

**INNOVATION AND
CHANGE IN THE
PRIVATE AND PUBLIC
SECTORS**

FINAL REPORT

ERA/2013/IP/W/0023



Uniwersytet
Wrocławski

Summer School on Democracy

“Innovation and change in the private and public sectors”

Final Reports of the Students

University of Wrocław

University of Koblenz-Landau

University of Bucharest

Babeş-Bolyai University

Université Libre de Bruxelles

University of Zagreb

Comenius University in Bratislava

Lviv Polytechnic National University

Ivan Franko National University

University of Oradea

European National University

National Academy of Sciences

The Saints Cyril and Methodius University of Skopje

Masaryk University

Wrocław, 22 June – 06 July 2014

Table of contents

Team A.....	4
Team B.....	18
Team C	28
Team D	42
Team E.....	54
Team F	82

Team A

Lavinia Opriş, PhD. C. (Babeş-Bolyai University, Romania)

Roksolana Lastovecka, PhD. C. (Ivan Franko National University, Ukraine)

Yaryna Dmytryshyn, MA student (Lviv Polytechnic National University, Ukraine)

Drazen Hoffman, MA student (University of Zagreb, Croatia)

Fabiola Madrid, MA student (ULB, Belgium)

Ines Sporis, MA student (University of Zagreb, Croatia)

Bartha Orsolya, BA student (Babeş-Bolyai University, Romania)

Xavier Gillard, BA student (ULB, Belgium)

Alexandra Özel, BA student (University of Koblenz-Landau, Germany)

Introduction

The aim of the present report is to offer an accurate reflection of the results of two interviews conducted with representatives of the public and private sectors on the broad topic of innovation on the 1st of July, 2014. From the very beginning, it must be stated that the entities which constituted the subjects of the two interviews were very different, not only due to the sector they represented: the first interviewee was a representative of the Learning Ministries Project from Krakow University, while the second was the marketing director of Apanet Green System Ltd., a company involved in the production of smart, energy efficient systems for street lighting.

The two interviews focused on six broad issues (new products, changes in the production process, new markets, changes in the supply chain, changes in structure and mechanisms of innovation), with questions that were adapted to the profile of each particular entity. The qualitative data gathered is summarized in the form of a report providing details both on the project and company themselves and, at the same time, on the interviews and our findings.

In terms of structure, the initial plan was to have a cross-cutting comparison that grouped the information on the basis of the six different issues mentioned above, but this idea was abandoned due to the very different characteristics of the two interviewees, which make any attempt at comparison forced and scientifically irrelevant. Therefore, the following report has two main sections, each of them dealing separately with one of the entities that we questioned; in turn, each section includes an overview of the interviewee and a summary of the interview itself, with our own input added. The report ends with a short conclusion that is meant to reflect the outcomes of our research effort.

To sum up, the present report is a short, but honest reflection of the state of innovation brought on by a project dealing with the ministerial level and by a company that aims to carve a place for itself on the energy efficiency market.

About the Learning Ministries project

Learning Ministries (Polish acronym *MUS*, from *Ministerstwa Uczące Się*) is a research project hosted at the Krakow University of Economics, subdivision Faculty of Economics, first carried out in 2009 and having concluded its second round in 2011. After the 2009 Learning Ministries study, funded by the Ministry of Regional Development, the second installment of the study was co-financed by funds from the European Social Fund, with a possibility of carrying out future rounds of the analysis. The project team consisted of representatives of various Polish academic institutions and public authorities, as well as other collaborators, including independent researchers.

Although its host institution is involved mainly in macroeconomic research in Central European countries, the *MUS* project specifically is concerned with management in the public sector and the advances to be made in the sector through the introduction of organizational learning programs. Thus far, according to the co-authors of the research, this aspect of administrative capacity-building was burdened both by a lack of widely distributed competencies at the organizational level and a lack of research into existing capacities for autonomous innovation in administrative practices. Since public administration is perceived as being – almost by definition – highly resilient to attempts at change, the *MUS* project undertook on assessing exactly to what extent work-processes have been ossified in their preference for institutional *status quo* and whether their performance could be advanced from the bottom up.

The purpose of the study was to identify the conditions, i.e. incentives and barriers to organizational learning at the ministry level of administration, being the one with the highest policy-initiating prerogatives, as well as the greatest available resources. It is the belief of the respondent in this interview that the Polish state administration is underdeveloped in this respect and that the *MUS* project may encourage the affirmation of internal processes of critical reflection on working procedures, causing them to gradually become better structured and more effective. Alongside analysis, *MUS* entails a series of capacity-building workshops with the common goal of proposing possible good practice examples to Polish ministries, transferred and adapted from the experience in fostering learning organizations in 12 highly developed OECD countries.

The MUS research has produced multiple outputs (research findings, proposed models and frameworks for reform) with applicability for various interested audiences, such as policy practitioners, students and researchers.

Interview with representative of Learning Ministries Project

The interview on behalf of the Learning Ministries project team was given courtesy of Mr. Michał Możdżeń, who is also a representative of the Cracow University of Economics.

The objective of the research was to assess and strengthen the organizational learning capacities of four Polish ministries¹, including but not limited to general competencies necessary for the formulation and subsequent implementation of policies based on analyses and sound empirical evidence.

The research process had started with the premise that state-level administration already has considerable resources in the form of knowledge, experience and organizational memory stemming from continuity of operation. These “resources of continuity” are stable, as each is reproduced through everyday operation, but may also be subject to change through self-reflexivity and taking a critical stance towards normally unquestioned practices and procedures. This learning is key in establishing what is commonly referred to as “evidence-based policy making”, considered to be a vital part of good governance. An administrative unit learning to operate in this manner is expected to perform more effectively in the future.

The project was envisioned as moving through several distinct stages, including the diagnosis of the existing state, creating sets of possible learning solutions, their implementation and a *post-hoc* diagnosis of some of the effects of implemented mechanisms.

Throughout these stages², a model of a learning organization as understood by the study was implemented. This model has been refined through several

¹ Ministry of Infrastructure, Ministry of Regional Development, Ministry of the Interior and Administration, Ministry of the Environment. Source: *Organizacja ucząca się. Model dla administracji publicznej*. Available in Polish at: <http://mus.edu.pl/jak-sie-ucza-polskie-ministerstwa/wyniki-diagnozy-en.php>

²Perhaps not incidentally, closely mirroring the cyclical model of the policy process.

stages of research, starting with a systematic review of literature, moving through a stage of quantitative research (survey among staff of ministries) and finally, a qualitative analysis (a series of interviews with heads of departments in Polish ministries, study visits and interviews with public sector officials from 12 OECD countries informing the study from the perspective of other developed countries). The examples of good practices by foreign practitioners brought to the table following study visits to OECD countries were adapted to suit the Polish context and incorporated into recommendations for reform. The final result was a model of a learning organization at the ministry level, elaborated both institutionally and procedurally, with a proposed set of tools for achieving learning potential.

The crux of the innovation of the MUS studies is contained in the fact that the Polish central administration had previously not been framed as a system that fosters employee and organizational learning, understood as the ministries' own capacity-building, openness to external coaching, gradual introduction of good organizational practices leading to better and continually improving performance. The learning potential of Polish ministries at the operational level may well have been touched upon for the first time with the two MUS studies, and especially through the workshops led by research associates, where the ministry employees had been introduced to specific learning tools in an attempt to foster "informed adaptation" in the ministry departments analyzed. These tools were reported to have been included in explicit guides written in simple wordings, in order to be readily available to the staff they pertain to.

In terms of technology implemented, the project is reported to have been rather undemanding, as internal processes do not stand to benefit much from the implementation of IT solutions as much as intra-organizational reflection on working processes and subsequent critical evaluation of performance. Strategic mapping of department objectives has been mentioned as a rudimentary yet crucial tool for linking standard operating procedures with performance results established in regulation, something that too often falls by the wayside. Another mentioned example of a basic tool was software-assisted idea structuring and chaining arguments through pre-provided logical frameworks. Semi-formal inter-departmental meetings were also initiated as a result of the workshops and

have reportedly continued meeting to this day, strengthening internal networking and providing support to organizational learning among different departments in the ministries.

The influence of the learning fostering programs on actors in the institutions was stated by the interviewee to be variable. A greater level of bottom-up influence was reported in affirming self-reflection. In working procedures, something organizational managers seem to have a less clear view of. On the other hand, top-down managerial approval was critical in establishing the tool of structured problem-oriented thinking sessions. The respondent has stated that the research team had in fact recognized the desired reflexive approach to administration work on the part of lower organizational echelons in the ministries, but the overall level of responsiveness to impulses from the organizational environments were found to be low, thus making informed adaptation a necessity.

The comparison of results in government departments where learning practices were fostered with the control group seems to have confirmed the impact of workshops on providing impetus for further organizational learning, although with some aspects of organizational capacities (e.g. reflexivity both from the top down and from the bottom up) increasing to a substantially greater extent than others (like the expectedly stable contextual and operational knowledge).

However, while the study was being conducted, restructuring in the studied ministries took place independently from the research, as some existing departments were closed down and entire ministries' competencies were re-organized. This made it rather difficult to monitor the implementation of new practices continually, as well as to evaluate their effects subsequently. A standardized set of indicators to ascertain whether attempts to foster learning have impacted ministries positively is yet to be established. By the same ticket, follow-up research is yet to be conducted on whether organizational restructuring might affect the capacity for learning. The respondent has mentioned the possibility of broadening the scope of analysis in the future to include the learning capacities of other public and state institutions, such as the education system and the judiciary.

The research itself engages a politically inopportune subject, since, by the researchers' own claims, public administration reform is not a high-priority issue for the decision-makers. Though hardly surprising in the light of the extensiveness and potential political costliness of undertaking such reforms, this fact has far-reaching implications for the quality of governance in a complex modern society and highly diversified economy. Instead, a rather populist anti-administration attitude is reported to have been taken by various political elites in Poland, serving to only to obfuscate the critical importance of cultivating a professional, autonomous and competent state administration. In addition, the interview especially stressed the reluctance of ministries to implement proposed learning processes, as they are generally perceived as imposing additional burdens on working procedures, a prospect not easily agreed to by employees in administration at any level.

Finally, the assessment of the entire "learning ministries" concept in practice has remained external to the project, i.e. tied-in with the quality of service delivery of the ministries themselves and exogenous to the efforts of the analysts and workshop coaches. In many respects, it remains to be seen what the ministries framed as the ones subject to encouragement of learning will make of the project and in what ways they may demonstrate a change in procedures and increased effectiveness.

The Learning Ministries Project is an innovative project of a different stripe, one targeting from the outside a system that is sometimes notorious for its resilience to innovation. In doing so, the two studies conducted to this date were informed by expertise and a large body of research on the subject, as well as invaluable real-world perspectives from practitioners and administrators themselves. Although the research itself can hardly be said to constitute a commercial "product", it is nonetheless a novel contribution to public administration as a key segment of the public sector, enabling it to look at itself critically and attempt to improve its performance in order to become more functional while relying on its own internal capacities.

Apanet Green System

In order to better understand the evolution and current situation of Apanet Green System Ltd., it is essential to mention that it is actually the daughter company of Apanet, a business founded in 2003 and still active in the “design and production of state of the art microprocessor controlling devices and entire automation and control systems”³. Therefore, Apanet Green Systems is spin-off of the parent company, founded in 2003; this young Polish firm benefits from the considerable expertise in electronics of Apanet while exploiting its own market niche in the field of energy efficiency: the “design and sales of power consumption reduction systems for various applications”, especially in what concerns street lighting.⁴ According to the official web site of the company, the concept goes beyond simply reducing the power of street lights during late night hours; it refers to a more complex mechanism for the rationalization of power usage which includes, among other functions, the possibility of controlling every individual lamp by adjusting its illumination level, setting control algorithms for groups of lamps and detecting whether a lamp has malfunctioned⁵.

As far as the type and size of the company is concerned, while the parent company Apanet is going public soon, Apanet Green System is a fairly small limited liability company. According to the interview with its marketing director, Mr. Andrzej Lis, it adopts flexibility and outsourcing of production as its main organizing principles and values high-skilled workers. This is why it can have a mostly informal structure, with its main operations being directed by two departments – one dealing with R&D and production and the other dealing with marketing and sales – which are not necessarily clearly separated from one another.

It is also worth mentioning that, even though it is not a large company, Apanet Green Systems is not limited to the Polish market; it works with prestigious international partners such as Phillips, G-Lighting, Disano or Trilux and exports its products in countries such as Chile, Latvia, Italy, France or Spain. Moreover, it also sells its products to public administration customers in Poland and, according to Mr. Lis, it is currently trying to engage authorities in Wrocław in a dialogue regarding the potential benefits of this system.

³ Apanet Green System, official website [<http://en.greensys.pl/about-us/history/>], 3 July 2014.

⁴ *Ibid.*

⁵ Apanet Green System, official website [<http://en.greensys.pl/solutions/smart-lighting/>], 3 July 2014.

To conclude, a preliminary profile of Apanet Green Systems would depict it as a fairly small but new, dynamic, flexible and, most of all, innovative company which has successfully made its debut into an expanding market.

Interview with Apanet Green System

This interview was given courtesy of Mr. Andrzej Lis, the marketing director of Apanet Green System Ltd. and focused on six broad issues (new products, changes in the production process, new markets, changes in the supply chain, changes in structure and mechanisms of innovation), which were meant to offer a clear reflection of the status of innovation within the company. For this reason, the following summary includes a description of each topic with regard to the particular situation of Apanet Green System Ltd.

1. New Products

In terms of products, the main innovation of the company is the mechanism for rationalizing power consumption in street lighting in itself, as this product is actually a device which, according to Mr. Lis, was not very well known on the market until recently. However, the company did not limit itself to this accomplishment as an already tried and tested solution for profit; it continuously tries to come up with better prices, new features, to produce faster and, as a more concrete example, it is also currently waiting to have two patents for electronic devices for street lights approved. Furthermore, the product responds to recent calls for saving money in times of crisis (especially in terms of public expenditure) and, at the same time, to the growing trend towards sustainable development represented here through energy efficiency. On top of all this, Mr. Lis has also stated that sometimes the company took advantage of openings in the market to develop products especially for certain customers who could not have their needs satisfied by the existing offer.

2. New production process

The short, to the point version of this section can be accurately illustrated by Mr. Lis' own words: "We are trying to be cheaper, better and faster." When dealing with the production process, it must be said that innovations in this sector are strongly related to the company's supply chain: Apanet Green System

continuously tries to find the best and most cost-efficient suppliers, which means that it is very flexible in terms of the materials and technologies it uses. Also, the company's marketing director puts a lot of emphasis on the speed of the production process, since the company believes that its customers generally cannot wait and do not want to wait to have their needs met; last but not least, the company does not only value speed, it also holds quality in high regard as it constantly strives to stay ahead of the competition in terms of the features of its devices and to adapt to the specialized demands of customers, which means that its production process has to be constantly adjusted to face such challenges.

3. Changes in supply chain

As already stated, Apanet Green System is in a constant search for suppliers that offer the best product in terms of both quality and cost, which means that its supply chain's main characteristic is fluidity. Furthermore, it is noteworthy that the company works with a large number of suppliers, as it buys different components (microchips, capacitors, resistors, microprocessors, to name just a few) from each of them, which are then assembled into the final device. Therefore, it can safely be stated that, as far as its supply chain goes, Apanet Green System puts in considerable efforts in order to adapt to any possible fluctuations in terms of available offers. Apart from this, the company is also an important part of other such supply chains, as it has managed to forge working relations with a significant number of public actors and companies which either use its device or incorporate it into their own product, an aspect which will be discussed in more detail in the section dedicated to new markets.

4. New markets

Probably the most interesting aspect concerning this company in terms of markets is its ability to take advantage of an apparently unfavourable situation that would have deterred many entrepreneurs: as can be seen from the company description, Apanet Green System as a branch of Apanet was founded in 2010, when the effects of the crisis were widely known, felt and discussed. The company took advantage of the fact that savings had become essential during the crisis and realized that, with its economic background, it could easily come up with smart devices for the control of street lighting that

responded to an opportunity they had detected on the market. Indeed, the firm is very responsive to demands and signals coming from the market by corroborating its production capacities with the identified needs of various customers, thus having the potential of continuously expanding its reach on the market through its capacity to make consumer needs and its own skills meet.

Up until this point, it appears that this strategy has been fruitful for the company, which has made its presence widely known nationally and even internationally in spite of its small size. According to its marketing director, Mr. Lis, the inventions of Apanet Green System are “open standard”, which means that “every electronic engineer in the world with some background in such electronic systems could set the system running”, a fact that has enabled the company to collaborate with partners such as Phillips, G-Lighting, Disano or Trilux and to export its products in countries such as Chile, Latvia, Italy, France or Spain; turning to technical considerations, we may note that Apanet Green System works mostly with luminaries producers who incorporate the system into their own products.

However, since we are dealing with a Polish company, it is to be expected that most of its products are still sold on the Polish market: the main customer of Apanet Green System is the General Direction of National Roads and Highways in Poland, but it also cooperates with several municipalities, which it attempts to draw into its customer pool with a very attractive payment scheme: they pay for the system out of the money that they save using it. Moreover, the company is proactive in this respect, as it not only emphasizes sales, but it also tries to learn constantly and to teach municipalities how to save money using such systems; an interesting case study would be the municipality of Wrocław, where the Electric company who controls 70% of public lighting sees a benefit in the usage of more power. Apanet Green System tries to introduce a new perspective, emphasizing the savings that can result in terms of service delivery.

Therefore, it can be concluded that Apanet has found a very productive market niche: its systems are a welcome addition for municipalities and companies in the electronic field, if not a necessity, which is why the potential for expansion is a tangible reality.

5. Changes in structure

When it comes to this aspect, the key word for Apanet Green System is flexibility. As stated in the company description, it is loosely organized into two departments, one dealing with R&D and production and the other dealing with marketing and sales. However, as with many other small companies, the structure is a mostly informal and not very hierarchical one, and the different sections and actors in the firm cooperate on a case-by-case basis depending on the project. Mr. Lis described his own company as a new one which is different from thousands of others due to its capacity to be flexible; an indicator of its current success is the fact that it is expanding, with two different appointments taking place on the day of the interview.

6. Mechanisms of innovation

When asked specifically about the existence of a separate Research & Development Department, Mr. Lis stated that the company indeed had such a department, but that it closely cooperated with production when necessary and that some things were not done within the firm due to its size. In addition to these considerations, it must be stated that the input coming from this department features prominently in decision making, as the person in charge of it is the technical director of the company, which allows for constant communication with other departments. According to Mr. Lis, the opinion of workers is generally taken into account in decision-making, but innovation initiatives are mostly top-down, a fact that can be explained through the close involvement of the technical director with many different projects and by referring, once again, to the flexibility the company prides itself in.

7. Final considerations

To conclude, Apanet Green System is a useful case study when it comes to innovation: it is a relatively new company which is small but flexible, as well as in a constant search of ways to better respond to market demands and surpass its competition. Its product is innovative not only in terms of the system it provides, but also in terms of the way in which it has managed to carve a niche for itself in a market that was being reshaped by the crisis.

A tentative conclusion: Worlds Apart?

In essence, the two highly dissimilar, idiographic examples point to a substantial difference in what constitutes “innovation” in the public and the private sector. The interviews reported upon here have demonstrated this difference most notably in terms of what the outcomes of innovation should be in each sector and what criteria could be used to judge them.

In the private sector, market performance is the highest criterion of judging quality of operation, and innovation is the essential way of keeping profit high through times of crisis. Apanet Green Systems, a company created during the recession, is an example of how even unfavorable conditions may open opportunities for new – or rather, innovative – profitable ventures, if new products and services manage to meet changing needs.

Apanet has demonstrated the ability to adapt through changes in their supply chains in order to ensure lower pricing on components, as well as using the critical opportunity to fill a new market niche at a time when cost-cutting in all areas became imperative due to the crisis. With the imperative of sustainability coming from both the market demands and social needs, intelligent lighting controllers were a sensible response to the energy effectiveness aspect.

Finally, Apanet’s unsuccessful dialogue with the Wrocław Electric Company over the installment of their controllers in the city shows that stakeholders from the two sectors do eventually meet and will often have incompatible goals, driven not only by different understandings of what constitutes effectiveness, but by different interests too.

The public sector, being essentially a system of public services instead of a space of competing profit-driven enterprises, has various constraints to innovation to begin with, as its operation is designed to be stable and firmly set. Public administration in particular is an example of these limitations, as it features hierarchical dependencies (and know-how not necessarily linked with prerogatives to apply it), monopolies on service delivery that make efficiency secondary, a limited ability to outsource or subcontract, politically-established agendas and low incentives for better performance.

All of this means that the assessment of effectiveness in public service delivery is no easy task. By all accounts, reflection on failures drives the learning

processes in public organizations and negative examples may show the way to innovation just as well as useful new ideas. Private companies do not have this luxury, as failure in the market may leave no space for adaptation but cause the company to perish instead.

The example of MUS amply demonstrates the potentials of applied research on public institutions, whose commitment to cost-effective performance is not binding, to encourage precisely that – a view of better performance as a real possibility and duty.

Team B

Sadi Sanuri, PhD. C. (University of Zagreb, Croatia)

Yuri Kosmyna, PhD. C. (Lviv Polytechnic National University)

Alysa Stoyanova, PhD. C. (Ivan Franco National University)

Katarina Gorseta, MA student (University of Zagreb, Croatia)

Jan Koudela, MA student (FSS MU BRNO, Czech Republic)

Cristian Tănăsescu, MA student (University of Oradea, Romania)

Guillaume Packeu, MA student (ULB, Belgium)

Janka Julia Gasparik, BA student (Babeş-Bolyai University, Romania)

Lisa Mann, BA student (University of Koblenz-Landau, Germany)

Natalia Krupiak, BA student (Lviv Polytechnic National University, Ukraine)

Introduction

This summer school and the research part of it was founded upon a strong academic principle which was unfortunately changed after our arrival and discovery that there were some technical problems, which kept piling up until it was decided that the best method to research the topic of innovation was to simply divide the students that attended this summer school into six groups, each of which would create their own questions for the interviews and of course, the questions would be adapted depending on the company being interviewed so that any conclusion is of dubious worth.

Upon the division into six groups, we all soon realized that it would be impossible for us to do any truly scientifically significant work since ten people working on one set of basic question (which were further developed according to each company) tend to disrupt progress more than help it. This could not be helped, and therefore the research is problematic. We had further problems with one company where we were not able to get the answers to our question in a complete form due to a language barrier and the level of influence of the interviewed person. However, hopefully with the addition of the semi-constructed interviews of other groups, the work of this group will help further the desired discovery about the nature of innovation in the private and public sector in Poland.

I present to you the general questions of our group, the companies we interviewed, summaries of those interviews, and finally our conclusions.

Our research is based on six pillars: change in production/service costs (process, new technology), change in supply chain (new suppliers), new markets, new products (or change in quality), change in structure (outsourcing, mergers...) and mechanism of innovation (initiatives - top-down, bottom-up, lateral). Questions within this pillars were adjusted both based on the organizational structure of the interviewed companies and the field of work. Group B covered one public and two private companies: The Polish Learning Ministry project, Working service and Martini Communication.

Part 1: the public sector

The Polish Learning Ministry project

A toolkit for diagnosing and supporting organizational learning mechanisms, and a key for evidence-based policy practices.

The project is co-financed by the European Union from resources of the European Social Fund - the Operational Human Capital Programme, while the intermediary institution is the office of the Chancellery of the Prime Minister. Modernising management systems and increase in workers' qualifications. All of the project's initiatives, including the support for departments participating in the implementation of innovative solutions, are financed from the project's resources.

1. How your company implements new practices in learning process improvement?

In general, 17 or more new practices were challenged. Sometimes, they come from private sectors, sometimes from public inst. at regional level. Mostly they were taken from some international public administration. First one which was very interesting was coaching. Public managers interested in coaching in short - there is coach who spends with you few days sessions and continuously while manager is working coach provides him ideas how to improve his daily work. That was implemented on staff at unit. Second one was community of practitioners, on regular basis - meetings of people from different institute, who are specialized in the same field. Some devoted to legal procedures or human resources. Each participant tries to talk about his problems, innovations and share ideas with others.

2. Do you use ICT in that processes?

There are problems with ICT in public administration. First problem is the number of public offices. Also, there is no intranet, no e-learning. We tried to introduce some e-learning process but the form of e-learning was not popular. We tried to introduce some tools, but it was difficult, because of many procedural actions. OS we focused on instruments that are needed on mapping of arguments and strategic ideas of department. And they liked it. Sort of IT tool, that can be used in each public inst.

3. How do you develop specialised software needed in the working process?

They use only free software, because of the high cost.

4. Do you have your own team or you cooperate (outsource) with IT company?

They tried to provide some solutions (IT) within the department consist of 20 persons (for 1 year). But it was only in the beginning. It is difficult to implement because of the “old school” procedures: bureaucracy.

5. What is the mechanism of decentralizing (expanding) the project in terms of other levels of public administration?

Formal communication (vertical): in the ministry of environment they had such practice. But it failed. It was introduced in some PA sectors like an experiment. They want to expand it in the judiciary system (for administration service). He mentioned that there would be a better success in the small, local PA institutions.

6. Is there any cooperation with similar projects within the EU?

They made some study trips overseas.

7. A new method for transparent governance?

Implemented in local and regional levels, there are lots of projects and specific instruments to make everything transparent. Good case of Cracow, they started to ask citizens which investment is better for the city. Every citizen could log in to some public platform and vote.

8. Is there any specific collaboration with NGOs? What kind?

They cooperate. Nothing more. It is not necessary to work with them.

9. What mechanisms of innovation do you planning to implement in the public administration: top-down, bottom-up or lateral?

Bureaucracy is the problem. New public management principles are trying to be implemented. Bottom-up: managers trying to involve more possible number of people for a decision making.

This is a summary of the questions that were answered in a form that was useful. As far as conclusions go, there is obviously a desire for innovation but there are too many bureaucratic problems.

Part 2. The private sector

Interview 1: Working service

Work Service is the largest HR Company in Poland. Two students founded the company together. They studied human resource management at the University of Wroclaw. So, since 1999 the Working service developed from a supplier to an innovative organisation. In the recruitment modern outsourcing models and expert knowledge are playing an important role. The administration is well implemented in the company, too. Today working service supervises more than 2.200 clients and cares for the occupation of 21.000 employees. Every year the working service helps 150.000 people to find a job.

A new development for the company was the expansion to Germany. The company advertises with innovative products and the comprehension of quality and reliability. Working service offers a big spectrum of knowledge in different departments. Some need high specialization for example in the IT sector, medicine or financial economy. The company concentrates itself to develop more progressive products, loyal relationships with the clients and the recognition of niche on the market.

1. How does the company adjust their services to the request of clients and to market demands?

Work Service adjusts services to every single client and their needs. It's really simple to do. All details of Work Company coordinate with clients. They deal with contract which is rather protection of employees then company. Of course, company is interested in creation such conditions that would be the best for the

clients, because it rises up the positive image of company and it is appears a new possibility of profit.

2. How do they improve labour market in Poland (new types of employer to employee contracts)?

Of course, our company takes care about market. Three years ago we had a lot of staff, but there weren't a lot of job vacancies. Today we have opposite situation. We have a lot of staff and job vacancies, but employer can't find the employee that he exactly need (with the right profession, qualifications, skills, etc.).

Also we have a problem with "generations of gamers" and young people. They didn't prepare exactly for the market. Students who have recently graduated from high school, have all the necessary knowledge, but they do not know how to work together as a team, are inflexible, and the company is flexible. And that why in reality we have too many job vacancies and few workers.

Also we initiation a new contact model which help employers to create more flexible working process and HR-management.

3. Is there any cooperation with similar companies in terms of innovation within the interview?

We are not still prepared for this practice, because every partner is very different. For example, we like to work with German companies, because they are very well organized. They are very punctual, precise in their requirements and responsibilities as well as working at a very high level of quality. But I can't say the same thing about the Czech Republic and Bulgaria. Perhaps the Czech Republic - no, but Bulgaria's for sure. We have bad experience with them.

Also we buy the similar small HR-companies that are not able to work effectively. Some actions of the customer service we transmit to other companies (outsourcing). The most we cooperate with companies from countries such as Berlin, Moscow and Istanbul.

4. Do you take part also in government sponsored programs for unemployed labour training?

We have a new law in the Polish, which is that the state organizes tender. Government paid money for this program which they conduct and also when they prepared workers they attract more clients. Of course, it's very good for the company, because it is an additional opportunity to profit.

5. How do you manage or do you (even) take into consideration rights of the workers?

Of course, we never forget about the rights of workers. Their rights are fully consistent in the contract. Every day we have a strong regulation and control about it. We think it is stupid don't care about workers. We guarantee rights of our clients thanks that high quality of our communication, product and the work inside the company. Also we give them the maximum support.

6. Do you have any joint programs with the local universities?

They have contracts with 3 local Universities. It's Wroclaw University, University of agriculture and Army Military University. They are expanding the cooperation, and the company is only in a stage of preparation. Internships for students are a goal for a future. They are willing to put new subjects at the universities, and they are working on it, since they know which knowledge in and HR practices are trending

7. What would you say is the reason, why your company can be called innovative?

Our products are quite innovative, because we do specific service. Also we give information and tips to our clients. Also we explain the advantages and disadvantages of particular contact

8. Do you have program for your workers who get fired in client-company?

Yes, if we know about some kind of problem in company (for example, financial) and it company decided to fire many employees, we transmit they to the other company which need such workers (with particular profession, qualification, skills etc.).

Interview 2: Martini Communication

The organization was established 2 years ago in Wroclaw. Their main task is supplying the university and individuals with technical equipment. Per moment they have 5 workers at the company.

1. They use the newest technologies now accessible in Poland: new life stream from USA. They are the single company in the country who has this equipment.
2. They have a lot of consumers, because many companies need to transmit clients, and the company has special equipment for that, which they can adjust during the process.
3. They always try to adjust the newest technologies, hiring different companies in order to reduce the costs and make the process easier. Because of their innovative aspect the competition in the market is low for them, the level of their services is very high.
4. Regarding the task of cooperation with exterior companies they told that they have no cooperation with the institution of EU, but have with the USA and other Polish companies. They have cooperation in the area of higher education, universities, publishing companies like. They do not cooperate with governmental services.
5. They are providing life-streaming, different types of tools like smartphones, laptops.
6. Procedure: Because of they are mostly dealing with life-streaming; the whole process is very dynamic. They have feedback from their consumers; they do not have much more complicated procedure. They base their work on the feedback of their consumers.
7. Future project: they are developing in the university based on the cooperation. They are trying to develop the life-streaming, just like the other IT companies. Every company wants to put life-stream on their websites. They are trying to renew their equipment also for reducing the costs and developing the company.
8. Process of a project: First they are trying to choose the good equipment for the consumer, based on their needs. After, they are trying to find different services, which are divided to packages. There is basic

equipment with simple life-streaming, but there is also a bigger, connected to social media just like facebook or twitter.

Impact of the environment, crisis

There are no special barriers because they work for a university. Furthermore they say that generally in Poland the crisis did not have a very big impact, especially in the area of IT.

The role of skills and knowledge

The whole environment is changing so rapidly, they need to adjust fast, new programs etc. Therefore they are forced to gain more and more knowledge, better equipment.

Values of the company

They are trying to make their customers happy, but the profit influences all. They are trying to treat every consumer in equal right, no matter if they are big or small. They are trying to be fair.

Conclusions

To conclude, innovations which the The Polish Learning Ministry project has introduced in polish ministries were: Coaching, community of practitioners, cooperation between different administration levels and also between different ministries... These innovations have resulted in efficiency increase approximately by 10 to 15 per cent in PA. Nevertheless, the Program haven't resulted in introducing the ICT in PA working processes, what is not surprising if we take into consideration the bureaucracy phenomenon which means that bureaucracy is extremely tough against innovations. As far as conclusions go, there is obviously a desire for innovation but there are too many bureaucracy problems.

When we talk about innovations and innovation processes in private sector, it is clear that a lot of attention is concentrated on it. Without innovative responses to the market demands, company loses clients and position on the market. The

most important thing is to react on time on market signals, especially signals in crisis. No matter how big the company is, the only way to preserve the market position is to combine creativity, innovation and efficiency in the final product. Both interviewed private companies experienced the necessity to cut the production costs and other day to day expenses, but also, both were saved by the new way of thinking about the product they offer to the market.

Team C

Olga Bogoredecka, PhD. C. (Eastern European National University, Ukraine)

Josip Lucev, PhD. C. (University of Zagreb, Croatia)

Alina Karas, PhD. C. (National Academy of Sciences, Ukraine)

Alina-Maria Brebenel, MA student (University of Bucharest, Romania)

Kristina Doda, MA student (The Saints Cyril and Methodius University of Skopje, Macedonia)

Valentin Luntumbue, MA student (ULB, Belgium)

Antonija Niksac, MA student (University of Zagreb, Croatia)

Nagy Nora, BA student (Babeş-Bolyai University, Romania)

Alexander Altmann, BA student (University of Koblenz-Landau, Germany)

Mirka Soldanova, BA student (FSS MU BRNO, Czech Republic)

Overview

The three entities interviewed by team C were radically disparate. The first was an NGO initiative redefining the role of the public sector in Poland. The two others were IT companies providing the public and private sector firms with products and maintenance and forced to adapt to the recession market conditions. Therefore, these entities should be reviewed in their own contexts. The first entity – Tarcza foundation is best understood as an innovation in and of itself in reaction to the adverse conditions of public finances on the local level in Poland. Its principal activity is the preservation of elementary schools that would have closed down through a radical restructuring of the costs entailed. Primarily, the salaries of the teachers are renegotiated avoiding the legislation protecting the teachers as long as they work for the public sector. The very act of outsourcing the schooling thus enables a downward pressure on the salaries, but also a cut in costs of education and a preservation of smaller, otherwise untenable schools. Tarcza hopes to expand its reach substantially in future. This process could by itself create a substantial change in public sector collective bargaining of Poland.

The two IT companies, on the other hand, represent cases of well established firms forced to cope with a smaller demand in innovative ways. GVC Tax sells computer systems and fiscal cash registers to entities in the public and private sector. Its revenue was hit hard in the post-2008 period (20-30%), but it managed to keep all of its employees without reducing the nominal salaries. It did so by cutting the overhead costs (electricity, heating, telephones) and finding new markets (service for Dell in Lower Silesia). The latter was followed by a slight change of organizational structure with a separate branch of service technicians. The primary challenge GVC Tax faced was a 30% reduction of demand from public institutions (their most important market) as an indirect result of the crisis. However, they were also indirectly helped by the changing regulation in Poland. Two, five and seven years ago, the legislation obliged an ever increasing number of legal entities to keep fiscal cash registers (these are one of the most important products of GVC Tax), and these changes represented successive increases in their customer base.

Magic Service also coped with a reduced demand. There was a structural reshuffling of their offices, with two closing and several others opening. These changes were accompanied by limited lay-offs (4 out of 54). The company managed to find new markets, and in particular a lucrative 2-year contract with the Polish Post Office. The interview with the representative of Magic Service is presented here as delivered. However, it should be noted that this interview was problematic as the representative has only been with the company since March. By his own admission, his knowledge of the mechanisms with which Magic Service coped with the crisis is very general. However, team C has made the best of his answers.

GVC Tax

GVC Tax is a small, local business dealing primarily in fiscal cash registers and computer hardware and software. It has 12 employees with a yearly income of 2.000.000\$ (in 2013). Its primary markets are public institutions and private companies varying in size from the small family businesses to the Wrocław University. Private individuals seldom have use for their services, as they focus their supply on the needs of large entities. In this vein, GVC Tax will build computer models if necessary and provide a customized service. Altogether, they service 4000 recurring clients in Lower Silesia. The owner of the company is a former academic with a background in informatics and political science. It is stagnation in prospects in this field 10 years ago that prompted him to move into the business sector.

GVC Tax experienced a substantial downturn in demand since 2008. The demand for their products and services fell by 30% in the public sector and by 20% in the private sector. They emphasize in particular the exacerbation of the already negative trend by the cuts in demand of the public sector. GVC Tax also experienced difficulties in cooperation with the financial sector as a result of the crisis. GVC Tax was dependent on bank loans in order to finance its normal operations. As a result of the crisis, the interest rates faced by GVC Tax increased for 8% to 12% per year. It is for these reasons that GVC Tax is now

trying to reform its financial operations in order to reduce the dependence on the financial institutions.

GVC Tax managed to weather these conditions without firing anyone or increasing the working hours of employees. Granted, their employees are sometimes asked to work longer hours, but this does not substantially differ from pre-crisis patterns.

This was made possible through several channels.

Firstly, there was a process improvement inasmuch as overhead was drastically reduced (20-30%). This company succeeded in reducing the telephone costs, electricity and heating costs corresponding to the overall drop in demand.

Secondly, a new market specialization was developed. For the past two years GVC Tax has been servicing Dell systems in Lower Silesia.

Thirdly, there was a restructuring of the firm in order to reflect this expansion. A new subsection of the firm consisting of 4 employees was opened. These were not new employees. Existing technicians were re-assigned to a more advantageous sell servicing tasks.

GVC Tax was also helped substantially by the changing regulation in Poland. The customer base for their primary product (fiscal cash registers) was substantially expanded by legislative changes. In three successive rounds, the number of legal entities obliged to maintain such apparatuses increased. Seven years ago this was required of companies over a certain size, five years ago it was extended to certain sectors (e.g. garages), and two years ago to law practices, hospitals. This created new opportunities for GVC Tax, and helped the company along. Now, this firm maintains a hopeful outlook, and expects an improvement of the Polish macro-economic situation which will enable it to remain on its successful path.

Magic Service

Magic Service is an IT company with 50 employees. It is a nation-wide company stationed in Wrocław with offices in Warsaw, Lublin, Krakow, Katowice, Gdansk, Kielce and Ostrołęka. Magic Service primarily sells and rents printing devices: printers, plotters or copying machines, and provides services for such hardware. Servicing these apparatuses provides Magic Service with the majority of their income. Its clients are mostly private companies, as individuals rarely have use for their professional-grade merchandise. Clients also come from the public sector but are increasingly rare. The market itself seems highly competitive. The low entry costs mean that there are many entities that reduce the profit margins of existing companies. On the other hand, there are not too many fluctuations in demand. The low elasticity of demand for maintenance of copiers means that fewer new products may be sold, but a roughly same demand for service of existing machines will remain.

The company did experience difficulties in recent years. In many ways this was the effect of the crisis-coping strategies developed by larger companies that supply Magic Service. These larger companies (manufacturers of printing and copying machines) started to target end-users of their products, rather than going through intervening institutions such as Magic Service. They target the service market (maintaining these machines during the warranty period) and therefore cut into the market share of the primary activity of Magic Service.

The company maintains that it primarily responded with standard competition behavior: attempts at reducing the prices and offer a competitive service. Specifically, they try to provide a smallest possible fee for problem diagnostics and terrain work.

However, some of their activities could be understood as innovations in the broadest sense.

Firstly, they located new clients, and specifically the Polish Post. This may constitute an access to new markets which are, in the context of bulk orders in specific time intervals otherwise closed.

Secondly, Magic Service also restructured the company in order to better reflect the needs of the market. Two representative offices were closed, and several new ones were opened.

Thirdly, these restructurings meant that limited lay-offs were enacted (4 employees, constituting roughly 7% of their erstwhile work-force). It was impossible to receive information on whether or not this by itself reflected a reduction of quantity in response to a reduced demand or a better structure of the process (an innovation).

Tarcza

The head of the foundation is president **Witold Bodziony** and vice president Elzbieta Gargas Michalik. The Foundation also cooperates with other specialists from different disciplines.

Fundacja Tarcza focuses on several issues, especially in rights of victim of criminal crime, public procurement law, legal matter related to prevention of domestic violence, discrimination in employment and criminal liability. Fundacja Tarcza also helps to families find the values of life and self-realization. It is innovative in the unusual solutions to social problems that affect the whole society. The foundation successfully competes for funds from European funds, which contributes to its transparency.

The main goal of the project "Development and dissemination of an innovative model of contracting by the municipality in the field of primary education" is to develop an innovative model that will protect small schools (up to 70 students) from liquidation.

The Tarcza Foundation is, at the moment, one of the private contractors of the Polish Municipalities. Following a Polish law of Education from 2009 regarding the *outsourcing* (to private actors) of small schools that cannot be publicly financed anymore, the Foundation was the first one that actually introduced the law into practice through a pilot project, trying to take over three schools at the beginning in 2012. We conducted an interview with the president of the Tarcza

Foundation to find out how exactly they decided to become the pioneers of the outsourcing of small Polish schools and also the way in which they actually managed to institutionally articulate it.

This is why our interview was structured over four major dimensions – the origin of the problem, the institutional articulation of the solution, the effectiveness indicators and the legal framework within which the project was developed. This way, we managed to cover all the aspects of the innovation process of the school delegations, gathering all the information about the cost efficiency and the know-how of the organization.

First of all, a few specifics of this particular example the innovation. Although the solution to outsource small schools that became unmanageable for the Local Government Units is new and original in Poland, the solution and its pattern have already been tested in Denmark, so while we talk about the innovation of the Tarcza Foundation we should also keep in mind that we're analyzing a diffusion of a model, than a completely innovative solution on its own. Although in order to accommodate this particular discussion of the *borrowing* and possible *alteration* of the original model we would actually need a lot more space than we actually do (particularly since this is not the focus of the paper), it is however important to acknowledge the fact that this *innovative solution* in the Polish society had actually been borrowed from the Dutch society. In this sense it is a radical innovation in the approach to elementary schooling.

Another surprising aspect while analyzing the *outsourcing of small schools to private institutions* is the fact that the theoretical solution was actually found by the State, through its Education Law in 2009. Although the president of the Tarcza Foundation actually described the law as 'loopy' and 'not extensive' enough, we do know that it was the parliamentary body's first idea to actually delegate another non-governmental institution to take over the management of the schools instead of the Local Government Units (LGU as we will refer to them from now on).

After a brief introduction on the Tarcza Foundation, we will move on to analyzing the four dimensions of the discussion on the innovative solution of *outsourcing school*, from the President's point of view.

Short Description of the Foundation

On the 2nd of April, Tarcza (Shield) Foundation started the project 'EU Development and dissemination of the innovative model of contracting by the municipality of social services in the field of primary education' , funded by the European Union under the European Social Fund Operational Programme Human Capital. It was co-funded by the Polish Ministry of Labor and Social Policy. Its aim was to create an innovative model that will prevent the liquidation of small schools by providing applicable solutions to save the school, usually by its transfer to the local association of foundation.

The Origin of the Problem

Under the heading of the cultural and social importance of the small schools to the community where they are built, the Tarcza Foundation does everything it can to save it. When we asked about the importance of these schools – not mathematically (which would have been convenient, since the easy approach would be just to accept the simple math that fewer children equal less schools), but culturally, the Foundation's President launched himself into an ample speech about the school being the heart of the village.

'There is no other place rather than the school that would serve as a meeting place for the community; that would have the community thrive. The school is not only a place for learning for the children, but also a place for other type of gatherings. For instance, sometimes there are weddings held there or New Year's Eve parties. The schools also have strong historical roots. The schools are also connected to work life of the older members of the communities. Most of them helped build those schools during 1960 – 1970 without even getting paid for it. Losing what has been created back then would be a social injustice and that's why how the inhabitants consider it', he said.

The predictions about the small schools shutdowns are grim. The IBE reports that within five years nearly thousands of elementary schools have disappeared

and they state that, by 2030, more than a thousand and a half schools will be next in line. The problem is pressing, between 2007 and 2013, the Polish municipality closed down nearly 1.000 primary schools, the main reason being the demographic. 'In the five years analyzed, the number of primary school students has decreased by 9.1 percent and the number of the middle school students dropped 20 percent', said the report.

The Central Statistical Office does not have any positive news for the following years: in the lesser developed regions of the country, not even large cities can sustain and support the current number of schools.

The institutional articulation of the innovative solution

Tarcza Foundation actually provides the know-how to the local associations and foundations in order for them to be able to manage the school after the delegation. Firstly, such associations need to come highly recommended by their experience and know-how, otherwise their candidature will not be taken into consideration. Once they are approved by the Tarcza Foundation and the Local Government Units as prospective candidates, they have to present the LGU board a plan for the management of the school. The most important negotiation regards teacher's salary. Since the entire management needs to be rationalized, the otherwise every-year increasing teachers incomes need to be reduced, so they have to present their payment plan for the school employees to the LGU. If the LGU approved the payment plan for the employees, then each and every teacher from the school that is to be delegated to the NGO will receive a written notice of the future delegation and their future salary, which is usually about twice reduced. They have the option to agree or reject the offer, but if they reject it that means they are no longer employees of the school. Therefore, they become unemployed.

The Foundation received its funding partly from the Government and partly from the European Funds, but the agreement is to keep every cost as low as possible and the existing legislation on teachers in the public sector which grants raises of salaries based only on seniority, is one the 'money drains' of the educational system. Furthermore, the system of the delegation allows the NGO to receive funds not based on the number of teachers in a school, but based on

the number of students, which usually means less needed teaching staff, since the number of students is constantly decreasing.

The school is supposed to be managed in a way that will ensure that the level of education is at least at the same level as it was before or even better. The delegation 'offer' aside, the additional courses and the extra-curricular activities are paid just the same.

The Effectiveness Indicators

One of the best indicators that the project is actually working and improving is the fact that more and more students choose to enroll in the schools managed by the NGOs. 'Children from other schools are being transferred to our school. The smallest schools which functions from the 1st of January this year started with 10 children and now the number has increased to 17 for September', said the President of the Shield Foundation.

Furthermore, the delegation of the Tarcza Foundation started a new round of negotiations with the Ministry of Education so that they could take over the management of the schools who have under 100 students, given that the current framework only allows non-governmental institutions to be delegated schools with less than 70 students.

The most important thing, during this process, as the President of the Tarcza Foundation clearly stated is that teachers must understand that have to get a lot more involved in the school affairs, aside from the teaching part of the job. Unfortunately, as he explains, that sometimes means working more for a lot less money. 'That means that those teachers that would accept our offer would simply have to give more of themselves to the community than they were doing before. Sometimes event through getting involved in additional courses with less educated children, the weaker links in the educational systems. We can see that this is working, on the example of these children'.

However, teachers do have the option to earn a little more money by getting involved in other aspects of the Foundation. Some of them become experts for the NGO – providing financing and legal advice and other hold particular lessons with the children who want to know more or they are just behind.

'The thing is that the school is delegated, but it also means that it can be taken back at any moment if the school is not run properly. The problem is, in Poland, that every commune is trying to find a solution on its own. Sometimes they actually summon an NGO and try to convince them to take the school over. This is not a suitable way to do this, it is not against the law itself, but it is against the suitable standards. We are critical towards the organizations that are unable to show their employees and experience. The organization is the people. We think that if the local authorities are supposed to choose an organization, this organization is supposed to be able to show what, how and the time frame of their accomplishments. And since those are public funds and the rules are different, we base our approach on the law on public funds. We believe that the way our NGO is chosen and how the school is managed after should be public', the Tarcza Foundation president explained.

The Legal Framework of the Project

After the Parliament passed, in 2009, the Education Law that regulated *the outsourcing of small schools* to other non-governmental institutions, the Foundation faced nonetheless loops in the legal framework – entire situations that were not yet regulated, practices that were not stated clearly. Some of those loops are still debated today. For instance, the delegation law does not state the status of the retired teachers who still teach in the school. They cannot be fired, because they work under a different Law of Labor than regular teachers, but they also cannot be kept in schools, since the system needs to be as flexible and efficient as possible and they cannot afford part-time or temporary employees.

'When in 2009, it was granted the option to delegate the schools, they did not take into account the amount of legal regulations that were not exactly working well together with this innovation. The simple mechanism of settling the money for each student and deciding where the money can be spent was a nightmare. It so happens that the NGO is financing the head of the NGO using that money, which is not desirable', explains the president of the Shield Foundation.

However, the Foundation representatives are actually confident that these pilot tryouts for a few small schools have been a success and that they are ready to

take on most of the small schools from the lesser developed regions in Poland. 'We can manage thousands and we hope that the law will be redefined as to accommodate all these thousands of teachers, but we also know that some of them will not be on our side. In our Foundation we stress the importance of younger people, because they are the future. It is more difficult to reach an agreement with my generation. It's the old issue of additional involvement. In order for us to expand, we need to find people who are passionate about their work', explained the president of the Foundation.

Nonetheless, they do have a problem with reconciling the Unions, since they are asking their members to give up a quite large portion of their income in exchange for longer hours and more responsibilities. And although, these non-governmental organizations have the best interest of the community at heart, they are still facing bad reviews from the teachers.

'They have to lose at first, in order to win in the long run', tries to defend Tarcza their decisions. But no matter what, the Unions are allying against them, proof of this being the bad mouthing campaign of the President – actually trying to depict him as a member of the 'Secret Service', based on his previous employment as a Police Chief of a town in Poland. 'The thing is what the teachers Union is mainly defending is the higher incomes, but the state does not have that kind of money', he explains further along.

'The Union was sending different complaints to Ministries about us that we didn't say the truth, but we were trying to explain we are not the Trojan Horse and that we only want to help and want to drag all the organizations with us', but they still foresee a 30 percent resistance to the change from the part of the teachers.

'The Union was sending different complaints to Ministries about us that we didn't say the truth, but we were trying to explain we are not the Trojan Horse and that we only want to help and want to drag all the organizations with us. However, the Ministry of Education has answered, but he was on our part explaining that we are helping and we are a good part of the Educational System in Poland', concludes the President of the Shield Foundation, the first

non-governmental organization in Poland to deal with the outsourcing of small schools.

Conclusions

As noted above, the three surveyed entities are very different in scope, aims and function. However, the innovative aspects are comparable in certain respects. This comparison is summarized in Table 1. The six aspects reflect a very broad, Schumpeterian, concept of innovation. The Tarcza initiative is portrayed as an approach to schooling rather than an entity. On the other hand, Magic Service and GVC Tax are accepted as firms exhibiting market behavior. In their case, it is not always easy to discern market behavior consisting of interventions in price/quantity (competition on the market) and innovative behavior. The included elements were described above.

Table 1

	Tarcza (approach)	GVC Tax	Magic Service
Costs	drastic reduction of salaries, more work-hours	overhead costs reduction	-
supply chain	-	-	-
new markets	-	Dell service	Yes
Products	-	-	-
Structure	drastic change in approach to schooling as a public good – outsourcing to an NGO	new mobile technician department	Yes, a reshuffling of representative offices
Mechanism	Lateral: community+state	-	-

The three main indicators that applied to these three interviews are structure (very appropriate for restructuring of the public sector, but also applicable to private firms), new markets (the two IT companies with the stated caveats) and costs (process innovation in the broad sense).

All three entities have displayed elements of innovative response to crisis, even as these remain contextualized in very different systems. Tarzca is a type of innovation in the public sector itself presenting an alternative to public schooling and collective bargaining. The two IT firms are not as informative, but still interesting with their attempts at finding new markets and restructuring to meet the new demands of the market.

Team D

Oleksandra Yaremchuk, PhD. C. (Ivan Franko National University, Ukraine)

Kosta Bovan, PhD. C. (University of Zagreb, Croatia)

Stefan Bako, MA student (Universita Kamenskeho V Bratislave, Slovakia)

Nguyen Thuan-Hiep, MA student (ULB, Belgium)

Sergiu Mihai Scurtu, MA student (University of Bucharest, Romania)

Dean Sarcevic, MA student (University of Zagreb, Croatia)

Cristina Maria Coleasa, BA student (Babeş-Bolyai University, Romania)

Lisa Jahr, BA student (University of Koblenz-Landau, Germany)

Aneta Cedikova, BA student (FSS MU BRNO, Czech Republic)

Introduction

The topic of 2014 Summer school on Democracy is centered on the concept of innovation. This concept has inspired a vast amount of theories and research, spanning from economic to political science. Early work on innovation has focused on the macro-economic level while in the second half of the 20th century this focus shifted to the micro-economic level (Osborne, 1998). Considering the broad usage of this concept authors have approached it from different perspectives. One of the most persistent approaches to innovation is the Schumpeterian one by which innovation is an exclusive feature of the private sector (i.e. the companies). It includes launching new products, transforming the production processes, doing business in new ways or moving to new markets (Borins, 2002). However, recent developments in the last thirty years have moved away from this perspective to include innovation concepts which could be used in the public sector or even NGOs. For example, Mulgan and Albury (2003:3) define innovation as “a creation and implementation of new processes, products, services and methods of delivery which result in significant improvements in outcomes efficiency, effectiveness or quality”. This framework is broad enough to capture the concept of innovation both in the private and the public sector. In order to innovate, organisations should a) generate possibilities for innovation (scan the competition, use networking, be familiar with the research findings etc.), b) foster innovation (use high quality risk management, make “safe spaces” available), c) replicate and scale up (replicate innovation results and slowly launch innovation on a larger scale), d) analyse and learn (develop measures for evaluating innovation impacts, such as improvements in outcomes, reduction in costs etc.).

In our research we wanted to assess the state of innovation processes in Poland organisations, coming both from the public and the private sector. Based on the Mulgan and Albury (2003) framework we decided to focus on three broad topics:

1. Innovation in general and innovation mechanisms – in this part we wanted to assess what does the organisation consider innovation to be; what are the mechanisms of innovation that they use (implementation,

innovation); how is innovation financed; do they cooperate with other organisations regarding innovation; how do they collect information about innovation from within the organisation (bottom-up/top-down).

2. Innovation outputs – in this part we wanted to assess what are the usual outputs of innovation changes (new products, technologies, suppliers); what are the situational factors which contribute to the success of the innovation and which were the barriers for a failed innovation project.
3. Crisis and innovation – in this part we wanted to assess in what way (if any) has the global economic crisis affected the organisation's innovation processes; do they innovate more or less; did they try to innovate their production processes, service costs etc.

In this research we used the method of semi-structured interview by which we could keep the structure of our topics and at the same time be flexible while asking specific questions. We conducted three interviews during July 1st and 2nd. One organisation was a private company, one came from the public sector and one is a joint public-private venture. The interviews lasted between half an hour and a full hour. When needed we had a Polish interpreter.

The rest of the report has three parts – description of organisations which were included in our research, detailed description of the interview and a conclusion.

Organisations

In our research we conducted 3 interviews on innovation in public and private sector. "GS media" was the representing the private sector in our research. The two other interviews, Wroclawskie Inwestycje and the Development department of City Hall Konin are representing the public sector regarding the innovations.

We will begin this part with a brief overview of the firms that were interviewed. To get as much information from the persons involved in the interview, we do not provide any names in this paper, therefore we will use just the formulation "representative of ...".

The first firm we have conducted our interview was “GS Media” that is a small company dealing with polygraphy and printing. Other than the owner, they employ three workers. The firm was established in year 2000 as a company devoted for printing materials for music instruments. Main aim of the company was not the preparation for printing, but just the process of printing and finalizing the process of printing, that means the printing and the publishing. As the printing sector of the economy was developing, the firm had broadened the scope of the business. They started using new methods of printing and also introducing new machines (Japan technology). The company moved from the typical polygraphy printing to digital polygraphy printing. The machines the company used were much more able to cover the needs of the demand from the side of the market. As it was the beginning of digital printing machines, the quality of the products were not that high as used in by the typical offset printing. As the company was focused on printing of instructions for music instruments, the quality of digital print was enough to cover the needs of the sector. Later on and because of the internet the company broadened the scope of interest and started to print according to the needs of the costumers.

The second interviewed firm was “Wroclawskie Inwestycje” that is a company 100% owned by the city municipality of Wroclaw. This firm is a trading company, which main aim is to organize, conduct and commission investments in road infrastructure in city of Wroclaw. The company does not act in order to generate profit, but to serve the needs of the residents of the municipal roads, streets, engineering, squares, etc. Many of the project are financed by the European Union from the European Regional Development Fund under the auspices of the Regional Operational Programme for Lower Silesia Province (2007-2013, Priority 3 Development of transport infrastructure in Lower Silesia - ("Transportation"), and 3.1 Road infrastructure); (Projects co-financed by the European Union under the Cohesion Fund under the Operational Programme Infrastructure and Environment 2007-2013, Priority Axis VI - road and air transport network TEN-T, Action 6.1 - Development of road network TEN-T), (Projects co-financed by the European Union under the Cohesion Fund under the Infrastructure and Environment Programme, Measure 7.3 - Urban transport in metropolitan areas).

The company has a special legal status that is new for the region of Silesia and also for Poland. As said above the company is owned by the city of Wroclaw, but in a way it is a cooperation between the public (Wroclaw city) and private sector (business in construction), where the company of Wroclawskie Inwestycje are managing and investing in projects of building or constructing of the roads (and etc) but it is done by other constructing companies. The firm does not have the equipment for the constructions.

The third interview was conducted with a representative of the Development department of the City Hall of Konin. This department of the City Hall in Konin is responsible for managing business development in the city to improve the economic potential of the city. Konin has great interconnections among other cities by highways, railways that are often used for economic growth of the cities. The department aims to increase living standards and the sense of security of the people through creation of conditions for development of entrepreneurship and innovation, as well as the protection of historical, cultural and natural values. Among one of other basic goals of the department is the stimulation of economic development not just the city but also the close region of the city alongside state communications, mainly the route 25, with the basic assumptions: (1) stimulation of development of the modern, balanced economy of the city, (2) Improvements of the living standards of the citizens, (3) prevention of pathologies and improvement of the society, (4) improvement of the conditions of the environment and the spatial order of the city, as well as rational use of natural resources. To fulfill these tasks the department uses outsourcing of tasks in a large scale to help the development of the local economy as for example supportive actions for development of entrepreneurship or economic promotion of the city. This kind of institutional project was founded in the city because of the unsatisfactory investment potential and the ineffective economic promotion of the city that resulted in low levels of entrepreneurship and investment approaches. The whole project involves the local/municipal government of Konin city, NGOs and of course business. The overall goal of the project is to improve the legal and administrative conditions for an effective economic development policy for the city that will help the development of the city in a long-term run.

Interviews

Konin

This organisation's work on the project is innovative in a way that it "gives the promotion of the city (Konin) to the NGOs. Not to do that promotion by the employees of the city hall. Just to give that duty to the NGOs, so this is the innovation". This is their first project which they would label as innovative – the innovation comes from the outsourcing of the promotion services. They plan to have these kinds of innovative projects in the future. Although they did not say it explicitly it seems that they currently have a narrow view of innovation as transforming the processes – "goal of the projects is to activate the NGOs...into the development. To develop the region". The project was funded from the public sphere (EU funds, city hall and the department of promotion of the city). Considering the department of business development which is in charge of the project they receive "the funds...from the Polish government." To get financing Konin employs a specialist who is specialized in applying to get the EU funds.

Considering the processes this project was a top-down one, as it came "from the government...from the labour ministry". However, it was noted that there is room for a bottom-up process of innovation. For example, "the new employee can go to the director of the department". Still, the interviewee noted that the director of the departments could present a barrier since they can be "afraid for his position...blocking all the ideas because he wants to stay with the status quo." In this case, the employee could utilize the "strict hierarchy" and "they can come to the vice director and the new idea could be forced".

The final output of this project is basically the know-how on outsourcing city's services to the NGOs. In that way, "there is a product. But maybe not to the community, to every single person. The product is dedicated for cities like Konin to promote those cities by the NGOs. So this is the product". To achieve this output Konin hired new employees – "They became a team and that team is working on the new project but this is only a part of their standard work. The need to give some of their duties to the other employees to focus more on the

new project. So there is no situation that the employee is only working for the project. He is splitting his time on standard work and the new project.” The interviewees mentioned that they did not have unsuccessful projects and that they cannot afford to have them since “if the project would end unsuccessful the department would give the funds back.” That is why they needed to have good risk management procedures in order not to “take projects if it (department) is not sure that it will be successful.”

One of the barriers was already mentioned before, the status-quo bias of the department directors. Second barrier has to do with the double role that the employees who are involved in the project have – “Sometimes there are problems to manage the people from the other department because they are not feeling the hierarchy. So it's difficult managing of the team from all the departments.” There were barriers which are specific to this project. For example, in order to accomplish the project Konin needed to work with NGOs who are versed in the private business sector, since “usually NGOs are working in the area of social life, sports and charity or art. But not in the business area.” Also, the department was strung between different political factions. The city was not pleased that it had to financially participate in this kind of project. Also, “the NGO which won is from Warsaw so the other politicians said that the money will not stay in Konin”. On the other hand, since the project deals with a form of outsourcing “some employees were afraid for their jobs...the project was perceived as dangerous”. Even more direct, “some employees in the higher position...have tried to block the project by talking to the mayor”. The project also had an external barrier. The media was against it since “it was unable to gather money, the money was wasted...they wanted to keep the money into the budget.”

Crisis of 2008, as expected, had a “huge influence on the department work because department was forced to take a new activity into the business development because of unemployment and the department was focused on how to avoid the unemployment.” However, even (or especially) during the crisis City of Konin feels that there is a bigger necessity to innovate. Our interviewees linked this necessity to their financing resources – “The institutions that are able to give funds are paying attention that the project is innovative”.

These innovations during the crisis are focused on increasing “the volume of accommodation in the city”, “providing better education” and “providing culture life in the city”. In order to achieve these outputs the department needs to provide additional funds. However, they plan to “be more competitive with other institutions...and get the funds from the Polish government and also from the EU”. However, the competition for these resources is very strong, especially with “other departments of similar cities.” On the other hand, in order to acquire EU funds “The Konin region must cooperate with other regions because it’s a requirement”. With these new financing opportunities, the department plans to “provide better and more services in order to encourage existing small businesses and to develop new small businesses.”

Wroclawskie Investycjne

We can look at Wroclawskie Investycjne as being an innovation with its mere existence. Firstly, they are “owned by the city, but act as an ordinary business. This is pretty new for Poland and for Wroclaw. This may not be something new internationally, but when it comes to this particular region, it is something new.” Also, their activities are mainly project management and the “most innovative aspect of the company is that it comes up with new ideas in the field of building infrastructures”. Also, they are sui generis organisation since “what is unique in this case is that we have a totally different legal status.” They need to “specialize in the communication between the private and the public sector” but also they need to “understand that they are not doing this for free”. In a way they are a part of the city but at the same time they function as a company. To emphasize the innovation of their existence it is interesting to note that even though they function as a private company they “do not have real competition. Our position is granted by the city.” They are concerned with competition insofar that it means “finding the best company to cooperate with the city”.

Thus, their innovation processes rely mostly on their human capital and less on other factor, such as technological improvements. They “hire high class specialists in different areas, as well as managers, so they are not as restricted as in the case of traditional public bodies”. Considering this, innovation for this

organisation “does not mean creating something totally new, but implementing some ideas to satisfy all these needs”. This process can be divided into three stages. At the first stage they gather information via “desk research and we identify the legal framework which conditions the project”. Second stage consists of the creating the actual project which will be used by the city and the companies which apply to it – “there is a public auction which ends with a legal document containing the names of all the companies which participate in the fulfillment of the project. The most important criterion in choosing these companies is their capacity of conducting the project in a short time.” The third stage consists from supervising the project implementation so that they “make sure that the project works”.

The innovation process is pretty straightforward top-down process since this company is used by the city – “The role of the city is paramount. We are acting as an entity helping the city to change and to innovate in this area. Therefore, the needs and requests belong to the city”. Even though the initiative for innovations (starting the project), the whole innovation process is in the hands of the company. They have to find innovative ways (considering their definition of innovation) to “satisfy the needs of the city, but on the other hand, we have to meet the expectations of the company...and whose needs may be totally different from those of the city. So our role is to make sure that both the interests of the city and those of the company are met and that the project is according to the law and to the technical standards.” In this process they cooperate, other than the city, mostly with private companies “since the public sector in Poland is currently shrinking”. In that way their main idea is to help “private companies easily reach the public administration”.

However, their innovative process allows them to be flexible in a way that they can reshape the projects, so it seems that “more or less, all projects are successful”. Still, they have some problems but it seems that they are “a part of the everyday life of the company”. For example, they have to follow the deadlines and be strict about the administration.

GS Media

GS Media is a small private company which deals with printing and all services surrounding printing. Innovation for them is the same as the rest of the branch, it is “the innovation in the printing process. For example, printing process of publishing is still possible to be achieved the same way like 30 years ago, or 40 years ago. It’s possible if somebody would like to do it, they can, but actually the number of printing materials, the quality and so on is changing. This is rather the process of innovation, they have to follow some kind of world processes and developing of the technology and although the changes, innovating changes are rather connected to changes of technology.” In this way we can say that they have a strict Schumpeterian view of innovation, and an even narrower one, considering only technological changes in the production process as innovation. However, they recently introduced innovation (technological one) into the human resources since “the offset printing process allowed people to work from home”.

Considering the process of innovation it’s hard to talk about top-down or bottom-up ways of innovation in such a small company. Still it seems that the whole printing branch works in a way that “innovation is connected with the question of the process of realizing the expectations of clients”. So client needs (such as color printing and so on) are the driving force of innovation in this company which then focuses on the needed technological changes in the printing process, especially “fastening the printing process”. It is necessary to listen to clients “because this is the way to stay in the market and increase the number of clients”. Since clients are important GS Media innovated in human resources management working on the customer relationship management (CRM) process. Again, it is connected with the technological improvements by which client needs can be fulfilled faster. Unsuccessful projects are also connected with technological issues, for example “a machine which perforates the calendars works for only one form of the calendar”.

Finally, the crisis affected this company as it did the whole printing market – “in 2010 clients started to lower their expectations; there were no new clients and other companies tried to save money in this area”.

Conclusions

Our research was focused on assessing the innovation processes in Polish companies, both coming from the public and the private sector. We used the framework introduced by Mulgan and Albury (2003:3) which was broad enough to be used in both sectors. They defined innovation as “a creation and implementation of new processes, products, services and methods of delivery which result in significant improvements in outcomes efficiency, effectiveness or quality”. We took in account their model and the current economic context and devised three broad topics – innovation in general and innovation mechanisms; innovation outputs; crisis and innovation.

Firstly, it's interesting to note the difference in the companies view on innovation. The innovation in the public sector has mostly to do with changes in the existing services (e.g. outsourcing) while in the private sector the innovation is defined as a product-focused change (e.g. technological change in the production processes). Most interesting is the case of Wroclawskie Investycjne which acts both as a private and public organisation. In that sense they are an embodiment of innovation, managing to work as a private company without the potential pitfalls of the market workings. This can be seen in their view on innovation as basically their everyday work.

It's interesting to note the difference in innovation considering the path of innovation processes. In the public sector these paths are top-down, usually initiated by the employees of the highest rank. But even in these highly hierarchical organisations there is room for the bottom-up approach. However, this bottom-up approach again utilizes the hierarchy of organisations – lower-ranked employees have to bypass managers in order to start an innovative idea. The main issue with the public sector seems to be the status-quo bias of department heads which, focused on the possibility of losing their job, obstruct potential beneficial innovative changes. This top-down approach is dominant even in the mixed public-private company. On the other hand companies from the private sector are focused on the market and client needs in their innovation processes. They have to be able to answer new client needs in a timely manner. Since GS Media is a small company their main focus of innovation was

the technological changes in the production process. However, even in this small company there seemed to be a need to improve their customer relationship which is again focused on the clients.

Considering outputs, as previously mentioned, inside the public sector these are focused on the changes in services or introduction of new service while the private sector is focused on product-based changes, which is expected.

In the public sector there are more barriers than in the private sector. There seems to be an expectation for the private sector to change, adapt to market changes and client needs. On the other hand, companies in the public (and semi-public) sector are faced with many barriers. They can come, as mentioned, from employees who fear for their jobs, department heads that are biased towards the status quo, other public companies complaining about financial distribution, media etc. All in all, it seems that innovations in public sector are slower and have to deal with greater interlocking from different actors.

As expected, crisis affected all companies and their innovation processes. The private sector experienced lower demand and had to adapt to it, but at the same time these companies couldn't afford to stop their innovation processes. It seems that the same pressure exists in the public sector. Public companies need to innovate in order to respond to new public needs and in order to maintain existing ones in the time of financial crises.

Team E

Alexandra Sabou, PhD. C. (Babeş-Bolyai University, Romania)

Ciprian Negoită, PhD. C. (University of Bucharest, Romania)

Zoriana Zazulyak, PhD. C. (Ivan Franko National University, Ukraine)

Mediko Kurdagia, MA student (ULB, Belgium)

Evangjelia Sali, MA student (ULB, Belgium)

Sabin Pandelea, MA student (University of Bucharest, Romania)

Maren Hamelmann, MA student (University of Koblenz-Landau, Germany)

Petr Lebeda, MA student (FSS MU BRNO, Czech Republic)

Joseph Eyen, BA student (University of Koblenz-Landau, Germany)

Adam Drnovsky, BA student (FSS MU BRNO, Czech Republic)

Introduction

The two-week long summer school on democracy focused on the topic of innovation in the public and private sector was supposed to bring the participants a close look on the transforming innovations in these sectors. Through real world examples and research from the field, this report seeks to explore and emphasize the innovative aspects of the work of three entities based in Wroclaw: the Club of innovators, Communication DMW, Graftax.

During the economic recession, many successful stories rely on the way private and public entities strived to come up with new ideas, simple or more complicated projects, new straightforward guidelines, new laws facilitating the development of certain products or services, new strategies. Why some strategies drive innovation and others fail? What does innovation mean? How do they foster the culture of innovation? During the second week of the summer school, participants tried to examine case studies and inquire their representatives on the way they have embraced challenges and have taken advantage of the opportunities brought by the financial recession. We focused on how innovation can be fuelled by constraints and limitations and how alternative strategies helped them on the long run.

After doing considerable background reading on the topic of innovation in the public and the private sector, we carried out a fieldwork research on the implications of innovation in the activities of three entities based in Wroclaw: the Club of Innovators, Communication DMW and Graftax. With these topics in mind, we pursued to collect data using a semi-structured questionnaire which comprised six main questions. However, the three entities we approached work in a different environment (the non-governmental sector vs. the private sector), thus we tried to adapt our questionnaire to the specificity of each interviewee. The factors taken into consideration while building our questionnaire were: the status of the researched entity (private vs. non-governmental sector), the objectives of the entity (profit vs. non-profit) and the representativeness of the respondents (employees vs. CEOs). The main questions used during the interview are:

- 1) *What does innovation mean for you? (In order to understand the difference between innovative and routine work and the perspective over innovation used by these entities)*
- 2) *Is innovation a conscious aspect of your strategy? (In order to understand the way they turn new ideas into action)*
- 3) *How did your organization/ company respond to the financial recession? Did you come up with an innovative approach? (In order to identify the features of the adaptive behavior of the researched organizations to the financial context they are working in)*
- 4) *Did you address new markets during the crisis? (In order to obtain specific information about the products/ services offered by the entities to the same/ new markets/ clients)*
- 5) *Do you collaborate with the public/ private/ non-governmental sector ? (In order to assess the interaction between the researched entity and other actors from the public/ private sector)*
- 6) *Are there any structural (i.e. legal, institutional, etc.) constraints, limitations that affect your interaction with other sectors (public/ private, depending on the status of the interviewee).*

This reports is structured in three main parts: in the first part, we are presenting the three entities were this research was conducted, in the second part, while adopting a comparative approach we are focusing on the definition of innovation, the innovation strategy employed by the researched entities and the interaction between them and the public/ private/ non-governmental sector and finally, we are pointing out the limitations of our research.

When speaking about innovation. The non-governmental and the private sector.

Our group conducted three interviews with one non-governmental organization and two small private companies (on average, these companies have no more than 5 employees) having their headquarters in Wroclaw. Our general impression was that our research would have provided us with a more holistic

image if we were able to conduct an interview with an entity representing the public sector as well.

Nevertheless, dealing with these actors which are pursuing their activities in these two sectors offered us a glimpse of the way they see innovation in their daily activities and long-term strategies.

Do these three entities we discussed with have a common language when discussing about innovation? What is their approach when about innovation? How does the institutional, legal, financial framework where they pursue their work affect their approach towards innovation?

In order to answer these questions and understand their behavior when about innovation, we discussed the general features that usually describe the activity of the two sectors. As Mr. Maciej Zaranski from the Club of Innovators already pointed out, one of the main reasons why he was eager to establish this non-governmental organization within the University of Environmental and Life Sciences was the fact that this sector offers to its members the opportunity to fill the gaps left by the public sector. Basically, his idea was to become a facilitator between the private and the public sector which, on the one hand, listens to the voice of people, and, on the other hand, finds financial opportunity to implement the ideas that will meet the needs of the community.

It is one of the main roles performed by NGOs. Moreover, besides providing space for a real market of ideas for the community, services and goods, NGOs act as watchdogs and try to keep the state and the public local actors accountable and responsible for their actions. It is clear that the interaction (dialogue/ consultation/ communication) between the non-governmental sector and the Government/ the local authorities is very diverse and complex.

A healthy relationship can be seen only when the actors involved in this process (the people/ the NGOs/ the governmental bodies/ the private sector) share the same objectives and try to meet the real needs of their communities. Since the self-sustainability of the organization is tremendously important for every NGO, the issue of self-governance has a great influence on their internal management. Comparing the extremely strict environment where public officers

work, the NGO employees are more open to “associating- questioning – observing – networking and experimenting”⁶. Moreover, as innovation means also taking risks, NGOs can afford to take much more risks than businesses and representatives of the private sector usually do.

When about rules, the private and public sectors cannot afford to break rules and to challenge the legal aspects of the society. The NGOs are trying to do the opposite, such as observing the real needs of the society and the pitfalls of the legal and institutional framework and questioning the authorities on the problems and opportunities that might help the community improve their life standards.

While for NGOs it seems quite easy to discuss new ideas, new projects, and to build innovation skills throughout their activities/ projects, for the business and public sector it is difficult to concentrate on innovation and to make it a conscious aspect of their daily activities. Nevertheless, they try to come up with new ideas in order to make their activities more cost-efficient and profitable, in particular when about working during economic recession times.

If private companies are more interested in making profits, NGOs are orienting their activities towards the needs of the society they struggle to represent and to stand up for.

When asked about their CSR activities, the two companies we conducted interviews with, highlighted the fact that, as everywhere, small companies are highly interested in surviving and keeping their clients instead of trying to cooperate more with the governmental bodies or the non-governmental sector. In a nutshell, the sectors where the three entities work tailor the way they perceive and create innovation.

The Club of Innovators

⁶<http://hbr.org/product/the-innovator-s-dna-mastering-the-five-skills-of-disruptive-innovators/an/14946E-KND-ENG?referral=00269>, last accessed July 4, 2014.

A very interesting project of non-profit sector is undoubtedly the Innovators Club (“Klub Innowatora”). According to official sources⁷, the Club was initiated with the intention of creating multidisciplinary teams of the University of Wrocław. The representatives of the project claim that a great advantage for the interested academic institutions is not only to prepare students to enter the labor market, but also support innovative solutions to emerging universities. Simultaneously, they also argue that advantage for the local government units is that the club offers innovative solutions to the problems they face. Through its innovative activities exceeds the conventional university environment that enriches by new creative ideas.

The Club cooperates with many other private actors or supporters. Namely, for the Club is essential collaboration with Hewlett Packard in the field of education and project management. The Club also uses the experience of lecturers from other foreign corporations firms (collaboration with Związkiem Liderów sector Usług Biznesowych, Association of Business Service Leaders in Poland, ABSL). Moreover, the activities of the club rely on meeting people (e.g. MyGreenSpace, Paweł Huk, Cad Mech sp. z o.o.). Within the public sector and local government units Club is particularly concerned with: solutions to local problems; innovative projects; financing of investments (optional application for grant); attract creative workers; implementation of the basic tasks of government; promotional effect; and finally support for government. In short, Club is based on these basics: creating multidisciplinary project group; identify optimum solutions to the problems; creating an innovative platform (polygon) that cooperate between universities, local authorities and business – “the golden triangle of innovation”; and last but not least, preparing students to enter the labor market. The Club acts as a bridge which provides fast regional development, promotes innovative solutions to the region, builds trust between business and science, enters higher levels of cooperation, but also increases students' awareness of themselves.

The main face of the project is probably Maciej Zarański. Zaranski is a graduate of the School of Management and Finance in Wrocław, he also completed

⁷http://www.up.wroc.pl/aktualnosci/17262/wystartowal_klub_innowatora.html, last accessed July 4, 2014

postgraduate studies at the American-Polish university. Zaranski started his career simply as a receptionist, but then he changed the job. He worked as administration officer in different kind of businesses, then he started participate in many projects (e.g. Program Phare). In general, his professional background is related to self-improvement, marketing and administration. He was for instance the assistant of a Peace Corps Volunteer in Wroclaw and he also worked with a person who right now is working with Hillary Clinton. At the University of Life Sciences is an assistant vice-rector for Development. Among others, he is first male assistant at the university, and moreover, he has no legal connection with the university.

Communication DMW

DMW Communication provides goods and services related to computers. They sell full computer sets, parts and accessories, and also provide customer service. They are a one-store company with a very small number of employees (he indicated around 5 or 6). Given the smallness of their business, the affects, and consequently their responses, were distinct from the bigger electronic stores, such as Mediamarkt. As a result of their size and competition (prior to the crisis), they established their niche in the market for providing individual computer components and personable customer service. This is because they cannot afford to buy in bulk from suppliers as effectively as the bigger stores, and therefore they must offer less competitive prices. Their embracement of the service aspect however proved to be advantageous during the crisis.

The private sector in Poland was hurt by the crisis because of a decrease in domestic demand, especially concerning electronic goods. Not only are these goods not export oriented, they are normal goods, or even luxury goods, which encounter a decrease in consumption in times of recession. However, even though DMW Communication was in the sector for electronic goods, they managed to walk through the crisis relatively unscathed. As mentioned earlier, DMW Communication emphasizes in computer parts and services. This was advantageous because their niche was ideal for inferior goods, which increase in demand during recessions. This is because consumers have less

dispensable income, and are therefore more reluctant to spend money on non-essential goods, such as new computers. Consumers might be more willing wait to buy a new computer and instead use their old computer for a few more years, and perhaps pay to fix their old computer.

This shifts consumption away from the bigger electronic stores that emphasize in new computers, and towards places like DMW Communication that specialize in offering parts and services to fix one's old computer. DMW Communication's niche in the market existed prior to the crisis, but they adjusted during the crisis to maximize this advantage. In answer to my question of how DMW Communication has innovated in response to the crisis, the manager answered that they recognized there was a decrease in demand for new computers, and their small business was superior at providing customer service, so therefore they should shift more attention to providing customer services. They recognized their advantage in the market, especially in light of the crisis, and adjusted accordingly. The result is that they apparently did not suffer from the crisis, which is distinct from the rest of the private sector.

We also asked if they changed how they purchased from suppliers: this did not change during the crisis. The only notable aspect was their disadvantaged position for buying in bulk influenced their business model. We also asked if the crisis affected who they sell to and how they market their services: they became less interested in selling to academic institutions because the government made public procurement a lengthier and more bureaucratic process. This was due to the tightening of public expenditures as a result of the crisis, and this likely also influenced DMW Communication's decision to emphasize in customer service. Lastly, I asked if there had been any changes in management structure, either innovative or that was necessary after the crisis, and the answer was no.

Our interview with DMW Communication was a unique look into how a small firm was affected and behaved in response to the economic crisis. Due to their innovative approach, which was to emphasize in customer service due to their disadvantage less competitive, allowed them to successfully work through the crisis. The interview also was a prime example of how demand for normal goods and inferior goods respond to recessions.

Graftax

Graftax is a private accounting firm with headquarters in Wrocław which is offering fiscal and financial services, human resource expertise and manager's report. The organizational structure of Graftax, as far as our research goes, could be described as a small to medium size company, with 5 members working on different departments. When it comes to legal and fiscal expertise, the company offers high quality professional assistance to public and private persons in setting up new companies and new legal fiscal persons, liquidating other companies, setting up branches, increasing social capital, transferring social parts from one shareholder to another one, changing the administrators and suspending the activity one company. As stated earlier, Graftax is also specialized in accounting service and much of the company's revenue come from this particular type of activity. The firm adapts its services and prices to the customer orders and needs and this is what makes Graftax one of the most competitive accounting firms in Wrocław.

A comparative approach. Definitions of Innovation

"Innovation: It's something everyone is in favor of, everyone likes the idea of, yet no one really understands it" (Wharton University of Pennsylvania, 2013).

The term "innovation" is hard to define objectively. Every person has their own understanding of innovation and even the definitions of business lexica differ greatly (c.f. Merriam-Webster, Gabler Wirtschaftlexikon, Oxford dictionary or Business dictionary). Most of these definitions, however, include the notion of finding different, new or better products or solutions to existing problems, or to invent something original altogether. Innovation can be seen as both the process of innovating and the results of this process.

To analyze the strategies of the interviewees regarding innovation it is therefore essential to understand, how they define innovation for their respective organization.

In the eyes of Mr. Maciej Zaranski, founder of the Innovator's Club, innovation means "[m]aking things better and simple" (Transcript in appendix). He views Henry Ford's biography as an important example of innovativeness. Referring to the Innovator's Club there are two important aspects of innovation. The Club doesn't have rules about how to approach a given task. The participants talk to all affected parties (local governments, citizens and companies) and try to combine the needs and views of all of them. Additionally, they only work with partners that are willing to cooperate and to implement the innovative solutions of the club. Mr. Zaranski emphasized the implementation of innovation as a very important aspect. "Don't give up in the middle of the road. You have to go all the way."

Although the respondent of Communication DMW did not mention an actual definition of innovation, he viewed it as an integral part of any companies' competitiveness. Especially in times of crisis, companies have to innovate in order to stay in the market. For Communication DMW this meant putting more emphasis on customer services and developing towards IT helpdesk. Moreover, the interviewee saw innovation as an ongoing process. "If you stop at some place at one moment, there is possibility that you will not move up again." (Transcript in Appendix).

Mr. Arthur Sargsyan, our interviewee at Graftax, views innovation as "coming[jing] up with something new" (Transcript in appendix). He mentioned the constraints his company faced when trying to innovate, as "our work is related to many legal and financial aspects". They did innovate by enhancing the relations with their customers, especially in terms of provision of information, and offering internships for students of the Wroclaw universities.

In comparison, all three interviewees stressed the importance of innovation in their respective fields. They all saw innovation as a means of finding new ways to enhance their performance. In implementing innovation, however, there were great differences both in their potential to innovate and their strategies to do so.

A comparative approach. Innovation strategies

In the traditional sense strategy means planning and conducting of military operations. "To coordinate military and logistics means for a campaign plan."But this view of only military strategy has been abandoned for twenty years.⁸

Strategy can be defined in different manners. One of the definitions is: "A method or plan chosen to bring about a desired future, such as achievement of a goal or solution to a problem."⁹

But as we are working on innovation, we have to define what is innovation strategy and we can find following definition on business dictionary: "Innovation strategy is a plan made by an organization to encourage advancements in technology or services, usually by investing in research and development activities. For example, an innovation strategy developed by a high technology business might entail the use of new management or production procedures and the invention of technology not previously used by competitors."¹⁰

The organizations we have interviewed have different strategies for addressing the economic crisis, as well as the innovation process. This is mainly caused by the individual profiles of each organization. Thus, the first organization is an NGO, while the second and the third are working in the private sector (an IT company and a financial consulting company).

Moreover, the organizations are affected to a different extent by the crisis, as the non-governmental organization does not develop any economic activities. In the same time, the NGO is less constrained by the market and by regulations, being more flexible and capable to better interact with both the private and public sector, as well as with third party actors.

Furthermore, the profile of the NGO is centered on developing innovation in local communities, thus they have a clear strategy for innovation compared to those of the other two companies researched.

⁸ DELCOURT Barbara, class on Security studies 2013-2014, Université Libre de Bruxelles

⁹ Strategy, <http://www.businessdictionary.com/definition/strategy.html>, 4/07/2014

¹⁰ Innovation strategy, <http://www.businessdictionary.com/definition/innovation-strategy.html>, 4/07/2014

Firstly, the strategy of Klub Innowatora (Innovator's Club) is characterized by flexibility and adaptability. Maciej Zaranski, that we interviewed, defined his strategy as "water strategy": "This strategy is based on the principles of water: it's always about its gravity and the obstacles it faces in order to go further. It knows where it has to go. Sometimes, it has a smooth run, sometimes it faces obstacles, rocks. That's what I'm trying to do. I'm trying to connect the dots.

If you know what I mean. The problems are very diverse. And we have to be flexible and adapt to these problems. To behave like the water". This is based mainly on the idea of `getting over whatever obstacle, thus seeking to successfully address every issue. Focused on making the universities and local administrations (innovative and public sectors) work together, the NGO is seeking for problems in local communities, discuss with the members of the community in order to have a clear view on what are the specific needs to be addressed. Finally, the main goal of their strategy is to implement innovation, and not just produce proposals with no implementation potential.

Thus, the two main rules guiding the strategy of the organization are: every project developed should be also implemented, and every project should be developed only with people wanting to work with the rest of the team. We can argue that this second rule is somehow contradicting the flexibility and adaptability (`water`) principle, since it is imposing a limitation in resolving certain situations.¹¹

On the second hand DMW Communication's strategy for innovation is focused merely on adapting to the new economic context brought by the economic crisis, namely the reorientation of the customers to better quality products and services, for more profitable prices. Thus, their strategy consists in developing firstly the services (e.g. client tailored PC configurations, hardware repair), and focusing less on selling ready-to-use computers. Thus, flexibility and better consulting services in choosing hardware components are the main

¹¹ Interview with Mr. Masiej ZARANSKI, 01/07/2014

characteristics of their strategy. Moreover, the strategy envisages innovation as a continuous process of adapting to the needs of the clients.¹²

In the case of Graftax we can hardly speak of an innovation strategy. Although the company has some innovative activities (described by the interviewee as improving their relation with the clients), there is no clear strategy or vision on innovation. Nevertheless, some possible future (innovative) plans were described by the interviewee, focusing primarily on collaboration with universities (e.g. for internship programs), with other companies or promoting youth employment inside the company (this is somehow unfeasible as the company has at this moment just five employees, having thus few resources to promote and influence youth employment on a relevant scale).¹³

One similarity between all the strategies is that all of them are bottom-up created, thus aiming at complying with those benefiting from the strategies. Nevertheless, certain differences can be outlined. Firstly, since innovation plays a different role in the activity of each organization, the strategy for innovation also differs greatly from one case to another. In the same time, the consulting company has no clear strategy for innovation. This situation can be explained by the constraints of the company's activity (legal and financial consulting), which does not allow room for much innovation.

A comparative approach. Interaction with the public and private sector.

The first organization cooperates actively with both the private and public sectors. This can be explained by the profile of the organization, a NGO, not constrained to work just with one specific sector. The interaction with the public sector is mainly represented firstly by the relation with the universities (the innovative sector), and secondly with the local administrations. The relation with the universities (the NGO includes students from seven universities) it is also enhanced by the position held by the manager of the organization within one of

¹² Interview with

¹³ Interview with Artur Sarkisyan, 03/07/2014

the Wroclaw universities. In the same time, the collaboration with the private sector is a key part of the activities undertaken by the organization, as one of the aims described is to provide a link between the private and public sectors (the `third party`) and, moreover, as the organization provides ideas to be implemented by both private and public sectors in developing areas (e.g. the geo-composites and the problem of water in the dry regions).

The second and third organizations are working in the private sector, having reduced interaction with the public sector. Therefore, focusing on customers' needs and market limitations, the final organizations interact with the public sector mainly by offering internship programs for students or participating in public bids.

Research limitations

The experience of conducting interviews in Wroclaw offered us not only relevant information on the topic we were interested in, but has also made us think further on new research questions. All the interviews were either structured or semi-structured and usually they lasted on average 15- 70 minutes. Our questionnaire consisted of six main questions and beside that, taking into consideration the openness and the willingness to share information of our three respondents, the members of the group asked new questions related to our research topic.

While carrying out this research, we faced several constraints that limited our findings. First of all, coming up with a relevant research asks much time than three days, and therefore the time framework narrowed the number of respondents we could reach. Regarding the validity of the data obtained in this research, it is important to highlight that despite the fact that it remains a source of relative information (because of the subjective nature of the interview itself and the opinions of the interviewees), the interviews are our main source of information for the present research. As a qualitative analysis, this study has no exhaustive dimension and doesn't pretend to cover the whole image of the topic of innovation in the public and private sector in Wroclaw.

The process of choosing respondents should have been subjected to purposive usefulness, access to respondent and convenience. In our case, we can suppose that they made their choice according to the access to respondents and convenience, more than the purposive usefulness of the respondents. Therefore, one of the main limitations we met while conducting two of our interviews was the fact that those who answered our questionnaire were not in a leadership position in their companies. Because of that, they were not able to answer some of our questions.

For two of our respondents it was quite difficult to express themselves in English and thus the interviews were facilitated by an interpreter. In our case, the language barrier was an important constrain we tried to overcome, even if we were aware of the fact that it might affect our findings.

Conclusions

The 3 entities that were analyzed and interviewed offered us a comprehensive understanding of how innovation in the public and private sectors is perceived. Despite the fact that all of them had different perceptions and interpretations of how innovation can improve their economic capabilities, one could say that indeed innovation is a conscious aspect of their strategy on the long run. Notwithstanding the 3 entities came from different economic and administrative sectors, there are some remarks to be considered before drawing the general conclusions.

→The Innovator's Club, the first entity that was interviewed, is undoubtedly an organization where innovation played an important role in each of their projects. Created with the purpose of developing proposals to address problems arising from local governments, this NGO is by far one of the 3 organizations that use "new tools in order to make things different and easier".

→The second organization, DMW Communication, is a private company that offers goods and services related to computers by selling full computer sets, parts and accessories, and also providing customer service. During the interview we had a better understanding of how their innovative approach,

which was to emphasize in customer service due to their disadvantage less competitive, allowed them to successfully work through the crisis.

->Last, Graftax, which is also a private enterprise that offers fiscal and financial services, human resource expertise and manager's report. The firm adapts their services and prices to the customer orders and needs and this is what makes this entity one of the most competitive accounting firms in Wrocław. Here innovation is not a part of their developing strategy because, as the manager already admitted that it is "difficult to come up with something new taking into account that their work is related to many legal and financial aspects".

Taking everything into consideration we can conclude, as Schumpeter would say, that innovation is the key to success for private businesses because it help private companies to cut costs, improve their products and open new markets. Failure to innovate can lead to the loss of competitiveness, shrinking the markets shares before they eventually close down.

Annexes

Transcript interview with Mr. Maciej Zaranski

Wroclaw, July 1, 2014

Interviewee: Mr. Maciej Zaranski – M.Z. (Assistant of the Vice-Rector for Development, Wroclaw University of Environmental and Life Sciences)

Conducted by: Sabin Pandealea – S.P.

Medea Kurdagia – M.K.

M.K. – Mr. Zaranski, we are happy you accepted to have this interview with us. As you already know we are working on the topic of innovation in public administration and your contribution is really much appreciated. Thus, please briefly introduce yourself and your organization.

M.Z. – My name is Maciej Zaranski. I'm working at Wroclaw University of Environmental and Life Sciences. I am Assistant of the vice-rector who is responsible for the development of the university. I am the first male assistant at the university. Moreover, I have no legal connection with the university. None of the members of my family worked there. My professional background is related to marketing and administration. I was somehow spoiled by the Americans because in the 1990s I was the assistant of a Peace Corps Volunteer here in Wroclaw. I had this privilege to work with a person who right now is working with Hillary Clinton. She left me here in Poland dealing with some very strict administrative procedures. Of course, you cannot take the procedures used in one country and implement them in another one straight away. I guess you probably know it already. You need to adjust to the reality of the country you are living in.

This is how my CV looks like. I started as a receptionist, and then I changed the job. There were a lot of offices; after being the administration officer in different kind of businesses, I started to write projects. I don't know if you remember PHARE. It was back in 1998. At that time, I started my own business. I wanted

to write a project for small villages; so you can imagine a mayor of one of these villages I was talking to about giving him money for free to renovate some parts of his village. They didn't want to believe it.

M.K. - Can you tell me more about the motivation to get involved in this field?

My motivation? Everyone has his/ her own song playing on the back of his/ her mind.

Everyone will keep on telling you "you cannot do this, you cannot do that". This was my motivation. Moreover, I come from a city close to Wroclaw specialized in the extraction of coal. It felt like literally living the song "Allentown" by Billie Joel where "they're closing all the factories down". If you know this song. The song is about a city that looks like my home town right now: closed coal mines, and the old miners and some grandchildren who are still living there. Nothing else.

S.P. – In this case, what was your strategy? Can you tell us more about the strategy of your organization?

M.Z. – I call it "water strategy". This strategy is based on the principles of 'water': it's always about its gravity and the obstacles it faces in order to go further. It knows where it has to go. Sometimes, it has a smooth run, sometimes it faces obstacles, rocks. That's what I'm trying to do. I'm trying to connect the dots. If you know what I mean. The problems are very diverse. And we have to be flexible and adapt to these problems. To behave like "the water".

I study politics. I didn't study politics to become a politician, but to find out what is wrong with politics.

After 3 years, my vision changed drastically and I told myself that I will never be a politician. Paradoxically, right now I work at the university. And it is the most political place to work in. The next step is the Senate. [laughing].

One day you talk to the president of an enterprise. The other day you speak with some peasants in a village. Thus, you need to adapt. If these peasants will see you a white collar man, they will probably never approach you. On the other hand, at the university, you need to adapt to that environment while working

with scientists, professors, and so on. Moreover, I have only a BA degree. [pause] Nonetheless, I have had the luck to be the assistant of Prof. Grabinsky who likes to be provoked. After a couple of weeks he asked me to write a project to develop the university.

S.P. – So this was your starting point at the university?

M.Z. - Yes, exactly. But, you know, even previously I had been writing projects.

M.K. - But what does innovation mean to you?

M. J. – Making things better and simple. If you want to know something about innovation, I will strongly recommend you the biography of Henry Ford. When I read his biography, I told myself, “I know this guy”.

M.K. – And from where do your ideas come from?

You know, when I got at the university I felt like my son in a Lego store. [laughing] You have all these pieces lying on the shelves. There are a lot of children going around these pieces, and they are putting all these boxes one at a time. No creativity. But when I realized that we have 10,000 students and 1,000 employees I told myself that if I can have 10 good people (students and professors), I can do everything. I can change these things around. From this point till today, it took me 5 and a half years.

It was back in 2009.

S.P. - How does your organization has facilitated innovation within your organization and in relation with the public and private sector?

M.Z. - Firstly, we have no rules. So, when we had these first jobs at the places I showed you yesterday, they asked me about the rules. Do you know where the soldiers practice? Free-range or something similar, right? So, it was somehow the same. I provided them with the address, the contacts they need. In this case, you can go to the village, talk to the mayor, the people in the village, etc. I know that it doesn't look that innovative, but for the university it is very innovative. When it is about contacting someone outside the university, it takes

months. It was a big achievement to get these two entities connected and work together.

M.K. - And what about the constraints that affect your activity?

M.Z. - Right now I have a big problem. As you know, I want these projects to be self-sufficient. I'm working for university. And I'm paying all the trips and other activities from my pocket.

Moreover, I'm meeting with the students after their classes and my job. I cannot do my job within my job. Moreover, no employee from administration can establish an organization within the university.

Thus, in the afternoon we are meeting with the students. Even if we act like a business, we are willing to invest the money we get in other projects and ideas and so on.

So, the constraints I faced were the legal and the financial ones, of course.

S.P. – How does your organization interact with the public and private sector?

M.Z.- With the public sector first. As you know, our organization is not getting involved in projects taking place in Wroclaw. I use to call Wroclaw a “fed-up city”. As you probably know, in Wroclaw there are 7 universities. Everyone wants to cooperate when is money. And where is no money, we cannot change anything.

And we want to make things happen.

Even if for example, one of the villages we are going to has no money, we are still going there trying to build what they need to have over there.

M.K. –So who is financing these projects? The private sector, maybe?

M.Z. – It depends. Citizens or the local government. But there is also a good interaction with the private sector. We are cooperating with ABSL. Do you know what does it mean? No? Just a second. [pause]

*ABSL – the Association of Business Service Leaders in Poland.

ABSL is the biggest NGO that collects the biggest companies in the world. For example, we have a good collaboration with HP. They come and give lectures to our students, sharing with them some knowledge from the point of view of the practitioner. They talk about their business, how much does it take to go on the top and how much does it take to stay on the top. And they don't give us money. And we are not asking for money. I'm asking them to provide our students with practical knowledge.

For example, we have been collaborating with Mikomax. After one hour of talks, we proposed to prepare a working area outside the office. Not only organizing chairs, but creating a green space to both work and chill out.

S.P. – Does your activity bring innovation to other sectors?

M.Z. – For example, there is a product called geo-composite. You know, like pampers. Ok, if you put it under trees, they keep water for more days than usually. It might be useful in some African countries, for example. In this context, innovation does not stay only on paper.

M.K.- Would you please share with us some successful stories?

M.Z. – Of course, everything you would like to know. I know a little bit Romania. It is important you know to go to the people's need and ask them about their needs and then come with some ideas in order to make everything happen for these people.

In the field, in Poland, and I'm sure in your countries as well, the politics are split in two (opposition and those in power). And we are now feeling how people are not happy with politics. In particular, in the last two weeks, in Poland when it was quite hard for democracy in Poland. And there is a tremendous need for a third actor.

So in the Polish local government, there is a public beat. If you know this expression. For example, if you have an area where you want to build something for the community. And guess what? who is winning? The lowest price or the friend of the friend.

And those who are winning are not going to do something bigger or more innovative. I come up with the innovators club to give them some ideas, the first draft. If this draft is going to be the cheapest one, everyone wins. If you have these three actors – academics, business, and the government – you are not giving the cheapest/ made in China product.

Moreover, before drafting our project, we go and talk to the people in order to find out their needs and to find out more about their needs. And it is not something usual in Poland.

S.P. – Can you describe the relationship with the private and public sector?

M.Z. – Of course, the communication is different. You have to have the scanner to observe if the potential partner is willing to collaborate with us; we can provide both these sectors with great projects, but if no one is willing to put it into practice, nothing is going to happen.

S.P. – And how does your organization interact with the Club?

M.Z. – I confess, not many people are willing to collaborate with our club.

Another joke: two professors are meeting at the university.

One of them is asking the other:

“Can you do some analysis for me, please?”

He answers: “When? Today? Tomorrow?”

“You know, I need one for a business we can develop.”

“Oh, no. I can only give a lecture.”

Scientists, they are afraid to go to the practice. They are like artists. And it is true. I used to work with artists. And there are so many similarities between them.

Usually, scientists are never going to go on practical work.

And it is really important to be confident and go ahead for what you want to do. Don't give up in the middle of the road. You have to go all the way. There is an

expression, “I’m a diver, I’m diving a lot”. And what you have to do: “breath, think, breath, act”.

M.K. – Thank you, Mr. Zaranski, for your very insightful contribution!

Transcript interview - Communication DMW

Wroclaw, July 2, 2014

Conducted by: Joe Eyen – J.E.

J.E. Could you present please your company and activities?

Here we run a shop. It started as a shop with PC components and service, but especially when faced with the crisis, we also started to perform some kind of services, PC services. Now we are IT helpdesk, not only service for hardware and a shop for hardware.

J.E. So, you added on, you began doing new things. Was it in light of the crisis specifically?

Yes, because sales went down. It's a bit hard to compare our prices to prices of big companies, let's say Mediamarkt, Comptutronics or Excom (these are our competitors). They are bigger, they have bigger networks, they can order hundreds of specific laptops, while if we order five laptops we would have trouble to sell them to the customers. If costumers order laptop from us, that's ok. But when we want to order from the distributor and have those laptops, computers or parts as stock' that's our risk. When Computronic, Excom, Tesco order larger quantity, so the prices for them are much lower. There is time when the price from our distributor for us is a bit higher, those companies can offer to a client. That's hard and we had to start helping us, helping firms as IT specialist to stay on the market.

J.E. That sounds innovative. To you consciously think about innovation? If so, how do you look at that?

Not constantly. But it is important. It is the basic thing to do to stay on the market. You can't stop. If you stop at some place at one moment, there is possibility that you will not move up again. So, you will not earn, you will not find new clients. That's a continuous process.

J.E. Either than providing new services, like the IT, have you been forced to change the way you kept supplies from the distributor?

No. there is some struggle, of course, because when we order something we must wait at least one day. My clients come here and want something at the same moment or in 2-3 hours; that's the place when we lose because we still don't take the risk to have our stock. But, to prevent that, we are trying to compete with quality of service. When you go to a big shop (I think Mediamarkt is a good example) when you ask someone who works there about PC speeds, most of the time he is going to read what's written there, but you can do it on your own. When you come to us, we can talk, see if you really need that part, if you really need so strong or you can maybe save some cash on the process (bad unit, bad graphic card). We are kind of more flexible more than those shops and we think that that's our weapon.

J.E. Is it you only store or do have others?

Yes. This is our only store. We are a small firm. We are the only employees.

J.E. Have you been forced to downsize the number of the employees during the crisis?

No. I don't think so. I work here for three years now. Before, we were also 2 employees. Before, I don't know how it looked liked. I believe that there was some time that there was only one employee. But that's standard situation, not something due to the crisis.

J.E. How does you business communicate. Would you say you create ideas together? Do you have an impact on the agenda that your business tries to have?

For most of the times, we just follow orders by the boss. But because we are the first line, who has contact with the client, that flexibility (I was talking about)

it comes rather from us. But it is natural. We don't have any brainstorming or something like that. Maybe what helps it is the fact that we are friends. So the communication is fluent and it is quite natural.

J.E. Due to the crisis or not due to the crisis, have you changed how you outsource the way that you provide your services?

I don't think so. I can't think of any drastic change. Yes it becomes more important to check from whom we order because this distributor may have something cheaper, but if we order something here and other parts elsewhere, the transit costs will beat us. But it is normal and I don't think it is due to the crisis. To be honest, I don't think the crisis affects us so much. Maybe we a small firm and we never have big profits. Maybe, but it is a risky statement. Maybe the crisis helped us because people stopped buying the first think they saw, the wanted quality hardware, they want and they still want to talk about it and not just buy a product or wait for someone to choose a product for them. So, from this point is that we gained from the crisis.

J.E. Would you compare the percentage of sales and sales from products for support?

I think we do more services for fixing, that IT security, than selling new products. But it is still due to the crisis. We sell them slightly more expensive due to the amounts we order.

J.E. Do you interact with the public sector, NGOs or other private firms? Do you have any special cooperation?

We also sell to ordinary customers, private firms and we start with public bids. When we win some there is high possibility that for two years we provide them hardware and for two years we take care of that, and due to that we expand our cooperation and have smaller orders. Most of the times, they come again to us. We like them and they like us. It is normal, especially if you have someone's money to spend, you will go to the people who you enjoy talking with, doing business with, not some big, big firms. J.E. Have you changed the way you market your services at all?

I don't think so. The problem is that I work here for few years now, so maybe I didn't see that. But from my perspective, we didn't change it.

J.E. How about the governmental policies? Is there anything notable that happened recently and affected how you perform your activities?

The problem is that in our country the situation is kind of unstable, especially in the universities when they change the way they can buy something. Three years ago there was no problem to buy a computer up to 3000 with simple order or question to a distributor. Now there is a problem with some universities to fix broken components of a PC because it is about more expensive. They do something like public bid, simpler of course. This is kind of stupid, because the process takes about a month or two, while we could fix it in 2-3 days. So that affects our sales. And it is irritating to see how many of people are in charge of. They are not so eager to buy things because they have so limited budget.

J.E Are these changes at state level or at the local level?

I think it is more at the local level and due to the crisis and the fact that they got less money from the state or whatever.

J.E So I guess the government is being more careful and wants to have an oversight on how the money is being spent.

On the government's side I think it is more that they are arguing among themselves. Each side tries to push their own ideas which often collide. For business there is unstable grounds and the people who run these businesses are not sure the risk is worthy, because to those argues it is much riskier than normal situations.

J.E Do you have any plans for innovating?

We the employees no. I don't know what the boss is planning. He is constantly looking for new clients, business contacts. On our part, I think that constantly being flexible, nice and trying to charm our clients; that's the only way we as employees can do.

Transcript interview with Mr. Arthur Sargsyan

Wroclaw, July 3, 2014

Interviewee: Arthur Sargsyan – A.S.

Conducted by: Maren Hamelmann – M.

M. - Please can you introduce yourself and your company, please.

A.S.- You can find all the information you need about us on internet.

We have 5 workers, with one office, sometimes we work in the cities, when is necessary.

M.- We would like to ask you some questions related to innovation. Is innovation a conscious part of your strategy? How do you define innovation?

A.S. - We are looking to have an innovative approach in relation with our clients, but it remains difficult to come up with something new taking into account that our work is related to many legal and financial aspects.

M.- How did your company respond to the crisis? Did you come up with an innovative approach?

A.S. - An innovative aspect of our activity during crisis was related to the relation developed with our clients. Therefore, we tried to inform our clients better in order to take better decisions.

M. - Did you address new markets during the crisis?

A.S. - Yes, of course we did. [he showed us a diagram unfortunately we cannot access on internet].

M. - Do you cooperate with the public/ private sector? How do you interact with these sectors?

A.S. - Yes, we do. For example, we offer internships for students willing to work in the field. This is another innovative aspect of our company. Not many companies in Wroclaw offer this kind of opportunities for students.

M.- Thank you very much for your time!

Team F

Cristina Manolache, PhD. C. (University of Bucharest, Romania)

Marta Yaremko, PhD. C. (Ivan Franko National University)

Jasmin Kuhn, MA student (University of Koblenz-Landau, Germany)

Lara Querton, MA student (ULB, Belgium)

Niccolo Panozzo, MA student (ULB, Belgium)

Daniel Schumacher, MA student (University of Koblenz-Landau, Germany)

Yulija Yatsenko, BA student (Ivan Franko National University, Ukraine)

Ines Timis, BA student (Babeş-Bolyai University, Romania)

Delia Chilom, BA student (Babeş-Bolyai University, Romania)

Nadya Lutsenko, BA student (National Lviv Polytechnic, Ukraine)

Introduction

Starting from the assumption that in the aftermath of the recent economic crisis many representative companies of the private sector had to adapt to the market, often by means of coming up with innovative ideas, we were interested in observing to what extent have the Polish companies innovated themselves.

The aim of this paper is to examine the manner in which three private companies have decided to design and subsequently implement various innovative measures in an attempt to deal with the economic crisis that started in 2008. As such, our team's endeavor started from the six major themes of analysis set out from the beginning, namely – the changes in production/service costs; the changes in the supply chain; the degree of openness towards new markets; the emergence of new products; any occurred changes in terms of structure as well as the implementation of certain mechanisms of innovation. However, given the profile of the companies that we had to interview, we adapted the questions used on each occasion.

From a methodological perspective, it is important to note that our team was the only team that had to conduct all of the three interviews with entities pertaining to the public sector. In addition, both Komunikacja Plus and Selena had prepared their own presentations on how the crisis had affected them and what innovation-specific measures they had taken before we even started our interviews. For this reason, many of the questions we set out to ask during those interviews had been apparently anticipated by our interviewees, as their presentations provided us with many of the answers we sought. Consequently, it is important to note that our report is drawn from both the interviews conducted and the presentations delivered by these companies.

Finally, in terms of structure, the first part of our report is focused on a general overview of the profile of our interviewees, namely Komunikacja Plus, Selena and Nawitel. Then, the second part is dedicated to an extended report of our fieldwork experience and is furthermore divided into three sub-sections, each corresponding to the three companies of the private sector we interviewed. Finally, the third section of this paper is focused on a comparative analysis of

the results our field research provided, based on the six main directions of analysis previously stated.

Overview of the Interviewees

Komunikacja Plus

Komunikacja Plus is company located in Poland, which offers PR consultancy. They focus their activity on three main areas: business, social and sport. In the social sector they offer a full range of services related to Public Relations professional service, especially at the level of local government. And in the sport field, they offer of services related to professional service Public Relations, especially sponsorships.

The company creates for its customers different projects in order to achieve their business goals. They “focus on strategic and comprehensive advice”¹⁴ in doing this, and concentrate their activity on “various sectors, particularly in the energy, mining, heating, as well as in the area of local government”¹⁵.

A few of their most important customers are Orange, LG Group, H. J. Heinz Company, Électricité de France (EDF) and Polskie Górnictwo Naftowe i Gazownictwo (PGNiG). As we can see, their customers are from different sectors which emphasize the fact that the company is not focused just on a specific field of activity.

Besides, Komunikacja Plus explains that one of the main important tools used to maintain their reputation is media because “effective media relations are the basis of successful external communications”¹⁶. Another one is to become a part of the local community in order to have a prosperous business.

¹⁴ [<http://komunikacjaplus.pl/>], 3.07.2014

¹⁵ [<http://komunikacjaplus.pl/>], 3.07.2014

¹⁶ [<http://komunikacjaplus.pl/>], 3.07.2014

One of the most important features of the company is that their International Department “assists foreign clients in achieving their business aims in Poland, and assists their Polish clients in achieving their international business aims”¹⁷.

Selena Group

Selena is a company founded in Poland in 1992. It manufactures construction chemicals and is one of the three largest manufacturers of polyurethane foam in the world. It has spread to encompass four continents, several dozen countries and many business areas. According to their mission, they ensure that their technology is fast and cost-effective, that the buildings created using their materials are durable and energy-efficient, and that they create the “best practice through experience-sharing and mutual inspiration.”¹⁸

The Selena Group consists of trading companies, production companies, and trading and production companies. They are located in America, in the Middle East and Africa, in Asia, Eastern Europe and Central Asia, Western Europe and Central Europe – with around eight companies in Poland.¹⁹ They have over 17,000 employees.

Selena brands include Tytan, Artelit Professional, Matizol, Quilosa, MGA and Polyfix. Tytan offers, among others, products such as polyurethane foams, sealants, adhesives, wood preservatives, tapes, waterproofing compounds, insulation systems, mortars, plasters and paints. Artelit Professional represents professional products for floor installation: parquet and carpet adhesives, leveling compounds, varnishes and primers. Matizol is related to the waterproofing of flat or sloping roofs, foundations, basements, walls and floors. Quilosa, a Spanish brand created over 70 years ago, is composed of adhesives, sealants, PU foams, chemical anchors and mortars. The MGA brand offers professional solutions for facades, internal walls and ceramic tiles, while

¹⁷ [<http://komunikacjaplus.pl/>], 3.07.2014

¹⁸Selena [<http://www.selena.com/en/selena-group/#about-us>], 3 July 2014

¹⁹Selena [<http://www.selena.com/en/selena-group/structure/>], 3 July 2014

Polyfix, the oldest Turkish brand of polyurethane foam, offers PU foams, silicones, acrylics and mounting adhesives.²⁰

As far as Selena's strategy for their future development is concerned, they try to find smart solutions to problems – solutions which have a long-term effect, not just an immediate, short-term, one; solutions which help attract customers and which help the company grow in the long run; and in order to do that, they focus on hiring smart managers.

Nawitel – “Trenchless crossings under railways, rivers and roads”

The Nawitel Company, founded in 1996, deals with trenchless pipe installation. Their portfolio includes domestic, as well as foreign investors, private, public and municipal partners. They see their greatest milestones as being the founding of the company, followed by the purchasing of equipment in 1996, 1997, 2000, 2001, 2003, 2005, 2008, 2009 and 2010.²¹ They offer horizontal directional drilling, guided pipe jacking, and micro tunneling.²²

Extended Report on the Field Research

Komunikacja Plus

Komunikacja Plus is a team of advisors that has been a PR partner of the leading companies in Poland. The company has specialized in “assisting foreign clients in achieving their business aims in Poland” and “assisting Polish clients in achieving their international business aims” offering “Corporate Social Responsibility (CSR) strategy and implementation, Crisis communication planning, corporate PR strategy and implementation, internal and external

²⁰Selena [<http://www.selena.com/en/brands-and-products/>], 3 July 2014

²¹ [<http://www.nawitel.pl/index.php/pMenuId/6>], 3 July 2014

²² [<http://www.nawitel.pl/index.php/pMenuId/3>], 3 July 2014

corporate communication audits, market research services, media relations, social and political marketing services, sponsorship consultancy services [and] sports PR strategy and implementation”.

The areas they have specialized in are concerning the business, social and sports sector, including the fields of “arts and culture, central government, local government, mining and heavy industry, sports clubs (football, basketball), sports stadia, telecommunications [and] utilities”.

During the economic crisis, the sector of public relations was affected in several ways. Not only had there been a job reduction in traditional media, but also an establishment, in both smaller PR agencies as well as in integrated communication agencies. In reaction to the crisis, *Kommunikacja Plus* had to introduce a reduction of advertisement and promotion costs in addition to finding a niche that would provide financial security and stability. They were able to find a suitable niche by conducting drastic market surveillance actions and finding offensive solutions by analyzing the market for public relations intensively. Through these research strategies a suitable niche appeared, the sponsorship market. Therefore, they created a unique offer, as they opened a new, sister company, in co-partnership, named *Sponsoring Insight*. *Sponsoring Insight* was developed as a research and consulting agency specializing in the analysis and advising on marketing and sponsorship of sports and culture. The implementation of different projects is based on the most innovative analytical tool of the latest scientific research in the area of sport and culture sponsorship. Their unique application monitors the entire process of sponsorship projects and allows companies to control expenses and to communicate their name in the most efficient way.

This shows the extraordinary approach *Kommunikacja Plus* took in consideration of necessary mechanisms of innovation to react efficient to the crisis in 2008. This approach was taken, as there had been uncertainties in consideration of the most beneficial way to cope with the output of the crisis, as its output could not be clearly defined until two years after the crisis. In addition to this situation, *Kommunikacja Plus* only felt a soft effect of the crisis in Poland

anyway. Therefore, the demand for drastic reactions was not needed to a very sudden and strong extend.

As the implementation of the application did not produce any costs and emerged as a very good tool in reaction to the crisis, the cutting down of jobs was not necessary. It can be said that the change in offered services enabled the company to accept a wider range of possible activities, still, the policies of pricing have not changed significantly. Also, as *Kommunikacja Plus* is a very small company, the decision making process was conducted promptly. Nevertheless, they are still observing the economic development and the produced costs of the company in case the implementation of radical decision making will be required in the future.

Selena Group

Selena Group is a global manufacturer and distributor of construction chemistry. The company's products include polyurethane foams, adhesives, sealants, building insulation systems and much more. The most prominent brands are Tytan, Quilosa, Artelit and Matizol.

Selena was recognized for "Durable Success" with Economic Award of the President of the Republic of Poland Bronisław Komorowski at the official gala opening the Poznan International Fair in Poznan, Poland on 2 June 2014.

Selena Group is a big international company with global experience. They are working on four continents and have trade and production companies. In Europe, apart from Poland, they are represented in Romania, the Czech Republic, Slovakia, Hungary, Bulgaria, Spain, Italy, Germany, Finland, Ukraine and Russia. In Asia they have companies in Kazakhstan, China and South Korea. Their companies are also situated in Turkey, USA and Brazil.

The company was established in 1992. Already in 1996 they established two new markets inside the country in Dzierżoniów and Siechnice. In 2000 the company was developing actively, many new markets were opened. Despite the fact that in 2008 European markets started suffering the impacts of the

economic crisis, Selena Group went on expanding its markets, establishing Selena Nantong Building Materials Co. Ltd. in China and beginning to invest in Nantong economic zone near Shanghai to construct a production facility which continued in 2009 with the establishment of plants for mounting foams, sealants and adhesives. Also in 2010 they founded Selena Slovakia, and in 2012 Selena takes control over the liabilities of Euro MGA Product SRL from the local bankruptcy officer and shifts its focus to trade operations in the USA.

According to their spokesman, the crisis for any company is a lack of demand, so a big global company, particularly the Selena Group in the times of crisis becomes like a “beggar” – more aggressive and always is trying to sell you something.

Selena Group overcame the crisis by implementing innovations which helped to improve the productive development of the company to a new level. Creating an innovation is highly important for a big company and subsidizing the innovation is more costly than its value. In 2000 Selena Group elaborated a unique formula and launched the production of TYTAN 65 – the world’s first high-yield PU gun foam. It was developed in 2003 into production of TYTAN Lexy – the world’s first high-yield PU straw foam.

In 2008 was launched innovative Tytan Professional O2 PU foam line on the CEE market, and in 2010 innovative 360 degree applicator for Tytan Professional sealants and Tytan Styro 753 – technologically innovative adhesive for foamed polystyrene that is 7 times easier to apply, 5 times faster to cure and 3 times stronger to bond than traditional adhesive mortars.

The issue of cash flow and liquidity is becoming increasingly important during crisis. So, to deal with crisis Selena Group not only provided efficient cost management and laying off. If revenue drops by 30-40 percent, cost cutting is absolutely indispensable, so the company has to focus on profit and liquidity. It is important to reduce costs without long-term adverse effects. Selena Group cut costs but not value or quality of the production.

Customers of Selena group need the company to be able to supply products that are both innovative and easy-to-use as well as being durable and safe. The

company works constantly to develop new products, to improve what it offers and satisfy the customers' needs. They provide custom-made Selena product formulas for use in Asia, Europe, and North and South America, which take the weather conditions and the construction technology of each country into account.

Company manufacture products using exclusive formulas are developed by their own in-house R&D experts. This gives them a competitive edge making Selena one of only a handful of manufacturers able to offer such a wide array of construction chemicals.

Selena Labs was set up in 2010 (originally as the Research Centre of Construction Technology), to co-ordinate research activity for Selena's production plants in Poland, China, Spain and Turkey. Its key role is to invent new and pioneering products, and some of their recently developed solutions include:

- new, high-efficiency polyurethane mounting foams;
- thin-bed mortar (polyurethane-based);
- fire-rated silicone;
- hi-tech hybrid adhesive with a fast initial grip;
- roofing sealants.

Polish experts also help to set up production plants around the world in order to monitor implementation of the technologies and solutions developed in our laboratories.

In March 2013, Selena Labs received a subsidy from the EU Operational Programme: Innovative Economy - Measure 4.5.2. In this project, more than 2 million PLN are to be invested in modern R&D equipment to streamline and increase the effectiveness of our Group's R&D activity.

Selena Group in the first quarter of 2014 achieved consolidated sales of PLN 200.1m, up nearly 9% compared with the corresponding period of 2013. The Group's sales were directly affected by the economic climate on international markets. The key increases were noted in the Turkish, American and Eastern European markets. In Western Europe, the signs of economic recovery were

observed in Spain. On the other hand, the unstable political situation prevailed in Eastern Europe and Central Asia, which also had an impact on the sales recorded by the Selena Group.

Selena has been steadily improving its operating results, which is evident in the percentage growth of the gross margin to 29.5% vs. 27.5% in the corresponding period of 2013. This is mainly a continued effect of the restructure of the Group companies and the reduced purchase prices of raw materials as a result of the efforts of the central purchasing function.

In 2013, Selena adopted its strategy for the years 2014 – 2016. The strategy sets out the Group's new mission and clearly indicates the actions and programs to be undertaken in the years to come. The new mission statement: “Together we deliver better building performance means an even more effective identification of customers’ needs and providing products that correspond to the global trends and expectations of users in specific areas of construction, finishing and renovation works”.

Nawitel

Nawitel is a construction company established in 1993. They are specialized in underwater pipelines, drills, etc. which makes them quite unique on the Polish market. They especially collaborate with companies from the Netherlands and the United States. With almost one hundred employees, the spokesman said that “they are developing as a strong company”, working both for private and public sectors.

Basically, the structure of the company is ordinary. The spokesman described the administrative part as a little structure consisted of ten persons and there is one boss over the all company. With regard to an eventual reshape, he explained there wasn’t any big change in the structure. And even if there were some, it is quite hard to connect them with the crisis.

Concerning the ability of low-level employees to bring in new ideas, the interviewee highlighted that, of course, it was possible within Nawitel innovation

process. But it requires very technical skills, which explains why it is not very common.

Like many companies in Poland, they got bigger, more developed, and didn't suffer from the financial crisis. The whole branch of the industry was not really affected because of the necessity of the gas pipelines even in times of crisis, so that the demand of their clients hasn't stopped.

The spokesman explained that the company didn't want to contract products' offer. They took the risk and decided to invest a large part of their budget in order to buy more and better equipment to be more competitive on the market. This mainly explains their means to overcome the crisis and even expand. According to the spokesman, "if they had any changes in their services or their products, it was for the better".

As an illustration of the products they provide, he explained that the longest drill under water they have ever build is about two kilometers, which is quite unique and makes their position on the market quite good. They use different technologies and are actually innovative in this sense that makes them able to achieve better results.

However, this exceptional characteristic doesn't mean that the company does not have to tackle Polish competitors. The spokesman clarified that they try avoiding cooperation with Polish companies presumed providing same products. Indeed they mainly collaborate with companies abroad, especially in order to benefit from their knowhow and good quality material without being threatened by national competitors.

The spokesman described that in the construction sector, it is necessary to be innovative in order to be competitive on a worldwide level. The company gets special financial support from the European Union to develop their innovation abilities.

The most innovative features of Nawitel lie within their activities (e.g. technologies, knowledge, etc.). Most of them are connected with new ecological standards derived from the European Union (e.g. recycling and special fluids).

Others are associated with innovative equipment to make them able to develop their products efficiently. For instance the company developed something called the digital truck, which is a new technology aimed at tracing the ideal positions for constructions under water. However the spokesman explained that it is difficult to precisely define the average budget allocated to innovation in the company.

Moreover, the company does experience some obstacles regarding innovation processes, which are mainly administrative and financial. First, the company has to find financial resources to invest in new technologies and second, it also needs the knowhow to deal with the legal structure (e.g. norms and regulations).

Nawitel is a good example of a Polish company that did well in overcoming the crisis by investing more money in new technologies. This strategy reinforced their prosperous stand on the market.

Towards Conclusions - A Comparative Analysis

To begin with, it is important to underline that all of our companies are very different cases, both in their fieldwork and size. Therefore the way in which they were affected by the crisis (and also reacted to it) was very different too. In this section we will try to compare the measures that were taken in coping with the impacts of the crisis. First of all, we have to compare the ways in which the crisis affected our companies, then we will focus on the measures taken in order to cope with the crisis and in the end we will compare situations of the companies after the implementation of the measures.

None of the companies we interviewed suffered from the contraction of the global market very much – but from different reasons. Whilst Komunikacja Plus focused on very specific sector with highly demanded services, Selena Group was already too big to be significantly affected and the last company, Nawitel, represents a part of the market which is necessary – both public and private sectors cannot function without its services. But partly, their capacity to survive

the impacts of the crisis (and even get stronger) was due to their successful performance in implementing innovative measures.

As the crisis stroke, Komunikacja Plus had to reduce non-crucial expenditures – promotion and advertisement. In contrary, Selena Group adopted an opposite approach: in order to keep the level of demand high they adopted a more aggressive strategy of promotion on the market. Similarly, Nawitel became more aggressive on the market too, but in a different way: instead of investing in marketing, they decided to increase the competitiveness of the company by modernizing their technology. Another aspect that differentiates the approaches of those companies is the change of the scale of the products provided. In order to find a sector with prosperous perspectives Komunikacja Plus invested in market research to select a very thin area of their market – the sponsorship market. They reached this particular goal through the establishment of a sister company, the Sponsoring Insight, which specializes on research and consulting activities. Such a measure provides the original company with better capabilities to adapt to the changing conditions of the market.

Selena Group opted for a totally different strategy. They thought a broader customer portfolio would be better than a very specific one and therefore they expanded to other markets. Selena Group widened their offer and started to provide very different products and services. Nawitel, on its part, embraced yet another tactic: after an attentive market research they individuated an activity of interest where to expand. Through a risky investment they acquired new technologies which enabled them to become the only provider of their specific service.

In general it is worth pointing out that all companies went through the crisis not only by cutting their budgets, but they also took the risk of investing in research activities and diversifying their attitudes on the market. In the case of reducing expenditures all of the companies put emphasis on keeping the quality of their products and services and cutting costs which do not affect the quality.

Finally, the examples of those companies show that if the crisis is perceived as an opportunity rather than only as an obstacle, eventually the companies that

have the courage and the ability to adapt can experience positive development and growth.