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# Innovation policy and successfulness of micro and small companies in the Republic of Slovenia

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The purpose of our research is to examine the state of innovation policy and its influence on the successfulness of micro and small companies in the Republic of Slovenia. The effects of particular influential variables on the success and innovation policy (frequency of introduced changes, national co-financing, financial support initiatives, promote programs and innovation planning policy) were analysed empirically on the stratified model of 121 micro and small companies with the method of quantitative research, namely as per the most important and successful statistical regions. On the basis of the analysis based on linear and multiple regression analysis, it may be established that innovation policy influences positively on the success of micro and small companies. We can thus conclude that company's frequency of introduced changes; national co-financing and financial support incentives, familiarity of employees with the innovation strategy as a part of innovation policy play a significant part in achieving business excellence.

**Key words:** Innovation policy, innovation planning policy, company's success, management, micro and small companies, Slovenia.

## INTRODUCTION

The European Union and Slovenia still lag behind the USA and Japan in the field of exploiting innovation potentials (EC Scoreboard, 2006; SURS, 2006). One of the fundamental reasons lies in the poor awareness of owners, companies' management and employees that innovation ensures competitive advantage and thus contributes to the successfulness and development of companies.

Innovation activity, which is closely related to many factors of social and economic environment and to the company itself, is a complex compound of subjective and objective circumstances. Such complexity makes planning, implementation and monitoring of innovation policy within an organisation difficult for the managers and owners. Slovenia's entry to the European Union

should force us to be even more aware of the growing competitiveness and market pressures. Companies and other organisations should constantly create and introduce inventions and change them into innovations. Markic (2006) derives from findings that in the period of transition from industrial into post-industrial and innovation society, the competitiveness of Slovenian economy in comparison to other more developed economic environments does not promise satisfactory increase in the extant value added per employee. This is particularly evident in the case of micro and small companies (Mulej et al., 2005). According to the Slovenian Statistical Office Data, the portion of all innovative companies' amounts to 27.7% while in large companies, they said share amounts to 76.9% (SURS, 2006). Albeit the economic importance of SME is clear, the way of achieving the innovation and consequently economic results is not clear enough. Interestingly, despite the strong commitment to supporting SMEs, the actual process by which such firms

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undertake innovative activity remains unclear (Hoffman et al., 1998).

## Innovation performance influencing factors

The innovation of SME is influenced by different factors, which can be divided into two groups (Keizer et al., 2002): internal factors, which are connected to cha-racteristics and strategies of SMEs and external factors connected with interactions of SME with its environment.

Regarding the internal factors, one of the most important factors is the innovation strategy. Various researches discuss the relation between innovation strategy and economic successfulness of an organisation. Many of them show that the connection is positive yet weak (Milfelner and Petejan, 2003; Likar and Kopac, 2007). The researches (Likar, 2008) also highlight the importance of strategic decision to innovate (Fatur, 2005; Kroslin, 2004; Potocan and Mulej, 2008) in achieving economic results. The other two research papers indicate the importance of the following factors: strategy to raise creativity and risk taking, which both have an impact on innovation performance of SME (Birchall et al., 1996; Carrier, 1994). Another key factor is the idea manage-ment which proves extremely important and is often well regulated. The result is frequently a set of suggestions on improvements that often remain unachieved. This indicates that the strategic role of idea management can be well-defined, yet the problems occur at the imple-mentation phase (Fatur and Likar, 2009). Other important factors are: the goal setting, financial aspects, human resources management and related competencies of em-ployees as well as benchmarking of results (Likar, 2008; Mulej et. al., 2005). Furthermore, a proportion of highly educated staff is one of the factors having a positive impact on product innovation (Freel, 2005). Within these findings, the proportion of highly educated employees in a company has the largest impact on product and radical product innovation but the weakest impact on process innovation (Radas and Božića, 2009). The influencing factor which is frequently indicated as very important is commercialization connected to the marketing effort (Hoffman et al., 1998). The learning pro-cess also seems to be significantly important. In the relationship between learning orientation and innovative-ness, the findings show that learning orientation had a positive statistically significant effect on innovativeness and, in turn, the innovativeness was determined to exert a positive influence on performance (Rhee et al., 2010). The afore-mentioned findings were also supported by other relevant researches (Hult et al., 2004). Besides, the proportion of intramural expenditure on R and D is supposed to have an extremely valuable influence, which is manifested in improvement of product quality (Likar, 2008). The same paper studied the successful intro-duction of new or significantly improved products. It was shown that the strongest factor influencing improvement is investment in innovation.

As to the external factors, the researchers showed that collaboration with suppliers can contribute to innova-tiveness of SMEs (Kaminski et al., 2008). Furthermore, the collaboration with other companies, interconnection of knowledge centres and utilizing of financial resources or support regulations are important. Out of the external factors, collaboration with other companies or organi-zations has a positively signifi-cant impact on process innovation and incremental product innovation, but it has weak negative effect on radical products (Birchall et al., 1996; Radas and Božića, 2009). However, having esta-blished connection with academic and research institu-tions has a very strong positive effect on radical product innovation, while the effect on other types of innovation is negligible (Radas and Božića, 2009). Co-operation with external development organisations as well as external consultants obviously brings fresh approaches and consequently novelties, which do not only occur on the market, but what is more important, are better accepted by the market. This is an important fin-ding which speaks in favour of strengthened co-operation between industry and external development organi-sations, for example, universities (Likar, 2008).

Important hampering factors are the economic risk, high innovation expenses, lack of qualified staff and infor-mation on technology (Pfohl and Kellerwessel, 1997). The importance of the cost factor (responsible for establishing various innovation focused activities) is also supported by other researchers, for example, the re-search results demonstrate that the costs associated with innovation have proportionately greater impact on small than on larger companies (Madrid-Guijarro, 2009). The additional hampering factor for SME is connected to the innovation policy, which is a financially and organizationally demanding; that is why small companies are not able to make leapfrog towards a more innovative methods of operations (Freel, 2005). But the hampering factors should not be a reason to bring innovation activities to a dead stop. According to the experience from Spain (as to the summary innovation index, Spain is comparable to Slovenia) small firms that do not embrace innovation within their core business strategy run the risk of becoming uncompetitive because of obsolete products and processes. The most significant barriers are asso-ciated with costs, whereas the least significant are associated with manager/employee resistance (Madrid-Guijarro, 2009). The problem of obstacles was examined by other authors as well and results are partially con-tradictory. They discovered that companies that report facing obstacles are not less likely to innovate less, which suggests that innovators are able to work around obstacles without causing damaging effects to innovation (Radas and Božića, 2009).

Another factor concerning innovation performance should be mentioned; the expert literature often disting-uishes between product and process R and D and similarly to product and process innovation, also in SME

(Radas and Božića, 2009; Raymond and St-Pierre, 2010). Even though there is a big difference, many authors (similarly to the approach of our study) do not divide the innovation process into subcategories (Rogers, 2004; Romijn and Albaladejo, 2002).

## Innovation performance monitoring

Expert literature addresses several approaches to the monitoring of innovation, especially in the field of invention and innovation activities which partially extend into the field of innovation policy undertaken by different organisations. One of the fundamental methodological approaches is the analysis of innovation process on the basis of input (investments), process and output (results) groups of indicators. The selection of indicators proves extremely diversified. Expenses for research and development activities (Cooper and Kleinschmidt, 2007) (henceforth referred to as RDA) or a number of days dedicated to education/training of employees (Iansiti, 1997; Leenders and Wierenga, 2002; Mlinar et al., 2009) are used as input indicators representing "investments" in organisational system (Biloslavo, 2008). Process indicators help us establish the state of innovation process management (organisation, planning, management, and supervision), the use of adequate managerial techniques (for example, benchmarking, market analysis, decision making, idea creation, forecasting and suchlike) as well as innovation culture within an organisation. Output indicators reflect the results of innovation processes, for example, the number of patents and new market products, market share, revenues from sales of innovations/ innovative products and suchlike (Michalisin, 2001).

The research methodologies also differ concerning the application of either single or composite indicators, being applied in data processing and correlation analysis. The advantage of composite indicators is paramount in achieving comparison of different branches of industry and different sizes of organisations (Hollenstein, 1996). Hollenstein (1996) applies factor analysis to separate four factors from a group of innovation variables, namely technical and market dimension factors for product innovations and input and output factors from the process of invention and innovation generating process for process innovations.

It may be concluded that many factors significantly influence the innovation performance. As various studies apply different methodological approaches (for example, single and composite indicators) and various set of indicators (internal and external factors; factors focusing on strategic, tactical and operational level, etc.), it proves difficult to compare the results in a simple way. In addition, the innovation performance can be connected to products, processes and services. There is also an immense difference among the importance and economic effect of incremental, radical and other types of innovations. Besides, the results are often contradictory.

Pursuant to the aforementioned facts, we designed a research which would provide guidelines for understanding the influence of innovation strategy on the successfulness of operations in an innovation environment of micro and small companies.

The purpose of this paper is to examine the state of companies' innovation policy (frequency of introduced changes, national co-financing, financial support initiatives, promote programs and innovation planning policy) and its influence on the successfulness of micro and small companies in the Republic of Slovenia. This discussion leads to the following hypothesis:

$H_1$: Frequency of introduced changes has a significantly positive influence on the successfulness of operations of micro and small companies in the Republic of Slovenia.

$H_2$: National co-financing, financial support incentives and entrepreneurship and competitiveness promote programs has influence on the successfulness of operations of micro and small companies and innovation policy strategy planning.

$H_3$: Innovation planning policy has a positive impact on the successfulness of operations of micro and small companies.

## METHODOLOGY

### Description of the sample

Stratified research sample encompasses 500 of the aforementioned companies located in different regions and engaged in various activities. Technique of probability sampling of stratification as described in Kalton and Vehovar (2001) was applied. A group of micro and small companies was stratified pursuant to five most developed regions in the Republic of Slovenia as per number of companies and net revenues from sales for which a publicly available AJPES database (the Agency of the Republic of Slovenia for Public Legal Records and Related Services 2007) was used. The Drava, Savinja, Central Slovenian, and Upper-Carniola regions as well as the coastal part and the Karst were addressed as subgroups or stratums. Within each stratum, 100 micro and small companies were proportionally sampled as per five most important areas of standard classification of activities: D-manufacturing, F-construction, G-wholesale and retail, as well as repair of motor vehicles, personal and household goods, I-transport, storage and communication, and K-real estate, renting and business activities. Statistical regions were considered as subgroups or stratums. The response rate, the structure of sample regarding the size of companies was 24% (N=121).

### Research instruments

The data was collected on the basis of a questionnaire developed and sent to micro and small companies in the Republic of Slovenia by e-mail, after the consent and arrangements with the senior executives in the studied companies. Questionnaire included a combination of closed and open questions and a grading scale of 1-5 Likert type. *Group of variables, operationalised in the survey questionnaire, refer to innovation policy and the successfulness of micro and small companies in the past four years of operations as:*

i. Innovation policy variables frequency of introduced changes into

the operation in sense of improvements and/or novelties encompass: work methods, marketing, management methods, fostering of innovation activities, research and development, products, processes or services, production processes, machinery or equipment processes, education and training. Possible answers were: 1-not in the past year, 2-every eight months to a year, 3-every eight months, 4-every six months and 5-at least every four months.

Second group of variables includes statements about national co-financing, financial support incentives and promote entrepreneurship and competitiveness.

ii. Variable group successfulness of operations in the last four years (2005, 2006, 2007, and 2008) was composed of non-financial and financial indicators. To represent the successfulness of micro and small companies the following indicators were selected: profit arising from new investments in our company was considerably below/above the average in the sector, number of successfully implemented investments was considerably below/above the average in the sector, relations with suppliers are bad and short-term/excellent, value added per employee in our company is considerably below/above the average in the sector, number of investments in education, knowledge and training decreased/increased in the past years of operations, number of customer's complaints decreased/increased in the past years of operations, net staff turnover in our company is high/low (Skerlavaj, 2003). The indicator "number of investments in education, knowledge and training decreased/increased in the past years of operations" was selected on the basis of investment strategy in knowledge in companies and the economy (The Programme of Reforms for the Implementation of Lisbon Strategy in Slovenia, 2005). Similarly to the preceding set of indicators, the respondents were offered two extreme statements also here, namely an extreme negative statement and extreme positive statements representing values of 1 and 5 respectively.

iii. Variable group innovation planning policy encompass: the familiarity of employees with company strategy, the importance of innovation policy planning, the familiarity of employees with the innovation strategy, leaders decision-making leaders regarding to innovation planning, placing ideas on innovations by leaders, rewarding employees for new ideas and employee innovation proposals. The respondents were also offered two extreme statements here, namely, an extreme negative statement and extreme positive statements representing values of 1 and 5 respectively.

**Research process**

The respondents were willing to co-operate anonymously. After the consent and arrangements with the senior executives in the studied companies, we started to administer the questionnaires. The respondents filled in the questionnaires send by e-mail. Time was not limited.

**Methods of data processing**

All the hypothesis were tested at a significance level less than 5% (P = 0.05). To analyse our data we used an analytical software programme SPSS 15.0 (statistical package for the social sciences) and Microsoft Excel Software Programme. The results are presented in a descriptive way and as tables and graphs. In data analysis we applied linear and multiple regression analysis.

## RESULTS AND DISCUSSION

The response rate to the questionnaire, the structure of sample regarding the size of companies was 24% (N =

121). Response rate regarding five most developed regions and classification in the Republic of Slovenia was: The Drava - wholesale and retail 19%, construction 17%, manufacturing 17% and wholesale and retail 47%. Savinja – manufacturing 14%, wholesale and retail 25%, construction 18%, transport, storage and communication 4% and real estate, renting and business activities 39%. Central Slovenian - wholesale and retail 55%, transport, storage 6% and communication and real estate, renting and business activities 39%. Upper-Carniola regions – manufacturing 19%, wholesale and retail 8%, real estate, renting and business activities 44% and construction 33%. The coastal part and the Karst - manufacturing 10%, wholesale and retail 34%, construction 18%, transport, storage and communication 4% and real estate, renting and business activities 30%. Pursuant to the purpose and the objective of this paper the hypothesis was verified:

$H_1$: Frequency of introduced changes has a significantly positive influence on the successfulness of operations of micro and small companies in the Republic of Slovenia.

The hypothesis is verified with a linear regression (Table 1), where the factor of the frequency of introduced changes into the operation method, that is improvements and/or novelties, is selected as an independent variable while the factor of success of micro and small companies is chosen as a dependent variable.

Beta coefficient amounts to 0.757 and statistically differs from 0. The influence is thus positive: with an increase in the frequency of introduced changes the successfulness of a company increases. Regression equation: the successfulness of a company = 0 + 0.757* the frequency of introduced changes. Linear influence of the frequency of introduced changes helps us reason almost 60% of variability of successfulness of micro and small companies, which proves substantial. This means that the changes in micro and small companies are one of the key factors influencing their successfulness. The hypothesis was thus verified.

Hereafter, we wanted to establish which area of innovation policy of introduced changes in the operations methods, that is introduced improvements and/or novelties, influences the most on the successfulness of companies. In order to find an answer a multiple regression analysis was applied (Table 2). The frequency of introduced changes and innovations in the field of work methods, fostering innovation activities as well as education and training influence on the successfulness of micro and small companies the most (the influence may be confirmed at a five percent degree of characteristics). Let us also mention the frequency of changes in the field of research and development where an influence at six percent risk may be confirmed. Due to correlation of independent variables the actual influence presented by our model of multiple regression analysis is lower than if each independent variable was included separately.

**Table 1.** The results of a linear regression analysis.

| Model | | Non-standardised coefficients | | Standardised coefficients | t | p | $R^2$ |
|---|---|---|---|---|---|---|---|
| | | Beta | Standard error | Beta | | | |
| 1 | Constant a | 0.000 | 0.054 | | 0.000 | 1.000 | |
| | Frequency of implementing changes | 0.757 | 0.058 | 0.768 | 13.083 | 0.000 | 0.586 |

Beta –standardized and unstandardized regression coefficient; t – t-test; p- statistical significance; R-square – coefficient of determination.

**Table 2.** Results of multiple regression analysis.

| Model | | Non-standardised coefficients | | Standardised coefficients | t | p | $R^2$ |
|---|---|---|---|---|---|---|---|
| | | Beta | Standard error | Beta | | | |
| 1 | Constant a | -2.399 | 0.212 | | -11.335 | 0.000 | |
| | Methods of work | 0.227 | 0.068 | 0.296 | 3.343 | 0.001 | |
| | Marketing, sales and purchase | 0.098 | 0.072 | 0.112 | 1.359 | 0.177 | |
| | Management methods | -0.018 | 0.074 | -0.020 | -0.248 | 0.804 | |
| | Fostering innovation activities | 0.184 | 0.068 | 0.213 | 2.714 | 0.008 | 0.6 |
| | Research and development | 0.102 | 0.053 | 0.131 | 1.929 | 0.056 | |
| | Products, processes or services | -0.010 | 0.072 | -0.011 | -0.142 | 0.887 | |
| | Production, machinery or equipment procedures | 0.105 | 0.069 | 0.119 | 1.522 | 0.131 | |
| | Education and training | 0.153 | 0.078 | 0.175 | 1.971 | 0.051 | |

Beta - standardized and unstandardized regression coefficient; t - t-test; p - statistical significance; R-square - coefficient of determination.

Poor innovativeness in micro and small companies leads to poor economic success. Micro and small companies, particularly in D-manufacturing, should be focused on and oriented towards innovation as a key factor of ensuring the quality of products and services. The said low-assessed statement also relates to other low-assessed variables of successfulness.

It may be established that appropriate investments may increase the level of innovativeness and economic efficiency. As to the fostering of innovation, similar results are reported by the research showing that the strongest factor influencing improvement was investment in innovation (Likar, 2008).

The research helped us establish that the frequency of introduced changes and innovations in the field of work methods, fostering innovation activities as well as education and training influence the most on the successfulness of micro and small companies; the influence at a five percent degree of characteristics may be confirmed. Similarly, the results indicate that a proportion of highly educated employees in the firm has a positive impact on all types of innovation (product, process, line extension, me-too product and radical product) was reported by Radas and Božića (2009).

The frequency of changes in the field of research and development needs to be mentioned, where the influence at six percent risk may be confirmed. The results can be supported by the findings; the collaboration with knowledge centres (Radas and Božića, 2009) has a positive impact on innovation. Also, the Likar's (2008) findings

**Table 3.** The results of a linear regression analysis - first step.

| Model | | Non-standardised coefficients | | Standardised coefficients | t | p | $R^2$ |
|---|---|---|---|---|---|---|---|
| | | Beta | Standard error | Beta | | | |
| 1 | Constant a | 0.072 | 0.127 | | 0.569 | 0.570 | |
| | Entrepreneurship and competitiveness promote programs | -0.040 | 0.047 | -0.078 | -0.856 | 0.394 | 0 |

Beta –standardized and unstandardized regression coefficient; t – t-test; p- statistical significance; R-square – coefficient of determination.

**Table 4.** The results of a linear regression analysis - second step.

| Model | | Non-standardised coefficients | | Standardised coefficients | t | p | $R^2$ |
|---|---|---|---|---|---|---|---|
| | | Beta | Standard error | Beta | | | |
| 1 | Constant a | 0.227 | 0.139 | | 10.634 | 0.105 | |
| | National co-financing and financial support incentives | -0.106 | 0.054 | -0.175 | -10.944 | 0.054 | 00.031 |

Beta –standardized and unstandardized regression coefficient; t – t-test; p- statistical significance; R-square – coefficient of determination.

showed that external development organisations as well as external consultants obviously bring fresh approaches and consequently novelties, which are better accepted by the market:

$H_2$: National co-financing, financial support incentives and entrepreneurship and competitiveness promote programs influence on the successfulness of operations of micro and small companies and innovation policy strategy planning.

Process of second hypothesis testing consists of four steps. The first step included regression analysis in which the dependent variable contains variables of innovation policy planning and the independent variable is entrepreneurship and competitiveness promote programs.

Beta coefficient statistically does not differ from 0, thus we should reject the first part of hypothesis 2. Entrepreneurship and competitiveness promote programs does not influence on the innovation policy strategy planning (Table 3). The second step of hypothesis testing included regression analysis in which we test influence of depen-dent variable innovation policy planning and independent variable national co-financing and financial support incentives influence on the innovation policy strategy planning (Table 4).

Beta coefficient statistically differs from 0. We should confirm second part of second hypothesis; national co-financing and financial support incentives influence on the innovation policy strategy planning. In the next step, we used linear regression analysis to test part of the hypothesis; the influence of dependent variable contains variables of innovation policy planning and the independent variable the successfulness of operations of micro and small companies.

Beta coefficient statistically does not differ from 0, thus we should reject the third part of hypothesis 2. Entrepreneurship and competitiveness promote programs does not influence on the successfulness of operations of micro and small companies (Table 5). In the fourth step, we test by linear regression the influence of national co-financing and financial support incentives on the successfulness of operations of micro and small companies.

Beta coefficient statistically does not differ from 0, thus we should reject the fourth part of hypothesis that national co-financing and financial support incentives does influence on the successfulness of operations of micro and small companies.

Analysed financial indicators of successfulness in our research indicate low profit arising from new investments, low number of successfully investments, low value added per employee, low number of investments in education and training. It is worth mentioning that relation between innovation inputs and financial results is obviously one of the most important topics. There are differences among research results presented by various authors. Various researches discuss the relation between innovation strategy and economic successfulness. Many of them showed that the connection is positive, yet weak (Milfelner and Petejan, 2003; Likar and Kopac, 2007).

$H_3$: Innovation planning policy has a positive impact on the successfulness of operations of micro and small companies.

**Table 5.** The results of a linear regression analysis - third step.

| Model | | Non-standardised coefficients | | Standardised coefficients | t | p | $R^2$ |
|---|---|---|---|---|---|---|---|
| | | Beta | Standard error | Beta | | | |
| 1 | Constant a | 2.984 | 0.123 | | 24.183 | | |
| | Entrepreneurship and competitiveness promote programs | -0.044 | 0.046 | -0.088 | -0.961 | | 0 |

Beta –standardized and unstandardized regression coefficient; t – t-test; p- statistical significance; R-square – coefficient of determination.

**Table 6.** Results of multiple regression analysis.

| Model | | Non-standardised coefficients | | Standardised coefficients | t | p | $R^2$ |
|---|---|---|---|---|---|---|---|
| | | Beta | Standard error | Beta | | | |
| 1 | Constant a | -0.770 | 0.596 | | -1.291 | 0.199 | |
| | The familiarity of employees with company strategy | -0.073 | 0.062 | -0.108 | -1.177 | 0.242 | |
| | The importance of innovation policy planning | 0.093 | 0.070 | 0.137 | 1.338 | 0.183 | |
| | The familiarity of employees with the innovation strategy | 0.161 | 0.081 | 0.199 | 1.986 | 0.049 | 0.046 |
| | Leaders decision-making leaders regarding to innovation planning | 0.006 | 0.083 | 0.007 | 0.076 | 0.940 | |
| | Placing ideas on innovations by leaders | 0.048 | 0.079 | 0.055 | 0.602 | 0.548 | |
| | Rewarding employees for new ideas | 0.090 | 0.092 | 0.092 | 0.984 | 0.327 | |
| | Employee innovation proposals | -0.063 | 0.075 | -0.076 | -0.837 | 0.404 | |

Beta –standardized and unstandardized regression coefficient; t – t-test; p- statistical significance; R-square – coefficient of determination.

The linear effects of independent variables explained almost 5% of the variability of successfulness of operations of micro and small companies. The model is statistically significant at the 10% risk (F = 1.8) (Table 6). We should mention the positive impact of variable familiarity of employees with the innovation strategy, which can be confirmed in the risk level of less than 5%. The impact of other variables cannot be confirmed. For hypothesis testing, Enter method was used, in addition to the Stepwise method, which includes only those variables that meet the criteria of inclusion.

Inclusion criterion is satisfied by the variable 'the familiarity of employees with the innovation strategy', which explains almost 7% of the variability of successfulness of operations of micro and small companies. The impact is statistically significant positive; with an increase in familiarity of employees with the innovation strategy, successful operations at the micro and small companies' increases (Table 7).

**Conclusion**

In this research we aimed to define the development of a

**Table 7.** The results of a linear regression analysis.

| Model | | Non-standardised coefficients | | Standardised coefficients | t | p | R² |
|---|---|---|---|---|---|---|---|
| | | Beta | Standard error | Beta | | | |
| 1 | Constant a | -0.579 | 0.217 | | -2.674 | 0.009 | |
| | The familiarity of employees with the innovation strategy | 0.206 | 0.071 | 0.256 | 2.890 | 0.005 | 0.66 |

Beta –standardized and unstandardized regression coefficient; t – t-test; p- statistical significance; R-square – coefficient of determination.

conceptual frame to understand the impact of innovation policy (frequency of introduced changes, national co-financing, financial support initiatives, promote programs and innovation planning policy) and successfulness of micro and small companies in the Republic of Slovenia. The main purpose of our study was to find out the importance of the role of company's frequency of introduced changes, national co-financing and financial support incentives, innovation planning strategy in micro and small Slovene companies and find out if these indicators contribute to company success. In our research, we developed three main hypotheses relating to the impact of different indicators of innovation policy on company's success; that is, frequency of introduced changes has a significantly positive influence on the successfulness of operations of micro and small companies in the Republic of Slovenia, national co-financing and financial support incentives and entrepreneurship and competitiveness promote programs has influence on the successfulness of operations of micro and small companies and innovation policy strategy planning and innovation planning policy has a positive impact on the successfulness of operations of micro and small companies.

In our research, 121 micro and small companies were involved. Group of micro and small companies was stratified pursuant to five most developed regions in the Republic of Slovenia. The analysis and interpretation of the research results supported some our hypotheses; $H_1$ and part of $H_2$ and $H_3$. We can thus conclude that company's frequency of introduced changes, national co-financing and financial support incentives, familiarity of employees with the innovation strategy as a part of innovation policy play a significant part in achieving business excellence and they also lead to business excellence.
Eventual restrictions of the empirical part of our research indicate a relatively low amount of data in each stratum (in selected regions of the Republic of Slovenia) given that we derive from a method of applying a proportional stratification since the same sample portion of 100 small companies as per five most important areas according to the standard classification of activities was used in all stratums. Inside the same standard class-fication of activities there are substantial differences among companies within the subgroups of analysed regions of the Republic of Slovenia.

Performed research encompassed a defined number of factors important in the field of innovation. We think that future researches need to include also new explanatory or influential variables, such as legal aspect (the influence of legislation in the field of competition and state aid, intellectual property rights and its protection in ordinary or digitized environments (Trcek, 2006) or micro-economic environment (access to financial sources, tax policy, the role of direct foreign investments, investments abroad): more about this in the paper written by Bučar and Stare (2002). Similarly, the factors of attracting external knowledge and ideas as well as design are also important (Likar, 2008).

We can stress some similarities between our research and research results from other countries which were previously presented. Furthermore, the literature notes that some innovation influencing factors seem to have positive impact in both; in developed economies as well as in emerging transition economies. One of this is the indicator of highly educated staff (Hoffman et al., 1998; Freel, 2000, 2005; Radas and Božića, 2009; Rhee et. al., 2010). Besides, the Radas' findings (Radas and Božića, 2009) from Croatia show that there may be many similarities between developed and developing economies. The Croatian case is indicative of other developing countries; findings from developed economies may travel across geographic and economic boundaries better than could be expected. As Slovenia proves to be between Croatia and developed countries in many aspects (according so summary innovation index, geographical position, GDP, and both countries are former Yugoslav republics) we could summarise that the results are relevant to other developing and developed countries as well.

We believe the results as a whole can be applicable in other countries, such as developed and developing countries. These results are particularly transferable for the countries from the presented first group and with minor limitations regarding economic, social and cultural specificities also for other two groups.

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