

# **CHAPTER I**

## **INTRODUCTION**

### **1.1 BACKGROUND OF THE STUDY**

The increasingly competitive competition in business world involves firms to seek new breakthroughs. However, as the business environment is unpredictable, firms have to be able in taking opportunity and implementing strategies that can align with the changing environment.

In today's millennial world, the firm will see the end point of itself if the firm does not keep on developing into today's era. To compete it, firms must be able to create, exploit, and achieve competitive advantage by creating better corporate competitiveness values than competitors. Moreover, the competitiveness values such as innovation which cannot be imitated by competitors.

Innovating leads to completely new products or a refinement of preexisting products. Therefore, the development of successful innovation will control the firms into the business sustainability. As sustainability plays crucial role in the business, it has become certain that businesses that practice sustainability strategies are in creating their own consumer path and getting more turnover. In the earlier, factors such as cost saving, reputation, hiring the best people, risk management and resource efficiency were experienced in the business for being sustained into the market. On the other hand, it has now become obvious that business which practices those factors will not be enough to meet the sustainability challenges the world faces. It is difficult to bring the new business at the top. Therefore, differentiating the business from the others can lead to business sustainability.

As sustainability will always be a fundamental part of development in business, innovation is one of a driving force on

business sustainability. Innovating for sustainability involves making intentional changes to organizational products or processes that produce environmental and/ or social benefits as well as economic value. According to Casadesus-Masanell and Zhu (2013), as firm strive to include economic, environmental, and social sustainability concerns within their business model, it requires innovation which process of identifying a new way to create, deliver and capture value.

Creating products and services that people value and cherish, by effectively using technology, by spanning generational and maximizing demographic diversity and by creating collaborative, creative and courageous work environments is the new age of innovation. Especially by the development of software applications aimed at improving the quality of people's minds and lives everywhere. As the innovation gives value to people, it is differentiated the business from others and it leads to business sustainability.

According to the website of Nusanet (2016), PT. Media Antar Nusa (Nusanet) was founded in 1996 as a Web Design and Hosting company. Nusanet is now an Internet Service Provider company licensed nationally from Dirjen Postel/ Post and Telecommunication General Director. Nusanet have branches in Jakarta, Surabaya, Lampung, Palembang, Pekanbaru, Bali, and Malang for serving Dedicated and Broadband Internet access using fixed wireless radio and fiber optic. Nusanet also provide dedicated server and co-location server services at IDC Cyber building in Jakarta and at their branches in Surabaya, and Lampung.

Realizing the crucial role of innovation in the business sustainability, the writer is interested in conducting the research at PT. Media Antar Nusa. The result could become reference for others companies on how to use innovation on business sustainability. This research aims for the writing of dissertation **“Innovation as a Factor on Business Sustainability at PT. Media Antar Nusa.”**

## **1.2 PROBLEM LIMITATION**

This study aims to investigate innovation as a factor on business sustainability at PT. Media Antar Nusa; however, the study only limit to some scope that will be conducted in this research. This research will limit the scope to only focus on the center PT. Media Antar Nusa on Medan which located at *Kompleks* Multatuli Block D No.1, A U R, Medan Maimun, Medan City, North Sumatra 20151.

This study is specifically focus on the perspective of innovation from Product Innovation Theoretical Building Blocks, which study on four areas such as Evolution, Intelligence, Decision-Making and Resource and Capabilities. Besides, the perspective of business sustainability from Triple Bottom Line concept as people, planet, and profit.

## **1.3 PROBLEM FORMULATION**

Based on the observation that is done by the writer during the research at PT. Media Antar Nusa, the writer finds several problems faced in, which are:

1. Does innovation contribute to business sustainability at PT. Media Antar Nusa?
2. What innovation activities does company engage into become business sustainability?

## **1.4 OBJECTIVE OF THE RESEARCH**

The objectives of the research that the writer can get are as follows:

1. To investigate contribution of innovation on business sustainability at PT. Media Antar Nusa.
2. To determine PT. Media Antar Nusa's activities in innovating due to business sustainability.

## **1.5 BENEFIT OF THE RESEARCH**

There are two types of benefit from the research in innovation as a factor on business sustainability at PT. Media Antar Nusa, which are:

### **1.5.1 THEORETICAL BENEFIT**

The theoretical benefit of this study is to prove whether innovation as a factor on business sustainability by using Product Innovation Theoretical Building Blocks that have four levels which are: Evolution, Intelligence, Decision-Making, and Resources and Capabilities. Moreover, the others benefit is to gain knowledge in depth regarding the theory and to actualization the theory that has been learned during the study program.

### **1.5.2 PRACTICAL BENEFIT**

The benefit from this research not only in theoretical but also in practical. The study might give reference for other researchers, guideline for the similar industries, information for readers. Besides, the benefit can be used for branches at PT. Media Antar Nusa. Furthermore, this research could be a consideration source for making future changes at PT. Media Antar Nusa.

## **1.6 SYSTEMS OF WRITING**

The writing of this research is divided into five chapters. Each chapter is going to be divided again into several sub chapters according to the requirement. The systematic outline of writing in this *skripsi* will be as follow:

## Chapter I – Introduction

This chapter examines about background of the study that explain the reason why does writer choose “Innovation as a factor on Business Sustainability at PT. Media Antar Nusa” as the topic of the research, problem limitation, problem formulation, objective of the research, benefit of the research which in theoretical benefit and practical benefit, and systems of writing.

## Chapter II – Literature Review and Hypothesis Development

This chapter contains theoretical background regarding definition of innovation, types of innovation, definition of product innovation, theory of product innovation, definition of sustainability, theory of business sustainability, and the relationship between innovation and business sustainability, previous research, hypothesis development, research model and framework of thinking.

## Chapter III – Research Methodology

This chapter discusses about quantitative method of the research including the research design, population and sample, data collection method, operational variable definition and variable measurement as well as data analysis method.

## Chapter IV – Data Analysis and Discussion

This chapter describes general description of Internet Service Provider Company which is history, vision and mission, core value, organization structure, and job description of PT. Media Antar Nusa, demonstrate data analysis in descriptive statistic, result of data quality testing, and result of hypothesis testing and discussion.

## Chapter V – Conclusion

In this chapter, there will be a brief conclusion about the result of the research, the implication and also the recommendation and suggestion in the future.