

The Value Innovation Capabilities to Create Powerful Business Strategy: A Case Study on The High Business Performance of An Investment Business in Covid 19 Pandemic

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Abstract

Business strategy is an essential factor in running a business and responding to challenges to survive and develop. A strategy's reliability will be tested when it is required to respond to an unexpected and rapid change such as the Covid 19 pandemic. Many businesses have collapsed and cannot survive. This paper aims to analyze innovation value capability in investment company business strategies to achieve business performance. This study uses a case study approach to an application-based forex investment company that provides learning and investment services. The qualitative descriptive method is used to analyze the high performance and performance achieved by this company during the pandemic. This research's main finding is that high business performance can be achieved in extreme situations with value innovation capabilities implemented in a responsive business strategy. This high-performance achievement is a paradox in business conditions that are globally in a declining business condition. Research efforts point to business strategy and value innovation capabilities during the pandemic. This research is significant and has important values where this research proves that an entrepreneur's ability to be able to change and survive in difficult conditions becomes a turning point for achieving the best performance.

Keywords

Business Strategy, Entrepreneurship, Value Innovation strategy, investment business, covid 19

1. Introduction

Last year was arguably difficult for all people around the world due to Coronavirus Disease 2019 (COVID-19) pandemic outbreak, caused by the SARS-Cov2 virus (Azkur 2020). This virus can infect the living creature including humans (Shereen 2020) which means the disease is kind of unstoppable, spreading to 200 countries and causing many deaths (Udugama 2020). The impact will be spread to many scopes, one of them is economics, especially business (Bartik 2020). The pandemic has caused an economic shock that affected many businesses. While locking down the system in many countries is a realistic way to stop the spreading of the disease, this situation led to a big collapse and impact in terms of production, employment, and any other branches in the economic sector, especially for companies (Carracedo et al. 2020). However, it was discovered that some company experienced an increase in turnover during the pandemic. And this condition is inversely proportional to the majority of current businesses. During the pandemic, the company was able to develop a strategy that allowed it to increase turnover and profit. So the question of why this can happen in this business arises. Is there a unique strategy or something unique that is causing this outlier? . To repress the effect, the company definitely should have some prevention from the beginning for this uncertainty, that further will be called business strategy.

Business strategy is a key point for well-planned companies. This strategy has evolved and affected the business environment, which made many companies have learned to analyze many components of their business environment, such as competitors, position, threat, and maintaining the sustainability of their advantages (Casadeuss-Masanell and Ricart 2009). Ironically, these last years proved that many companies, ranging from local business (Fairlie 2020) to a bigger scale (Manuel and Herron 2020), we're facing a hard decision, thus consequently some of them had fallen and could not sustain due to the pandemic. As a result, the implementation of strategy and innovation is a consideration from the companies to deal with a change that occurs to them. However, this pandemic is a recent phenomenon and there is only a small portion of research and even those research are still not provided enough information related to the business scope.

A case study from the business Golden Investor will be presented in this study. During a pandemic, Golden Investor is selected as one of the businesses that successfully grows and develops a powerful strategy. This case study will discuss how companies use value innovation as a business strategy to generate revenue streams during the pandemic. This study is primarily limited to Golden Investor due to the case study design. The research aim will be to discover how this business can achieve high business performance in the face of 19 pandemics and how it is developed.

1.1. Company Profile

Golden Investor is a startup company based in Indonesia. The company's main target was to help investment strategies in foreign exchange industries and commodities for beginner people who are still learning. Golden Investor was established in 2019 to help people learning about strategy investing. Starting from Indonesia, Golden Investor offered ease and simpleness as a value to help the customer in learning. To achieve ease and simpleness Golden Investor created an indicator or apps to help the process of learning to be easier to understand for customers. The indicator and apps were rented for people who want to learn and become more easily to them. The revenue from rented people becomes sales for their company. Golden Investor has other revenues, there is from their internal investment. The company was investing as an action to get more revenue to be better at sustainability performance.

2. Literature Review

2.1. COVID-19

A new disease that was found in late 2019, which is December 2019 in Wuhan to be exact (Lopez-Úbeda 2020) that is named COVID-19, has become a worldwide pandemic that caused many deaths and challenged many aspects especially in the health sector (Garcia-Vidal et al. 2020). COVID-19 is a disease caused by a new strain of coronavirus (Wang et al. 2020). The amount of case and deaths are increasing rapidly, infected around 27.76 million people until now (Elkhorany and Elsharkawy 2021). The impact of this disease has been felt by the entire human population in the world and propagated to various fields, even the business, and management community has to "spin their brain" for the economic impact of the crisis (Seetharaman 2020). (Tashanova et, al, 2020) explained the coronavirus created huge volatility leading to a declining trend in the global stock market. The pandemic could lead to high panic and people react negatively expecting the worst-case scenarios. And a pandemic always introduces uncertainties into the economy. However, in a different situation, there are good investment opportunities during a pandemic.

2.2. Business Strategy

A strategy is the means or the “game plan” by which enterprise mission is put into practice, and objectives achieved (Nedelea 2013). Thus, a business strategy can be described as a long-term scheme to achieve particular performance advantages based on new goods, more effective methods, or lower prices, then the focus will be set on innovation strategies. Such plans are often expensive to undo, and manufacturing companies seldom plan to adjust innovation spending on a year-to-year basis, but rather to consider such investment as part of a long-term pledge (Yang et al. 2021). Business strategies can be built from a good strategic plan and can deliver to the ultimate goal with appropriate measures. Strategic planning is an activity that required the process of producing, with the outcome of that process is a well-manufactured plan (Sundnes 2014). The strategic plan should be based on the current actual situation and is simple, clear, and written (Athapaththu 2016). One of the early plans that can be created is a business model, as a blueprint for the structure, process, and system of an organization (Osterwalder et al. 2010).

To create business strategy, companies should use strategy formulation process as a process to optimize all the things that the companies already put through then the output will be an impressive result of a plan. The implementation of that plan will be up to how the companies manage that. One of the cases from this implementation effort can be seen in an event of consulting project, from 1993 in New South Wales Australia. The “object” of this event is the company named Southcorp, specifically their Rigid Packaging Division. The goals of this event is to develop and deploy a strategy aimed at improving the division’s overall market share. The process of formulating the strategy is kind of the same as doing the ordinary research, with the exception of the data analyzing method. The result of the plan was implemented at the end of 1993. By 1996 Southcorp’s market share rose by 10% in a highly competitive sector. This result was accomplished by effectively allowing Southcorp to establish a distinct and respected strategic role and to recognize the activities to be undertaken in order to achieve that position (Ulwick 1999).

2.3. Business Development

Business development is the creation of long-term value for the organization of customers, markets, and relationships. (Pollack 2018). Business development can also be interpreted as tasks and processes regarding analytical preparation of growth opportunities, potential, and support, and monitoring the implementation of growth opportunities, but does not include strategy and implementation of growth opportunities (Augier and Teace 2018). Business development can also be called corporate development, which is an activity to increase the company's profit, production, or service potential. Company development can also be described as capital investment and time to cause growth and development of a company, in other words, it is also the process of moving a business so that it can provide its services and products to all groups. The development of the company can not be separated from the direction of the ranks of top managers company, where various activities to develop the company are directed to building company values, ensuring a return on capital in the company, development of products and technologies for commercialization, as well as establishing relationships with customers and partners for the sustainability of the company (Kind et al, 2007).

2.4. Innovation

Innovation can be defined as something original and more effective than the previous one so that directly that thing is something new and can penetrate the market or society (Frankelius 2009). Another definition of innovation is that it can bring new combinations that belong to the introduction of goods, methods, objectives, or even an organization (Schumpeter 1983). When an organization performs steps that have never been done before, then in the end it is carried out and the steps are carried out on an ongoing basis, the process of innovations has been made. The existence of an organization can be said to be an innovation (Shepard, 1967). Innovation can combine many scopes to make it a new invention or discovery. The combination can be said to be various, including innovations in design and innovation in technology. Furthermore, various researches prove that the steps that lead to innovation have gathered a variety of parameters, such as design, creativity, and diversity at the strategic and operational level not only in technology but also in business (Kim and Kim 2021).

2.5. Value Innovation Capabilities

Basically, Value Innovation Capabilities (VIC) is considered a perceived tool for the organization, such as companies, small business, and many more, to produce and sustain the additional competitive offering and to execute the overall strategy. It can be considered as a measurement for the business strategy to be completed. VIC is an innovation operation that is carried out on the basis of a corporate plan to maximize income and sales by developing a value curve that stands out as the heart of the business (Christa 2020). VIC has the features and skills of complicated business resource, a distinct excellence and a single area of excellence to highlight, presented as a quantitative data (Kristiane 2020). VIC is one of the element from theoritical framework that adapted from RBV theory. VIC play the role as a operator to increase the value of the input to make the better output. In this framework, the input are social capital and market orientation, while the final output is business performance. With VIC, some hypotheses that can be used are: 1) VIC will affect business performance to be better 2) good market orientation can make business performance good 3) social capital can make business performance good 4) the existence of a good VIC as a catalyst of social capital and market orientation as an initial effect of them indirectly make business performance better (Christa 2020).

3. Methods

The research methodology to get the information needed in this research will be using a case study. A case study can be simply defined as the effort and explanation to answer the “how” and “why” questions by understanding, approaching, and make an analysis about the related phenomenon. The purpose of this research is to determine whether value innovation capabilities have an impact on the development of a business, allowing it to turn a negative situation into an opportunity. The case study also a narrative about interesting events that related to organizations, processes, and many other things. A case study aims to gain information by analyzing to invent the knowledge about the object that has been studied. This paper uses a descriptive case study type, which means that the case study will expose a description of the object and the situation among it. The goal is to obtain unbiased knowledge that already given by describing it (Rahim and Daud 2015).

In this paper, the issue will be analyzed by using qualitative research. Qualitative research is flexible research, by paying attention to the response of data with further interpretation so that the important key is that the subject of the research must join in the observation down to the field (Maxwell 2004). The design of this method is based on the informant interpretation and construction of meaning (Creswell 2014). By using a descriptive method for approaching the object and qualitative for analyzing the result from the research, this paper provides a result that will be discussed further after collecting the data that will be needed. That way, the explanation for the effect of value innovation capabilities can be properly answered.

4. Data Collection

The data were collected directly from the chief executive officer company who handles directly about the development strategy. The research was conducted from March to December 2020 during the pandemic crisis. We collect the data by analyzing the performance of the business and then learn about their strategy for handling the crisis. Furthermore, data on the company's turnover shown the turnover before and after the pandemic to see the effect of value innovation related to the management of the business carried out. To validate the accuracy of the data, we ask the chief again about the summaries for confirmation about the strategy. The company is a small business doing some private education about investment strategy. This company is still new but already has a significant performance during the pandemic. Supporting data for the business dashboard will be displayed to describe the company's condition following exposure to the pandemic's effects.

5. Result and Discussion

5.1. Graphical Results

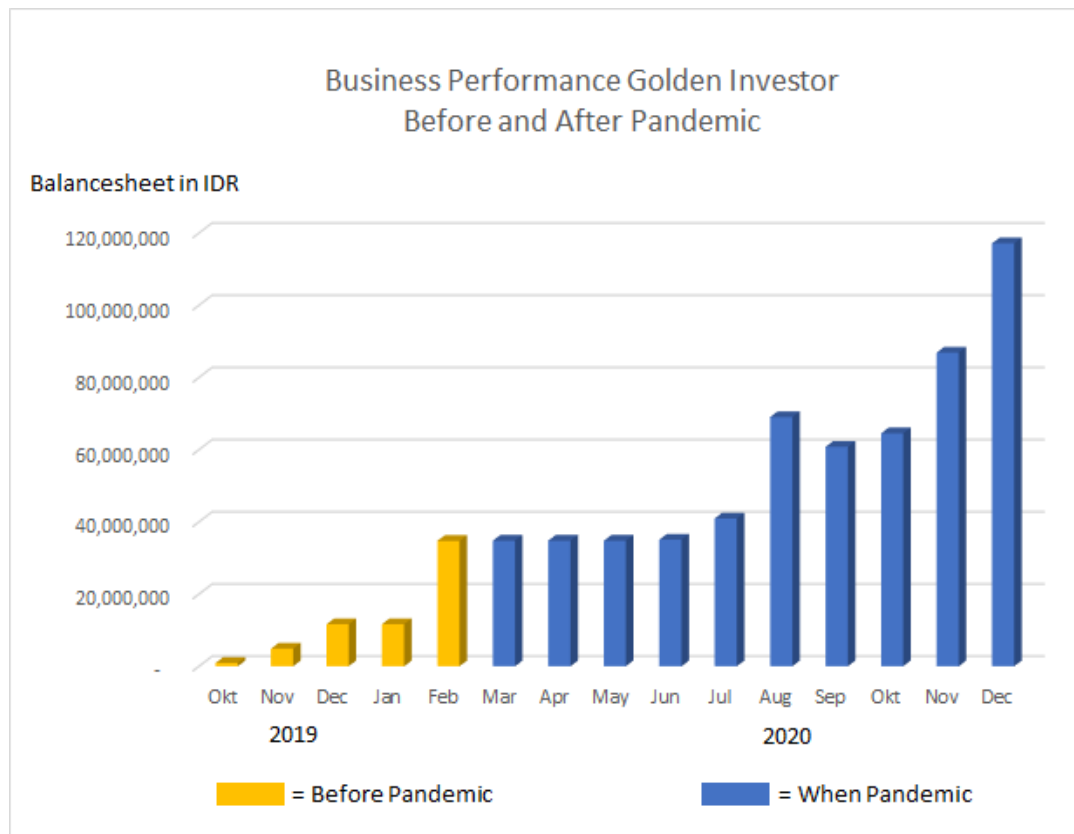


Figure 1. Business Performance Golden Investor Before and After Pandemic.

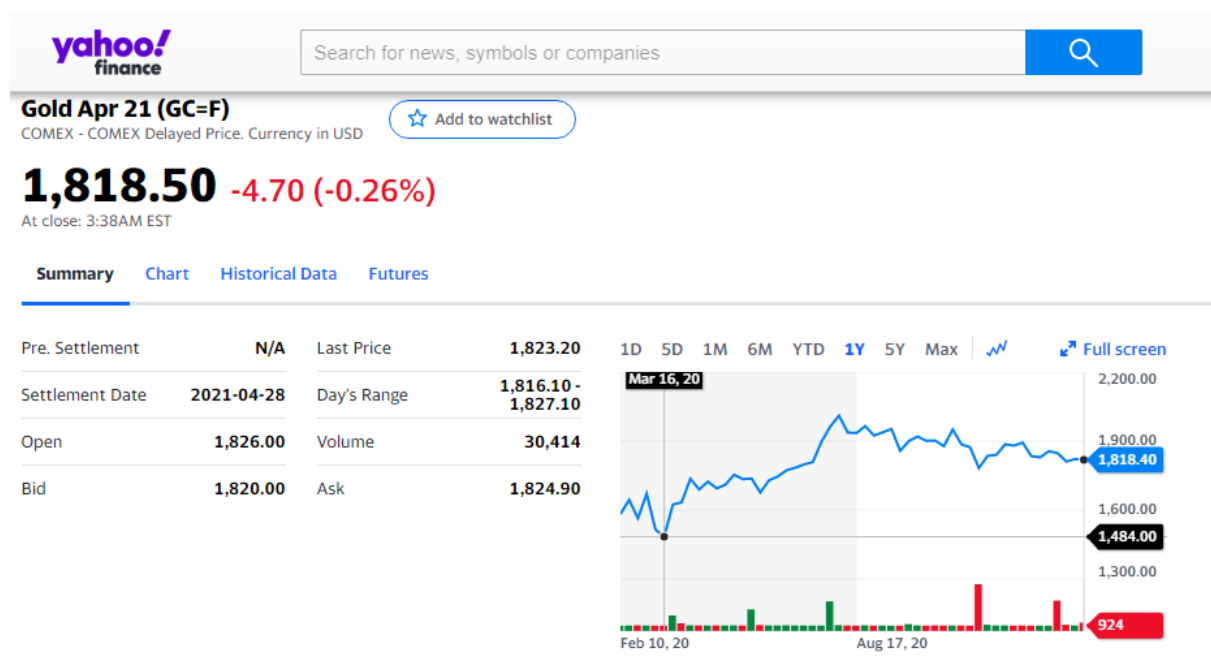


Figure 2. Gold Price Movement Since March 2020 to February 2021. Source: (Yahoo Finance)



Figure 3. Bitcoin USD Price Movement Since March 2020 to February 2021. Source: (Yahoo Finance)



Figure 4. S&P 500 Chart Price when 2008 Financial Global Crisis. Source: (Yahoo Finance)



Figure 5. S&P 500 Chart Price when 2020 Pandemic SARS-Cov2. Source: (Yahoo Finance)



Figure 6. Bitcoin Crash during February to March 2020. Source: (Tradingview, Oanda)

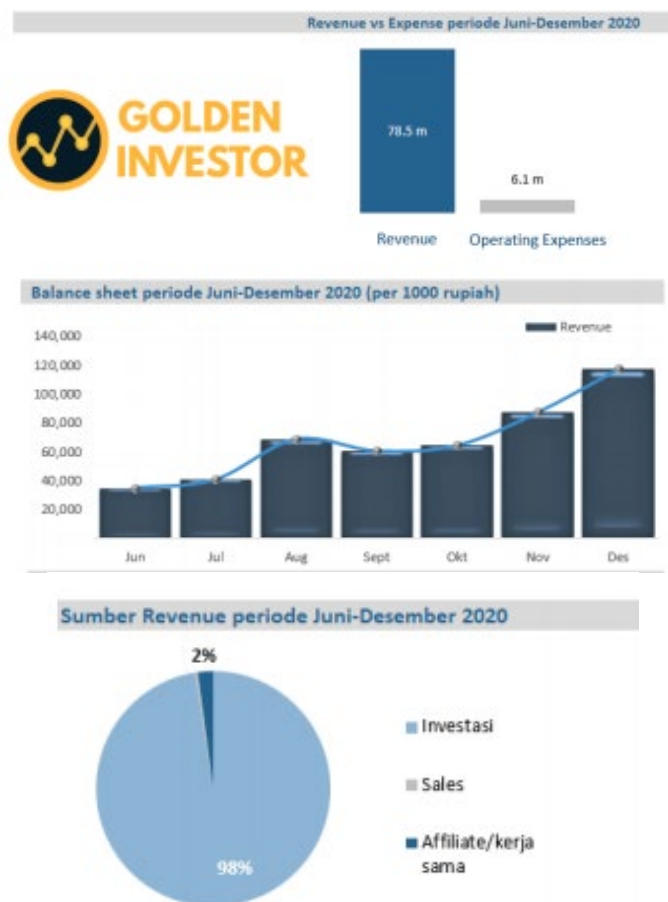


Figure 7. Business Dashboard Golden Investor. Source: (Golden Investor)

5.2. Analysis

From the data collected, we found that the firm has an innovation strategy during crises. Their main strategy was not generally created to respond to the situation of the pandemic. But, they hope the strategy can help other small businesses to survive through uncertain events like similar pandemics in the future. To make it happen, the firm needs to make sure that strategy can be used in their firm first. There are several steps that the firm went through when developing its strategy. The first step was an analysis of the impact and condition of the phenomenon. The second, discuss their action that needed to be taken about the situation. And the last part is talking about the evaluation and result of the strategy.

First, The firm started by internal research about the situation and the impact on their industries. They started from an assumption to make some consideration and action needed to be taken. The CEO classified the phenomenon from the scale impact area, whether it's only happened in their country, continent, or globally. Because the pandemic happened globally, they look into similar phenomena that happened on the same scale. The firm saw a similar last phenomenon happen in 2008 (see figure 4) about the global financial crisis. They said the reason behind it is because the pandemic could have an impact on all countries around the world. The lockdown, large-scale social restrictions, and the decreased revenue business could disturb business performance and the worst case into a financial crisis. They were more confident when looking into the financial market situation (i.e stock market, commodity, and foreign exchange currency) having high volatility, and some of them having a crash see Figure 5. They take an assumption the financial market will rebound in next few years because they look from the past 2008 rebound in next few year about this pandemic having a high probability similar situation with the global financial crisis but with different cause and effect see Figure 6. As soon as they make an assumption, they move into the next step which action needs to be taken.

The second step was action needed to be taken, which is the best into current condition. To narrow the development strategy, the firm adapted the situation with the current condition of the pandemic. They do more research about the impact currently happening in the industries. This pandemic affected the power of the buyers to become lower than normal. The firm explained rather than trying to increase the demand of the buyers, which they didn't know if the strategy was successful or not. They prefer to find another alternative which has more good opportunities in the situation. As explained before, the financial market situation was having high volatility and the majority of them crashed. They look and learn from the 2008 global crisis when in the next few years the financial market was bouncing up and recovering to beat the highest price in history see Figure 5. Because the firm has knowledge about the financial market, rather than consider it as a disaster in the financial market they prefer to consider it as an opportunity risk in the situation. From this judgment, the firm again connects the situation in the financial market with the current condition. In 2020 there is a difference in the financial market with the last financial crisis in 2008. In the last financial crisis, there was few cryptocurrency, and in 2020 there are a lot of cryptocurrencies that can be an option as consideration for investing in the financial market. They choose bitcoin as an investment option, because bitcoin was the leader in cryptocurrency, and bitcoin has had a great historical gain in the last decade. The pandemic crisis made the price of bitcoin drop suddenly into a crash almost losing more than half price in a few months in February to March 2020 see Figure 6. They take this advantage as a great opportunity to increase their assets company if bitcoin were to recover in the future. But they explained more, there is a high risk in the cryptocurrency because they could lose the investment if the cryptocurrency was not able to recover. So the firm diversified its investment into the commodity gold, to reduce the risk of failure.

The last step was evaluation and result from the strategy. The firm analyzed the impact of investment strategy on the firm until December 2020. During the implementation investment strategy, the chief executive officer explained this strategy has been successful because the investment was giving a huge return during a pandemic see (Figure 1). The firm assumption was correct, the financial market bounced and recovered in under one year, and some of them were able to break the highest price. The chief executive officer said the impact of strategy led to the business can hit excellent performance. By the end of the year, the bitcoin price was able to break the highest price in history that the value almost increased ten times higher since March (Figure 2). A similar situation happened in other investments like gold (the firm invested). The gold price was able to break the highest record in history (Figure 3). The chief executive explained that the event is unlikely to happen, but due to this favorable situation, they hope this investment strategy could be an insight for the entrepreneur for preparing the uncertainty phenomenon in the future.

As illustrated by the company's condition in figure 7 (business dashboard image), the company can turn the negative effects of the pandemic into a positive impact. Golden Investors can pass Pandemic 19 well by making profits even though the business scale is still under 5 years.

6. Conclusion

Based on the explanation that has been conveyed above, it can be seen that the pandemic is quite affecting the business running of various companies, both small and larger businesses. Although pandemic has some negative impact, it also gives an opportunity. Then, to keep the business sustainable from the crisis during pandemic, innovations, and strategies are needed following the company that is being run. To create a suitable strategy, various steps can be used as a tool in building a good strategy so that it can be used in the future and also in other difficult times other than this pandemic. Even though pandemic impacts several industries, Golden Investor was created as an innovation through pandemic and the result of the implementation strategy was working in the firm and can give a good performance to the firm. The firm successfully faces a pandemic without a declining trend in business performance, and the firm ends up in growth. As a result, it is concluded that the application of value innovation capabilities has a positive impact on making the company even better.

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