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Review paper

ORIENTATION OF THE SERBIAN INDUSTRY TO INNOVATION AND QUALITY COMPETITIVENESS

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Abstract. *One of the most important issues of industrial development represents the industry's capability to become involved in international economic flows. This issue is especially important for small countries, such as Serbia, to which the only path is their integration into the world economy in order to secure the stable economic growth rate and the increase in population's living standard. This implies stable and high growth tempo of the export of industrial products of adequate technological level and quality aligned with the demand in the world market. In the past development processes, Serbia has not achieved the satisfactory economic and technological competitiveness of the industry. It involves the structural problem, primarily conditioned by scarce capability of industrial enterprises to decrease the business costs and improve product performance. The paper warns of the highly unfavorable international position of Serbia in terms of achieved competitiveness of the industry and at the same time elaborates on innovation and product quality as key factors that can incite that competitiveness.*

Key Words: *Serbian industry, competitiveness, innovation, product quality.*

INTRODUCTION

Most of the Serbian industry is characterized by insufficient capability of reducing the costs for the purpose of price competitiveness in the foreign market and an even bigger problem is achieving non-price competitiveness – the increase in technological level and product quality. In that sense, defining and implementing national strategy of competitiveness increase with the aim to reduce the gap in relation to the developed industry in

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the world and achieve competitiveness through innovation and product quality, which will be discussed in the following section, are of special importance to the Serbian economy.

Namely, quality is connected to technological innovation; hence, competitive advantage is connected to those industries that through adequate quality as well as innovativeness in production decrease market risk. Quality improvement reflects on the production cost decrease (because of the lesser scope of products of no quality and costs reduction of establishing quality level) as well as increase in: work productivity, profitability, export outcomes, gross domestic product (GDP) of industry and economy as a whole. These are exactly the development priorities of the Serbian industry. Investment in modernization of technology and product capacities in industry would contribute to the improvement of offering quality. Hence, adequate innovation and quality management in industry is an important area of competitiveness enhancement. This holds true for Serbia, the country which under current crisis conditions has no other choice than to turn to export. In order to be capable of that, it must produce exchangeable goods that must be of the right quality and innovativeness and must comply with the standards of the world market. This is exactly the basic hypothesis that the paper starts with. The paper's structure is as follows. The first section deals with the achieved level of competitiveness of the Serbian industry, the second section deals with the importance of modern technology from the perspective of industrial development while the third section is dedicated to quality in the industry as a strategic means of enhancing its competitiveness and development.

1. COMPETITIVENESS OF THE SERBIAN INDUSTRY

> *"The essence of competition represents the structure and development of the industry as well as the way in which companies acquire and retain competitive advantage. Thorough understanding of this issue is the basis on which everything relies."*
>
> (Porter, M., *On Competition,* Belgrade, 2007)

Through reform processes, undertaken in the past few years, important positive advancements in the development of the Serbian industry have been made, but numerous weaknesses, problems and development limitations still remain. Its insufficient economic and technological competitiveness represents a serious structural problem – "…There is neither easy nor quick way for Serbia to remove large non-competitiveness determinants" (Madžar, Lj., 2005, 4). The problems are made complex due to the current economic crisis and its repercussions on the industries of the European countries. First of all, the Serbian industry had a difficult and rough transition pace. The data are disastrous: in the pre-crisis 2008 this activity produced just a bit more than in 2000 and still less than a half of that twenty years ago.

Small positive contribution of the industry to the growth of GDP was completely annulled in the crisis of 2009. In 2010, only 60 percent of GDP of the distant 1989 was achieved (Savić, Lj., Bošković, G., 2011, 92). The share of processing industry in creating GDP amounts to only 13 percent and is the lowest in the region (Bošković, G., 2011, 243). Overall employment in the industry has been reduced for more than one third. The longstanding sanctions and isolation from the international market led Serbia to lag be-

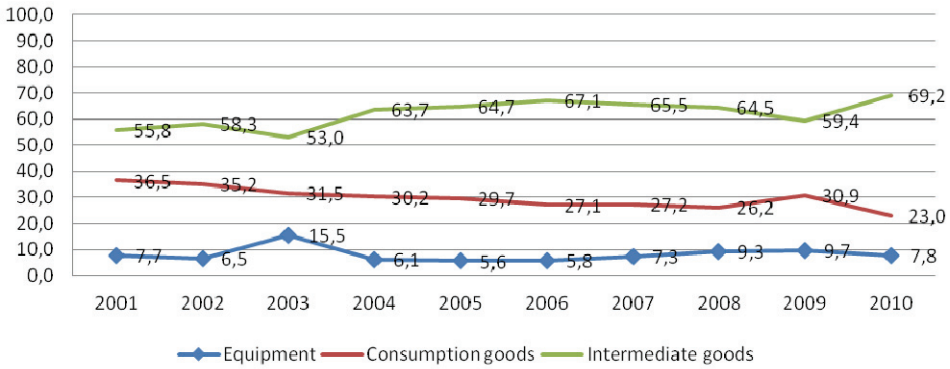
hind the world economy, in technological domain primarily, which caused low international competitiveness of home industry and reflected on export, competitiveness and employment. The level of competitiveness of the Serbian economy according to the criteria of the World Economic Forum (WEF) is extremely low. In 2009 Serbia ranked 96th on the ranking list of 137 countries and in 2011 it fell to 96th place. Out of the countries in the surroundings only Bosnia and Herzegovina ranked lower than Serbia (102th place), while Albania took 88th place. In 2011, Serbia ranked 95th on the list, i.e. improved its position by one (Ristić, B., Tanasković, S., 2011, 68).

A huge foreign trade deficit and the fact that lager part of export is related to resource and low technologically intensive products characterized by low level of specialization testify to (un)competitiveness of the industry as a carrier of exchangeable goods. Namely, it is known that no economy can realize comparative advantage for all product classes. Thus, it is important to see which products have comparative advantage in transition countries, including Serbia. Based on the classification of the United Nations Standard International Trade Classification, where the export products are classified on the basis of mutual usage characteristics, these are the following groups of products: (1) products that have high share of natural contents (the so-called Ricardo products that usually represent inputs in production of finished and intermediary goods: food, wood, fiber, minerals, colored metals, etc); (2) complex products that have high technological content for the production of which the key input represents informatics knowledge (chemicals, machines, airplanes, optical and electrical instruments, etc) and (3) industrial products of high concentration (oil derivates, office machines, telecommunication devices, home appliances, motor vehicles, railway vehicles, etc) (Jefferson Institute, 2003, 25).

Transition countries had at the first stage of developing market system, only the comparative advantage with most of the first group products, i.e. with products that have high share of natural components, whose processing does not demand the application of sophisticated technological procedures. The problem is that these products have low added value, which means that net income per every physical unit of export is relatively small than with products of the second and third group. However, with the change in economic organization, by means of new technology and production processes, transition countries steadily conquer production and marketing of goods that belong to the second and third group of SITC classification (the experience of the Czech Republic, Hungary, Slovenia and Poland).

However, transition countries of Southeastern Europe lag behind in terms of comparative advantage not only in relation to the OECD region but in relation to transition countries of Central Europe. Serbia is in this respect in a highly unfavorable position because of the closing policy and political, social and economic lagging behind in the 1990s. The reasons for low competitiveness of the Serbian industry can be found in the export structure, that is product quality that Serbia exports. This concerns a wide range of products in the export structure and import structure, meaning that the Serbian industry belongs to a group of less recognizable countries in international relations. Its export is based on the products that are work intensive and have a low finalization degree (Graph 1). That share amounted to 69.2 percent in 2010 in the area of reproduction products, i.e. products that require further processing, outward processing, while equipment had only 7.8 percent of share and consumption goods 23 percent. The only export commodity trumps of the industry are medicines, that is the products of the pharmaceutical industry.

However, their export is still below the export level recorded at the end of the 1980s and the beginning of 1990s (Bošković, G., 2011, 240). Given that the products of lower final processing are cheaper, product competitiveness is based on low prices. This implies that development drivers are actually enterprises that do not achieve increase in new value. By contract, in the world market the larger competitiveness is achieved through products in which non-price factors (quality, easiness of use, duration, reliability, delivery fastness, guarantee, servicing) play a greater role, i.e. are key to high product competitiveness (Pavlović, D., 2005, 3).



Graph 1. The export of Serbia according to economic purpose of the products for the 2001-2010 period
Source: Foreign Trade Statistics, RZS, Beograd, http://webrzs.stat.gov.rs, 2010.

In order to increase the rate of industrial and economic growth and achieve constant increase in GDP and employees' living standard, Serbia must achieve global competitiveness, primarily in the EU market with which the larger part of its foreign exchange is done and to which it has incurred the largest part of foreign debt. In that sense, it is necessary to build first modern material and information infrastructure, then modernize, i.e. update industrial enterprises. However, the problem lies in the fact that without share of foreign capital our enterprises can on average renew their programs in twenty to twenty-five years. In those with participation of foreign accumulation and management may realize this in three to five years (Jefferson Institute, 2003, 339). So, in the center of activities directed to enhancement of industrial competitiveness of Serbia lies the increase in work productivity, because the level of productivity determines the sustainable level of prosperity i.e. competitiveness. The factors that indirectly contribute to the increase in productivity are technological advancement, the rate of using product capacities, employees' scope and competence, the management's capability, organization and production quality, the way of resource utilization, etc. The lifting of the productivity of the Serbian industry to the competitive level should enable successful facing the adequate producer groups in all foreign markets. This is very important for the branches of higher technological sophistication degree, so it is necessary for enterprises that do business in the fields of information technology, pharmacology, electronics, and chemistry to come together and perform jointly making a specific market structure. The basic drivers in that sense are

entrepreneurial behavior of enterprises, TQM approach in the industry but also active government's technological and industrial policy directed, first of all, towards inciting public-private partnership and cooperative relationship between the state and employers. The state is the one that should secure assets for financing innovation projects and employers are the ones that must direct these assets rationally. Likewise, the state must incite enterprises to implement quality system in compliance with adequate standards required by the European and world market.

2. THE IMPORTANCE OF MODERN TECHNOLOGY FOR THE COMPETITIVENESS OF INDUSTRY

If the period after the Second World War is viewed, the import of technology in the period of the post-war industrialization was certainly necessary. However, after this initial phase, the phase of own technology development should have started, through engagement of own science research capacities or through their connection to research institutions and scientific organizations. Instead, the process of cyclical technology import started, which practically impeded scientific research and independent development. Dependence of domestic enterprises on foreign partners grew, while they enhanced their monopoly position in the market of our country. At the same time, the state became worse in the area of scientific research both at the industry level and the level of the economy as a whole. In the economy this work has been totally extinguished and reduced in institutes and faculties to the largest extent. Numerous researchers left the country and those who stayed are not motivated to work, which in turn reflects on the number of registered patents and scientific works in the area of technics and technology and on the product quality and reduction of export competitiveness as well.

From the technological aspect, the Serbian industry is lagging behind not only in contrast to economies of the EU countries but in contrast to technological level it had in the 1990s. The trend of change in the structure of technological intensiveness was unsatisfactory in the 2001-2009 period. The product groups of low technology (LT) and medium-low technology intensiveness (MLT) had the greatest share. High technology (HT) and medium-high technology (MHT) with insufficient tempo improve their share in the industry structure. Certain segments, especially when it comes to the high tech industry have completely disappeared (Table 1). There is an evident advancement of work intensive technological sectors with scare share of development component (development and designing of new products, equipment and technological processes) and degradation of technological base. For example, the Serbian industry does not produce machine tools, industrial robots and lines for automobiles, and other metal processing industry, which is the sector that trough its generic features in the period before 1990 had represented the driving force of industrial development. At the same time, the production of these products had significantly contributed to the export and reputation of the industry worldwide.

The same situation is present in other sectors of processing industry such as the sectors for producing electronic devices, transportation means (automobiles, trucks, buses and airplanes) or the sector for agricultural machines. Devastation of these sectors has paralyzed the processing industry because they pulled down other sectors of the Serbian industry and led to the destruction of a large number of small and medium-sized enterprises (SMEs) that based their production program on cooperative relationships, special-

izing in one narrow class of products, i.e. components of previously mentioned complex products of metal manufacturing industry. All in all, there is a high technological devastation of industrial capacities in Serbia. It is estimated that Serbia lags twenty years behind the developed countries from the perspective of technology that enterprises apply in production. A small number of Serbian enterprises consider introducing new products or launching new products, which points to the lack of goods for home and foreign markets and to the slavery to obsolete technology and obsolete products.

Table 1. Technological structure of the Serbian industry[1]

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
High technology (HT)	0.8	0.6	1.6	0.7	2.7	2.3	1.4	1.2	0.9	1.0
Medium-high technology (MHT)	25.0	25.6	26.4	23.2	24.8	24.7	22.7	23.4	23.6	23.4
Medium-low technology (MLT)	25.5	25.5	26.2	27.7	25.4	27.0	28.3	27.4	25.6	25.4
Low technology (LT)	48.7	48.3	45.8	48.4	47.1	46.0	47.6	48.0	49.9	50.2

Source: Industry of the Republic of Serbia, RZS, Belgrade, http://webrzs.stat.gov.rs, 2010

The level of applied technology is supported by the fact that the largest number of enterprises receive complaints about their products, whereby a large number of these complaints regard the quality, damage through transportation and inadequate packages, etc. This is the reason why there are delays and stoppages in production that cause increased production costs, make products uncompetitive and even discontinuation of business cooperation with partners. On the other side, export prices of our industrial manufacturers are higher by 19.4 percent so we have the lowest pricing competitiveness among the European Union and other developed world markets (Đogović, S., 2005, 22-23). The competitiveness is mainly based on export of cooperation services (outsourcing), with the application of import technology (licenses, FDI, joint venture, etc). Thus, the situation

[1]*The high technology industry* includes: The production of office and computer machines, production of audio, TV and communication equipment and production of precise and optical instruments. These areas have the greatest contribution to productivity growth and creation of gross value added.
The medium-high technology industry includes: The production of chemicals and chemical products, production of machines and devices, except electrical, production of electrical machines and appliances, production of motor vehicles and trailers, production of other transportation vehicles
The medium-low technology industry includes: production of coke and oil derivatives, production of rubber and plastics, production of metal products, except machines, production of non-metal minerals and production of basic metals.
The low technology industry includes: production of food and beverages, production of tobacco products, production of textile fabric and yarn, production of clothing and fur, production of leather and leather articles and footwear, wooden products and cork products, except furniture, production of cellulose and paper, issuing, printing and reproduction of documents, production of furniture and miscellaneous products, recycling. These fields have the least contribution to productivity growth and creation of gross value added.

concerning the development capacities of our own technology is no good since Serbian enterprises apply export technology. In that sense, appropriate changes are needed, which has been determined by technological policy within the Strategy and Policy of Development of Serbian industry in the 2011-2020 period adopted by the Government of the Republic of Serbia in the mid of 2011. This technological policy is focused on three strategic priorities related to industrial renewal that should be realized through three stages.

The first stage relates to *revitalization stage* that should create initial incentive to renewal process, through consolidation and bringing into functional state the existing production processes, especially large companies and industrial systems. The task of the first stage is, in a short term period of three to five years, to activate the existing technological resources and make them functional, putting in focus quantitative aspects: the increase in production scope and opening of new working places in the processing industry (leveling with the surrounding countries, whose companies employ a larger number of employees). In that sense, the state should create the general ambiance for functioning of this instrument and take a leading role in its implementation through public-private partnership. Revitalization of large companies and industrial systems would change the technological basis of the Serbian industry trough activating the frozen technological resources with the minimum of investment. At the same time, by revitalizing large companies a significant space would be created for enhancement of the SME segment in the industry, whose development and existence in the prior period were unsupportable because of the lack of large industrial systems.

The second stage is the *reengineering stage*, which implies the expansion within the existing framework, through technological modernization of medium-low technology (MLT) and through gradual introduction of high-tech contents (HT). Innovation policy in developed countries as a rule focuses on the area of high technology, whereby the low technology (LT) and medium-low technology (MLT) are pushed into the background. New research reveal that such an approach is incomplete since MLT industry owns a huge area for effective application of different research and development contents. This fact is potentially very important when it comes to the Serbian industry. Innovation in LT and MLT sectors can bring great effects in economic growth, because of the fact that this is the area where the greatest part of industry resides - about 90 percent of enterprises that create over 75 percent of GVA in which about 75 percent of the total number of employees are employed.

MLT characterizes incremental character of innovation processes because innovation processes are directed towards the increase in productivity, differentiation of production program and enhancement of marketing. However, these innovation processes, as a rule, are more complex than the mere introduction of new technology and in many cases include high technology products and processes. At a certain moment of development, the MLT sector can as its real need generate a strong incentive for expansion of scientific research and educational capacities and thus initiate the spiral of technological development. In that sense, it is necessary to develop special programs for inciting innovation activity in the MSP sector domain, including the creation of funds of risk (venture) capital and stimulation of young scientists to start their own business activities in high technology and developing industries through technological incubators and other incentives.

The third stage of development is the *development stage* which represents the change in technological profile of the industry, through migration of the essence of industrial

production from dominant low technology area to the area of high technology. At that, only vital industry that owns structural completeness, functional innovation mechanisms and respective investment development capacities can generate development expansion in the direction of the high technology sector and newly-developed technologies and industries.

3. QUALITY IN THE INDUSTRY - THE STRATEGY OF ADAPTATION AND COMPETITIVENESS

The long-term orientation of the Serbian industry must be the export of specific and quality products. Export without strategy and at any price (for export of raw materials and technology for restructuring of enterprises) implies technological stagnation and inefficient usage of domestic resources.[2]

It is thus important for each enterprise, i.e. industrial branch that intends to last to include international exchange and to have a clear strategy of market expansion. Two alternatives are offered: (1) market diversification and (2) market concentration (Rakita, B., 2004, 150). Which strategy of market expansion will a certain industry use depends on the whole group of factors. The basic factor that affects the choice of market expansion strategy is the nature and character of products that a concrete industry produces. If the product is of a standard type and if it is in the initial or final life cycle stage the strategy of market diversification would suit it, that is fast entry into a large number of foreign markets and direction of own efforts towards them, while the market concentration, i.e. the concentration of assets and marketing into a small number of foreign markets with gradual conquering of new market areas would suit nonstandard products in the middle of life cycle.

The export of industrial products in Serbia is characterized by market diversification. Having in mind the unselectivity when it comes to export offering, frequent oscillations of planned export scope, the possibility of neglecting important markets etc, it is necessary in the future period to direct the Serbian industry towards industrial concentration and put an emphasis on the differentiation strategy based on product quality. Having in mind that the quality enables translation of potential sales in the home market and export into real sales and export, it is necessary for the cadre in the industry responsible for quality to have all the necessary information related to the quality of competitive products. Industrial enterprises in Serbia should strive to become competitive in the market by raising the quality of their products. Thus, it is necessary in the upcoming period to secure the synergy of educated labor and modern technology, which would enable domestic enterprises to offer more sophisticated products of higher quality.

In order to make a quality product, it is necessary to invest in certain means for introducing the quality system and the application of ISO 9001, ISO 14001 etc.[3] that will

[2] The past experience of producers of industrial products in our country that based their competitiveness exclusively on low prices proved very unfavorable. The outcomes of a study that examined the experience of exporters from Germany, France and Great Britain reveal that the price is important only for simple and that only "primitives" based their long-term sales practice on price (Piercy, N., 1982, 123). The following factors are key to competitiveness: quality, design, attestation and international quality marks, assortment, duration date, fastness of delivery, practicality and easiness of use, servicing conditions, reliability, package etc.

[3] According to the register of Chamber of Commerce (www.pks.rs, 20.02.2011.), in Serbia 1673 enterprises have been certified. According to data of ISO survey - 2008, in Serbia there was 1 certified enterprise per 3,491 citizens, while according to the register of PKS it is even worse- 4,363 citizens per an enterprise. These

through securing high quality of all activities in an enterprise and through the process of continual improvement (Total Quality Management) provide high quality level of finished products and they will in turn ensure consumer satisfaction and expectations.[4] A large number of these enterprises within the industry would provide better positioning of Serbia in the world market and faster economic growth and development.

Achieving production of new and improvement of the existing products represent the generator of business effectiveness and development efficiency of enterprises, industry and economy as a whole. Achieving the production of new and the improvement of existing products as well as leaving the old products in the industry means restructuring of their quality which is first of all conditioned by the development of scientific research in it. Restructuring of product quality represents nothing more than the change in the range of products, in production technology, means of work, labor, work organization, which leads to the change in the industry structure as an activity. The basic characteristic of restructuring is permanence and constancy of translating quantity into quality.

Achieving production of new products can be viewed from the perspective of national economy and of enterprises. Indeed, it is more rational to achieve production of those products that are not produced in the country but that doesn't mean that achieving the production of products already produced in the country should be avoided at any price.

The enhancement of the existing products represents the improvement of their quality, broadening the range of their use and giving up the quality that does not meet the requirements of the market. Accordingly, this does not involve a new production but a new quality of existing products. New quality of a product creates new possibilities for enhancing business effects and development efficiency of enterprises and the industry as a whole. "In relation to innovative approach to product quality theoretically three new aspect levels (product, enterprise, market) with two their qualities (known and new) can result into eight new production-market situations: new product – in the known and new market; known product – in the new market or new to the company; known to the company – in the new market or known product type of the company" (Rakita, B., 2004, 264). Some enterprises achieve their success in the market through evaluative quality enhancement, which is characteristic of, for example, the Japanese and German industry (they improve the existing products, existing technology, through gradual changes – in the direction of incremental growth), while some other enterprises (for example some American and British firms) follow the direction of strategic–radical changes (development of new products, technological changes, conquering new markets). Incremental changes demand lesser investment (often scarce) and lesser time for implementation in contrast to radical changes. Nevertheless, incremental changes ensure performance improvement up to a certain level when all the other efforts for improvement are left without additional positive effects. Then, it is necessary to introduce radical changes in order to ensure significant performance increase. Radical change "contributes to increase in product perform-

findings show that the number of certified enterprises in Serbia is significantly lower than in Croatia (1,911), Slovenia (1,028), Bulgaria (1,409) and Romania (1,984), and approximately equal to Bosnia and Herzegovina (4,686) (http://www.iso.org).

[4] It is also important for the quality of industrial products to do the following: (1) harmonization of domestic standards with the quality system standards ISO and technical regulations of the International Organization for Standardiziation; (2) harmonization of our standards, directives with EU quality system; and (3) establishing the concept of benchmarking and the concept of business process reengineering.

ance up to final possible boundaries, while incremental i.e. cumulative innovation optimizes the production process in the way that the costs are minimized and productivity and quality level increase" (Gligorijević, Ž., Bošković,G., 2007, 92). However, the effects of incremental changes, that is the possibility of improvement, are the greatest with enterprises characterized by low quality level (of products, processes or business as a whole). The higher the quality level, the more difficult it is to enhance it further (Bošković, G., Anđelković Pešić, M., 2011, 150).

In new economy there is a rule that only those industries that continually pursue business enhancement will survive. This holds true for those industries characterized by flexibility in terms of fast reaction and adaptation to created changes, no matter whether they come from consumers, competition or industrial enterprises themselves.

Improving product quality and business processes in the industry affects the decrease in overall business costs – reduction of costs of reprocessing, faults, delays, waste. Thus, the work production is increased because the larger number of product units per live labor unit is created. The increase in work productivity contributes to the possibility of conquering markets through better quality and lower product price (products with lower price are more competitive because of lower production costs). Additionally, such industrial enterprises are competitive in the world market, which reflects on their export results as well as on the growth of GDP of the industry and economy as a whole.

CONCLUSION

1. Serbia should leave the concept of creating and retaining competitive advantage by reducing the price of natural resources and accept new conception of competitiveness which requires acquisition of competitive advantage and its retention on the basis of scientific knowledge –innovation and quality as dominant factors of productivity. Competitive capability of the industry depends on the fastness by means of which it can introduce new superior products, i.e. on its innovative capability. Knowledge comes to the fore and becomes an important factor of sustainable competitive advantage, however not any knowledge but knowledge of innovation management. The focus moves towards product quality, innovation, new products, changes in business organization etc., which requires revitalization of some existing but also reindustrialization, i.e. building new industry and enterprises that would become national leaders and exporters. It is necessary to build competitive industrial structure which includes technologically sophisticated branches as well as branches with easily available and simple technologies of medium level. Thus, the share of products of medium and high technological content for export into the foreign markets would increase. Hence, the development priorities should be established according to the structure of export demand of the most important foreign trade partners.

2. Technological policy of the Serbian industry in the upcoming period should be realized through three stages:

- The first stage should form initial impulses for industrial renewal through consolidation of the existing production resources, especially large industrial systems in the area of processing industry that would contribute to the development of SMEs;
- The second stage implies the expansion within existing framework, through technological modernization of the SME sector and through gradual introduction of high tech contents.

- The third stage implies the change in technological profile of the industry, through transfer of the focus of industrial production from dominant low technology area to the area of high technology.

3. Export of industrial products in our country is characterized by market diversification. Long-term orientation of the Serbian industry must be the export of specific and high quality products. It is necessary, in the upcoming period, to direct the industry towards international concentration and emphasize the differentiation strategy based on product quality. Through incremental innovation one should pursue the optimization of production processes, which will in turn reflect on the reduction of costs and the increase in productivity and quality level. Thus, the spiral is made as follows: innovativeness – quality improvement – increase in work productivity – increase in production scope – higher GDP – higher innovation allocation.

National competitive advantage is higher if it is the result of permanent competitive advantage of a larger number of its enterprises. Making highly competitive economy, first of all, the industry that would result in national competitive advantage is a complex and continual task of each country that pursues development. In that context, the primary role of the state is to establish and implement innovative and quality policy in the industry and thus create the ambiance for growth of the industry and economy as a whole.

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ORIJENTACIJA INDUSTRIJE SRBIJE KA KONKURENTNOSTI INOVACIJAMA I KVALITETOM

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Jedno od najznačajnijih pitanja razvoja industrije predstavlja njena sposobnost da se uključi u međunarodne privredne tokove. Ovo pitanje je posebno značajno za male zemlje, poput Srbije, kojima je za obezbeđivanje stabilnih stopa privrednog rasta i povećanje standarda stanovništva, jedini put njihova integracija u svetsku ekonomiju. To podrazumeva stabilan i visok tempo rasta izvoza industrijskih proizvoda odgovarajućeg tehnološkog nivoa i kvaliteta, usklađenih sa tražnjom na svetskom tržištu.

U dosadašnjim razvojnim procesima, Srbija nije postigla zadovoljavajuću ekonomsku i tehnološku konkurentnost industrije. U pitanju je strukurni problem, prevashodno uslovljen nedovoljnom sposobnošću industrijskih preduzeća da snižavaju troškove poslovanja i da unapređuju performanse proizvoda. U radu se upozorava na veoma nepovoljan međunarodni položaj Srbije u pogledu ostvarene konkurentnosti industrije i, istovremeno se, kao ključni faktori koji mogu podstaći tu konkurentnost, elaboriraju inovacije i kvalitet proizvoda.

Ključne reči: *industrija Srbije, konkurentnost, inovacije, kvalitet proizvoda.*