INNOVATION IN BUSINESS AS A COMPETITIVE ADVANTAGE

INOVAȚIA ÎN AFACERI CA AVANTAJ CONCURENȚIV

Eudochia JOMIR, ORCID: 0000-0001-6556-6409
ASEM, Chisinau, Republic of Moldova

CZU: 339.1:001.895:339.137.2 e-mail: eudochia.jomir@ase.md

The objective of this study is to increase the understanding of the concept of innovation in business as one of the most important ways of achieving competitive advantage. The global context of competitive business, with its changing environment, has accelerated the need for organizations to develop ideas, solutions, processes and products. Today, organizations remain committed to achieving defined goals of maximizing profits, being competitive and remaining sustainable in the market, innovation representing a necessary process of renewal in business, a generic activity associated with survival and growth. Innovation is at the heart of contemporary economic rhetoric in terms of developing and avcvhieving competitiveness.

***Keywords**: business innovation, competitiveness.*

INTRODUCTION

In an ever-changing world, organizations need to face more and more challenges, adapt to a new economic context, which has led to many transformations in the business environment. Any organization, regardless of ownership and field of activity, is forced to constantly respond to these challenges or threats, as they operate in a complex, dynamic world, often with a high level of uncertainty. This fact, in turn, requires entrepreneurs, managers to change the development strategy, adapting it to the new conditions. In many cases, the new strategy is influenced by the need for innovation, in terms of new products and services and in terms of process organization [1, p. 68].

Innovation, as a concept refers to the process of creating new ideas, products, or methods to turn changes into opportunity in terms of process innovation and business competitiveness. Often, innovating involves approaching an existing idea or product from a new perspective with the goal of improving it.

In an academic content with reference to the definition of *competitiveness,* we can highlight the following aspects:

1. Competitiveness is a field of economic theory
2. Competitiveness analyzes economic factors and policies
3. Competitiveness determines a state's ability to develop and maintain an environment favorable to sustainable economic development.
4. Competitiveness maintains processes favorable to the more active involvement of enterprises in the creation of added value.
5. Competitiveness produces more welfare for people [2, p. 42].

There is no future growth for a company, and risks losing competitiveness and disappearing from the market if it fails to keep up with the new market requirements and cannot build an efficient innovative business strategy.

MATERIAL AND METHOD

The results of the research outlined in the present article were obtained by using traditional research methods: investigation, synthesis, systematization analysis of scientific/specialized literature, both theoretical and applied, in a traditional format, as well as in form of e-publications, in the fields of innovational business and competitiveness. All these methods have contributed to promoting the research and highlighting the most important milestones of the research.

RESULTS AND DISCUSSION

Innovation is one of the most important ways of achieving competitive advantage. The phrase "adapt or die" for businesses to achieve success in today's modern world, it's a universal truth. For example, the massive expansion in technological advancements in the past decade - because of this extreme growth, businesses have been forced to adapt and expand more than ever before. The increasing need for growth and change also provides a great deal of opportunity for businesses and companies cannot afford to stay afloat if they do not embrace innovation and change. Here are three critical factors on the importance of innovation as a key part of owning a successful business:

*1. Innovation grows the business***.** Business growth means, ultimately, increasing the profits. Successful innovation adds value to the business in order to increase the profits.

2. Innovation positions the business ahead of the competition. With globalization and a rapidly changing market, there are more competing businesses than ever before. Innovative thinking can help to predict the market and keep up with customer needs.

3. Innovation helps to take advantage of new technologies. Technology (especially artificial intelligence) is evolving faster than ever before, which means that there may be new, more efficient technologies to make better products, to optimize services, or to track performance with analytics. By taking advantage of these new technologies for process innovation, it will become possible to optimize your business and gain a competitive advantage over your competitors [3].

In order to drive business growth, it's crucial to stay relevant in changing times, and differentiate from the competition, business leaders must be able to think creatively and embrace innovation into their business models. This doesn't mean that a willingness to innovate is the only ingredient for success, however: leaders must also have a solid understanding of how to go about bringing that innovation to life [4].

Business innovation is the act of introducing something new to a company— whether it's a new product, a new market strategy, a new method, and so on— in order to reinvigorate the company and promote new value and growth. Innovation is all about

business leaders coming up with creative ideas, and then using strategic planning and decision-making to implement the new business ideas successfully. When a business innovates, it can either improve its existing products, processes, or methodologies, or it can create new ones from scratch. There isn't just one way to innovate—in fact, there are three distinct approaches that big and small businesses use to introducing something new. Each model involves innovating a different aspect of the organization:

1. Revenue-model innovation: This involves business owners looking at their revenue model for places to innovate the products and services that they offer, the prices of their products and services, and the customers they target. When organizations choose revenue-model innovation, they may choose, for example, to create innovative products, stop selling certain products, make changes to their supply chain, sell to new customers, or change the prices of their offerings.

2. Business-model innovation: This involves business owners looking at their overarching business model for places to implement innovative solutions: their business processes, their business strategy, their mission statement, the technologies they use, and the businesses that they partner with. When organizations choose business-model innovation, they may choose to create a strategic alliance with another business, to update the software that they use, to accept venture capital financing, or to go from selling at a physical storefront to selling online.

3. Industry-model innovation: This involves business owners looking at their industry model for places to innovate: the industry they currently work within and what potential industries they could transition to. When organizations choose industry-model innovation, they may choose, for example, to market their product to an entirely different industry or even to create a new industry to align with their mission and products. [3] No matter what aspect of your organization you choose to innovate upon or the strategy you choose to use, a key component of the process will include the free flow of creative problem solving and new ideas. To execute the innovation process successfully on a large scale, you'll need a strong innovation team and the ability to inspire those team members to think outside of the box [5].

Every year, Boston Consulting Group (BCG) releases the *Most Innovative Companies ranking*. Based on a survey of over 1,000 innovation executives polled in Dec. 2022 and Jan. 2023, BCG assessed a company's performance on four dimensions:

– Global mindshare: the number of votes received from all global innovation executives

– Industry peer view: the number of votes received from executives in a company's own industry

– Industry disruption: the Diversity Index (Herfindahl-Hirschman) of votes across industries

– Value creation: total shareholder return, including share buybacks, over the 3-year period from Jan. 2020 through Dec. 2022 [6].

Tablel

The Most Innovative Companies in 2023 in the world

Rank	Company	Industry
1	Apple	Technology
2	Tesla	Transportation & energy
3	Amazon	Technology
4	Alphabet	Technology
5	Microsoft	Technology
6	Moderna	Healthcare
7	Samsung	Technology
8	Huawei	Technology
9	BYD Company	Transportation & energy
10	Siemens	Transportation & energy

Source: developed by the author after [6]

The innovation-ready leaders are consistently establishing new revenue streams, entering new markets and delivering new products by using tools such as artificial intelligence, portfolio planning and mergers and acquisitions to outpace others in the global market.

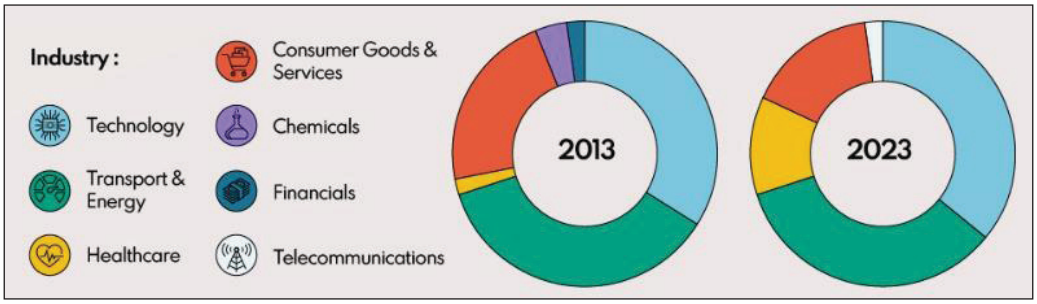


Fig. 1. Ranking „The Most Innovative Companies in the world" changes over the past decade

Source: [6]

Analyzing Figure 1, we notice that the top 3 innovative industries Technology, Transport&Energy, Customer Goods&Services have remained the same over 10 years. For a real, reliable partnership between innovation and technology transfer structures and research providers, it is necessary to support cooperation with research, education, innovation and the business environment, the use of consulting services, to meet the demand for innovative products and to be competitive

In the Republic of Moldova, The Top 5 Most Innovative Companies in 2023 are:

- *Fagura* – Impactful Initiative of the Year (The Fagura team is developing an innovative P2P lending platform in Southeast Europe);
- *Salt Edge* – The most innovative product (Salt Edge has created a platform that connects business with thousands of banking institutions in the world);
- *Bloomcoding* – The Rising STARtup (Bloomcoding is an online coding school for kids)
- *Omnis* – the best service innovation ((Omnis is an innovative platform that simplifies insurance management);
- *FusionWorks* – the special prize of the jury (FusionWorks is a leading company providing remote employment solutions) [7].

From 41 unique participants, 33 of these companies are residents of the Moldova Innovation Technology Park, showcasing the thriving tech ecosystem in the country.

CONCLUSION

Increasing the role of business innovation in developing competitiveness must be based on: Increasing the competitiveness of the research and innovation system, including in terms of efficiency, performance, and connecting it to the needs of the national economy; Establishing an environment favorable to innovation and promoting a clear and realistic policy in the field, starting from the stimulation of research-development and innovation activities; Promoting a systemic approach to innovation, in the context of the relationships and interests of all actors participating in this process: universities, research institutions, businesses, financiers and, last but not least, the state.

References:

1. EMILIAN, V. Aspecte teoretice privind modelele de afaceri și provocările transformării inovatoare a acestora în condițiile actuale. În: *„Economica”,* 2023, nr. 1 (123), p. 67-77. ISSN 1810-0136
2. BELOSTECINIC, G., GUȚU, C., BRAGOI, D. Competitiveness of the republic of moldova: some trends and challenges. În: *Culegere de articole ştiinţifice la Conferinţa ştiinţifică internaţională „Competitivitate şi Inovare în economia cunoaşterii”,* Ediția a XXII-a, 25-26 septembrie 2020, Chişinău, p. 40-51. e-ISBN 978-9975-75-985-4, Available: chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://ibn.idsi.md/sites/default/files/imag_file/40-51.pdf, [Accesed: 01.09.2023].
3. Why Innovation Is Essential for Business Success [online], Available: https://www.masterclass.com/articles/why-innovation-is-essential-for-business-success [Accesed: 04.09.2023]
4. The Importance of Innovation in Business Success [online], Available: https://

graduate.northeastern.edu/resources/importance-of-innovation/ [Accesed: 04.09.2023]
5. 3 Types of Innovation Changing the Future of Business [online], Available: https://graduate.northeastern.edu/resources/types-of-innovation/, [Accesed: 31.08.2023]
6. Ranked: The Most Innovative Companies in 2023 [online], Available: https://www.visualcapitalist.com/most-innovative-companies-2023/, [Accesed: 06.09.2023]
7. Moldova Innovation Awards Held in Chisinau [online], Available: https://wnisef.org/medias/moldova-innovation-awards-held-in-chisinau/, [Accesed: 07.09.2023]
8. URBANCOVÁ, H. Competitive Advantage Achievement through Innovation and Knowledge. In: *Journal of Competitiveness*, 2013, no. 5 (1), p. 82-96 https://doi.org/10.7441/joc.2013.01.06. Available: https://www.cjournal.cz/index.php?hid=clanek&cid=127 [Accesed: 10.09.2023]
9. Elkana Timotius. The role of innovation in business strategy as a competitive advantage: Evidence from Indonesian MSMEs. In: *Problems and Perspectives in Management,* 2023, no. 21(1), pp. 92-106. doi:10.21511/ppm.21(1).2023.09
10. AMIT, R., ZOTT, C. Creating value through business model innovation. In: *MIT Sloan Management Review,* 2012, vol. 53, no. 3, pp. 41-49.
11. RADU (BENDIC), M. *Managerial dimensions of creative-innovative processes in small and medium enterprises.* PhD thesis, Valahia University of Targoviste, 2020. ***Acknowledgement:*** This paper is part of the research of the project within the state programme "Shaping innovative business in the context of regional competition" with the number 20.80009.0807.42.