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Rapid Communication

International Business Innovation and Its Role in Enhancing Global Competitiveness

Emilija Kovács

Department of Innovation Management, Central European Global University, Hungary

E-mail: emilija.kovacs.cegu@protonmail.com

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Abstract

International business innovation refers to the development and application of new ideas, products, processes, and business models across global markets. This study examines the role of innovation in strengthening competitiveness and adaptability in international business environments. It explores how multinational enterprises leverage innovation to respond to diverse market demands, technological change, and competitive pressure. The paper highlights challenges related to cross-border collaboration, knowledge transfer, and innovation coordination. It also discusses the importance of organizational culture, digital technologies, and global networks in supporting innovation. By integrating innovation management theory with international business perspectives, this study emphasizes that international business innovation enhances value creation, market responsiveness, and sustainable growth in global markets.

Keywords: International Business Innovation, Global Innovation, Multinational Enterprises, Innovation Strategy, Knowledge Transfer, Digital Innovation, Global Competitiveness.

INTRODUCTION

International business innovation has become a central driver of competitiveness in an increasingly dynamic global economy. Firms operating across borders face diverse customer needs, technological disruptions, and intense competition. Innovation enables organizations to differentiate offerings and adapt to changing international market conditions. Multinational enterprises that prioritize innovation are better positioned to achieve sustainable growth. Globalization has expanded opportunities for innovation by exposing firms to diverse ideas, technologies, and market insights. International operations allow firms to access global talent pools and knowledge networks. Cross-border collaboration enhances creativity and problem-solving capability. Global innovation supports strategic renewal (Cantwell, 2017).

Innovation in international business extends beyond product development. Process innovation, organizational innovation, and business model innovation play critical roles in enhancing efficiency and competitiveness. Firms redesign processes to improve coordination across international units. Organizational innovation supports flexibility and responsiveness. Knowledge transfer is essential for international business innovation (Hovhannisyan & Keller, 2015). Multinational firms generate knowledge in different subsidiaries and markets. Effective mechanisms are required to share and integrate this

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knowledge across borders. Knowledge integration enhances innovation outcomes. Cultural diversity influences innovation in international business. Diverse cultural perspectives contribute to creativity but may also create coordination challenges. Managing cultural diversity effectively enhances collaborative innovation. Cultural intelligence supports innovation success (Cano et al., 2016).

Digital technologies have transformed international business innovation. Technologies such as artificial intelligence, cloud computing, and digital platforms enable rapid experimentation and global collaboration. Digital tools accelerate innovation cycles. Digital innovation enhances scalability. Innovation strategy alignment is critical in international business. Firms must align innovation objectives with global strategy and local market needs. Strategic alignment ensures that innovation investments support competitive positioning. Innovation governance enhances effectiveness (Fernández, 2023).

External collaboration plays a key role in international business innovation. Partnerships with suppliers, customers, universities, and startups expand innovation capability. Open innovation approaches leverage external knowledge (Anand et al., 2021). Collaboration enhances innovation speed. Risk management is closely linked to innovation in international business. Innovation involves uncertainty and potential failure. Firms must balance risk-taking with control mechanisms. Effective risk management supports sustainable innovation.

Leadership and organizational culture influence innovation performance. Leaders who encourage experimentation and learning foster innovation-friendly environments. Supportive culture enhances creativity and commitment. Leadership-driven innovation strengthens competitiveness.

CONCLUSION

International business innovation plays a vital role in enhancing global competitiveness and sustainability. This study highlights that knowledge integration, digital technologies, and strategic alignment support innovation success. Multinational enterprises that foster innovation-driven cultures and global collaboration are better positioned to succeed in dynamic international markets.

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