

# Chapter 18.

## Innovativeness of maritime sector companies in the Westpomeranian Region

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### 18.1. Introduction

Innovativeness is one of the most important determinants of competitiveness nowadays. Experience of the developed countries shows that the support for innovation activities should be concentrated on particular regions. Regional Innovation Strategy of the Westpomeranian Region points out the maritime sector as one of the most important. The results of some studies (*Stan...*, 2004; *Badanie...*, 2004) prove that the maritime industry is especially favored for innovative growth in the Westpomeranian Region. Historically determined integration of the maritime sector with the region is the basis for existence of many companies. In the region there operate several large and many small and medium-sized enterprises and their activities to a great extent determine the level of the region's development.

### 18.2. The maritime industry in the Westpomeranian region

The maritime industry concerns diverse areas of activities in the river-and-sea port area that is navigation, port industry, shipbuilding industry, fishery, sailing as well as naval and inland civil service, maritime education and R&D activity (*Studium...*, 2005).

There are many actors of maritime economy acting in the region. They have developed mostly on the basis of shipbuilding and port base existing in Szczecin. At the end of the year 2004, there were 779 active enterprises in the maritime sector in Szczecin, including 18 in state-owned sector. Employment in the mari-

time sector equalled to nearly 15,000 persons, which constituted 9.6% of the city's general employment. Organisations operating in the maritime sector in Szczecin constitute 35.4% of all subjects in the region's business, including 60.7% entities producing and repairing vessels and boats (*Raport...*, 2004-05).

Income generated by large and medium enterprises of the maritime sector in Szczecin in 2004 amounted to PLN 4.383 mn and constituted 78.3% of the income generated in the entire region. Investments of these enterprises amounted to over PLN 240 mn, which constituted 16.2% investments of all business sectors in the city. The greatest share of money (over 60%) is invested in the ship-building industry (*Raport...*, 2004-05).

Among many entities of the maritime sector in the region, one can distinguish a few big enterprises and many small and medium sized ones, which mostly work for the big ones. Enterprises of special importance for the regional economy are **Szczecin and Świnoujście Seaports Authority SA**, administering port areas, **Polish Steamship Company** – one of the biggest ship-owners on the world market (1% share in global transports of dry bulk cargo, the world leader in liquid sulphur transport), **Szczecin Shipyard Nowa SA** – one of the largest in the maritime sector (1% share of the world production, including 16% in containerships and 5% in chemical vessels, 25% in con-ro vessels, mainly for ship-owners from Germany and Norway), and **Szczecin Repair Shipyard "Gryfia" SA** – focused mainly on vessels renovations (*Raport...*, 2004-05).

### 18.3. Innovativeness of maritime sector companies

In the "new economy" dominated by new technologies, new strategies and creative actions, innovativeness is a very important determinant of competitiveness.

The level of innovative system development in the enterprise depends on the innovative maturity. Elements of this system are: people, characterized by defined abilities, objectives setting directions of the activities (innovative policy) and procedures and principles ensuring systematic and coordinated activity and supervision of the development of new undertakings in order to maximize the exploitation of the enterprise's resources. System solutions should include also a measurement of innovative actions' results. Consequently, the level of development of the innovative system and its effectiveness determine the enterprise's competitiveness.

Innovative activity of enterprises, including the enterprises of the maritime industry, concerns different actions, beginning from technological, through marketing, organizational, financial to logistics. Diversified character of activity of regional enterprises of the maritime sector determines their innovative behav-

iors, particularly in the case of industry and services, small and big, public and private entities.

This article concentrates on comparing innovative systems of three maritime sector companies, being the key actors in the region:

- » Szczecin and Świnoujście Seaports Authority SA (ZMPSiŚ SA),
- » Szczecin Repair Shipyard "Gryfia" SA (SSR Gryfia SA),
- » Porta Styl Sp. z o.o. (PS Sp. z o.o.).

These companies differ in the type and the scope of activity, size and the structure of the property. All these aspects influence the character of innovative performance.

**Szczecin and Świnoujście Seaports Authority SA** is the entity administering two ports, which are important for the Polish economy: the seaport in Szczecin and the seaport in Świnoujście. ZMPSiŚ is a public joint-stock company. The company is not obligated to make profit but to generate benefits for the development and for financial self-sufficiency. The tasks of ZMPSiŚ as the port area manager's are: administering ground and the port infrastructure, planning the development of ports and providing services required by usage of the port infrastructure.

**Szczecin Repair Shipyard "Gryfia" SA** has operated since 1952. It has been functioning in its present form since 1996, when it was transformed from a state-owned into the commercial company with the State Treasury as the only shareholder. SSR "Gryfia" SA specializes in renovating ships. The company deals also with completion of new construction of ships.

**Porta Styl Sp. z o.o.** came into existence on the basis of one of the Szczecin Shipyard's S.A departments. At present, Szczecin Shipyard SA is the only shareholder. The PS's Sp. z o.o. activities include arrangement of ships' interior, the structure, and repair of ships.

#### **18.4. Innovativeness and innovation systems in selected enterprises – the result of survey**

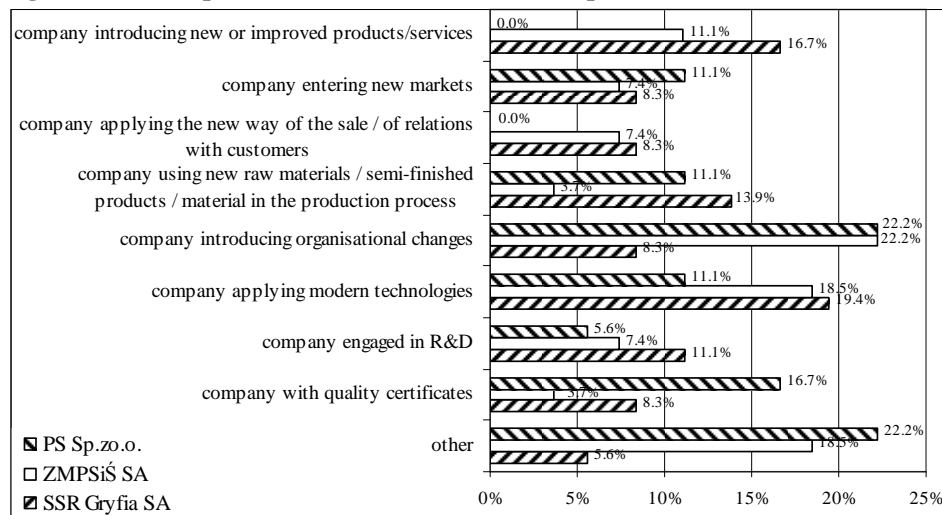
The survey based on in-depth interviews was carried out in three areas: innovativeness, co-operation, and the barriers of both. The basis for the survey was a questionnaire form but the answers from outside were also accepted. The addressees of the survey were the managers of large maritime enterprises (key actors).

One of the objectives of our survey was identification of innovativeness of chosen regional maritime sector enterprises and assessment of existing (or not)

system solutions regarding innovative activity. Therefore, some questions in the questionnaire form concerned the elements of the innovation system, i.e. understanding of innovation, definition of sources and effects of innovative activities, identification of barriers hampering the achievement of satisfactory level of the innovativeness. The survey covered the period of the last three years of enterprises' activity.

The interpretation of innovation systems depends on understanding of innovation as such. Therefore, all respondents were asked to provide their interpretation (figure 18.1).

**Figure 18.1. Interpretation of “innovation” in enterprises**



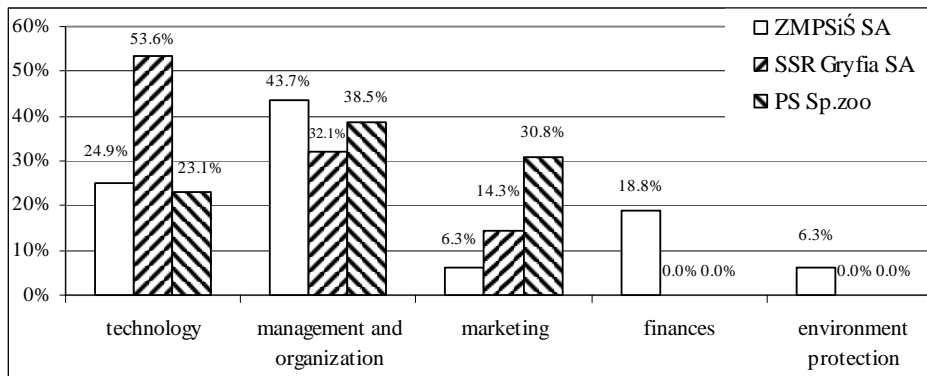
Source: the survey results.

The results of the survey show that the understanding of innovation in the examined subjects varies. The broadest understanding was typical of ZMPSiŚ SA where innovations are perceived as changes in technology as well as changes in other areas of the enterprise's activity, mostly in organization and management. In contrast, the managers of SSR Gryfia narrow innovations to changes in the production sphere first of all, and associate innovativeness with the technological progress. In PS Sp. z o.o. one can observe assigning the great significance to many problems (implementing new or improved products and services, applying modern technologies, implementing changes in the area of the organization and management, creating new market space and obtaining certificates in quality management). Diversification of understanding innovation is correlated to the degree of firm's servility, i.e. what share of firm's activity involves providing services. The greater part of firm's activity provides services, the more innova-

tions are perceived in soft areas. Another conclusion is the companies' observable focus on marketing innovations (new markets, new or improved products).

The declared areas of innovative activity of examined subjects are also diversified and depend on interpretation of innovation (figure 18.2). The approach to innovation and the scope of its understanding in enterprises set frames for creating and functioning of innovation systems.

**Figure 18.2. The declared areas of innovative activity in examined entities**

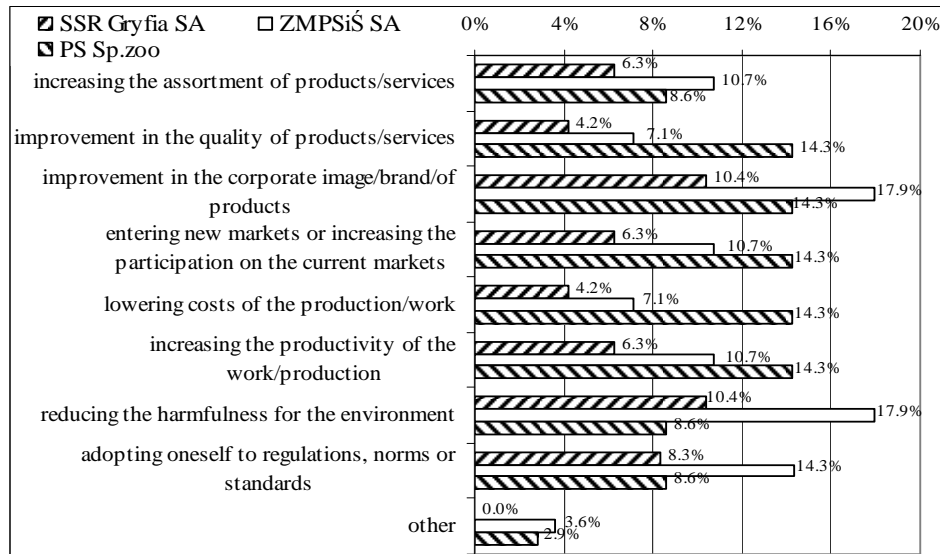


Source: the survey results.

SSR Gryfia perceives innovations mainly in the technological context and therefore implemented innovative changes concern the purchase of new devices, introduction of new products, and the development of new technologies above all. The necessity of services providing by ZMPSiŚ SA and the dominating role of management among company's functions causes that it implements innovative changes mostly in organization, finances, marketing, environment protection and technology (i.e. management supporting technologies, most of all computer technology). Three analyzed companies attach great significance to the area of the organization and management.

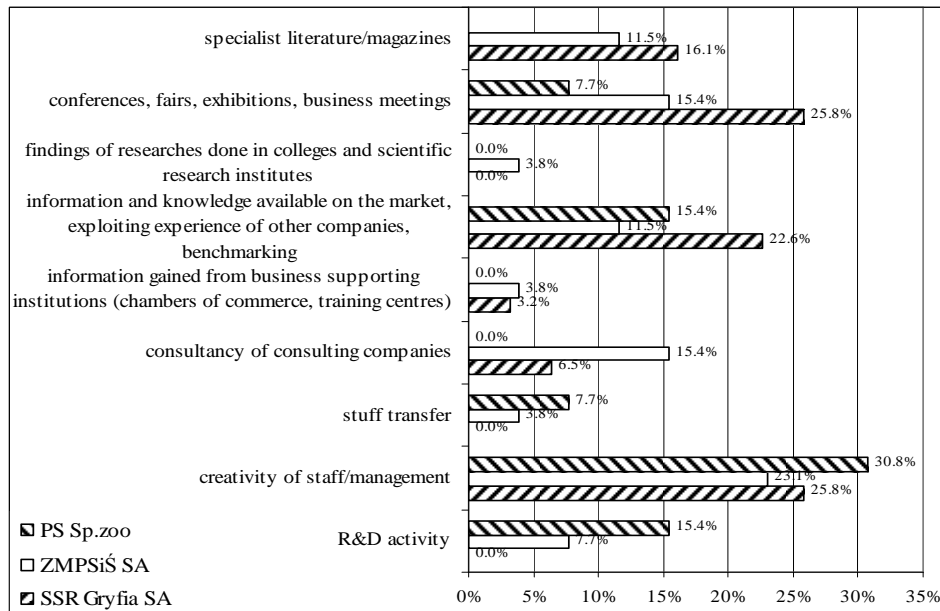
As the research proves, innovative activity is an insignificant part of companies' activity in general. Therefore, the effects of introducing innovations are also relatively small (figure 18.3). These effects are rather dispersed, which points at lack of coordination and lack of regular innovation policy. Consistent systems of innovation management are missing as well and the actions in this area are mostly intuitive. System solutions are missing beginning from identification of innovation, through procedures of their implementation to measurement of their effects. Innovations are applied passively and the innovation is not a consciously perceived aim of a companies' actions.

**Figure 18.3. Effects of implementing innovation in last three years in examined enterprises**



Source: the survey results.

**Figure 18.4. Bodies responsible for innovativeness in examined subjects**



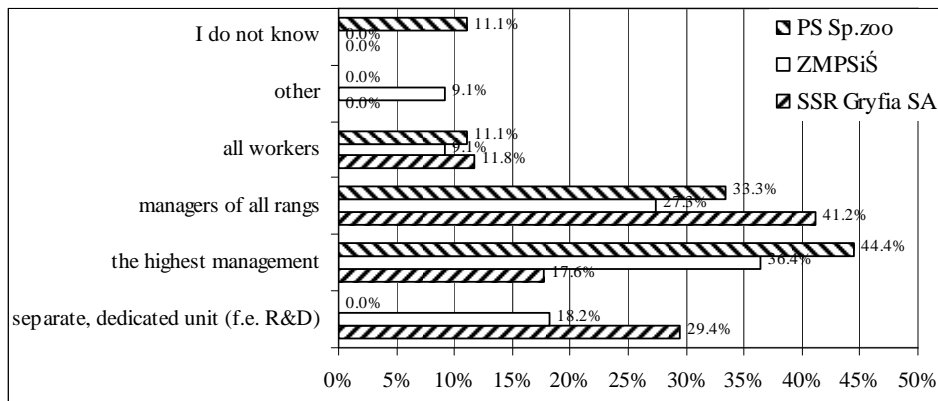
Source: the survey results.

Lack of formalization of innovative activities is another consequence resulting from lack of system solution. The examined enterprises (in general) do not have any intended innovative policy or procedures of measuring the effects innovative actions. Innovation is not an integral part of system of values and is reflected neither in formal documents or procedures nor in unofficial practices. Majority of innovative actions is triggered by the need to accommodate to formal, legal and market requirements.

Despite the fact that, in general, the examined companies do not have formal solutions determining framework of an innovative system, many premises show relatively high innovative potential demonstrated by those companies.

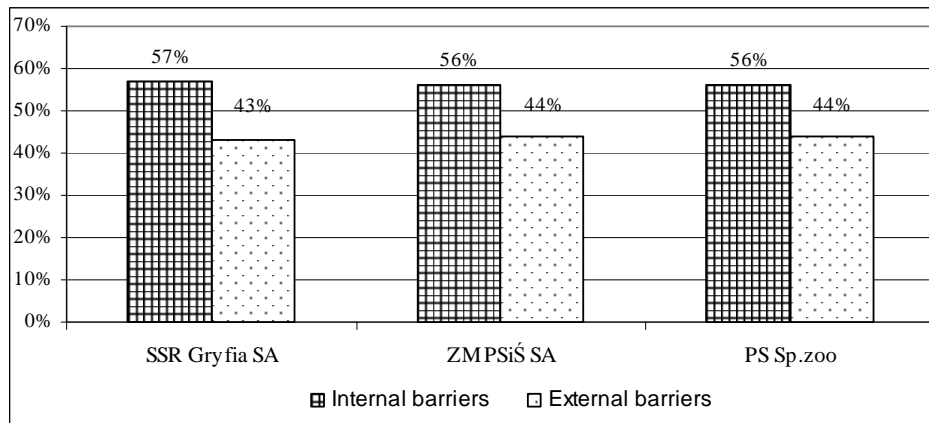
All examined companies explicitly point out that creativity of workers whose ideas gain attention and are often implemented was the main source of innovative changes. Assigning responsibility for innovative ideas directly to the highest management level proves great innovative potential and strategic meaning of innovation.

**Figure 18.5. Main sources of innovative changes in examined entities**



Source: the survey results.

Wide international cooperation of enterprises enable them to follow current trends and to start joint undertakings as well as to high innovative potential. Mutual contacts among the representatives of companies of the maritime business are also a good starting point for shaping the innovative advantage based on cooperative relationships. Additionally, internal barriers of innovative activity point at the potential of innovative development (figure 18.6).

**Figure 18.6. Barriers of innovative activity in examined enterprises**

Source: the survey results.

### 18.5. Conclusions

There are many enterprises of the maritime sector in the Westpommeranian Region the activities of which are crucial for shaping regional competitiveness. However, the survey carried out on the regional large enterprises of the maritime sector reveals low awareness in the field of innovativeness. Innovation activities are rather incidental and mostly intuitive; they are not the aim of action consciously perceived neither an element of any strategy. System solutions are missing concerning identification of the innovation opportunity, innovations creation, and implementation, and the measurement of their effects as well. Innovation is not an integral part of value systems of enterprises, what determine the lack of reflection neither in formal documents and procedures nor in unofficial activities. The innovations are mostly incremental and are introduced with the aim to meet legal or market requirements. However, it can be observed that innovative potential of the enterprises is high, which raises a real prospect of improvement. It is more probable to be achieved because majority of barriers of innovative activity identified are internal what means they are controllable. The probability of the innovative growth is increased by initiatives aimed at raising awareness in the field of innovativeness, supporting the transfer of the technology and the development of cooperation between all actors of regional maritime industry. Additionally, these goals seem to be supported by the maritime cluster, which is to be created in the region.



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