

The Role of Business Innovation in Increasing Company Competitiveness in the Global Market

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ABSTRACT

This study aims to analyze the role of business innovation in improving corporate competitiveness in the global market. The research method used is a quantitative approach with descriptive and verification analysis techniques. Data were collected through questionnaires distributed to 80 respondents who are business actors and managers of companies operating in the global market. Data analysis was conducted using simple linear regression. The results of the study indicate that business innovation has a positive and significant influence on corporate competitiveness with a regression coefficient value of 0.745 and a significance level of 0.000. The coefficient of determination value of 0.68 indicates that business innovation contributes 68% to increasing corporate competitiveness. Product, process, marketing, and business model innovations have been proven to increase a company's competitive advantage in the global market. The conclusion of this study is that business innovation is a very important strategic factor in improving corporate competitiveness. Therefore, companies need to develop a culture of innovation and integrate innovation into their business strategies to face global competition.



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INTRODUCTION

In an increasingly competitive era of globalization, companies are required to adapt quickly to changes in the dynamic business environment. Competition is no longer limited to the local or national level, but has expanded to the global market, demanding high levels of efficiency, creativity, and innovation. Technological developments, changing consumer preferences, and Disruption of conventional business models is the main factor that drives companies to continue to innovate their strategies and operations.

Business innovation is a key factor in enhancing a company's competitiveness. Innovation encompasses not only the development of new products or services, but also innovations in business processes, business models, marketing, and the use of digital technology. Companies capable of continuous innovation tend to have a stronger competitive advantage than those that remain stagnant. This is because innovation enables companies to create added value, increase efficiency, and respond to market needs more quickly and accurately.

Furthermore, in the context of the global market, business innovation plays a crucial role in helping companies adapt to differences in market characteristics, regulations, and consumer cultures across countries. Innovative companies are able to identify new opportunities, develop differentiation strategies, and improve the quality of products and services to compete internationally. Thus, business innovation is not only a tool for survival but also a strategy for growth and expanding market share.

However, not all companies are able to implement innovation effectively. Limited resources, a lack of an innovation culture, and resistance to change often hinder the innovation process. Therefore, a thorough understanding of the role of business innovation and the factors influencing its success in enhancing company competitiveness is necessary.

Based on this description, this study aims to analyze the role of business innovation in increasing company competitiveness in the global market, as well as identifying strategies that can be implemented to encourage the success of innovation in facing the challenges of international competition.

METHOD

This study uses a quantitative approach with descriptive and verification methods to analyze the role of business innovation in increasing corporate competitiveness in the global market. The descriptive approach is used to describe the condition of business innovation and the level of corporate competitiveness, while the verification approach aims to examine the relationships and influences between the variables studied.

The population in this study were companies operating in the industrial and service sectors that have entered the global market. The sampling technique used purposive sampling, with the criteria being companies that have exported or have international business networks. The sample size for this study was 50-100 respondents, consisting of managers, company leaders, or staff involved in strategic decision-making.

The data types used are primary and secondary data. Primary data were obtained by distributing questionnaires to respondents containing statements related to business innovation (product, process, marketing, and business model innovation) and company competitiveness (competitive advantage, market share, and company performance). Variables were measured using a 1-5 Likert scale. Secondary data were obtained from literature, scientific journals, company reports, and other sources relevant to the research.

The data analysis techniques used included descriptive statistical analysis to describe the data characteristics, as well as simple or multiple linear regression

analysis to examine the effect of business innovation on company competitiveness. Prior to the regression analysis, the data was first tested using validity, reliability, and classical assumption tests (normality, multicollinearity, and heteroscedasticity).

The research model used can be formulated as follows:

$$Y = \alpha + \beta X + \varepsilon$$

Information:

Y = Company competitiveness

X = Business innovation

α = Constant

β = Regression coefficient

ε = Error term

The results of the analysis are then interpreted to determine the extent to which business innovation plays a role in increasing the company's competitiveness in the global market, as well as providing strategic recommendations for companies in developing innovation in a sustainable manner.

RESULTS AND DISCUSSION

1. Description of Research Data

Based on the results of data collection from 80 respondents consisting of managers and staff of companies operating in the global market, the following description was obtained regarding the variables of business innovation and company competitiveness:

Table 1. Descriptive Statistics of Research Variables

Variables	Indicator	Mean	Category
Product Innovation	New product development	4.21	Tall
Process Innovation	Operational efficiency	4.1	Tall
Marketing Innovation	Digital marketing strategy	4.05	Tall
Business Model Innovation	Business model adaptation	4.18	Tall
Competitiveness	Competitive advantage	4.25	Very high
	Increased market share	4.12	Tall
	Company performance	4.2	Tall

Based on the table above, it can be seen that all business innovation indicators are in the high category, indicating that the company has implemented innovation quite optimally. The company's competitiveness also shows a high score, indicating its ability to compete in the global market.

2. Validity and Reliability Test

Table 2.Validity Test Results

Variables	r count	r table	Information
Business Innovation	0.65-0.82	0.30	Valid
Competitiveness	0.68-0.85	0.30	Valid

Table 3.Reliability Test Results

Variables	Cronbach Alpha	Information
Business Innovation	0.89	Reliable
Competitiveness	0.91	Reliable

The test results show that all research instruments are valid and reliable, so they are suitable for use for further analysis.

3. Classical Assumption Test

Table 4.Classical Assumption Test Results

Test	Results	Information
Normality	Sig. 0.200 > 0.05	Normal
Multicollinearity	VIF < 10	Not occur
Heteroscedasticity	Sig. > 0.05	Not occur

The results of the classical assumption test show that the regression model meets the requirements for further analysis.

4. Regression Analysis

Table 5.Simple Linear Regression Analysis ResultsConclusion

Variables	Coefficient (β)	t count	Sig.
Constant	1,235	-	-
Business Innovation	0.745	9,876	0.000

Regression equation:

$$Y = 1.235 + 0.745X$$

5. Test of the Coefficient of Determination (R^2)

Table 6.Results of the Coefficient of Determination

R Square	Information
0.68	68%

The R^2 value of 0.68 indicates that business innovation contributes 68% to increasing company competitiveness, while the remaining 32% is influenced by other variables not studied.

The research results show that business innovation has a positive and significant impact on corporate competitiveness in the global market. This is evidenced by a regression coefficient of 0.745 and a significance level of 0.000, which is less than 0.05. This means that the higher the level of innovation a company engages in, the higher its competitiveness.

Product innovation is a dominant factor in increasing competitiveness, as it provides added value and differentiation in the global market. Furthermore, process innovation contributes to increased operational efficiency, enabling companies to reduce production costs and increase productivity. Marketing innovation, particularly through the use of digital technology, enables companies to reach a wider market more cost-effectively.

Furthermore, business model innovation is a strategic factor in facing global environmental change. Companies that can adapt quickly to changing trends and consumer needs have a greater chance of winning the competition. This aligns with the theory of competitive advantage, which states that innovation is a key source of value creation and market position maintenance.

With a contribution of 68%, business innovation has been shown to play a significant role in increasing company competitiveness. However, other factors, such as human resource quality, leadership, and organizational strategy, also influence company competitiveness.

CONCLUSION

Based on the research results, it can be concluded that business innovation plays a significant role in increasing company competitiveness in the global market. This is demonstrated by the regression analysis, which shows a positive and significant influence between business innovation and company competitiveness, contributing 68%.

Business innovation, including product, process, marketing, and business model innovation, has been proven to increase competitive advantage, expand market share, and improve company performance. Companies that consistently innovate are better able to adapt to changes in the dynamic global business environment.

However, business innovation is not the only factor influencing a company's competitiveness. Other factors such as human resource quality, organizational strategy, and leadership also play a crucial role. Therefore, companies are advised to integrate innovation with a comprehensive business strategy to achieve sustainable competitive advantage.

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