

## UNDERSTANDING AND APPLICATION OF OPEN INNOVATION BY SME-s IN MACEDONIA

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### Abstract

Nowadays in uncertain circumstances and economic downturn, innovation is very important for companies. Thus, the innovation is the single most important condition transforming the crises into an opportunity. Due to the fact that not all the smart people work inside a company, companies need to work with people inside and outside of the company. So, companies need to adopt external sources in order to be successful in innovation plans. In a closed innovation model, the development as well as marketing of new products takes place within the boundaries of the companies, while open innovation concept has been coined based on the principle that the firms can and should use external ideas as well as internal ideas, and internal and external paths to market, as they look to advance their technology. There are many reasons why companies are looking to open innovation. One of them is the changing market conditions and the indirect rules of closed innovation which are causing un productivity for companies. Adapting open innovation principles requires proficiency in several different activities. Such activities include: seeking opportunities, evaluating each opportunity, recruiting potential partners, value-capturing through commercialization, and extending the innovation offering. The purpose of this paper is to scrutinise activities of innovation in SMEs in Macedonia. It will investigate if external sources (suppliers, customers, universities, agencies etc.) are considered as important source in the innovation process by SMEs in Macedonia. Since, the innovation consists from many phases; the interest of authors is to see to which stage of innovation external sources are involved in the process of innovation. This paper is written from positivism scientific perspective with use of a deductive approach. A questionnaire was applied by using quantitative method. The empirical findings have been analyzed in comparison with existing theories and conclusions reached. From the results, activities regarding innovation in SMEs in Macedonia are positively related with success of the company and the tendency is to increase activities, especially with their suppliers and customers and build a long relationship. Also, the highest degree of involvement of external sources in the innovation process by SMEs in Macedonia take place in four stages: scoping, defining the project, commercialization and evaluation. The results of the study show that the management of SMEs in Macedonia are willing to integrate external sources in innovation process, since they think that these sources are very important for the company.

**Keywords:** *supply chain management, innovation, open innovation, supply chain integration*