

## THE PRIVATE DEMAND FOR INNOVATION: THE CASE OF EX - YU COUNTRIES

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**Abstract:** *In the era of high sophisticated technology, the innovation is recognised as a key driver towards better national competitiveness and economic growth, creating opportunities for better employment and better responding to global social challenges. At the company level however, innovation improves efficiency, boosts company productivity and provides numerous benefits to the consumers. Being identified as a key variable for the importance of demand for innovation, buyer sophistication signals the ability of buyers to select products and services based on performance rather than price. Furthermore, the companies witnessing more sophisticated domestic market are likely to sell products with higher quality and to better understand the customers' needs and how they perceive the value of the product.*

*This paper aims to provide a comparative analysis of private demand for innovation in selected ex- YU countries using the two key indicators: "buyer sophistication" and*

*"sales of new-to-market and new-to-firm product innovations for the period 2011-2016. Although sharing the same socio-political and historical background, the analysis of these selected countries show significant discrepancies among their business leaders' assessments about the level of their customer demand for innovation and business sophistication.*

**Key words:** *private demand, buyer sophistication, innovations, value, sales*

**Резиме:** *Во ерата на високо софистицирана технологија, иновацијата е препознаена како клучен двигател за подобра национална конкурентност и економски раст, создавајќи можности за подобро вработување и подобро прифаќање на глобалните општествени предизвици. На ниво на компаниите, иновацијата ја подобрува ефикасноста и обезбедува бројни поволности за потрошувачите. Софистицираноста на купувачите, како клучна варијабла за приватната побарувачка на иновации ја*

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означува способноста на купувачите да избираат производи и услуги базирани на перформанси, а не на цена. Поради тоа, компаниите кои работат на софистициран домашен пазар најверојатно ќе продаваат производи со повисок квалитет и подобро ќе ги разбираат потребите на потрошувачите и тоа како тие го вреднуваат производот. Целта на овој труд е да обезбеди компаративна анализа на приватната побарувачка за иновации во селектирани земји во поранешна Југославија, за периодот од 2011 до 2016, користејќи двата индикатори: "софистицираност на купувачите" и "продажба на нови иновативни производи како ново-на-пазарот и ново-за-фирмата. Иако избраните земји споделуваат исто социополитичко и историско минато, ализата покажува значителна разлика помеѓу нивните бизнис лидери во однос нивната проценка софистицираноста на нивните купувачи и реалната побарувачка за нови производи.

**Клучни зборови:** приватна побарувачка, софистицираност, иновации, вредност

Assoc. Prof. **Violeta Madzova** has more than 30 years working experience in both, public and business administration, while recent 10 years has been developing her academic career in few Universities and academic institutions in Republic of Macedonia. Currently she is full time employed Associate professor at the Faculty of economics and administrative sciences within "International Balkan University"-Skopje and her major courses are in the field of economics and finance.



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**Biljana Gjozinska** earned her PhD title in December 2012, at the Faculty of Law "Iustinianus Primus" at the University Ss. "Cyril and Methodius" – Skopje, in the field of International Law. Gjozinska has years of experience working in higher education and judiciary sector.

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Within her scientific work, she has participated in several international research projects. Also, she is an author of a number of scientific papers and is referee in international scientific journal. Gjozinska is Editorial Board member in Journal of Sustainable Development.

As Director of the Integrated Business Faculty, she has been elected in 2017 and as a member of Bord of the Director of insurance company Albsig –Skopje she has been elected in 2018.

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