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Innovation and change management strategies to strengthen the competitive advantage of MSMEs in Bengkulu

Abstract

This study aims to explore innovation and change management strategies as a strategic step to strengthen the competitive advantage of MSMEs in Bengkulu. Using a qualitative descriptive approach, this study analyzes seven indicators of innovation management (including strategic objectives, leadership, collaboration, technology, and organizational learning) and three indicators of change management (technology change, organizational leadership, and culture). The results of the study reveal that the combination of innovation and change strategies significantly increases the flexibility, adaptability, and collaboration of MSMEs in facing market dynamics. These findings provide practical implications in the form of comprehensive guidelines for MSMEs to implement technology, strengthen partnerships, and build a culture of sustainable innovation. The uniqueness of this study lies in its specific focus on MSMEs in Bengkulu, offering new insights into the adaptation of innovation strategies in a dynamic local context.

Keywords: Innovation Management, Change Management, Competitive Advantage, MSMEs

Abstrak

Penelitian ini bertujuan untuk mengeksplorasi strategi manajemen inovasi dan perubahan sebagai langkah strategis untuk memperkuat keunggulan kompetitif UMKM di Bengkulu. Dengan menggunakan pendekatan deskriptif kualitatif, penelitian ini menganalisis tujuh indikator manajemen inovasi (termasuk tujuan strategis, kepemimpinan, kolaborasi, teknologi, dan pembelajaran organisasi) serta tiga indikator manajemen perubahan (perubahan teknologi, kepemimpinan organisasi, dan budaya). Hasil penelitian mengungkapkan bahwa kombinasi strategi inovasi dan perubahan secara signifikan meningkatkan fleksibilitas, adaptabilitas, serta kolaborasi UMKM dalam menghadapi dinamika pasar. Temuan ini memberikan implikasi praktis berupa panduan komprehensif bagi UMKM untuk menerapkan teknologi, memperkuat kemitraan, dan membangun budaya inovasi berkelanjutan. Keunikan penelitian ini terletak pada fokus spesifiknya terhadap UMKM di Bengkulu, menawarkan wawasan baru tentang adaptasi strategi inovasi dalam konteks lokal yang dinamis.

Kata Kunci: Manajemen Inovasi, Manajemen Perubahan, Keunggulan Kompetitif, UMKM.

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) in Indonesia play a crucial role from various perspectives, particularly in the national economy, contributing 60-70% to Indonesia's GDP and absorbing more than 97% of the workforce across all economic sectors. Their impact extends to job creation and poverty alleviation, further underscoring the urgency of research on MSMEs. By understanding the challenges and potential of MSMEs, the government, private sector, and society can collaborate to create an ecosystem that supports MSME success and fosters sustainable growth.

One of the primary issues faced by MSMEs in Indonesia is the difficulty in accessing adequate capital and funding to expand their businesses. Many MSMEs have limited access to loans from formal financial institutions due to a lack of collateral or an insufficient credit history. Additionally, MSMEs often struggle to acquire skilled and trained labor. A lack of expertise in management, marketing, and information

technology can also hinder their ability to grow. The competitive business environment forces MSMEs to compete with larger, more established companies, and their limited resources and production scale often make it difficult to compete in terms of pricing and product innovation.

Amid globalization and rapid technological advancements, the greatest challenge for businesses is maintaining relevance and competitiveness in a dynamic business environment. In this context, innovation and change management strategies serve as a fundamental foundation for companies to build sustainable competitive advantages. Understanding that innovation is not merely about creating new products or services but also involves changes in processes, culture, and paradigms allows businesses to develop holistic and integrated strategies. A key aspect of this strategy is the ability to anticipate and respond to market changes swiftly and effectively. This requires flexibility and adaptability in organizational structures, as well as the development of systems that enable interdepartmental collaboration and partnerships with external stakeholders (Ernawati et al., 2022).

Micro, Small, and Medium Enterprises (MSMEs) in Indonesia, including those in Bengkulu, play a vital role in the economy. However, they face various challenges, such as market fluctuations, technological advancements, and increasingly intense global competition. To survive and grow, MSMEs must adopt effective innovation and change management strategies. This study explores how MSMEs in Bengkulu can build competitive advantages through such strategies (Kurniasari, 2023).

MSMEs in Bengkulu face several key challenges that hinder their development. Limited resources, including capital, technology, and skilled labor, often pose significant barriers to innovation. Moreover, many MSMEs struggle to access the latest market information and broader distribution networks, both of which are essential for expanding their business reach. Digital transformation is also a major challenge, particularly for MSMEs that still rely on traditional operational methods. Adapting to technological changes requires investments and knowledge that many MSME owners in Bengkulu have yet to acquire (Ahmad, 2023).

Table 1. Number of MSMEs in Bengkulu in 2024

No.	Regency/City	Number of MSMEs	Main Sector	Annual Revenue (in million Rupiah)
1	Bengkulu City	5,000	Culinary	200,000
2	Rejang Lebong Regency	3,500	Agriculture	150,000
3	Seluma Regency	2,800	Handicrafts	120,000
4	Kaur Regency	2,200	Tourism	180,000
5	Mukomuko Regency	4,000	Trade	160,000

Source: (BPS, 2024)

The table above illustrates that the culinary sector has the highest number of MSMEs in Bengkulu City. This highlights the need to strengthen the competitive advantage of MSME management as an organization.

The importance of fostering a strong culture of innovation cannot be overstated. Companies that successfully integrate innovation into their core operations exhibit a higher level of competitiveness, as they can accelerate the development of new products and services while capturing emerging market opportunities. Furthermore, innovation and change management strategies also encompass risk management associated with experimentation and new developments. This requires a well-planned and measured approach to exploring new opportunities while minimizing any negative impact on existing operations.

Equally important is the investment in human resources that are creative and innovation-oriented. Developing innovation skills, fostering inclusive leadership, and establishing reward and recognition mechanisms that encourage employees to contribute to the innovation process are integral components of successful innovation and change

management strategies. Meanwhile, the integration of technology as an enabler of innovation is also a crucial factor. Companies must invest in technological infrastructure that facilitates virtual collaboration, advanced data collection and analysis, as well as the adoption of new technologies such as artificial intelligence and blockchain to accelerate the innovation process (Winarso, 2017).

In facing a dynamic business environment, innovation and change management strategies serve as the primary pillar for companies to build competitive advantages. By adopting a comprehensive approach, from fostering a strong innovation culture to integrating technology as an innovation enabler, businesses can position themselves to quickly respond to market changes and create long-term value for all stakeholders.

Theoretically, innovation and change management have been linked to competitive advantage due to their adaptability, which allows organizations to remain relevant and responsive to market and technological dynamics. This adaptability provides a competitive advantage by empowering companies to improve their offerings, introduce new products and services, and optimize business processes. However, a major challenge lies in managing change, which often faces internal resistance, skill gaps, and the need for significant investment. The complexity of integrating innovation into existing organizational structures and ensuring that changes are embraced by all members of the organization also poses significant obstacles. Linking innovation and change management to competitive advantage is essential to highlight the need for effective strategies in overcoming these challenges so that organizations can fully leverage adaptability and innovation to achieve and sustain a competitive edge in the market.

Business strategy flexibility, responsiveness to market changes, and product innovation can be observed in real-world MSME practices, particularly in the culinary sector. A small food stall demonstrates high adaptability by shifting to online delivery services. By utilizing platforms such as GoFood and GrabFood, they can continue reaching customers. This strategy not only helps them maintain sales but also opens new market opportunities that were previously inaccessible. By swiftly responding to market conditions and leveraging available technology, this food stall has innovated in customer service, illustrating that adaptability is key to thriving and surviving in a dynamic business environment.

The research problem addressed in this study is: How do innovation and change management strategies strengthen the competitive advantage of MSMEs in Bengkulu? The objective of this research is to describe solutions to MSME challenges based on the characteristics of innovation management using seven indicators (strategic objectives and agendas, leadership and culture, collaboration and partnerships, business and technology, innovation processes, innovative organizations, learning organizations, and knowledge management) and change management using three indicators (technological change, organizational leadership change, and organizational culture change).

2. Literature review

Strategy

The term "strategy" carries implications related to victory, survival, or the struggle against control. This means that strategy is associated with whether an organization is able to withstand the burdens arising both internally and externally (Mukarom & Laksana,

2015). Strategy can be defined as a plan or approach that has been carefully arranged and considered before implementation to achieve the desired objectives.

Innovation management

Innovation differs from invention; innovation has a broader meaning and can be viewed from various perspectives, whereas invention refers to the uniqueness of something, which may be in the form of shape, formulation, or function. Innovation is not merely about creating new products; it also encompasses all activities related to idea generation, technology development, product marketing, manufacturing processes, and equipment (Yuningsih & Silaningsih, 2020). Innovation can be understood as a novel invention that differs from existing ones. An individual who continuously innovates can be referred to as an innovative person. Innovative individuals strive for improvement, renewal, and the presentation of something new or unique, distinct from what already exists. An innovative mindset is an essential trait for both entrepreneurs and leaders. Businesspeople who consistently innovate in their ventures are more likely to achieve success due to the advantages gained (Sudarmanto et al., 2022).

Innovation Management is the integration of innovation processes and change management. It encompasses business processes, product development, and organizational innovation. Additionally, innovation management involves managing innovation in processes, products, services, organizations, and relationships with customers and markets. The primary goal of innovation management is to manage innovation in a way that creates a competitive advantage. The significance of innovation management lies in the recognition that new ideas must continually emerge to anticipate the rapidly advancing, diverse, and ever-changing world. These ideas must be systematically organized to prevent disorder (Winarso, 2017).

Table 2. Innovation Management Indicators

No	Indicator	Description
1	Strategic Goals and Agenda	MSMEs must establish clear target planning and strategic agendas.
2	Leadership and Culture	Leadership and organizational culture within MSMEs play a crucial role in fostering a "creativity climate."
3	Collaboration and Partnership	Collaboration is essential for MSMEs to create competitive preferences. To become innovative and collaborative, pioneers must educate directors and employees about the importance of collaboration and organization.
4	Business and Technology	MSMEs must understand the alignment between their business and current technologies to establish a foundation for greater integration.
5	Innovation Process	A successful innovation process fosters creativity and employs different approaches to meet client needs. It

		includes procedures developed by the company, market interactions, research, technology, and resource capabilities.
6	Innovative Organization	MSMEs must strengthen core values that drive progress and support change through the integration of imaginative thinking, which can then be translated into innovation.
7	Learning Organization and Knowledge Management	MSMEs must continuously engage in learning from competitors or other advanced and well-developed companies.

Source: (Sasono & Rahmi, 2014)

Change management

Change management is a process that consists of tools and techniques used to manage organizational changes. It is a structured and systematic effort to assist individuals, teams, and organizations in implementing organizational change. The primary objective of change management is to ensure business continuity, both in the short and long term. According to Arifin (2017), change management involves methods, instruments, and procedures used to oversee the preparation for change, achieve desired outcomes, and implement changes effectively at the individual, group, and broader organizational levels.

The urgency of change management concerning competitive advantage includes human resource development (Sudiantini, Aden, et al., 2023), organizational management strategy development (Sono et al., 2023), effective risk management development (Utami et al., 2024), business resilience strategy development (Utami et al., 2024), and the development of organizational culture that fosters innovation and flexibility (Farchan, 2018).

Table 3. Change Management Indicators

No Indicator	Description
1 Technological Change	Technological innovation or transformation can be a key driver for enhancing operational productivity and achieving competitive advantage (Widajanti, 2008).
2 Organizational Leadership Change	Leaders are required to have the ability to handle various problems within their organizations and must possess strong authority and intellectual competence to make well-accepted decisions (Rusmini, 2015). To achieve organizational goals, appropriate strategies must be formulated and supported by a strong team (Gumelar & Vionela Merdiana, 2022).
3 Organizational Culture Change	A strong organizational culture facilitates mutual agreement within the organization and helps coordinate the considerations and activities of its members more effectively.

Micro, Small, and Medium Enterprises (MSMEs)

MSMEs refer to Micro, Small, and Medium Enterprises, which are business entities in Indonesia owned by individuals or entrepreneurs based on the criteria stipulated in Law No. 20 of 2008. MSMEs can be businesses run by individuals, households, or small-scale enterprises. According to Muttaqien et al. (2022), MSMEs are a type of trade characterized by resource and revenue-based isolation. Differences between MSMEs and large corporations based on their characteristics include:

1. **Small Operational Scale** Generally, MSMEs operate on a smaller scale than large companies, including revenue, workforce, and assets, which tend to be relatively lower (Perdana et al., 2023).
2. **Flexibility and Adaptability** MSMEs tend to be more adaptive and capable of adjusting to rapid market changes (Nuraisyah et al., 2023). They can respond quickly to shifts in customer preferences and demands.
3. **Drivers of Innovation** MSMEs often serve as the foundation for economic innovation (Vinatra et al., 2023). Due to their small size, they are more likely to develop new ideas and adopt innovative approaches to meet market demands.
4. **Product Specialization** MSMEs generally produce specific goods or services, whereas large corporations manufacture a wide range of products (Hazmanan Khair, 2019).

Competitive advantage

Competitive advantage refers to any aspect that provides a company with an edge over its competitors, helping it attract more customers and increase market share. Competitive advantage arises through various activities related to product design, production processes, sales, marketing, distribution, and market acceptance. It is a fundamental aspect for businesses of all sizes to ensure the sustainability of their products. All elements within an organization must be involved, regardless of business scale (Ernawati et al., 2022).

3. Method

The research method employed in this study is qualitative descriptive, utilizing a literature review (Ridwan et al., 2021) to develop key points related to the research topic. The research topic is then described to address the issues faced by MSMEs based on the characteristics of innovation and change management. The research steps (Harahap, 2020; Sugiyono, 2015; Tobing et al., 2017) were conducted by adopting several sources, as follows: (1) Literature Review, which serves as the theoretical foundation and primary reference for developing key points within the studied topic, particularly the characteristics of innovation and change management in MSMEs. (2) Data Collection, which involves identifying and gathering relevant information related to MSMEs, innovation management, and the changes implemented by MSME actors in managing their businesses. (3) Data Analysis, which includes organizing and categorizing information based on emerging themes, such as innovation management, decision-making, strategic changes, and challenges encountered by MSMEs. (4) Description of Findings, where relevant studies are thoroughly described to illustrate the condition of

MSMEs and linked to existing theories in the literature. (5) Development of Solutions and Recommendations, which provides practical recommendations for MSME actors and policymakers to improve innovation management and change processes. The proposed solutions are expected to help MSMEs enhance their competitiveness and business sustainability in facing various market challenges.

4. Results and Discussion

According to Diharto (2017), collaboration with external stakeholders such as technology partners or universities can accelerate the innovation process, while adequate investment in R&D provides a foundation for the development of innovative products or services. The adoption of new technologies is also a crucial step, enabling companies to accelerate innovation processes and improve operational efficiency. Additionally, fostering a strong innovation culture within the company and continuously iterating products or services based on market feedback are key to maintaining competitive advantage in a dynamic business environment.

There are several innovation management strategies that companies can implement to respond quickly and effectively to market changes:

1. **Effective Communication** Effective communication serves as a fundamental pillar in managing change within MSMEs (Satyadinatha & Yasa, 2024). Through clear and open communication, management can convey the vision, objectives, and rationale behind changes to all team members. Good communication helps reduce uncertainty and confusion among employees, fosters trust, and motivates them to actively participate in the change process. Moreover, facilitating open communication channels and two-way interactions between management and employees allows employees to express their input, concerns, and innovative ideas, which can serve as valuable assets for MSMEs.
2. **Employee Engagement and Participation** Employee involvement in decision-making processes and solution development is key to creating a collaborative and innovative work environment. By providing employees with opportunities to actively participate in formulating strategies and action plans, MSMEs can fully utilize their knowledge and experience. Employee engagement enhances their sense of ownership and commitment to the change process, as they feel valued and recognized for their contributions. Therefore, employee involvement not only accelerates change adoption but also fosters an inclusive, results-oriented work culture that supports MSME growth and innovation (Claudia & Rahman, 2024).
3. **Training and Development** Training and development are essential strategies for preparing MSME employees to adapt to market and technological changes. By providing training on new skills, the latest technologies, or industry best practices, MSMEs can enhance their employees' capacity and competitiveness. Training programs may cover various aspects, ranging from technical skill development to leadership and change management training. Additionally, continuous career development is crucial for motivating employees and maintaining their long-term engagement (Sudiantini, Aden, et al., 2023).
4. **Strong Leadership** Strong leadership is key to driving change and fostering innovation within MSMEs (Putra et al., 2023). An effective leader not only provides clear and inspiring direction but also builds strong relationships with

employees, facilitates collaboration, and offers necessary support. A visionary and motivating leader encourages employees to adapt to changes and take initiative in creating innovative solutions. Therefore, investing in leadership development is essential for the long-term success of MSMEs in addressing challenges and opportunities in an evolving market.

5. **Risk Management and Resistance to Change** Managing risks and overcoming resistance to change are crucial steps in ensuring the successful implementation of innovation within MSMEs (Utami et al., 2024). Identifying and evaluating risks associated with change, along with developing appropriate mitigation strategies, can help MSMEs minimize potential negative impacts during the transition. Additionally, understanding the sources and root causes of resistance to change and adopting an inclusive and persuasive approach to addressing such resistance are key to fostering an environment conducive to change adoption by employees.
6. **Employee Recognition and Rewards** Providing recognition and rewards to employees who contribute to innovation and business success is an effective way to enhance motivation and engagement. Rewards can take the form of financial incentives, promotions, or public acknowledgment of achievements. By offering appropriate recognition for employees' efforts and accomplishments, MSMEs can cultivate a positive work culture, increase employee retention, and motivate them to continue innovating and delivering their best for the company (Okniazi, et al., 2023). This also helps create a performance-oriented and inclusive work environment where every team member feels valued and supported in achieving shared goals.
7. **Building an Adaptive Culture** Establishing an adaptive organizational culture is key to ensuring MSMEs' success in navigating rapid and complex market changes. An adaptive culture fosters an environment where innovation, learning, and adaptation become integral to organizational norms and values. In such a culture, employees are encouraged to experiment, learn from failures, and swiftly adapt to changes in their surroundings. By fostering a strong adaptive culture, MSMEs can enhance their competitiveness, accelerate product and service innovation, and remain relevant in an ever-evolving market (Nuraisyah et al., 2023).
8. **Technology Management** Technology management is crucial for MSMEs in responding to market changes and strengthening their competitiveness. This involves leveraging technology effectively to improve operational efficiency, develop new services and products, and expand market share (Kurniawan et al., 2024). MSMEs need to continuously monitor technological advancements relevant to their industry and adopt suitable technological solutions that meet their business needs. Additionally, technology management includes handling information security risks and protecting customer data, which are increasingly vital in the digital era.

Innovation Management Indicators

1. **Strategic Goals and Agenda** To achieve effective innovation management, MSMEs must develop clear strategic goals and key performance indicators. Establishing a solid foundation for innovation requires MSMEs to define their innovation agenda and set target positions. Small businesses need to develop an

innovation vision and identify gaps between that vision and current marketing strategies.

2. **Leadership and Culture** Leadership and culture within MSMEs contribute to creating a "climate of creativity." Key features include idea generation processes, incubation structures, innovation matrices, and incentives. While many small businesses are still in the early stages of establishing an environment conducive to innovation, some remain constrained by their current conditions.
3. **Collaboration and Partnerships** Collaboration is fundamental for small businesses to create a competitive advantage. MSMEs should also take the initiative in collaborative efforts, such as attending public forums or joining organizations that support industry groups.
4. **Business and Technology** To build a robust foundation for integrating commerce and innovation, MSMEs must understand how current business and innovation trends drive change. MSMEs can also better support the existing business environment by formally integrating innovative knowledge into their development efforts, both as a source of ideas and opportunities and as a means of enhancing progress and identifying new prospects.
5. **Innovation Processes** This encompasses company policies, market interactions, research activities, resource capabilities, and technological advancements.
6. **Innovative Organization** MSMEs need to reinforce core values where progress is valued and change is supported through imaginative thinking. This approach fosters innovation. Additionally, risk management analysis is necessary to ensure that innovative thinking does not compromise the company's stability.
7. **Learning Organization and Knowledge Management** Due to limited assets, MSMEs struggle to compete with large enterprises. Therefore, collaboration with bigger companies can help MSMEs learn essential administrative practices from larger organizations. This knowledge may include innovation, promotion, research and development, and product delivery. The information gathered should be managed effectively to support MSMEs' growth and sustainability.

Various strategies can be implemented to address the challenges faced by micro, small, and medium enterprises (MSMEs) in Bengkulu City. One possible approach is change management. In this context, change management encompasses a series of strategic steps designed to manage the transition from the current state to the desired condition. This involves adjustments in various aspects, including policies, operational procedures, organizational structures, and corporate culture. Several indicators of change management are as follows:

1. **Technological Change**

According to Akinwale et al. (2017), organizational technological innovation can be defined as innovations in research and development (R&D), production, distribution, and management. Technological innovation includes various activities, such as the application of new technologies and methods, the implementation of new techniques in production and management strategies, improvement of production quality, development of new products, provision of new services, technological innovations, exploration of new markets, and realization of market value.

2. **Organizational Leadership Change**

The growth of a company is significantly influenced by leadership (Mukti, 2018). In addition to possessing strong leadership qualities and intellectual competence,

leaders must be skilled in addressing organizational challenges so that members can accept their judgments (Rusmini, 2015). To achieve organizational goals, executives need to design the best plans and have a strong team within the organization.

3. **Organizational Culture Change**

According to Mlekus et al. (2018), employee participation benefits the effectiveness of change processes for three reasons. First, individuals must understand behaviors that support change as well as the change process itself. Second, employees who can exert influence during the change process will be able to align planned modifications with their personal values. Third, taking a proactive approach to change fosters employee engagement, known as active participation.

To respond quickly and effectively to market changes, companies can implement various innovation management strategies. One such strategy is maintaining an active market monitoring system, allowing businesses to rapidly understand emerging trends and consumer needs. Flexibility in the innovation process is also essential, enabling companies to adapt their innovation strategies swiftly in response to market dynamics.

In facing various challenges, MSMEs in Bengkulu need to implement effective innovation and change management strategies. Enhancing human resource (HR) capacity is a crucial step, involving regular training programs to sharpen employees' skills and knowledge, particularly in digital technology, marketing, and business management. Collaboration with universities and other educational institutions is also necessary to provide internship and training programs.

Technology adoption is another important measure, involving the digitalization of business processes through the use of management software such as digital accounting systems, inventory management, and digital marketing. The utilization of e-commerce platforms is also encouraged to help MSMEs expand their market reach (Ahmad, 2023).

Product and service innovation should also be prioritized by continuously conducting market research to identify consumer needs and develop suitable products. Product diversification is essential to mitigate risks and enhance market opportunities. In change management, effective communication between management and employees must be established to ensure that all parties understand and support the intended changes. Involving employees in the decision-making process also enhances their commitment and understanding of the transformation.

Improving market access and information is also crucial. This can be achieved by establishing strategic partnerships with large corporations, the government, and non-profit organizations to gain broader market access and additional resources. Utilizing social media and other digital marketing techniques is also necessary to enhance the visibility and competitiveness of MSMEs. By implementing these strategies, MSMEs in Bengkulu can overcome existing limitations and build a competitive advantage in a dynamic business environment.

The role of technology in supporting innovation and change management strategies, and how companies can optimize its utilization

The research findings indicate that the role of technology in supporting innovation and change management strategies is highly significant in today's dynamic business environment. Technology not only acts as an enabler of innovation but is also a key factor in accelerating innovation processes, improving operational efficiency, and creating added value for companies.

In order to respond to market changes quickly and effectively, companies can implement various innovation management strategies. One such strategy is maintaining an active market monitoring system, which enables companies to swiftly understand emerging consumer trends and needs. Flexibility in the innovation process is also crucial, allowing companies to adjust their innovation strategies in response to market changes rapidly.

According to Imaduddin & Priya Pamudy (2017), the role of technology is as follows:

Firstly, technology enables companies to collect, store, and analyze data more effectively. By utilizing advanced data analytics, companies can identify market trends, consumer behavior patterns, and new innovation opportunities. This allows them to make more timely, data-driven decisions and develop products or services that better meet market demands.

Secondly, technology facilitates collaboration and communication both within departments and between organizations. Digital collaboration and communication platforms enable employees to collaborate effectively, even when located in different places. This fosters the exchange of ideas, the development of innovative projects, and the implementation of changes more swiftly and effectively.

Thirdly, technology allows companies to adopt more flexible and adaptive methods of product or service development. Agile and Lean Startup methodologies, supported by technology, enable companies to iterate quickly, test ideas rapidly, and respond to market feedback more flexibly. This minimizes the risk of major failures and increases the likelihood that companies can respond more swiftly to market changes.

Lastly, emerging technologies such as Artificial Intelligence (AI), the Internet of Things (IoT), and blockchain offer new potential for revolutionary innovation. AI, for example, can be used to analyze large datasets, predict market trends, or even automate certain business processes. By optimally leveraging these technologies, companies can create truly differentiated products or services and lead the market.

Optimizing technology utilization in supporting innovation and change management strategies

To optimize technology utilization in supporting innovation and change management strategies, companies must adopt a planned and integrated approach. Firstly, they need to identify the technologies that are most relevant to their industry and allocate the

appropriate and sufficient resources for adopting and integrating them into their operations. Secondly, companies must ensure that employees possess the necessary skills and knowledge to effectively utilize technology. This may involve training and developing employees in relevant technological fields. Thirdly, companies should foster a culture that encourages experimentation and innovation with technology, while being open to learning from both successes and failures that may arise during the implementation process. In this way, companies can leverage technology optimally to respond swiftly and effectively to market changes while strengthening their competitive position in a dynamic business environment (Rizan et al., 2023).

Change management strategies for MSMEs in Bengkulu

Change management strategies for Micro, Small, and Medium Enterprises (MSMEs) in Bengkulu can include providing training and education to business owners and employees to enhance their skills and knowledge, developing policies that support better access to capital and funding, promoting collaboration between MSMEs and educational institutions as well as research organizations to foster innovation and product development, and adopting technology-driven approaches to improve operational efficiency and market access. Additionally, change management also involves effectively managing organizational change by ensuring good communication, employee participation, and support from company leadership to ensure the success of the necessary changes. By implementing comprehensive and sustainable change management strategies, MSMEs in Bengkulu are expected to overcome the challenges they face and strengthen their position in the face of a dynamic business environment.

Innovation management strategies to respond to market changes: Relevant theories

In the context of innovation management strategies to respond to market changes, several relevant theories can be applied to provide deeper understanding. One such theory is the Business Evolution Theory, which posits that companies that survive and grow are those that can adapt to their environment. In this regard, innovation strategies become critical as innovation allows companies to continuously evolve in response to the changing market demands (Khotijah, 2020).

The Diffusion of Innovations Theory is also relevant, especially when discussing the adoption of new technologies. This theory outlines that the adoption of innovations by consumers or organizations occurs in specific stages, such as awareness, interest, trial, and adoption. In the context of innovation management strategies, companies need to understand this adoption process and manage change effectively so that their innovations can be embraced by the market more quickly (Zulkarnain & Putri, 2023).

Organizational Learning Theory can also be associated with the development of a strong innovation culture within companies. This theory emphasizes the importance of organizational learning and adaptation to environmental changes. By fostering a culture that encourages experimentation, learning, and employee development, companies can create an environment that supports ongoing innovation processes. Additionally, the Industrial Structure Theory and Competitive Strategy also play a role in this discussion. This theory emphasizes the importance of analyzing the industrial environment and the

competitive position of a company in determining the right strategy. In the context of innovation management strategies, a solid understanding of the business environment and competitor strengths can help companies direct their innovation efforts more effectively (Winarso, 2017).

Integrating theoretical frameworks for optimizing innovation and change management strategies

Overall, integrating various theories can provide a comprehensive understanding of the importance of innovation management strategies in responding to market changes. By understanding and applying these theories contextually, companies can strengthen their competitive position in a dynamic business environment. The concept of the role of technology in supporting innovation and change management strategies can be linked to several relevant theories in the context of technology and innovation management.

One such theory is the Technology Acceptance Theory, which investigates the factors influencing the adoption and use of technology by individuals or organizations. In this context, technology must be accepted and used by employees to support innovation and change strategies. Companies can apply the principles of technology acceptance theory to understand how to change employees' attitudes and behaviors toward using new technologies, thereby maximizing the acceptance and use of such technologies (Sudarmanto et al., 2022).

According to Sasono & Rahmi (2019), the Social-Technical System Theory emphasizes the importance of considering the complex interaction between social and technological factors when designing effective systems. In the context of innovation management strategies, companies must consider how technology can be effectively integrated with existing processes, structures, and organizational culture. A well-integrated social-technical approach can accelerate innovation implementation and facilitate successful organizational change (Yuningsih & Silaningsih, 2020).

The importance of organizational learning as a source of long-term competitive advantage is also a key concept in the role of technology. In the context of technology's role, companies can adopt a continuous learning approach towards new technologies. This involves gathering and analyzing information on suitable technologies that align with their business needs and developing employees' skills and knowledge in effectively utilizing these technologies to support innovation and change. The Theory of Technological Evolution outlines how technology evolves through a process of formation, selection, and diffusion. In innovation management strategies, companies must understand the technological evolution dynamics within their industry and respond in a timely manner. This enables companies to identify new innovation opportunities, develop suitable products or services, and maintain a competitive advantage in an ever-changing market (Triwijayati et al., 2023).

By integrating the principles from these theories in the development of innovation and change management strategies, companies can optimize the utilization of technology to create added value for customers, improve operational efficiency, and maintain a competitive edge in a dynamic business environment.

5. Conclusion and Recommendations

In the era of globalization and rapid technological change, innovation and change management strategies are key to a company's success in a dynamic business environment. Innovation is not limited to creating new products or services; it also involves changes in processes, culture, and paradigms. Businesses must recognize that the core of these strategies lies in flexibility and adaptability, which allow them to respond quickly and efficiently to market changes. Building a strong innovation culture, managing risks associated with new experiments and developments, and investing in creative human resources are essential steps in designing successful innovation management strategies. Meanwhile, technology plays a crucial role in supporting innovation and change strategies. Technology helps businesses better understand consumer demands and market trends by collecting and analyzing vast amounts of advanced data. Cross-departmental collaboration and partnerships with external stakeholders can be enhanced by digital technology, accelerating innovation processes and organizational change. The adoption of new technologies, such as artificial intelligence and blockchain, also presents new potential for revolutionary innovation.

To enhance their innovation and change management strategies, companies should focus on several key actions. First, they must build a strong innovation culture by fostering an environment that encourages experimentation and continuous learning. This approach will empower employees to explore new ideas and adapt quickly to evolving market demands. Additionally, innovation management strategies should prioritize the development of flexibility in processes and adaptability to market changes, allowing companies to respond with agility. Investing in relevant technologies and integrating them into the innovation strategy is also essential for gaining a competitive edge, as it enables companies to leverage advanced tools to drive efficiency and growth. Furthermore, companies should actively seek partnerships and collaborations with external stakeholders to accelerate the innovation process, as these relationships can bring fresh perspectives and resources. Finally, companies must carefully manage the risks associated with new experiments and developments, adopting a planned and measured approach to ensure that innovation efforts are both sustainable and successful. By adopting these strategies, companies can position themselves to better navigate market shifts and maintain a strong competitive position.

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