

Exploration of Innovation Strategies in Business Management: Enhancing Sustainability and Organizational Growth in the Digital Economic Era

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Abstract: In the era of a growing digital economy, companies are required to have a strong innovation strategy in order to survive and grow in a competitive environment. The purpose of this research is to explore innovation strategies in business management and understand the role of innovation strategies in improving organizational sustainability and growth in the digital economy era. This research uses a qualitative approach, while the data collection technique is done by literature study obtained from Google Scholar. The data that has been collected is then analyzed in three stages, namely data reduction, data presentation and conclusion drawing. The results showed that companies in various sectors have a variety of innovation strategies in order to increase organizational sustainability and growth in the digital era, including organizations in the health sector, namely masks with product strategies, namely by creating unique mask motifs. Whereas in companies, innovation strategies in business management are carried out with product innovation, the use of external sources of innovation, and technology investment. In the banking sector, the strategy carried out in business management is a diversification strategy. In the creative and digital industries, innovation strategies focus on three main aspects, namely product innovation, process innovation, and marketing innovation. In addition, collaboration between marketing, engineering, and manufacturing is combined with agile management and agile manufacturing approaches. The synergy of these factors can achieve concurrent engineering (CE), which is an integrative approach to developing products simultaneously and efficiently.

Abstrak: Pada era perekonomian digital yang terus berkembang, perusahaan dituntut untuk memiliki strategi inovasi yang kuat agar dapat bertahan dan tumbuh dalam lingkungan yang kompetitif. Tujuan penelitian ini adalah untuk melakukan eksplorasi terhadap strategi inovasi dalam manajemen bisnis dan memahami peran strategi inovasi dalam meningkatkan keberlanjutan dan pertumbuhan organisasi di era perekonomian digital. Penelitian ini menggunakan pendekatan kualitatif, sedangkan teknik pengumpulan data dilakukan dengan studi kepustakaan yang diperoleh dari Google Scholar. Data yang telah terkumpul kemudian dianalisis dalam tiga tahapan yakni reduksi data, penyajian data dan penarikan kesimpulan. Hasil penelitian menunjukkan bahwa perusahaan dalam berbagai sektor memiliki beragam strategi inovasi dalam rangka meningkatkan keberlanjutan dan pertumbuhan organisasi di era digital diantaranya pada organisasi di bidang kesehatan yakni masker dengan strategi produk yakni dengan membuat motif masker yang unik. Sedangkan pada perusahaan strategi inovasi dalam manajemen bisnis dilakukan dengan inovasi



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produk, penggunaan sumber inovasi eksternal, dan investasi teknologi. Pada sektor perbakan strategi yang dilakukan dalam manajemen bisnis yakni dengan strategi diversifikasi. Pada industri kreatif dan digital, strategi inovasi terfokus pada tiga aspek utama, yaitu inovasi produk, inovasi proses, dan inovasi pemasaran. Selain itu, kolaborasi antara bidang marketing, engineering, dan manufacturing yang dipadukan dengan pendekatan agile management dan agile manufacturing. Sinergi dari faktor-faktor tersebut mampu mencapai concurrent engineering (CE), yang merupakan pendekatan integratif untuk mengembangkan produk secara bersamaan dan efisien.

INTRODUCTION

In the era of developing digital economies, companies are required to have innovation strategies (Sasongko & Suriانشa, 2022). Innovation strategy is a fundamental tool that guides the course of innovation in business based on established strategies and goals (Hittmár et al., 2014). Innovation strategy is a management concept that involves various internal and external activities to enhance innovation potential in business. The aim of this concept is to emphasize its importance and role in shaping effective innovation strategies that positively impact the business (Suhaeni, 2018). This innovation strategy can be implemented in various aspects, including business management.

Business management is a series of actions in managing a business, encompassing planning, execution, and supervision, with the goal of achieving desired outcomes or targets (Syafi'i, Saied, et al., 2023). The success of sales and profits in business heavily relies on effective business management. Without skilled and efficient business management, attaining optimal sales profits becomes challenging (Siregar, 2022). A strong innovation strategy within business management needs to be implemented within an organization to endure and thrive in a competitive environment. In an ever-changing business world, organizations need to adapt and face challenges by continuously developing new products, services, and processes. Innovation becomes the path to differentiate from competitors and fulfill the ever-evolving customer needs.

These business changes have occurred significantly in the digital era (Marlitta Stefia, 2022). The digital era is a period in which digital technology, such as the internet,

computers, and mobile devices, plays a dominant role in daily life and significantly impacts various aspects of human life, including business, communication, education, and industry (Syafii et al., 2023). The digital era is characterized by extensive connectivity, massive data growth, rapid technological development, and transformation in how we interact, work, and access information (Azis, 2019)

Previous research conducted by (Rofaida et al., 2019) examined innovation strategies in the context of the digital creative industry. The research results indicated that the digital creative industry in West Java faces challenges in determining appropriate innovation strategies. The recommendations provided included establishing innovation strategies in three aspects: product innovation, process innovation, and marketing innovation. Another study by (Ong et al., 2020) investigated innovation strategies in the context of business models. The findings showed that a sustainable retail business model can be achieved by using business outputs as the ultimate goal. As a result, there is a lack of research on innovation strategies within the scope of business management as an effort to enhance sustainability and organizational growth. The aim of this research is to explore innovation strategies in business management and understand the role of innovation strategies in enhancing sustainability and organizational growth in the digital economic era (Atikah et al., 2023).

METHODS

This research employs a qualitative approach. According to (Khotimah, 2018), qualitative research method is based on a philosophy used to study scientific conditions

(experiments) where the researcher acts as the instrument. Data collection techniques and analysis in qualitative research emphasize meaning. Data collection technique is conducted through literature study obtained from Google Scholar. The collected data is then analyzed in three stages: data reduction, data presentation, and drawing conclusions.

RESULTS AND DISCUSSION

Innovation strategy in business management is an approach used by companies to design and implement innovative steps to create added value and competitiveness in the market (Manda, 2023). Unique innovation strategies and high quality have a significant impact on organizations, one of which is a healthcare-related organization, the mask business from Our Mask. Our Mask is a company that produces cloth masks made from Japanese cotton and hero materials. The innovation strategy used by Our Mask includes creating earloop masks and connectors with various unique patterns (Arista et al., 2021). This profit-oriented innovation strategy is in line with (Ellitan, 2006) on manufacturing companies, which proved that innovation strategies can influence financial performance. The right innovation strategy plays a crucial role in improving a company's financial performance as well as overall performance. Several key factors contributing to an increased net profit margin include product innovation, utilization of external innovation sources, and technological investment. Here is further explanation of each factor:

1. Product Innovation

Developing new products or enhancing existing ones with innovative features can attract customer attention and create new demand in the market. Successful product innovation can boost company sales, increase market share, and positively impact profit margins. Unique and advanced products often allow companies to charge premium prices, thereby improving profit margins.

2. Utilization of External Innovation Sources

Collaborating with external parties, such as startups, universities, or technology

suppliers, can provide access to new ideas and technologies that might not exist within the company. Leveraging external innovation sources enables companies to accelerate the pace of innovation, reduce research and development costs, and avoid risks associated with costly experimental failures.

3. Technological Investment

Adopting the latest technology and investing in more efficient systems can enhance productivity, reduce production costs, and improve supply chain management. Advanced technology can also enhance product or service quality, increase customer satisfaction, and expand market share. By harnessing the right technology, companies can achieve efficiency and improve net profit margins.

Another study conducted by (Nawawi, 2012) reveals that the business management innovation strategy in production includes collaboration among marketing, engineering, and manufacturing, combined with an agile management and agile manufacturing approach. The synergy of these factors can achieve concurrent engineering (CE), an integrative approach to developing products simultaneously and efficiently.

1. Marketing

The marketing team plays a role in analyzing market needs and consumer trends. They conduct market research to understand customer preferences, product demand, as well as market opportunities and challenges. This information forms the basis for designing products that align with market needs and demands.

2. Engineering

The engineering team is responsible for designing innovative products that align with the latest technological developments. They consider technical aspects, product performance, and quality. Collaboration between the engineering and marketing teams ensures that the designed products are not only innovative but also relevant and appealing to customers.

3. Manufacturing

The production team translates product designs into physically manufacturable and

high-quality products. By involving the manufacturing team early in the product design process, production planning can be done more effectively, reducing production time and costs while enhancing efficiency.

4. Agile Management and Agile Manufacturing

Agile management involves flexibility and rapid adaptation to changes in the production process. On the other hand, agile manufacturing focuses on production flexibility to quickly respond to changes in demand and market needs. Both approaches enable companies to address business challenges and opportunities more responsively and effectively.

In the banking sector, the business management strategy involves diversification. Diversification strategy is an approach in business management to create new products and expand market share (Syafi'i, Shobichah, et al., 2023). In the banking sector, diversification strategy can include innovative approaches such as creating Islamic fintech in collaboration with Shariah Waqf Bank and Micro, Small, and Medium Enterprises (MSMEs) as detailed below (Pramono & Wahyuni, 2021):

1. Islamic Fintech

Islamic fintech is financial technology that adopts Shariah principles in its services. By integrating financial technology with Shariah principles, companies can offer financial solutions that cater to the needs of Muslim customers, such as Shariah-compliant financing services, Shariah-compliant savings, and more.

2. Shariah Waqf Bank

Shariah Waqf Bank is a financial institution that applies Shariah principles and focuses on waqf asset management. Collaboration with Shariah Waqf Bank can provide opportunities for Islamic fintech to receive financial support and access a broader customer base.

3. Micro, Small, and Medium Enterprises (MSMEs)

Collaborating with MSMEs can help Islamic fintech create products and services that align with the needs of small and medium-sized businesses, which are an

integral part of the local economy. By providing accessible and affordable financial solutions, Islamic fintech can contribute to the growth of MSMEs while expanding its market share.

Innovative strategies, such as creating Islamic fintech and collaborating with Shariah Waqf Bank and MSMEs, can have a positive impact in the banking sector. By offering financial solutions that align with Shariah principles and customer needs, companies can create innovative new products and reach a wider market, thereby enhancing business growth and adding value to the Islamic banking industry.

In the creative and digital industries, researchers (Rofaida et al., 2019) expound on the Innovation Strategies in the Digital Creative Industry with the aim of gaining competitive advantages in the era of the Fourth Industrial Revolution. In the effort to achieve this goal, innovation strategies focus on three main aspects: product innovation, process innovation, and marketing innovation. Here is an explanation of these three aspects:

1. Product Innovation

Product innovation involves the development and improvement of products offered by the digital creative industry. This encompasses creating new products, enhancing features and quality of existing products, as well as identifying market needs and trends to create relevant and appealing solutions for consumers. In the era of Industry 4.0, product innovation can also concentrate on utilizing cutting-edge technologies like Artificial Intelligence (AI), Virtual Reality (VR), and Augmented Reality (AR) to create more engaging and interactive user experiences.

2. Process Innovation

Process innovation encompasses changes and enhancements in the way the digital creative industry operates and conducts its business processes. This aims to improve efficiency, flexibility, and speed in producing and delivering products or services. Process innovation also involves the

use of technology and automation to optimize workflows and reduce production costs.

3. Marketing Innovation

Marketing innovation includes new strategies and approaches in promoting products and services in the digital era. This involves utilizing digital platforms and social media, personalizing content, and using consumer data to identify the right market segments and convey relevant messages. Marketing innovation can also encompass using influencers and partnering with digital platforms to reach a broader audience.

According to Quinn as cited in (Boso et al., 2013), the supportive factors in achieving success in implementing innovative capabilities are, first, being market-oriented. Many innovations are carried out with the goal of creatively solving problems but lack the competitive edge in the market. Quinn emphasizes the importance of the innovation-market relationship, which includes the 5Cs: Competitor, Competition, Change of Competition, Change Driver, and Customer Behavior. Furthermore, another supportive factor is the ability to enhance the company's value-added. The presence of value-added can drive company growth and development. By providing added value to products or services, a company can differentiate itself from competitors and attract more customers, leading to successful innovation implementation.

CONCLUSION

Companies across various sectors employ diverse innovation strategies to enhance sustainability and organizational growth in the digital era. For instance, in the healthcare sector, companies use product innovation strategies by creating unique mask patterns to attract consumer interest. On the other hand, companies also implement business management innovation strategies by adopting product innovation, leveraging external innovation sources, and investing in technology to enhance efficiency and

competitiveness. Meanwhile, in the banking sector, innovation strategies are achieved through diversification, creating new products to reach a broader market. In the creative and digital industries, innovation strategies focus on three main aspects: product innovation, process innovation, and marketing innovation. Companies adopt cutting-edge technology and optimize workflows to create more engaging products and services for consumers. Collaboration among marketing, engineering, and manufacturing fields with agile management and agile manufacturing approaches also play a vital role in achieving concurrent engineering (CE), where products are developed efficiently and collaboratively. This combination of innovation strategies enables companies to remain relevant and thrive in the ever-evolving and competitive digital era.

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