

# INNOVATION AS A CORPORATE STRATEGY IN ACHIEVING BUSINESS SUCCESS

**Sigit Djalu Purwoko**

Universitas Teknologi Digital, Bandung, Indonesia

---

## ARTICLE INFO

**Keywords:**  
Innovation,  
Corporate Strategy,  
Business Success.

**E-mail:**  
[sigitdjalup@gmail.com](mailto:sigitdjalup@gmail.com)

---

## ABSTRACT

In the era of globalization and increasingly fierce competition, companies need to adopt innovative approaches and appropriate strategies to maintain and improve their performance. This study aims to analyze the role of innovation and corporate strategy in determining business success. The research method used is literature analysis, which involves studying works that are relevant to this topic. The data collected was analyzed qualitatively descriptive. The results of the study show that innovation is an important factor in business success in the modern competitive era. Innovation drives business growth by creating new products or services and increasing operational efficiency. In addition, innovation allows companies to stay relevant by adapting to market and technological changes. Innovation is also a strong differentiator for companies in creating added value and unique customer experiences. However, inappropriate strategies and innovations can result in risks of failure, inefficient spending, and market mismatch. Therefore, good innovation management is the key to achieving long-term success for the business.

Copyright © 2023 Jurnal Ekonomi. All rights reserved.  
is Licensed under a [Creative Commons Attribution-NonCommercial 4.0 International License \(CC BY-NC 4.0\)](https://creativecommons.org/licenses/by-nc/4.0/)

---

## 1. INTRODUCTION

Market globalization, increased economic interpenetration and interdependence of economic actors require companies to redesign and modify their competitive strategies. Businesses in the 21st century will face more and more challenges because consumers look more at products that are higher-quality, lower-cost, and the businesses mentioned above must also be more responsive to very rapid changes (Valeria, 2013).

In many industries, rapid socio-political changes (such as AFTA, MRA) will increase the number and strength of new foreign competitors. These new competitors are getting more capable and more productive because their managers are more educated and have technical expertise and the ambiguity across the boundaries of information and technology makes them quickly access the latest ways and tools (Soleh, 2008; Achmad, 2023).

The complexity and challenges faced by companies in today's business environment demand the right strategy and innovation. Companies must be able to adapt quickly to market changes, technology, and regulations that are constantly evolving. In facing competition from national and multinational companies, companies need to develop strategies that focus on competitive advantage and innovation that differentiate them (Kuncoro, 2020;; Zuhriatusobah et al., 2023).

Innovation and product development in companies, is an important thing that must be considered in increasing productivity and creating competitiveness in global competition. Manufacturing innovation includes the creation, selection and development/improvement of products, processes and technologies. Such innovations can enhance a company's global position and help it to achieve status as a world-class quality manufacturer. In innovating, companies need to develop a formal and comprehensive innovation strategy (Wijaya et al, 2019; Hermawan et al., 2022).

It is important for companies to develop a formal and comprehensive innovation strategy. A formal innovation strategy allows companies to have clear guidelines in identifying innovation opportunities, allocating the right resources, and managing the innovation process effectively. In addition, a comprehensive innovation strategy involves a holistic approach that covers all aspects of innovation, such as products, processes and technology (Lestari, 2019).

Strategy is a pattern or plan that combines the main objectives, policies and actions of the organization. From another perspective, strategy is defined as a unified, comprehensive and integrated plan that links the advantages of an organization's strategy with environmental challenges. Porter (1990) states

that strategy must be formulated explicitly, so that functional policies can coordinate and direct the division of functional areas in achieving the goals and mission of the company. Another opinion put forward by Kenneth Andrews in Minzberg et al (1991), states that strategy is a pattern of achieving goals, objectives and policies and plans to achieve goals by defining existing businesses and types of companies.

The dimensions of innovation strategy are leadership orientation, process innovation, product innovation, and innovation implementation. First, leadership orientation. This dimension indicates whether a company follows a first-to-market, second-to-market, or late-entrant (as a follower), imitator posture in innovation activities (Porter, 1990). A company that takes the first attitude to enter the market, usually characterized by product and process innovations, uses new and unique products to gain a competitive advantage for business success (Maesaroh, 2020).

Business success is the ultimate goal of a company, that all activities in it are intended to achieve success. Entrepreneurial success is not synonymous with how successful a person is in accumulating money or assets and becoming rich, because wealth can be obtained in various ways so as to generate added value. Trying is seen more from how someone can form, establish, and run a business from something that was not in shape, didn't work or maybe didn't exist at all (Prakoso, 2005).

This study aims to investigate the role of innovation and product development in increasing company productivity and creating competitive advantage in global competition. In addition, this research will also identify the importance of developing a formal innovation strategy that involves various stakeholders within the company.

It is hoped that the results of this research can provide a better understanding of the importance of innovation and product development in increasing company productivity and creating competitive advantage. In addition, this research is also expected to provide insight into the role of formal innovation strategy in managing innovation effectively. The results of this research are expected to provide valuable input for companies in developing better innovation practices and improving their business performance in an increasingly complex and competitive globalization era.

## **2. METHODS**

This type of research method is a qualitative descriptive research, namely a research procedure that produces descriptive data in the form of written or spoken words from the people and actors observed, directed from the background of the individual as a whole (holistic) without isolating individuals and their organizations in variables but see it as part of a whole. Qualitative research is often also called the ethnographic method, phenomenological method, or impressionistic method (Sugiyono, 2011; Yulianah, 2022). In general, this research is based on the principles of descriptive analytic/descriptive analysis. Descriptive analysis is understood as a form of analysis aimed at solving problems that occur in the present. It is said to be analytic because in this research the point is to understand the extent to which Innovation and Corporate Strategy are Critical Factors for Business Success. In carrying out this research, we will conduct a literature analysis involving studies of works relevant to innovation, product development, and corporate innovation strategy. The data collected will be analyzed qualitatively to identify the relationship between innovation, product development, innovation strategy, and the company's business success.

## **3. RESULTS AND DISCUSSION**

In the modern era full of intense business competition, there are various factors that can drive the success of a business or company. One important factor is having a product or service that is unique and useful to many people. A unique product or service offers something different and innovative, which competitors cannot easily imitate. Thus, businesses or companies can create a competitive advantage that differentiates them from others.

A useful product or service is also an important factor in business success. When the product or service offered provides clear value and benefits to customers, then the business or company has a greater chance of success. Customers tend to look for solutions or benefits provided by products or services, and if a business or company can fulfill these needs and desires, then they have the potential to gain high customer loyalty (Wibowo, 2015; Sulastri & Achmad, 2022).

Apart from products and services, if examined further, there is one factor that is the key to the success of today's industry-leading companies, namely innovation. Innovation, as a concept, refers to the process by which individuals or companies conceptualize new products, ways, and ideas. The goal is to develop or give a new color to a product, method or idea that already exists.

According to Sukmadi (2016), innovation means an idea, product, information technology, institutions, behavior, values, and new practices that are not widely known, accepted, and used or applied

by the majority of people in a particular locality. that can be used or encourage changes in all aspects of people's lives.

Aghion & Howitt (2005) stated that innovation can be done in two ways, namely radically and incrementally. Radical innovation means creating completely new products, which are generally carried out with technology push, while incremental innovations are carried out through repairs or perfecting existing products at a previous time, which are usually associated with market attraction. market pull).

Meanwhile, Hartini (2012) explains the types of innovation consist of product innovation, marketing innovation, process innovation, technical innovation, and administrative innovation. Product innovation explains about the product, namely how the product contains, what it tastes like, its quality, and so on. Product innovation also looks at how the packaging of the product is, what the packaging looks like, the writing, the color, the system for opening the lid, the shape, and so on.

Furthermore, marketing innovation discusses how an entrepreneur sells his product, such as how he distributes it, markets it, advertises it, and how to create demand. Then next is process innovation. It can be seen from how the business process creates products, production processes, packaging technology processes, research and development, creates new machines, and so on. Technical innovation consists of design techniques, control techniques, and workmanship techniques. Finally, administrative innovation contains how an entrepreneur stores data, creates and collects data (Suhaeni, 2018).

Innovation as a corporate strategy refers to a proactive approach to creating change, developing new ideas and integrating them into various aspects of the business. This involves identifying new opportunities, changing existing business processes, developing innovative products or services, and creating added value for customers. In a rapidly changing world, innovation is an important key in maintaining competitiveness and achieving long-term success (Sudrajat, 2013). Here are three reasons for the importance of innovation in achieving business success.

#### **a) Encouraging Business Growth**

Innovation plays a crucial role in driving successful business growth. First, innovation allows companies to create new products or services that can expand market share. By generating new ideas and developing unprecedented solutions, businesses can attract the attention of potential customers who were previously unreachable. This opens up new opportunities and expands the reach of the business, which in turn can increase revenue and growth.

In addition, innovation can also help companies meet the ever-evolving needs of existing customers. In a changing world, the wants and expectations of customers are changing too. By adopting innovations, companies can identify new trends and needs, and proactively develop products or services that are relevant and attractive to their customers. This helps companies retain existing customers and strengthen their relationships with customers, which in turn can increase customer retention and long-term business growth.

In addition, innovation also plays a role in increasing business efficiency and productivity. By implementing innovation in business processes, companies can find new ways to do work more efficiently, reduce costs, and improve the quality of work. Technological innovations, such as automation and digitization, can transform traditional ways of working into more efficient and accurate ones. By increasing operational efficiency, companies can better allocate resources, increase productivity and strengthen their competitive advantage.

#### **b) Innovation keeps the business relevant**

Businesses that are unable to adapt to changing market trends, technology, and customer needs tend to lose competitiveness and can be marginalized. Therefore, innovation is important to keep the business relevant, and here are some reasons why this is the case.

First, through innovation, businesses can respond to changing trends and evolving market needs. In a dynamic business environment, customer trends and preferences are constantly changing. Businesses that are able to see and respond to these changes quickly have an advantage in creating products or services that match market demands. Innovation enables businesses to identify new opportunities, anticipate changes, and develop relevant solutions, thereby staying at the forefront of delivering value to customers.

Second, innovation enables businesses to adopt more effective technologies and work methods. Technological development continues at an increasingly high pace. By innovating, businesses can adopt new technologies and leverage them to improve operational efficiency, speed up business processes and provide a better customer experience. Businesses that are able to keep up with technology trends and use them wisely will remain relevant in the face of increasingly fierce competition.

Third, innovation also enables businesses to anticipate and cope with the changes that are happening around them. External factors such as regulatory changes, demographic shifts or global events can have a

significant impact on a business. By innovating, businesses can find new ways to address emerging challenges, change their strategies and find new opportunities. Innovation enables businesses to remain adaptive and flexible, so they are able to survive and grow even in unforeseen situations.

**c) As a differentiator or characteristic of the company**

Innovation plays an important role as a differentiator or characteristic of a company in business competition. In a competitive business environment, many companies offer similar products or services. Therefore, it is important for a company to have innovative elements that differentiate it from competitors and create a unique image in the market. Here are some of the ways in which innovation has become a company differentiator:

First, innovation in products or services helps companies create added value that differentiates them from competitors. By developing new features, better quality, or a more efficient approach, companies can offer customers something unique. An innovative product or service not only catches the attention of potential customers, but also provides a significant competitive advantage. Innovation can create customer experiences that differentiate and create stronger relationships with customers.

Second, innovation can also occur in a company's business processes and operational models. By adopting new work methods, using the latest technology, or optimizing internal processes, companies can achieve higher efficiency, improve quality, and provide a superior experience. Innovative business processes can differentiate companies in terms of speed, flexibility, and reliability. This establishes the company's image as an advanced and leading player in their industry.

Third, innovation can also include marketing strategies and business models. Innovative companies may adopt new approaches to marketing their products or services, create creative and differentiated campaigns, or develop unique business models. This can create a company image that is full of courage, novelty, or an approach that is different from the others. In some cases, innovations in marketing strategies and business models can be a strong differentiator for companies in the face of fierce competition.

Although company strategy and innovation are generally considered as important factors in achieving business success, there are some negative impacts that can occur if not managed properly. The following are some of the negative impacts that may occur as a result of inappropriate company strategy and innovation:

**a) Risk of Failure**

Immature or untested strategies and innovations can carry a significant risk of business failure. When companies do not carry out adequate analysis or ignore relevant risk factors, they can face difficulties in implementing new strategies or launching successful innovations. Without a clear understanding of the market and customer needs, companies may have difficulty attracting consumers or meeting their expectations. In addition, if companies do not test their strategy or innovation before launching it in full, they may not be aware of potential weaknesses or problems that could arise, which could hinder their business success. Therefore, it is important for companies to conduct in-depth analysis, identify risks, and test their strategies and innovations before fully implementing them.

**b) Inefficient expenses**

Immature innovations and strategies can result in inefficient spending for the company. When companies do not perform sufficient analysis or neglect important development stages, they may invest significant resources in developing or launching innovations that are ultimately unsuccessful. This can lead to significant financial loss, as the company has spent time, effort and funds on a project that did not produce the expected results. In addition, inefficient spending can also occur if companies do not carry out careful planning or allocate resources wisely to implement untested strategies. This can result in wastage and ineffective use of company resources.

**c) Incompatibility with the market**

Incompatibility with markets or customers is one of the negative impacts that can arise as a result of inappropriate strategies and innovations. If companies do not properly understand the needs and preferences of their customers or fail to adapt their strategies to changes in the market, they risk losing market share and competitive advantage. This can lead to decreased sales, loss of customers, and even threaten the company's business continuity. Therefore, it is important for companies to continuously monitor market trends, listen to customer feedback, and adapt to changes in order to stay relevant and competitive in their industry.

**4. CONCLUSION**

In today's competitive business era, innovation is an important factor in achieving company success. Innovation plays a crucial role in driving business growth, keeping the business relevant, and creating a

company differentiator. In addition, innovation allows companies to stay relevant by adapting to changing market trends, technology and customer needs. Businesses that are able to spot and respond to these changes quickly have an advantage in creating relevant solutions. Finally, innovation acts as a differentiator or characteristic of the company in business competition. In a competitive business environment, innovation in products, processes, marketing and business models helps companies create added value and unique customer experiences. However, company strategy and innovation can also have a negative impact if not managed properly. The risk of failure, inefficient spending, and incompatibility with the market are some of the negative impacts that can occur. Therefore, it is important for companies to conduct in-depth analysis, test strategies and innovations, and continuously monitor market trends to achieve long-term success.

#### REFERENCES

- [1] Achmad, W. (2023). MSMEs Empowerment through Digital Innovation: The Key to Success of E-Commerce in Indonesia. Daengku: Journal of Humanities and Social Sciences Innovation, 3(3), 469-475.
- [2] Aghion, P., & Howitt, P. (2005). Growth with quality-improving innovations: an integrated framework. *Handbook of economic growth*, 1, 67-110.
- [3] Hartini, S. (2012). Peran inovasi: pengembangan kualitas produk dan kinerja bisnis. *Jurnal manajemen dan kewirausahaan*, 14(1), 83-90.
- [4] Hermawan, A., Achmad, W., & Yulianah, Y. (2022). The Role of Information and Communication Technology in Accounting Education in The Digital Age. *Research and Development Journal of Education*, 8(2), 926-933.
- [5] Kuncoro, M. (2020). *Strategi Meraih Keunggulan Kompetitif di Era Industri 4.0*. Penerbit Andi.
- [6] Lestari, E. R. (2019). *Manajemen Inovasi: Upaya Meraih Keunggulan Kompetitif*. Universitas Brawijaya Press.
- [7] Maesaroh, A. (2020). Analisis Strategi Diferensiasi dan Inovasi Dalam Keunggulan Bersaing Guna Meningkatkan Kinerja Pemasaran (Studi Kasus Pada Batik Pringmas, Desa Papringan, Banyumas). *Skripsi, fakultas Ekonomi Dan Bisnis Islam dari Institut Ekonomi Dan Bisnis Islam Negeri Purwokerto*.
- [8] Minzberg, H., Quinn, J. B., & Voyer, J. (1991). The strategy process. *NJ Englewood Cliffs*.
- [9] Porter, M. E. (1990). New global strategies for competitive advantage. *Planning Review*, 18(3), 4-14.
- [10] Prakoso, B. (2005). Pengaruh orientasi pasar, inovasi dan orientasi pembelajaran terhadap kinerja perusahaan untuk mencapai keunggulan bersaing (Studi empiris pada industri manufaktur di Semarang). *Jurnal Studi Manajemen dan Organisasi (JSMO)*, 2(Nomor 1), 35-57.
- [11] Soleh, M. (2008). *Analisis strategi inovasi dan dampaknya terhadap kinerja perusahaan (Studi kasus: UKM manufaktur di kota semarang)* (Doctoral dissertation, Program Pascasarjana Universitas Diponegoro).
- [12] Sudrajat, D. (2013). Kapabilitas Dinamik, Kinerja Inovasi, dan Kinerja Perusahaan Jasa Logistik di Indonesia (Suatu Kerangka Penelitian). *Binus Business Review*, 4(2), 798-811.
- [13] Sugiyono, P. (2011). Metodologi penelitian kuantitatif kualitatif dan R&D. *Alfabeta, Bandung*, 62-70.
- [14] Suhaeni, T. (2018). Pengaruh Strategi Inovasi Terhadap Keunggulan Bersaing di Industri Kreatif (Studi Kasus UMKM Bidang Kerajinan Tangan di Kota Bandung). *Jurnal Riset Bisnis dan Investasi*, 4(1), 57-74.
- [15] Sukmadi. (2016). *Inovasi & Kewirausahaan (Paradigma)*. Humaniora Utama Press.
- [16] Sulastris, L., & Achmad, W. (2022). The Impact of Total Quality Management and Reward System on Managerial Performance. *Atestasi: Jurnal Ilmiah Akuntansi*, 5(2), 654-667.
- [17] Valeria, N. P. (2013). Membangun Kinerja Bisnis Melalui Keunggulan Bersaing Pada Ukm Manufaktur (Studi Empirik Pada Industri Logam Di Kecamatan Capur, Kabupaten Klaten). *Jurnal Bisnis Strategi*, 22(1), 133-142.
- [18] Wibowo, R. A. (2015). Kesuksesan e-commerce (onlineShopping) melalui trust dan customer loyalty. *Ekonomi Bisnis*, 20(1), 8-15.
- [19] Wijaya, R. A., Qurratu'aini, N. I., & Paramastri, B. (2019). Pentingnya Pengelolaan Inovasi Dalam Era Persaingan. *Jurnal Manajemen dan Bisnis Indonesia*, 5(2), 217-227.
- [20] Yulianah, S. E. (2022). *Metodologi Penelitian Sosial*. CV Rey Media Grafika.
- [21] Zuhriatusobah, J., Yudha, E. K., Rahayu, Y., & Achmad, W. (2023). Work Life Balance Strategy to Improve Employee Performance at PT. XYZ. *Central European Management Journal*, 31(2), 94-105.