefore, the motive of the research was to investigate the influence of management companies in B'n'H on encouraging innovative activities in enterprises and the importance of same ones, to the competitiveness of enterprises.

2. RESEARCH METHOD

After briefly looking at the characteristics of management and innovative postulates, the focus of the next phase of the research was to identify the connection of innovative activities and the competitiveness of enterprises. Data collection for the study of relation of innovative activities and the competitiveness of enterprises in B'n'H was made by constructed questionnaire. The final sample size is 100 companies, of which 69 SMEs (small and medium enterprise)s, and 31 great companies from all parts of Bosnia and Herzegovina. Study was initiated on December 6, 2012., sending online questionnaires to address of the enterprise and it was completed on 7th April 2013th year, which analysis and synthesis of data were collected. Questionnaire was designed for the management of the companies.

The closest relationship with the aim of research, and the research hypothesis, which states: "*Raising the level of innovative activity in enterprises is the basic prerequisite for gaining and maintaining competitive advantage*".

3. RESULTS OF RESEARCH

The results of empirical research on the management of innovation activities in SMEs and large enterprises in B'n'H, for the most part, indicates the opinions and attitudes from the theoretical part of the study. In this regard specific obstacles were identified in the management of innovative activities which are reflected in the following:

- Outdated internal structure of knowledge, technology and other tangible and intangible assets (61% of respondents);
- Most managers of companies from BiH was not well versed in innovative activities in which areas to apply them (56% of respondents);
- Low-frequency in the development or innovative projects of enterprises (44% of respondents);
- Lack and limitation of financial resources (74% of respondents);
- Low-level monitoring innovation, managerial skills and writing projects (46% of respondents);
- Weak links of the economy, public sector and educational institutions (69% of respondents);
- Interaction between management and employees is at a low level (58%);
- Awareness of the importance of the development of innovative activities and changes in companies is low (66% of respondents);

For claims from another part of the questionnaire, which were available for therespondents ,there was offered a Likert scale. Engineered Likert scale, with 5 answers indicates the attitude of respondents from SMEs and large enterprises in B'n'H on innovative activities in enterprises, as well as their competitiveness. Within these statements, on which the respondents tried to identified themselves, offered answers were: (1) No (2) A very small part of the case, (3) Partially so, (4) For the most part it is true, (5) Yes, completely so. Replies of respondents were ranked the scores 1, 2, 3, 4 and 5 replies under 1 and 2 are the negative attitude of the respondents in relation to the fact assertion, grade 3 represents a neutral stance, while customer 4 and 5 imply a positive attitude of respondents from SMEs and large enterprises in Bosnia and Herzegovina.

Certainly that is one of the most interesting results obtained from the first statement of the questionnaire exactly the number of newspapers that the company has introduced in the last three years (Figure 1).

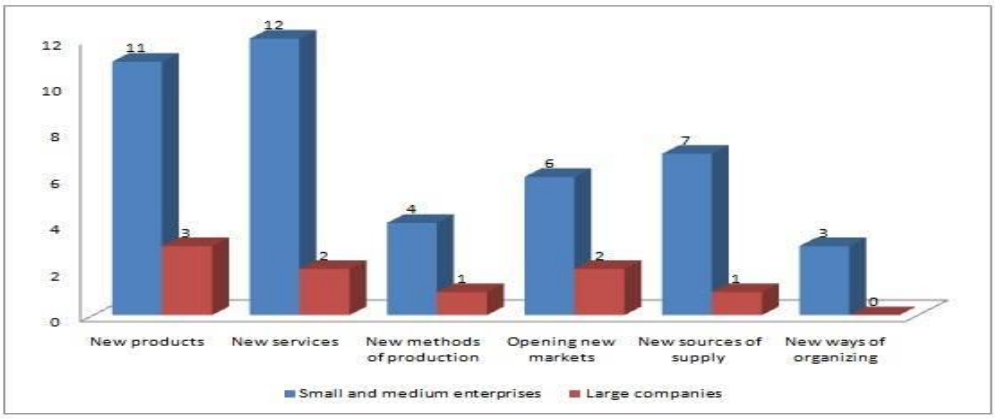

Figure 1. Innovation companies

As you see in the Figure 1, in the last three years, SMEs and large enterprises introduced a total of 52 **recent additions** that were completely new to the company. Of these 34 innovations that have already been used by other companies, and 18 recent additions are full innovations in the branch of the company. Also, it was found that some companies introduced more novelty, so that the number of companies that are actually have introduced some of the 41 innovations (34 *SMEs and large enterprises 7)*, while 59 companies did not have any innovations in the last three years. On the other hand, the European Union, according to official data of the European Commission (*European Commission: Enterprise and Industry, 2013)*, more than half of the companies have reported that they had to put up some of the innovations in the last two years, the undisputed leader of Germany whose even 79 % of companies had some of the innovative activity in the last two years. Therefore, it can be concluded that companies from B'n'H are largely behind, not only from the leader as Germany is, but also from the European average. Their views on the remaining five offered statements are presented in the Figure 2.

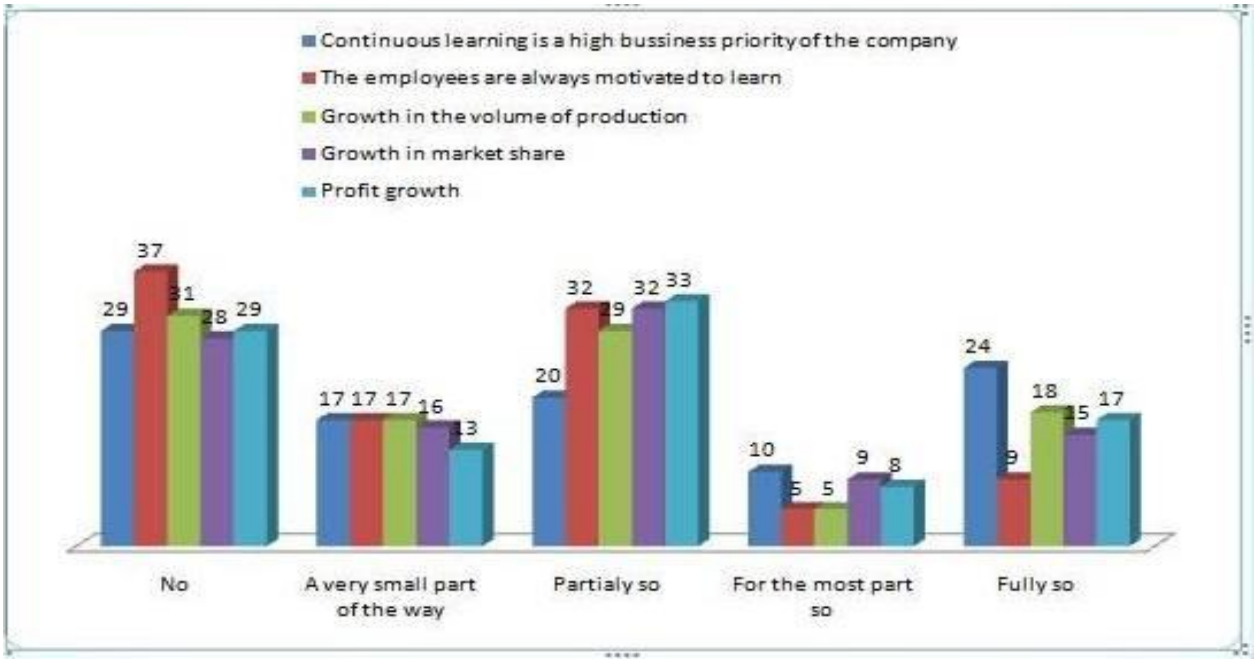

Figure 2. Answers given to the allegations set

Based on data collected from the questionnaire for respondents, it has been possible to test hypotheses through a program for statistical analysis of the data, "IBM SPSS 21." Approach was made by formation of two variables, and innovative activities and competitiveness, which contained claims which respondents could express their disagreement or agreement.

First step in data processing was the formation of scale on the basis of statements and analyzes internal homogeneity statements based on the value of Cronbach's alpha coefficient. Table B1 shows the value of Cronbach's alpha coefficient used measurement scale for variable innovation activities and competitiveness.

Table 1. The value of Cronbach's alpha coefficient (α) for the applied measurement scales

Scales	N	α	Total α
Innovation activities	100	0,826	0,899
Competitiveness of enterprises	100	0,791	

Based on the values of Cronbach's alpha coefficient it is possible to conclude that the applied measurement scales possess a satisfactory level of homogeneity (Table 1). In addition, values are displayed and Cronbach's alpha coefficient for each scale separately.

Table 2. Effect of claims on the Cronbach alpha coefficient (α) of the scale for innovative variable activities.

Claims	N	α	Total α
Innovations	100	0,728	0,826
Motivation	100	0,846	
Continuous learning	100	0,678	

Based on the values of Cronbach's alpha coefficient it is possible to make a conclusion that the applied measurement scale (innovations, motivation, continuous learning) have a satisfactory level of homogeneity of the variable innovation activities (Table 2).

Table 3. Effect of claims on the Cronbach alpha coefficient (α) of the scale for the variable competitiveness.

Claims	N	α	Total α
Volume of production	100	0,810	0,791
Market share	100	0,704	
Profit	100	0,618	

Based on the values of Cronbach's alpha coefficient it is possible to make a conclusion that the applied measurement scale (production volume, market share, profit) have a satisfactory level of homogeneity of competitiveness variable (Table 3). Therefore, it can be concluded that the odds of internal homogeneity for all of dimensions is satisfying, and based on these dimensions it can form two variables: innovation activities and competitiveness variable.

In order to understand the connection established variables the method of correlation analysis is used to determine the connection type of innovative activities and the competitiveness of enterprises. This method is a bivariate correlation analysis, and is thereby used Spearman 's correlation coefficient. With this method will identify functional connections established variables which will confirm or reject, respecting the existence between the established variables. The value of Spearman 's correlation coefficient ranges in the interval from -1.00 to +1.00. Direction of correlation, indicating that the (- / +) sign, will determine the direction between the variables that may indicate a negative or positive correlation. A values of 0 indicates that no relationship (correlation) does not exist (Pallant, 2010).

To accept the hypothesis of work requires to meet the following:

1. The correlation coefficient is statistically significant at $p < 0.05$;
2. Correlation coefficient is predicted direction.

The obtained Spearman correlation coefficient is 0.840 and indicates a high correlation between the variables, indicating that the strengthening of innovative activities and strengthen the competitiveness of enterprises. In addition, it is measured the correlation between the dimensions of innovative activities and competitiveness.

Table 4. The value of Spearman 's correlation coefficient

		Innovative Actions	Competitiveness
Innovative Actions	Spearman's Correlation Sig. (2-tailed)	1	,840**
Competitiveness	Spearman's Correlation Sig. (2-tailed)		1

**. p <0.05

The obtained Spearman correlation coefficient is 0.840 and indicates a high correlation between the variables, indicating that the strengthening of innovative activities and strengthen the competitiveness of enterprises. In addition, it is measured the correlation between the dimensions of innovative activities and competitiveness.

Table 5. Value Spearman 's correlation coefficient measuring innovative activity and competitiveness.

	Innovation	Continuous learning	Motivation	The volume of production	Market share	Profit
Innovation	1	.770**	.559**	.434**	.532**	.799**
Continuous learning		1	.597**	.487**	.651**	.847**
Motivation			1	.475**	.596**	.628**
Volume of production				1	.395**	.519**
Market share					1	.647**
Profit						1

**. p <0.05

Shaded fields are fields significant correlation values, while others are obtained values are also statistically significant, but fall into the category of medium and low correlations (Table 5).

4. PROPOSED MODEL FOR FACILITATION OF INNOVATIVE ACTIVITIES OF ENTERPRISES

The aim of the study was related to the perception of obstacles managing innovative activities in companies, and the impact of innovative activities on the competitiveness of enterprises. Research has shown that there is a difference in the management of the companies that are innovative-active, and those which are not, and that good governance must have innovative activities for strengthen of competitiveness enterprises. Based on the identified obstacles to managing innovation activities in enterprises, it is necessary to focus on management issues, such as:

How to create conditions for innovative activities which must be continuous process in the company and how it is supported by all employees?

How to develop a behavioral model that defines the behavior of the company in the management of innovative activities on everyday level?

In this regard, it has been proposed a modified model of management innovation activities (Skarzinski and Gibson, 2009) that would motivate employees and contributed the innovative activities on daily basis.

In order to build and maintain the ability for innovative activities, the company should be carefully managed in innovative activities. Under the proposed management model innovation activities it is necessary to strengthen the innovative offer in order to reach as many creative ideas by employees in order to strengthen the innovative offers.

Strengthen innovative demand in a way that older managers were interested to demand creation of employment, improving the innovative demand.

Establish a zone pressure in a way that managers do innovative activities as a priority in their business. As one of the solutions, there is some pressure on managers in terms of: the number of new ideas and the speed with which they come, the master income level of innovative activity, how much time the manager is paid to supporting innovative activities etc.

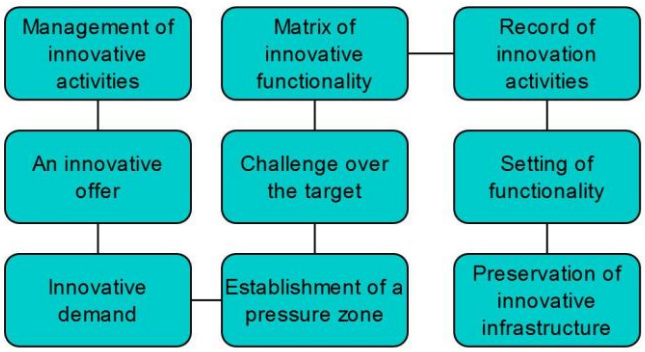

Figure 3. Model Management in innovative activities

To put a challenge above objectives in terms of focusing on unrealized need or solve a consumer of today's global problems, such as pollution or poverty, which can act very inspiring. When employees understand that they are part of the company that wants to create history, not just profits, it can create energy and enthusiasm on employees, and to voluntarily engage in innovative activities.

Establish matrix innovative functionality that is, an efficient system for the measurement of innovative activities and their effectiveness. In this connection it may be proposed modified framework benchmarks for investment flow and measure the results of innovative activities (Table 6) successful company "Whirlpool" (*Skarzinski and Gibson, 2009*).

Table 6. Criteria innovative activities

	Invested assets	Flow	Result
Process	The range of communication networks	The number of new ideas, and pace which progress	The number of innovations in phase experimentation
Management and employees	Percentage of time dedicated to innovative activities	Percentage of employees dedicated to innovative activities	Percentage of trained employees
Efficiency and financing	The percentage of the budget that is allocated for innovative activities	Assessing quality in against targets	Total income from innovative activities

For matrix to be completely functional, process, management and employees, efficiency and financing, must be measurable through invested and realized, that the end result would be to measure the number of innovations in the phase of experimentation, the percentage of skilled workers and the total revenue generated from innovative activities.

Creating record of innovative activities, or database. When company do better and faster to develop a database it makes it better to be able to monitor and evaluate their own innovative capability.

Adjust the functionality of innovative activity in the case: that the company has not sufficiently innovative ideas; to come to "jam" the idea in the midst of the company, or channels, etc. If the above comes to management may decide to:

1. Increasing the number of ideas that arrives through the channel;
2. Increasing the budget for innovative activities;
3. Mild lowering the criteria for passage of ideas, etc.

Preserving innovative infrastructure is priority management. To preserve its innovative enterprise infrastructure should not be compacted innovation in some corner of the company, but to incorporate innovation into every corner of the enterprise, and that innovation is equal to the operational efficiency (*Skarzinski and Gibson, 2009)* ..

Therefore, the present model would be applicable to all companies, regardless of their size. Presented model, which would be developed over time and through experience, it could be a good prerequisite for the successful management of innovative activities.

5. CONCLUSION:

Summarizing all the above it can be concluded that BiH is one of the few countries on whose territory, despite the significant changes that have occurred in the transition countries and global processes that affected the whole world, the management has not taken hold and is completely left out of practice. It is not significantly altered inefficient management system and has not obtained a new quality or new productive forces, similar to that of the management system in enterprises market economy countries. The management have been made only formal innovations, only new institutional control bodies such as the assembly of the shareholders and board of directors. Management companies in BiH is addicted to bureaucratic management employees and the existence of the bureaucratic enterprise. Generally speaking, the companies in B'n'H has not developed an awareness of the importance of the development of innovative activities, which points to the fact that the management company is not a strategic partner with the employees of the company, and does not affect the awareness of employees about the importance of innovative activities. Theoretical and empirical exploring it has been determined, and it is particularly devastating fact that in most enterprises in B'n'H is still present consciousness that creates a successful competitive position by introducing novelty. One way to gain and maintain a competitive advantage must be sought in an appropriate management model of innovative activities and the proposed model in this study may have been a one of the solutions. The model is applicable to all companies that strive to be innovative, regardless of their size. This model, whose development is taught through time and experience, he could be a good prerequisite for the successful management of innovative activities, especially in companies in transition countries such as Bosnia and Herzegovina.

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