INNOVATIONS IN BUSINESS AND STRATEGIC MANAGEMENT
2023, VOL. 1, ISSUE 1, pp. 1-3
https://doi.org/10.61577/ibsm.2023.100001

RESEAPRO JOURNALS

MINI REVIEW

OPEN ACCESS

Future-oriented: innovations in business and strategic management

Astadi Pangarso

Department of Business Administration, Telkom University, West Java, Indonesia

ABSTRACT

This paper discusses innovation in future-oriented business and strategic management, focusing on Diversity, Equity, and Inclusion (DEI), Environmental, social, and governance (ESG), innovation, strategic management, organizational sustainability, and organizational fortitude. The emphasis on DEI and ESG reflects the importance of considering these aspects in making responsible and sustainable business decisions. Innovation is seen as key to strengthening an organization's future competitiveness and relevance. Future-focused strategic management also includes developing organizational fortitude, i.e., the ability to survive and adapt in the face of rapid and complex change. In the context of sustainability, organizations need to consider their operations' environmental and social impacts and integrate sustainable practices into their business models. This research uses an unstructured literature review approach to conceptually explore how organizations can integrate DEI, ESG, innovation, and organizational fortitude into their management strategies and practices. The findings from this study can provide valuable insights for organizations looking to improve their performance through innovation and sustainable strategic management.

KEYWORDS

Diversity, equity and inclusion (DEI); Environmental, social, and governance (ESG); Innovation; Strategic management; Organizational fortitude; Sustainability

ARTICLE HISTORY

Received 21 June 2023; Revised 21 September 2023; Accepted 28 September 2023

Introduction

As we navigate the unprecedented complexities of the 21st century, it has become abundantly apparent that innovation and strategic management are two essential elements of contemporary business operations [1]. Businesses are required to continuously evolve and adapt due to rapid technological advancements [2], shifting socioeconomic structures [3], and growing global interconnectivity [4]. These changes have prompted a significant transition from traditional business practices to an innovation-focused approach, thereby making strategic management crucial to the success of businesses [5].

Innovation as a concept encompasses the conception of a novel idea or product and its successful application to business practices, products, or services [6]. It is a competitive driver, fueling the development of both companies and economies [7]. Innovation is not a random process; it requires strategic management-a concerted effort to align resources and competencies with achieving business objectives [8]. Strategic management entails the formulation and execution of a company's most important objectives and initiatives based on considering its resources and analyzing its internal and external operating environments [9]. The capacity to anticipate future trends and disruptions is crucial to strategic management [10]. Companies can position themselves advantageously with this foresight, either by being the disruptor or rapidly adapting to the new norms [11]. Strategic management becomes an enabler in the context of innovation [12]. It paves the way for fostering an innovation-friendly culture within the organization and building a solid innovation management framework [13]. Technological advancements have significantly influenced business innovation [14]. Businesses should view technology as a resource for operational efficiency and a strategic asset for innovation [15].

As has always been the case, those who innovate, and more importantly, those who innovate strategically, will win the future [16]. Although explicit business model innovation has numerous advantages, it is a distinctive strategy in practical implementation. According to Bucherer et al., firms possess more processes and a more pronounced collective understanding of how to innovate technology compared to their knowledge of innovating business models [17]. The need for more guidance on management frameworks and methodologies to facilitate business model innovation, informed by scientific research, is the root cause of this issue [17].

Today, in terms of business strategy and management, there are some more specific topics associated with innovation, such as organizational fortitude, DEI (Diversity, Equity, Inclusion) [18], and ESG (Environmental, Social, and Governance) [19]. Organizational fortitude involves the capacity to endure, the ability to recover, and the unwavering resolve to confront adversity head-on. This could include maintaining a solid and consistent organizational culture, adhering to fundamental values during difficult times, and resolving obstacles. The pandemic of COVID-19 is both an example of natural selection and a lesson for business organizations. Innovation is essential to the development and maintenance of organizational fortitude. Here are a few connections between innovation and organizational fortitude:

1. **Strengthening organizational culture:** Innovation contributes to forming a resilient organization's culture. Companies that foster innovation have a culture that is receptive to new ideas and willing to take risks. Such cultures foster growth and development, strengthening organizations and preparing them to face future challenges.

***Correspondence:** Astadi Pangarso, Department of Business Administration, Telkom University, West Java, Indonesia, e-mail: astadipangarso@telkomuniversity.ac.id

2. **Increases productivity and efficiency:** Innovation frequently involves the use of new technologies or methods of work that increase efficiency and productivity. Innovative organizations can do more with their resources, strengthening their position and enabling them to face challenges and changes with greater agility.
3. **Building leadership and trust:** Innovative companies are typically industry leaders. Innovation can establish a reputation as a leader and innovator, increasing customer and stakeholder confidence. This confidence can fortify organizations and encourage them to take risks and confront obstacles. Innovation can strengthen businesses and help them adapt to changes and challenges. Therefore, innovation is essential for developing and maintaining organizational fortitude.

DEI refers to organizational approaches and practices that ensure all individuals feel valued, respected, and have equal opportunities to prosper. Innovation is closely related to DEI in several ways:

1. **Innovation driven by diverse perspectives and experiences:** Diverse perspectives and experiences within an organization can generate new ideas. A diverse team can provide novel problem-solving approaches and generate novel concepts unlikely to emerge in less diverse environments.
2. **Product and service enhancement:** Diversity refers to market knowledge diversity. Diverse teams may better understand the requirements and desires of various market segments, which can assist businesses in designing and refining their products and services to appeal to a larger audience.
3. **Increase employee satisfaction and engagement:** Effective DEI practices can increase employee satisfaction and engagement. Employees who feel valued and included may be more inclined to contribute to innovation.
4. **Improving organizational reputation:** Organizations that demonstrate a commitment to DEI are frequently appreciated by consumers and employees who increasingly value fairness and inclusion. This reputation can assist businesses in attracting and retaining innovative talent and facilitating the creation of new market opportunities.

Organizations committed to DEI can better adapt to demographic and social changes, enhancing sustainability. Thus, DEI can contribute to the long-term viability of businesses, which is crucial for sustainable innovation. In this way, DEI and innovation reinforce one another. Businesses can foster innovation by promoting diversity, equality, and inclusion. In contrast, organizations can become more inclusive and equitable by innovating their practices and approaches to DEI.

ESG refers to the three primary factors used to determine the social and environmental impact of an investment in a company or business. In contrast to industrialized countries, developing economies may possess a more robust basis and impetus to partake in green innovation endeavors. The realization of this objective necessitates the collaborative endeavors of governments, corporations, and third-party organizations, gradually working towards its attainment. According to Qiang et al., disclosing ESG information enables investors to gain insights into the overall corporate governance performance across environmental, social, and corporate governance domains [20]. Non-traditional financial indicators provide a more comprehensive understanding of a company's performance [20]. Innovation is closely related to ESG in some ways:

1. **Environmental innovation:** Innovation can assist organizations in mitigating their environmental impact and promoting environmental sustainability. This could involve the development of environmentally favorable new technologies or the creation of energy-efficient processes and products. Therefore, innovation can assist organizations in achieving their ESG objectives and enhancing their reputation as environmentally responsible businesses.
2. **Social innovation** refers to creating new products or services that fulfill social requirements or assist in resolving social issues. This could involve anything from the creation of digital education platforms to the development of new healthcare solutions. This type of social innovation can assist organizations in achieving their ESG objectives while creating new market opportunities.
3. **Innovation in governance** may involve developing new practices that enhance transparency, accountability, or stakeholder participation. This could involve the development of new instruments for tracking and reporting ESG performance or implementing more inclusive decision-making models. These governance innovations can assist organizations in achieving their ESG objectives and enhancing stakeholder confidence.
4. **Increasing competitiveness:** ESG investments are becoming an increasingly significant factor for investors. Organizations that are innovative in achieving their ESG objectives may become more appealing to ESG-aware investors, thereby enabling them to obtain access to a broader range of capital.

Innovation can also assist organizations in mitigating ESG risks, such as climate change and reputational risk. For instance, businesses that invest in renewable energy technologies may be more resistant to fluctuations in the cost of fossil fuels. Innovation and ESG are interdependent in general. By innovating, businesses can strengthen their commitment to environmental sustainability, social justice, and good governance, create new business opportunities, and reduce risks. Scholars contend that business model innovation is susceptible to environmental influences. Existing research on business model innovation has predominantly centered on external factors that drive companies to innovate. However, a novel field of study has surfaced that delves into how the adoption of emerging technology impacts a company's inclination to innovate its business model. Regrettably, as highlighted by Lee et al., there is a scarcity of research on the direct correlation between developing technology and business model innovation [21].

Conclusions

The contributions of this manuscript to both theory and practice are manifold. First, it synthesizes existing strategic management and innovation theories, extending our understanding of how these crucial aspects are interrelated and co-dependent [5,12]. Regarding theoretical contributions, the paper posits that strategic management is not merely a context or a precursor for innovation but an enabler, which

https://doi.org/10.61577/ibsm.2023.100001

has not been fully elaborated in existing literature [8,15]. This extends the current paradigm by suggesting a more integrated strategic management and innovation model. The paper also bridges the gap between innovation literature and emerging topics such as organizational fortitude, DEI, and ESG [18,19]. Practically, the manuscript provides actionable insights for organizations to navigate complex challenges by leveraging strategic management to foster innovation. It emphasizes that future success will not only come from innovation but from innovation that is strategically managed and aligned with other key organizational objectives and societal values [2,16].

Disclosure statement

No potential conflict of interest was reported by the author.

References

1. Tidd J, Bessant JR. Managing innovation: integrating technological, market and organizational change, 7th Edition. Wiley; 2020.
2. Schwab K. The fourth industrial revolution: what it means, how to respond. World Economic Forum; 2016. https://www.weforum.org/agenda/2016/01/the-fourth-industrial-revolution-what-it-means-and-how-to-respond/
3. TL. The World is Flat: A Brief History of the Twenty-first Century. Farrar, Straus and Giroux, New York; 2005.
4. Castells M. The rise of the network society: The information age: Economy, Society, and Culture Vol. I. Wiley; 2010.
5. Porter ME. Competitive strategy: Techniques for analyzing industries and competitors. Free Press, New York; 1980.
6. Christensen CM. The innovator's dilemma: When new technologies cause great firms to fail. Harvard Business Review Press; 1997.
7. Porter ME, Heppelmann JE. How smart, connected products are transforming competition. Harvard Business Review. 2014;92(11):64-88.
8. Kaplan RS, Norton DP. Alignment: Using the balanced scorecard to create corporate synergies. Harvard Business Press; 2006.
9. Mintzberg H. The structuring of organizations Prentice-Hall. Englewood Cliffs, NJ; 1979.
10. Schoemaker PJH. Scenario planning: a tool for strategic thinking. MIT Sloan Manag Rev. 1995;36(2):25-40.
11. Rogers EM. Diffusion of innovations, 5th edn Tampa. FL: Free Press; 2003.
12. Tushman ML, O'Reilly CA. Winning through innovation: a practical guide to leading organizational change and renewal. Harvard Business School Press; 1997.
13. Gupta S. Driving digital strategy: A guide to reimagining your business. Harvard Business Press; 2018.
14. Brynjolfsson E, McAfee A. The second machine age: Work, progress, and prosperity in a time of brilliant technologies. WW Norton & Company; 2014.
15. Chesbrough HW. Open innovation: The new imperative for creating and profiting from technology. Harvard Business Press; 2003.
16. Dyer J, Gregersen H, Christensen CM. The innovator's DNA: Mastering the five skills of disruptive innovators. Harvard Business Review Press; 2011.
17. Bucherer E, Eisert U, Gassmann O. Towards systematic business model innovation: lessons from product innovation management. Creativity Innov Manag. 2012;21(2):183-198.
18. Cox T. Cultural diversity in organizations: Theory, research, and practice. Berrett-Koehler Publishers; 1994.
19. Eccles RG, Ioannou I, Serafeim G. The impact of corporate sustainability on organizational processes and performance. Manage Sci. 2014;60(11):2835-2857.
20. Qiang S, Gang C, Dawei H. Environmental cooperation system, ESG performance and corporate green innovation: empirical evidence from China. Front Psychol. 2023;14:1096419.
21. Lee J, Suh T, Roy D, Baucus M. Emerging technology and business model innovation: the case of artificial intelligence. J Open Innov: Technol Mark Complex. 2019;5(3):44.

https://doi.org/10.61577/ibsm.2023.100001