

How Business Innovation Affects a Company to Improve the Organization, Entrepreneurship, and Business Model

Jamaica Gaile Dagan¹, Muhammad Raihan Rafi², Yen Bon Sia³, and Salsa Dilla^{4*}

¹*Mariano Marcos State University, Economics Department, 2914 Sarrat, Philippines*

^{2,4}*IPB University, School of Business, 16680, Indonesia*

³*Universiti Utara Malaysia, School of Technology Management and Logistics, 06010, Malaysia*

**Corresponding author. Email: salsadilla@apps.ipb.ac.id*

ABSTRACT

Business innovation is essential to every companies in order to survive in current and future generation. This paper focuses on the three aspects of innovation namely organization's sustainability, entrepreneurship and business model innovation. The main purpose of this study is to analyse how innovation affects the organization's sustainability, entrepreneurship and business model. In addition, the paper will focus on the three biggest company namely Google Inc., Apple Inc. and Facebook. The findings of the study showed that innovation plays a critical role in the success and longevity of the said companies given the rapid change of consumer preferences and global situation.

Keywords: *Business innovation, Entrepreneurship, Business model*

1. INTRODUCTION

With the growing number of competitors or players in the business industry, there is a need for each participant to innovate their own products and services in order to follow on the ever changing taste and preferences of consumers.

Innovation as defined on the Oslo Manual published jointly by OECD and Eurostat, is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations. Furthermore, there are four different types of innovation namely, product innovations, process innovations, marketing innovations and organizational innovations. Product innovations and process innovations are closely related to the concept of technological product and technical process innovation. On the other hand, marketing innovations and organizational innovations broaden the range of innovations [1]

With the continuous change in the market's pace and tight competition, there is a need for businesses to innovate. Hence, it is important for business owners to prioritize innovation in order to keep up on the market trend. Furthermore, innovation should be given concern because it helps companies to grow. Innovation allows a business to be more profitable and cost-effective. Next, it is also important to innovate in order to have their own identity in a competitive market. Since there are current and new entrants coming on the market place, it is only right to start thinking on how each business differs in from one another. Moreover, innovation drives for an

economic growth. Innovation is considered to be the key driver of economic growth in a specific country, hence, it must be one of the primary focus of businesses [2]. Innovation is important in entrepreneurship because it is a key for the longevity of a certain business. Entrepreneurs are innovators in the economy who search or discover solutions in order to resolve problems not only limited within a certain organization but also solve global problems [3]. Lastly, innovation with regards to business model allows businesses to take advantage on the changing consumer demands and expectations [4]. Business model innovation allows an organization to shift to another business model in relation to their consumers and the existing situation. Business model innovation allows an organization to compete in the market place and it prevents the organization to be displaced by the current and newcomers in the business industry.

Technology plays a critical role for business innovation in the changing trends in the business industry. Technology allows businesses to transform from the traditional mode of operation and management including manual labour to the modern and technology oriented ways of operation and management. The shifting from traditional to technology oriented ways is called as digital transformation or disruption. The digital transformation became a trend for all businesses, small, medium and especially the large ones, in order to keep up with the market pace and with regards to the demand of consumers and the global situation. Digital disruptions can be seen from the field of medicine, retail, logistics, software and others. New innovative business application is used in order to deliver a good digital business to the end-users and the employees [5].

With the disruptions of technology and the current situation of the world, innovation should be prioritized by the business players in order to keep up with the current situation. There is a need to innovate in order to create solutions which can resolve the current and future problems. Hence, the following are the purpose of this paper:

1. To analyze how business innovations affects a company in relation to their organization's sustainability, entrepreneurship, and business model innovation; and
2. To provide the importance of innovation to keep up with the market's pace changes.

This study is conducted because it will significantly help company owners by starting to consider innovating their own product and services that they can offer to their own consumers in order to keep up with the rapid changes in the market. In addition, this paper will also give an idea for start-up businesses to have their own identity by innovating in a competitive industry for them to prolong their business life.

2. MATERIALS AND METHODS

The research methodology used in this paper is literature review. The stages of finding the source by identifying database, screening, selection of eligibility literature, selection of data items. The research findings to be achieved in this study is how business innovation affects a company to improve the organization, entrepreneurship and business model.

Data was collected through an on-line review. This analysis refers to explain some technology company in order to ensure the innovation of data and its measures. Sample of this study were papers from online journals, online news articles and books on entrepreneurship and those which also can be accessed through search engine. These papers were purposively selected as the focus of this study was to explore the concept of innovation in a certain company.

The analysis focused in a single industry: technology companies. The analysis of a single and specific industry has advantages, among the specific knowledge and data. Innovation generation are more homogeneous. The diversity avoids excessive in the nature of the relation between the data in another industry. The target technology companies which is valuable according to Forbes are Apple, Google and Facebook [6]. The data reference of the article was based in Harvard Business Review on innovation Facebook, Apple and Google [7, 8, 9].

This research aimed how innovation affects technology companies such as Apple, Google, and Facebook with regards to their organization's innovation, entrepreneurship, and business model, and to know the importance of innovation. The discussion divides in two parts. First part it tells the benchmarking of the target technology companies. First company is Apple in relation on their innovation on business organization in

years due adapted to survive. Second, how Facebook improve the innovation business in Entrepreneurship, and third company is Google with regards to their business model innovation. The last part tells the importance of innovation for the business survival in generation.

3. RESULTS AND DISCUSSION

This chapter presents the researched data and discussions of the different technological companies particularly Google, Facebook and Apple with regards to the research problem how business innovations affect a company's sustainability, entrepreneurship and business model innovation.

3.1 Innovation on organization, entrepreneurship, and business model: Apple Inc., Facebook, and Google Inc.

The following sections will present the obtained information from the business innovation in organization, entrepreneurship, and business model by the three companies namely Apple Inc., Facebook, and Google Inc.

3.1.1 Business innovation in organization's sustainability: Apple Inc.

Apple is well-known for its software, hardware, and service advancements. It expanded from 8000 people and \$7 billion in sales in 1997, the year Steve Job returned to 137000 employees and \$ 260 billion in 2019. The organizational architecture and related leadership paradigm, which have played a critical role in the company's innovative success, are far less widely recognized. Steve Jobs laid off the general managers of all the business units (in 1 day), put the entire firm under one P&L, and merged the diverse functional departments of the business units into one functional organization, believing that traditional management had hindered innovation [10].

As entrepreneurial firms grow larger and more complex, business history and organizational theory argue that they must shift from a functional to a worldwide context to align accountability and control and avoid the bottleneck that develops when many choices are funneled up the org chart to the top. Apple demonstrates that a traditional strategy isn't required, and that the functional structure may help firms cope with rapid technology development and market disruption. By giving business unit leaders complete autonomy over critical operations helps them to do what is best for their clients and optimize their outcomes, while also allowing executives monitoring them to evaluate their performance [10].

Apple's dedication to a functional structure does not imply that its structure has stayed unchanged. That organization has evolved as the relevance of artificial intelligence and other emerging fields has grown [11].

People all know that having the proper people is crucial to creativity. For many businesses, this is a thorough hiring procedure that focuses on matching skills, knowledge, and talent to a specific task or set of duties. Besides many businesses, on the other hand, fail to realize the full potential of their most brilliant employees. Here’s where Steve Jobs’ counsel can help. “It doesn’t make sense to hire smart people and tell them what to do,” Jobs explained. “We hire smart people so they can tell us what to do” [10].

1998 CEO	Hardware, Software, Marketing, Operations, Services & Support, Sales, Finance, Legal
2019 CEO	Design, Hardware Engineering, Hardware Technologies, Software, Services, Machine Learning & AI, Marketing, Marketing Communication, Operations, Sales, Retail, People, Finance, Legal, Corporate Communication, Environment, Policy & Social, Corporate Dev.

Table 1: Apple Functional Organization

3.1.2 Business innovation in entrepreneurship: Facebook

There is no doubt that Facebook’s organic reach has dwindled for most advertisers in recent years. That is not to say you should abandon this social media platform just yet. On the contrary, a recent poll of marketers found that Facebook is still the most successful social media marketing tool available [12]. As of October 2019, Facebook Marketplace is utilized by 800 million people each month in 70 countries. Given that the platform was just launched 3 years ago, this is a significant increase.

It all began in February 2015, when Facebook introduced buy and sell groups, which allowed users to post things for sale in such groups, complete with a product description, price, and pick-up or delivery location. Users spent more time on Facebook, posting about what they wanted to sell, seeking for goods to purchase, chatting with strangers, and using Facebook Messenger because of this feature [13].

Besides, for the seller, Facebook advertising is really specific. Sellers may segment their audience based on their geography, age, gender, hobbies, and other characteristics. Use the Custom Audiences tool to target current clients safely and discreetly. Local Awareness advertising, which reach clients on their mobile devices, are another option for marketing to local customers. Facebook allows sellers to communicate with website visitors. Sellers may use Facebook's retargeting feature to show advertisements solely to individuals who have already visited their company's website. Friends of Friends is a feature on Facebook that allows customers to share the information to their friends. When the target consumers see product’s Facebook posts or

advertisements, their Facebook friends see them as well, double the impact of seller Facebook marketing efforts [12].

3.1.3 Business innovation in business model: Google Inc.

Google stands out among the pantheon of internet-based firms as both highly successful and particularly creative. Since Microsoft, no firm has achieved such rapid success. Google is a master of IT and business architecture, as well as experimentation, improvisation, analytical decision-making, participatory product creation, and other unconventional kinds of innovation. It brings order to an otherwise chaotic thought process [14].

The win-win-win proposition help Google manage to be so financially successful and sustainable overtime. Google is the world’s most powerful search engine. It was not, however, the first. In fact, when it first emerged in the late 1990s, it was one of the most up-to-date search engines. It quickly took off, though, owing to a sophisticated algorithm known as PageRank. Initially, it was unclear how the search engine would generate revenue. But one thing was apparent to the company's founders: it was supposed to be free for its users. But if users aren’t paying, who’s paying for it? [15].

Google operates based on an advertising business model in which businesses join the AdWords ad network. To put it in another way, they may bid on terms like "auto insurance" to offer their goods and services. This approach works effectively because it allows companies to track the outcomes of their advertising, present their ads to prospective individuals, and pay based on how many people click on them.

Besides, it is easy monetize publisher’s content. On the internet, millions of fresh articles are produced every day. Why, therefore, have so many publishers pressed the publish button? Of course, providing information has never been so simple. Anyone may now become a publisher owing to the internet. However, because Google's strong algorithm can index the whole visible web, it makes it more difficult for publishers to be featured [15]. By building a compelling value offer for companies and publications, Google has established a sustainable business model based on hidden income creation.

3.2 Importance of Business Innovation

In the workplace, innovation is critical because it gives businesses an advantage in accessing markets faster and providing a stronger link to new markets, which may lead to more prospects, particularly in developed nations. With the help of innovation, original ideas may be produced, giving the inventor a proactive, confident attitude toward taking risks and getting things done [16].

A company with an imaginative culture will grow rapidly, despite the fact that the creative process isn't always easy. Although tried-and-true techniques are trustworthy, it is good to experiment with new ideas [16].

The phrase “adapt or die” is a universal truth for businesses to achieve success in this era. From a survey conducted by The Boston Consulting Group, 79% of surveyed executives stated that innovation was one of their top 3 company objectives, which is the highest proportion since the poll began over a decade ago. Firms that consistently rank high in the annual "top 50 most innovative businesses," according to the BCG, all have a common focus on research, technology, and development [17]. These companies continue to expand while staying one step ahead of the competition because they recognize the value of innovation.

Business innovation helps a company differentiate themselves [17]. At its most fundamental level, innovation means doing something that no one else in your business has done before. The goal of using innovation to produce or update the company’s product. For instance, one strategy is to produce or upgrade items until there is nothing else comparable on the market. Delivering value to customers should always be a top priority for a business; but doing so in a memorable and distinctive way might become a significant part of the brand identity and business strategy.

Business innovation helps company to respond to the competition and trends [18]. Innovation can help a company to figure out what opportunities are presently accessible or will be soon. Successful companies not only respond to current consumer wants, but also predict future trends and build an idea, service, or product that can quickly and effectively meet future demand. It's dangerous to expand a business without first learning about competition. Market research may help company prepare for shifting marketplaces and keep company from falling behind the competition. By having market research include collecting and analyzing the information given by the competitors, helps company to have an innovation to improve the product and meets customer needs. As trends, technology, and markets change, you'll be able to keep ahead of the competition.

Company executives must be able to think creatively and incorporate innovation into their business models to generate business development, stay relevant in changing times, and separate themselves from the competition. This isn't to say that a propensity to innovate is the only need for success: leaders must also have a firm grasp on how to put that creativity into action.

4. CONCLUSION

The goal of this paper was to analyze how business innovation affects a company’s sustainability, entrepreneurship and business model innovation, and to provide the importance of innovation to keep up with the changes in market. The study focused on the three (3) large and dominating companies in the world namely Apple, Google, and Facebook. The said companies management, entrepreneurship and business model innovation were used as information to analyze how innovation affects a company to stay long at the business industry.

The information obtained or researched showed that the three big companies continues to excel in the industry because of their own innovative strategy and techniques not only limited in innovating their own services and products but by also innovating their management and operation, from traditional management and operation to a modern ones. From the information gathered, innovation plays a critical role for the long run and success of the stated companies. Just like the Apple, they give importance on the innovation on the aspects of process, products, business model, customer experience and leadership. Furthermore, just like the Apple, Facebook and Google continues to create a powerful innovation system. With the presented information one can conclude that innovation plays a vital role in the life of a certain business.

Furthermore, the information showed that innovation is critical to business because it gives each company an identity which vary from one another, new ideas are being produced which can contribute to the business longevity, and innovation allows company to respond to the competition and changes in the market trend which in return are not left behind by what the consumers demanded.

To conclude, innovation plays an important role in order for a company to survive in the long run, take the example of the three biggest company namely, Apple Inc., Google Inc., and Facebook who are actively gaining trusted consumers and continuously performing to their maximum level. However, since the study had only limited information and focused only on the said three big companies, there is a need to further study how business innovation affects a medium and small enterprises with regards to their organizations sustainability, entrepreneurship and business model innovation. Hence, the researchers recommend to further study the effects of innovation in a smaller business scale, particularly the medium and small businesses.

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