International Journal of Business and Management Innovations
Volume 2, Issue 1 2026

Innovation Management in Global Competition and Competitive Advantage

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Research Article

Date of Submission: 16-01-2026 **Date of Acceptance: 10-02-2026** **Date of Publication: 11-03-2026**

Abstract

The creation of products and services in response to new demands in the global market has resulted from increased competition brought on by the liberalization of international commerce. Choosing the best tactics and developing distinctive values are essential to gaining a competitive edge in the global marketplace. Competition is made even more fierce by a dynamic market structure, changing market circumstances, and the presence of creative rivals. These days, innovation efforts are used to achieve goals including boosting productivity and profitability, expanding into new areas, and growing market shares. As a result, businesses work hard to improve their performance, acquire sustainable talents, and build new abilities. One of the key components of competitive advantage in this situation has been innovation. Organizational processes must be reorganized in order to adapt both internal and external applications to the newly created techniques for producing new products and services. It is crucial to manage it as a process in addition to creating new products and services. It is crucial to take a comprehensive strategy to addressing all the aspects influencing the innovation management process in order to determine innovation performance. While accurately identifying the technology and management that are required stands out as a crucial component of innovation management, the organization's structural and human adjustments are also becoming more significant in terms of innovation performance. Organizational and managerial innovations are essential for businesses to succeed in the highly competitive global market. The organizational structure and culture have been greatly impacted by technology and R&D operations, yet effective innovation management offers a competitive edge. By highlighting the significance of innovation management, this research seeks to assess how it affects competitive advantage.

Keywords: Competition, Innovation, and Innovation Management

Introduction

Innovation is crucial for businesses to survive in international competition, stay competitive, boost economic performance and growth, and support national economic development. Competitive advantage boosts employment and output, which in turn promotes economic growth and an improvement in social welfare. When sustainable development is achieved, businesses are forced to innovate and improve their capacity to satisfy the growing demands via new goods, services, and procedures.

The public and private sectors have completely changed in an increasingly globalized society. The way businesses and economies operate has also altered as a result of market shifts. The manufacturing method and philosophy have changed, and new professions have arisen as a result of varied needs and production patterns. Nowadays, businesses need new strategies to compete globally since the current situations are ineffective. While creativity and innovation are now a company's primary assets, innovations are the only way to succeed amid unpredictable and adaptable market circumstances (Bozkurt, 2000).

Countries were obliged to look for new capabilities since key industrial plans were unable to achieve the expected results. Because of the rivalry, there are fewer safe havens for businesses and nations. Furthermore, businesses and economies cannot be moved into a favorable position by market forces alone. For these

reasons, fresh concepts must to be proposed and put into practice (Arnold, 2007).
Businesses must develop fresh concepts, products, and creative strategies and properly manage them in order to thrive in the global marketplace. The competitiveness of businesses and eventually nations is increased via the methodical development and management of creative and innovative skills. For businesses to expand economically and remain sustainable, innovation management becomes crucial. Only by developing strategies that are consistent with organizational structure, logic, and culture in order to create inventive abilities and by properly managing the innovation process will it be feasible to use resources effectively, satisfy changing market demands, and ensure competitive advantage.

Innovation

The term "innovation," which comes from the Latin word "innovatus," has several diverse meanings. Innovation, according to Drucker, is a special instrument of entrepreneurship and an activity that generates new resources for an increase in welfare. It is the transformation of a novel concept into a new, marketable, or enhanced product or service (Drucker, 1985).
Differentiating between invention and innovation is crucial. Innovation is the process of putting a new concept into action, while invention may be defined as the production of an idea concerning a new product or technique. There is a gap between invention and innovation due to the disparate needs for developing new concepts and putting them into practice. To transform an invention into an innovation, a variety of knowledge, abilities, and resources are required. To succeed at the innovation stage, several supplementary innovations could also be necessary (Fagerbegg, Mowery, Nelson, 2005). At the marketing level, one of the primary distinctions between an invention and an innovation is evident. When an idea is developed into a product and put on the market, innovation takes place. Otherwise, innovation cannot be carried out without commercialization.
Innovation is generally understood to be the translation of science and technology to economic and social usefulness. It also refers to the process of turning an idea into a product or service that can be sold, as well as a new method of manufacturing or distribution. It also encompasses the newly created product, service, or technique that results from this process of transformation (TUSIAD, 2003). According to the Oslo Manual, innovation is the use of a new or enhanced process or product as well as new organizational or marketing strategies in business connections, workplace organizations, and intercompany activities. A new or significantly enhanced product, process, marketing strategy, or management approach should be presented in order to qualify as an innovation (OECD, 2005).
Product innovations, process innovations, organizational innovations, and marketing innovations are the four main areas of innovation. Organizational and marketing innovations include a broader range of topics, while product and process innovations are primarily associated with technological items and processes. Product innovation is the process of developing a new or greatly enhanced product or service while maintaining its current characteristics and applications. Process innovation is the implementation of a new or enhanced way of production or distribution that involves major modifications to equipment, software, and methodology. Changes in a product's design, packaging, placement, price, and promotion make up marketing innovation. The deployment of a novel organizational technique in business applications, workplace organizations, or external contacts is known as organizational innovation (OECD, 2005).

Innovation-Competition Relation

Many academic research on economic growth and development concentrate on the link between innovation and competitiveness. invention efforts are intensified by the need for distinction in the competitive environment, yet each invention changes the circumstances of competition, making it more difficult to acquire a competitive edge. In summary, innovation and competition have an impact on one another. Innovation projects are motivated by competition. Innovation, on the other hand, both encourages and intensifies competition.

Companies must either be inventive themselves or carefully watch and absorb advances in order to remain in a competitive market. The only businesses that can get a competitive edge are those that innovate. Finding new resources is driven by shifting competition situations and a changing market structure. Porter claims that gaining an edge via scale economics or inexpensive labor is a thing of the past. Innovation is now the most crucial factor. The ability of nations to create and invest in innovation is the foundation of contemporary theories of international commerce. The winners are those who can create new manufacturing or distribution methods or introduce novel items. Businesses save expenses, boost productivity via innovation, and set themselves apart from competitors (Tekin, Güleş, Öğ¯, 2003). Innovation is a crucial factor for growth, productivity, and cost reduction in this situation. Innovation gives businesses a competitive edge that boosts employment, revenue, and welfare.

Innovation helps gain and maintain a competitive edge throughout time. Businesses thrive via increasing productivity and profit margins. Additionally, it acts as a mediator to boost both the advantages to be given and the satisfaction of important business components (Güleş, Bülbül, 2004). Innovation is encouraged by the competitive environment. Companies are under pressure to find new sources because to the expended markets. It is now essential to create the new. In a changing market framework, the only way to gain an edge over rivals is to develop new values.

According to Türkkan, there are three ways to assess how competition fosters creativity (Özsağır, 2014); Businesses are compelled by competition to both develop and absorb established ideas. However, innovation often received with less interest than anticipated, and the process of implementing it may be very expensive. Additionally, there is always a good chance that rivals may implement a superior idea. The fulfillment of the expenses is further hampered by the incapacity to safeguard innovation and unfair competition via copying. When the current infrastructure—both human and physical—becomes obsolete, innovative businesses must face the associated expenses. At this stage, it is necessary to incorporate the competitive pressures brought about by the existence of rivals.

• Ensuring the selection of innovation is another role of competition. Numerous strategic choices need to be made, including those pertaining to the invention's field, topic, implementation time and cost, location, and dimensions. It has just recently become apparent that poor judgments and overcapacity risks have been made. Making choices in a competitive setting has several advantages. Businesses may find it simpler to make risky choices due to competitive pressures.

Competition facilitates selection in invention, but it also offers a quicker means of doing so. By guaranteeing that poor decisions are eliminated, it also prevents huge opportunity costs over time.

• By safeguarding intellectual and industrial property rights, competition improves the market standing of creative businesses and raises public welfare. Competitors' creative strategies and market positioning encourage innovation in other businesses. Thus, the achievement of the quick dissemination of new technologies and technological transfers, as well as the avoidance of welfare losses brought about by the preservation of intellectual and industrial property rights.

Today's most successful businesses are propelled by innovation, which is also the foundation of the worldwide rivalry. As a result, big businesses in particular invest a lot of money in the process of developing new products. Innovation is now at the core of the strategy due to the potential advantages of product innovation. Businesses must constantly adopt new goods in order to maintain competitiveness, thrive, and expand. Certain difficulties should be taken into consideration in order to compete in market circumstances dictated by creative techniques, such as (Ayhan, 2001);

• The environment that fosters innovation should be strategically prioritized, and innovation itself should be seen as a way of life. Managers of small businesses should understand how crucial it is to look for new sources and possibilities inside their own company due to the absence of bigger organizational resources.

• An concept for a product, procedure, or service may be the starting point for innovation.

• Global scientific, technical, and administrative developments should be carefully observed in order to build creative tactics.

• Research and development expenditures in research-intensive sectors are necessary to generate innovation. Investments in research and development need to rise.
•The innovation process has to be developed and carried out with the needs of the client in mind.
• To carry out innovative operations, the firm has to build an innovative structure.
• Because commercial goods have a shorter lifetime, timing and implementation of innovation are crucial.
• Innovation is strengthened by systems like as pay and incentive systems, in addition to sales, information, accounting, and financial systems.
• It is important to thoroughly assess the barriers to innovation, such as bureaucracy, approval authority, and a lack of personal freedom, and to identify suitable alternatives.
• For innovation to be successful, it doesn't have to be costly; it only has to be novel.
• An inventive business has to be able to continue operating profitably while improving customer service.
• The creation and administration of cooperative networks among the businesses that share ideas and expertise serve as a foundation for the accumulation of shared knowledge and enable the accomplishment of each company's innovation goals.
• If an idea is the result of cooperation, it has a better chance of success.
• Innovative ideas are sparked by internal rivalry.
• Innovation is being fostered rather than limited by domestic activity.
• For innovation to succeed in technology-based sectors, research on the location and methodology of innovation is crucial.
• Technological failure is a risk associated with innovation. The nations with a large number of creative businesses make greater use of skilled labor.
• The businesses' primary goal is to achieve success in every aspect. However, rather than concealing their mistakes, businesses may exploit them as a vehicle for innovation.
• While creating an innovative environment is challenging for small businesses, it is not impossible.
• The capacity to comprehend and respond to changes in the marketplace, rather than technology, is crucial for the majority of businesses. Technology is a crucial instrument for market response, and advancements in the field should be regularly observed.

Innovation Management and Competitive Advantage

Innovation management are managerial activities which the organizations carry out innovation under a controlled process of irregular and complex structures in order to adapt to the changes in internal and external environment. The concept of innovation means “process” when used alone but it means the control and management of innovation in implementation when the concept is used as innovation management (Drucker, 2003).

Competitive advantage on the other hand describes the advantage taking of an organization among its competitors by creating better value for its customers. There are several ways of creating competitive advantage such as reaching price and quality advantages against competitors, quickly responding to the changing customer demands and obtaining new market opportunities having customer value before competitors (Şimşek, Akın, 2003). The way of creating new market opportunities and producing new goods and services lies in fact of creating and implementing innovation. However, to reach this objective, the process from emergence of innovation as an idea to commercialization and marketing need to be managed correctly and efficiently. The strategies for this purpose has to be implemented according to a plan and they need to be updated according to the changing circumstances.

According to the Porter, there are principles for organizations for obtaining competitive advantage in global competition. First of all, all the value system of organizations have to be handled. Besides that, the resources need to be constantly developed and research, innovation and change need to be sustainable. In order to sustain the competitive advantage, global strategies should be formulated and implemented (Tekin, Çiçek,

2005). Also, innovative companies have to adopt the rules known as Seven Innovation Rules in order to gain benefits from the innovation process: form a strong leadership on innovation strategy and portfolio decisions, integrate innovation to companies business mentality, decide the amount and type of innovation compatible with companies business, manage the relation between creativity and value capture, neutralize organizational antibodies, recognize knowledge and people network as the basic unit for inside and outside the organization, create the metrics and rewards (Davila, Epstein, Shelton, 2006).

For innovation management there must be integrity and coherence among many areas. Factors such as organization culture, existing technology, human factor, team management, productivity and research and development should be considered synchronously. Technology is the main drive for change and innovation. Theoretical and empirical studies reveal that technology plays a key role in the production of new product and process and it redefines the rules of competition by changing foundations of industrial structure. With the help of research and development, firms forge new strategies about innovation and raise their market share.

The human factor on the hand, forge the foundation of organizational success in innovation and thus the orientation and interest of people to the innovation should be encouraged. It is possible to create innovation by generating environmental circumstances. However, successful innovation requires the support and attachment of high level management. Especially, in the cases that innovation leads to radical changes, leadership requires a destructive, risky and costly learning and change level. Another, basic variable in the innovation performance is culture. The management should maintain a high quality business environment, which satisfies employees' needs, develops their talents and supports their careers. By empowerment and involvement practices innovative behaviors should be supported. Also by cross- functional teamwork, which is one of the most important channels of communication, different perspectives can be combined and creativity can be stimulated. Recognizing the value of new information and knowledge, assimilating and applying them shows the ability of organization at determining innovative output. (Prajogo, Ahmed, 2006)

Conclusion

In order to gain a competitive edge for both themselves and their countries, businesses operating in international marketplaces play a crucial role. In order to get a competitive edge in today's global marketplaces, businesses need creative abilities in production, marketing, and management. Businesses should create and put into action plans to foster and preserve inventive talent. This is only feasible if innovation management is used correctly. One of the most crucial instruments for gaining a competitive edge is innovation, which can only be successful if it is well managed. Developing new values and successfully overseeing the creative process opens up new markets and gives businesses a competitive edge.

Innovation management is the process of beginning with an idea and developing a new product, process, organizational structure, or marketing strategy. Knowledge, technology, people, vision, leadership, and organizational structure are all part of this multifaceted idea. All aspects must be handled by appropriate tactics in order to succeed. Businesses should develop a system that begins with fostering human resources and be receptive to new ideas. Innovative projects and businesses' competitiveness will rise quickly as a result. Thus, it is necessary to create an administrative framework that encourages fresh perspectives and creative impulses. Additionally, appropriate regulations should be put in place for working conditions.

It is important to keep up with technological advancements and make the most of them in order to innovate. Investments and R&D efforts should continue at this time. Making use of technologies that work with current systems is also crucial to success. Employee involvement in decision-making and innovation, particularly in organizational innovations, makes it simpler for the company to accept new ideas. This will make it simpler to manage internal and external relationships, apply new techniques, and restructure and enhance company processes. Strategies should be centered on fostering client pleasure and loyalty in order to realize marketing innovations.

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