

# INVESTIGATE THE IMPACT OF STRATEGY FLEXIBILITY ON PRODUCT INNOVATION: A LITERATURE REVIEW

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## *Abstract*

*In the current era of globalization, companies are required to be responsive to technological developments and economic progress in order to be able to face increasingly fierce competition. One way that can be done to deal with this problem is to innovate on products to produce products with superior quality in an effort to manage the business. This success can be achieved by implementing strategies in product innovation activities. By innovating products, the company's chances of getting new customers will be even greater and sales will increase.*

**Keywords:** *Product Innovation, Strategic Flexibility.*

## **I. INTRODUCTION**

### **A. Background**

With the development of a business field, there will certainly be many similar businesses emerging which results in increasingly competitive business competition. In the increasingly fierce competition, companies must have sufficiently strong competitiveness to be able to continue to compete with other companies, especially similar companies. In order for the resulting product to be accepted by the market and distinguishable from its competitors, the producer must carry out an innovation strategy in the hope of producing products that have more value so as to create a superior competitive advantage. The innovation strategy undertaken by the company can be in the form of product design, the target market segment, the product distribution system used, and so on.

By using innovation, it can attract new consumers because of the emergence of new needs that previously did not exist. This can happen because when a new product is launched into the market, a new market will be created. A new product on the market, will require additional components that were not previously needed, so there will be a need for new industries that can fulfill new components that previously did not exist, one of which is the development of Samsung Mobile Phones. In order to meet the needs of its customers, Samsung always makes product updates by bringing up new products and always innovating products and improving product quality in a better direction, so that it can become the most favorite and quality technology and communication brand. This situation can result in changes to organizational policies and technology development. Developments in science and technology are needed in order to create products that are more effective and efficient, so that they do not take up time and can reduce costs.

The capacity to produce new products can occur with innovation. It is clear that the strategy that guides the product on the innovation path plays an important role in helping the product development to have a superior position in the market than the products of its competitors. Therefore, as mentioned earlier, innovation has an effective role in increasing product status and bringing about competitive advantage. The existence of product innovation, as

well as quality products with a good brand image, are important factors that will determine consumer decisions, especially in the purchase decision process. Therefore, It is very important to know how to achieve and create these innovations and align them with organizational goals so that they can develop effective competitive strategies and implement them in organizational activities. Strategic flexibility is one of the factors that can increase the ability of product excellence in facing today's market competition. According to Lau (1996), strategic flexibility is the company's ability to respond to uncertainty by adjusting existing objectives supported by superior capabilities and knowledge.

Strategy flexibility is the company's ability to adapt to the business environment. When the business environment changes, there may be opportunities for uncertainty or risk, so there is a need for this strategic flexibility within the company. Its purpose is to make its strategic competitiveness relevant and to maintain its competitive advantage. Flexibility can provide a competitive advantage when a company chooses to compete on the basis of new product innovation or a quick response to customer demand.

Innovation is a process designed and managed to create value and come out in the form of services, products, processes, technology, and business systems (Edwards et al., 2002). Organizational innovation is developing new, useful, and valuable products and services in an organizational context. . Innovation, in practice, shows the disposition of an organization to develop new products and services or improve them and to successfully offer these products and services in the market (Gumusluoglu and Ilsev, 2009). Good innovation will help management achieve better performance so that business continuity and sustainability will also continue in accordance with company goals because of the support of innovation capabilities consisting of ideas, new products and others.

Based on the above background, the researcher made this report for the assignment of the researcher's fieldwork practice report in the form of a literature study. The reason for choosing this title is the researcher's interest in reviewing the strengths or weaknesses of using strategic flexibility in product innovation from the research results of the journal. Therefore, researchers have a desire to criticize the journal more deeply. Based on this description, the authors make this report with the title "Investigating the Impact of Strategy Flexibility on Product Innovation: A Literature Review ”.

#### **Journal Identity**

<b>Title</b>	<i>Investigating the Impact of Strategic Flexibility on Organizational Innovation</i>
<b>Journal</b>	International Review of Management and Marketing
<b>Volume &amp; Pages</b>	Vol. 8, Issue 3, 1-5
<b>Year</b>	2018
<b>Author</b>	Raheleh Ghorban-Bakhsh and Yousef Gholipour-Kanani

The reason researchers chose the journal Investigating the Impact of Strategic Flexibility on Organizational Innovation is that the journal is very interesting to discuss. Researchers want to see what impact this investigation of strategic flexibility has on realizing product innovation. Because the journal has added value, namely the flexibility of strategy in achieving product innovation. The added value is in the form of a strategy used to create a renewal but does not reduce the quality of the product or even adds some components that are not contained in the

product. Therefore, the researcher wants to examine more deeply the impact of applying the flexibility of this strategy to product innovation.

## **II. LITERATURE REVIEW**

### **A. Definition of Strategy Flexibility**

The increasing competition in the industrial world has made various companies compete to create competitive advantages through various strategies so that the company can survive amidst intense competition. Strategy is important for the survival of a company to achieve corporate goals and objectives effectively and efficiently. According to David (2011: 18-19) Strategy is a shared means with long-term goals to be achieved. Business strategies include geographic expansion, diversification, acquisition, product development, market penetration, tightening, divestment, liquidation and joint ventures or joint ventures.

According to Lau (1996), strategic flexibility is the company's ability to respond to uncertainty by adjusting existing objectives supported by superior abilities and knowledge. Strategic flexibility not only allows companies to manage their resources dynamically to adapt to high-speed environments, but can also help companies reach the full potential of their key resources (Zhou and Wu, 2010; Wei, Yi and Guo, 2014). Strategic flexibility is related to flexible use of resources and reconfiguration of processes, so that strategic flexibility can be achieved through flexibility of resources and flexibility of coordination (Matthyssens, Pauwels and Vandenbempt, 2005; Zhou and Wu, 2010).

### **B. Factors for Strategy Flexibility**

According to Kamasak et al. (2016) The occurrence of a Flexibility Strategy in the company is driven by 4 (four) things, namely resource orientation, resilience, agility, and integrity. This condition encourages the company to make strategic changes and product innovation.

#### **1. Resource Orientation (Resource Orientation)**

Flexibility can enhance innovation in various ways (Garriga et al., 2013), for example, from a resource perspective, companies with strategic flexibility access to human resources with intellectual diversity and a variety of professional skills are able to propose new thoughts and circumstances. When sustainable sourcing flexibility is high, companies can be confident in the profitability of their new product lines by using market leadership by reducing the time it takes to find the resources needed. In addition, companies can integrate development, coordination between internal and external resources through the flexibility of coordination to save costs, time, and their resources (Sanchez, 1997).

#### **2. Robustness**

Companies with higher strategic flexibility can react to market dynamics better and more quickly, identify customer needs more quickly and precisely (than companies that are less agile), offer products and services that customers need at a higher quality and in less time. shorter, brings more successful customer satisfaction and, as a result, they will enjoy higher interest rates.

#### **3. Agility (Agility)**

Agility helps managers to come up with creative ways to manage, lead, and control different tasks, enables them to adapt the organization's internal environment to the external, in line with changes taking place in the outside world, and show strong reactions to shifting environmental demands. internal and external.

#### **4. Integrity**

Integrity, as a dimension of strategic flexibility, can develop broad cooperation and coordination between various departments in the organization, which leads to innovation while increasing efficiency (FEghhi-Farahmand and DebaghiSadr, 2015).

### **C. Definition of Product Innovation**

Product innovation is closely related to product launches. One form of product innovation is the existence of new products. New products include original products, enhanced products, modified products and new brands developed through research and development efforts (Haryono and Marniyati, 2017).

Product innovation is an increase in the combination of products and services offered to the market (Hung et al. 2010). Product innovation is a process of introducing a new product or system that brings economic success to the company and social success for consumers and the wider community or environment (Kotler and Keller, 2009: 154). From the theory above, it is concluded that product innovation is one of the important factors in the success of a company through innovative products that are created to satisfy customers. Because the key to product success is that the product is able to adapt to the changes that occur.

The main objective of product innovation is to meet market demand so that the product innovation is one that can be used as a competitive advantage for the company. Competitive advantage is the value that a company can create for its consumers. Competitive advantage is a value in the company from the results of implementing its strategy so that the company has greater cost savings and more value than its competitors. This advantage is one of the strengthening of the company's bargaining power to consumers. This advantage is one of the strengthening of the company's bargaining power to consumers. Competitive advantage can be realized through the creation of uniqueness in product design and packaging, better quality of production processes,

In addition, product innovation also aims to improve quality, function, increase product design attractiveness, and reduce product operating costs in accordance with consumer desires. Product quality is the number of attributes or traits as described in the products and services concerned. Thus included in this quality are durability, comfort in use and usability (Assauri, 2004: 16). Consumers in buying goods or services because these goods or services are used as a means of satisfying their needs and wants, or in other words someone buys a product not only because of the physical product but because of the benefits arising from the product purchased. The product development concept focuses more on product innovation, the best performance of the product, and product innovation that can satisfy customers. The form of product development is in response to regulations and to face future competition. The development and design of products continuously carried out by the company and bringing these products to the market to meet changing consumer demands so that it will produce brilliant quality is the key to survival as well as growing in the business.

### **D. Product Development Goals**

The purpose of product development is to provide maximum value for consumers, to win company competition by choosing innovative products, modified products that have high value in design, color, size, packaging, brand, and other characteristics. According to Kotler and Keller (2008), generally the objectives of new product development are:

1. To meet new needs and strengthen the company's reputation as an investor, by offering products that are newer than previous products.
2. To maintain competitiveness against existing products, namely by offering products that can provide new types of satisfaction. The form can be added to existing product lines or revisions to existing products.

### **E. Types of Product Development**

Every company must have a strategy for product development. It is intended that the product to be developed is in accordance with the needs of the company and existing consumers are still interested in the offers provided by a company and attract new consumers. According to Kotler and Keller (2008), there are several types of product development strategies, namely:

1. Repair existing ones. In this case the company uses existing technology and facilities to vary and improve existing products. In using this method the company does not have a big risk, because it will only make a comprehensive change.
2. Expanding product lines. This type of product development is carried out by companies by adding items to existing product lines or adding new product lines.
3. Add to existing products. Companies in this case add or provide variations to existing products and also expand market segments by serving a wide variety of consumers or buyers who have different tastes.
4. Copying a competitor's strategy. In this way the company imitates competitors' policies that are considered favorable, such as pricing.

Adding product lines. Usually companies require large funds in adding new products that have nothing to do with existing product lines. Because a product that has never been produced before, as well as the use of facilities to promote it requires a new process as well.

#### **F. The Effect of Strategy Flexibility on Product Innovation**

Flexibility is relevant to the company's ability to respond to uncertainties in the macro and micro environment, while product innovation is a reaction to the competitive environment. Uncertainty plays an important role in the strategic decision-making process. Strategy flexibility is the company's ability to respond to uncertainty by adjusting existing objectives supported by superior capabilities and knowledge. Strategic flexibility serves as the organizing principle for structuring and coordinating various resources and functional units. With the flexibility of this strategy, it can create a structured method in an effort to make innovative products. According to Kamasak et al. (2016) The occurrence of a Flexibility Strategy in the company is driven by 4 (four) things, namely resource orientation, resilience, agility, and integrity. This condition encourages the company to make strategic changes and product innovation.

In strategic flexibility, managers are recommended to use appropriately in evaluating ideas in production and recognize the importance of encouraging behaviors that help disseminate and share knowledge in organizations and show an atmosphere of innovation among people. In other words, strategic flexibility does not only focus on making strategies externally that see the side of consumer desires, but also pays attention to the process of internal resources in supporting product innovation to adjust the organization's internal and external environment, in line with changes that occur in the outside world. and show a strong reaction to the shifting demands of the internal and external environment.

According to Worren et al. (2002) argue that companies performing in dynamic markets need to ensure higher product modularity. This emphasizes the importance of modular product design, demonstrating that a production system that guarantees product variety, through designs based on new combinations of standard components, can promote environmental compatibility. It was concluded that the modular product architecture has a certain effect on strategic flexibility. One example of the impact of strategic flexibility on Samsung mobile product innovation is to create an innovation strategy by making the size of the cellphone more flexible or in other words the emergence of new ideas in providing physical changes to the product but not reducing the benefits of the user / product quality. Updates that occur in cellphones after the innovation occur, namely, the shape / size of cellphones becomes thinner, more attractive, and more sophisticated. This is a concern of producers in paying attention to product design to be more attractive and enjoyable as desired by consumers. This aspect concerns the level of product standardization. Modifications are carried out in designing or designing new standard products by utilizing product design flexibility as a competitive strategy with producers to increase the company's economies of scale. This aspect concerns the level of product standardization. Modifications are carried out in designing or designing new standard products by utilizing product design flexibility as a competitive strategy with producers to increase the company's economies of scale. This aspect concerns the level of product standardization. Modifications are carried out in designing or designing new standard products by utilizing product design flexibility as a competitive strategy with producers to increase the company's economies of scale.

With the flexibility of the company's strategy, it is hoped that the company will be able to renew its products on an ongoing basis and even become a technology leader in order to avoid product obsolescence (outdated) and demand the company's ability to carefully understand customer needs and how they use the product. Product design requires a comprehensive analysis of a product / market perspective and careful monitoring of environmental changes, particularly technological changes. The expected outcome of the flexibility of these strategies is an increase in market share and profit growth.

### **III. RESEARCH METHODS**

The type of research used by researchers is library research or commonly referred to as literature studies. Definition of Literature Study / Literature Study according to several experts:

According to Danial and Warsiah, Literature Study is a research conducted by researchers by collecting a number of books, magazines related to research issues and objectives. This technique is carried out in order to reveal various theories that are relevant to the problem being faced / studied as reference material in the discussion of research results. According to Nazir (1998: 112) literature study is an important step where after a researcher determines the research topic, the next step is to conduct studies related to theories related to the research topic.

### **IV. RESEARCH RESULTS AND DISCUSSION**

#### **Strengths and Weaknesses of "Investigating the Impact of Strategic Flexibility on Organizational Innovation"**

##### **A. Power**

In the abstract section, the researcher describes in full the factors that can help the development process of product innovation, one of which is to explain that the flexibility of an effective strategy to be implemented in product innovation development has a positive and significant impact on the progress of a company. In the Literature Review section, the researcher explains that the existence of strategic flexibility can help companies deal with environmental changes competitively and minimize the occurrence of risk and the researcher also explains that the flexibility strategy in the company is driven by 4 (four) things, namely resource orientation, resilience, agility, and integrity. . These conditions can encourage companies to make strategic changes and product innovation.

##### **B. Weakness**

In the introduction, the researcher does not explain how to implement the flexibility of this strategy into product innovation effectively. The researcher should describe ways of implementing strategic flexibility in realizing product innovation. Then in the literature review section the researcher does not explain product innovation, the researcher should explain in detail what it is. product innovation according to experts, what is part of product innovation, and what the innovated product looks like. In the conclusion section, the researcher does not explain the impact of strategy flexibility on product innovation

##### **Discussion result**

According to the journal Ratna Kusumawati, "The Influence of Leadership Characteristics and New Product Innovations on Company Performance to Achieve Sustainable Competitive Advantage", in this journal describes the importance of leadership skills in realizing competitive strategy policies and effective company performance to create product innovation. The statement is contained in the research concept section. In contrast to the journal Raheleh Ghorban-Bakhsh and Yousef Gholipour-Kanani, "Investigating the Impact of Strategic Flexibility on Organizational Innovation" which only focuses on the process of developing strategic flexibility towards product innovation. This is a comparison between the two journals

which include using the influence of leadership policies in building good company performance in order to create competitive advantage strategies that can be implemented during the product innovation process. However, these differences do not make the journal Raheleh Ghorban-Bakhsh and Yousef Gholipour-Kanani, "Investigating the Impact of Strategic Flexibility on Organizational Innovation" to be weak, because in the factors of strategic flexibility there are 4 (four) things, namely source orientation, power, resilience, agility, and integrity are listed in the literature review section. These four things involve some of the manager's responsibility activities that can assist managers in managing, leading, and control its duties to adapt the organization's internal environment to the external environment. So in strategic flexibility there is a leadership policy in managing company performance resources to facilitate the process of creating product innovation.

The same thing happened in the research results of the journal Victor Ringhard Pattipeilohy, "Product Innovation and Competitive Advantage: Its Effect on Marketing Performance (Study on Yellow Rice Business in Batu Meja Village, Ambon City)" supports the implementation of company strategy as a benchmark in achieving product innovation with the aim of improving marketing performance, this statement is contained in the literature review section. However, the researcher did not explain what companies need to pay attention to in creating a competitive product innovation strategy in support of competitive advantage, as has been fully stated by the journal Raheleh Ghorban-Bakhsh and Yousef Gholipour-Kanani, "Investigating the Impact of Strategic Flexibility on Organizational Innovation".

It is different with this journal, according to the journal Daniel Erwin Wijaya "The Role of Product Innovation on Competitive Advantage through the Business Model Canvas at PT. Martina Berto Tbk" innovates products with 2 (two) strategies, namely an offensive strategy (producing new products rather than existing ones) and a defensive strategy (producing revised products to existing products). Meanwhile, in the journal Raheleh Ghorban-Bakhsh and Yousef Gholipour-Kanani, "Investigating the Impact of Strategic Flexibility on Organizational Innovation", using strategic flexibility is the activity of updating a product to create added value for the product. The next difference is in the journal Daniel Erwin Wijaya, "The Role of Product Innovation on Competitive Advantage through the Business Model Canvas at PT. Martina Berto Tbk", the researcher explained the product innovation development process, but not in detail the researcher should explain the whole product innovation process in the journal. Meanwhile, in the journal Raheleh Ghorban-Bakhsh and Yousef Gholipour-Kanani, "Investigating the Impact of Strategic Flexibility on Organizational Innovation", however, this journal suggests strategies that can encourage the progress of a product.

According to the journal Joaquín Alegre-Vidal\*, Rafael Lapiedra-Alcamí, Ricardo Chiva-Gómez, "Linking operations strategy and product innovation: an empirical study of Spanish ceramic tile producers" the researcher outlines three product strategies (1) technology-based strategy, (2) intensive marketing strategy and (3) low cost strategy. According to this journal, innovative enterprise capabilities emphasize flexibility, quality, and delivery in developing new product launches. The statement in this journal supports the statement contained in the journal Raheleh Ghorban-Bakhsh and Yousef Gholipour-Kanani, "Investigating the Impact of Strategic Flexibility on Organizational Innovation", the researcher provides an explanation of strategic flexibility which also involves technology in work processes and improve innovation performance, identify customer needs and offer products and services required by customers with higher quality, as well as the flexibility of coordination to save costs, time and resources included in the research review section. There are similarities between these two journals where

the journal Joaquín Alegre-Vidal\*, Rafael Lapiedra-Alcamí, Ricardo Chiva-Gómez, “Linking operations strategy and product innovation: an empirical study of Spanish ceramic tile producers” both have links to the disclosure of strategic flexibility which is also contained in the journal Raheleh Ghorban-Bakhsh and Yousef Gholipour-Kanani, "Investigating the Impact of Strategic Flexibility on Organizational Innovation".

The similarities in strength with the two journals above are also found in the journal Junfeng Zhang, C. Anthony Di Benedetto, and Scott Hoenig, "Product Development Strategy, Product Innovation Performance, and the Mediating Role of Knowledge Utilization: Evidence from Subsidiaries in China" in the theory development section. and hypotheses, the researcher outlines the success of product innovation influenced by adequate technology and commitment of resources to product innovation in a volatile environment in an emerging market facing high costs and risks in maintaining a broad and flexible ability to respond to environmental changes. The statement in this journal is part of the benefits of strategic flexibility in the journals of Raheleh Ghorban-Bakhsh and Yousef Gholipour-Kanani, “Investigating the Impact of Strategic Flexibility on Organizational Innovation”, in the research review section, argues that when sustainable resource flexibility is high, companies can be confident in the profitability of their new product lines by using market leadership by reducing the time it takes to source resources. required. In addition, companies can integrate development, coordination between internal and external resources through the flexibility of coordination to save costs, time and resources. Flexibility can enhance innovation in various ways ranging from a resource perspective, companies with strategic flexibility access to human resources with intellectual diversity and using new technology in work processes. Therefore, It can be concluded that the contents of the journal Junfeng Zhang, C. Anthony Di Benedetto, and Scott Hoenig, "Product Development Strategy, Product Innovation Performance, and the Mediating Role of Knowledge Utilization: Evidence from Subsidiaries in China" support the results of the analysis of the journal Raheleh Ghorban-Bakhsh. and Yousef Gholipour-Kanani, "Investigating the Impact of Strategic Flexibility on Organizational Innovation" in creating product innovation using a flexibility strategy. However, in the journal Junfeng Zhang, C. Anthony Di Benedetto, and Scott Hoenig, "Product Development Strategy, Product Innovation Performance, and the Mediating Role of Knowledge Utilization: Evidence from Subsidiaries in China "has a weakness, namely the researcher does not explain how to realize the product innovation strategy and what things need to be considered in encouraging the flexibility of a competitive strategy, the researcher should describe this in a journal discussion. According to the journal Raheleh Ghorban-Bakhsh and Yousef Gholipour-Kanani, there are 4 (four) "Investigating the Impact of Strategic Flexibility on Organizational Innovation" for strategic flexibility, namely resource orientation, resilience, agility, and integrity.

According to the journal Raheleh Ghorban-Bakhsh and Yousef Gholipour-Kanani, “Investigating the Impact of Strategic Flexibility on Organizational Innovation”, companies with higher strategic flexibility can react to market dynamics better and more quickly, identifying customer needs more quickly and precisely. (rather than less agile companies), offer products and services that customers need in higher quality and in less time, bringing success to customer satisfaction. However, this does not agree with the journal Mustika Kusuma Wardani, Sunarso, and Retno Susanti, "The Influence of Product Innovation and Product Quality on Purchasing Decisions of Samsung Brand Mobile Phones with Brand Image as Moderation Variables" that in meeting customer needs, The company does not have to always carry out product innovation renewals by bringing up new state products in improving product quality to a better direction but

to carry out brand image development activities seen from the perception of purchasing decisions made by consumers. Based on the results of research in this journal, the researcher suggests that consumers who have a positive image of a brand are more likely to make purchases seen from consumer perceptions about products with well-known brands in the market that are better and have better quality than products with less popular brands. In the market, this is because brands that are popular in the market provide complete information compared to brands that tend to be left behind in the market, so with the existence of a brand, consumers can easily distinguish the characteristics of each product that has sprung up on the market. However, brand image does not seem to have enough impact in influencing competitive advantage in the market, this is argued by the journal Raheleh Ghorban-Bakhsh and Yousef Gholipour-Kanani, "Investigating the Impact of Strategic Flexibility on Organizational Innovation", strategic flexibility is the company's ability to respond to uncertainty environment and minimizing risk, when the flexibility of sustainable resources is high, companies can be confident in the profitability of their new product lines by using market leadership through reducing the time it takes to find the required resources. Nowadays corporate organizations are increasingly facing the challenge of improving their products and services to introduce brand offerings that are superior to competitors, companies with higher strategic flexibility can react to market dynamics better and faster, identify customer needs more quickly and precisely. , offering products and services that our customers need in higher quality and in less time. The capacity to produce new and unique product qualities can be realized through product innovation. It can be concluded, brand image does not moderate the effect of product innovation on purchasing decisions and brand image also does not moderate the effect of product quality on purchasing decisions.

The correlation coefficient between dimensions of online WOM and purchase behaviour has a positive and significance correlation. The correlation coefficient between “intensity” and “purchase behaviour” ( $r = 0.17, p < 0.01$ ), “valence” with “purchase behaviour” ( $r = 0.15, p < 0.01$ ) and “content” with “purchase behaviour” ( $r = 0.15, p < 0.01$ ). The regression equation was performed to test the impact of the three sub dimensions of online WoM on purchase behaviour in medical treatment in Malaysian medical industry (n= 401). The results of regression analysis are presented in Table 1

Table 1

The Multiple Regressions Analysis Result for the Relationship between Online Word-of-Mouth and Purchase Behaviour

Independent Variables	Dependent Variable Purchase Behaviour ( $\beta$ )
Intensity	.037
Valence	-.004
Content	.275
$R^2$	.10
<i>Adjust</i>	.003
<i>F change</i>	1.381

Note : Significant levels \*  $p < .05$ , \*\* $p < .01$

As can be seen in Table 1, the extent of the variance of purchase behaviour as consider by many Indonesian patients to conduct medical treatment at Malaysian hospitals is explained by online WOM of 10 percent ( $R^2 = 0.10, p < .05$ ) as indicated by the F value ( $F Change = 1.381, p > .20$ ). Valence insignificantly predicted purchase behaviour as consider to conduct medical tourism ( $\beta = -0.004, p > .90$ ). Valence implied by how method patients found many information regarding Malaysian medical tourism by mobile set or web site. In addition the success story

regarding medical treatment in Malaysian hospitals that chat by many people who has been conducted medical treatment through social media, also the dissatisfaction expression regarding medical treatment in Malaysian hospitals through by web and others online media. It seems that the Indonesian patients would gathered many “the real” information regarding medical treatment at Malaysian hospitals by the online media until they always conducted medical treatment at Malaysian hospital. However, the result showed valence WOM has a negative insignificantly predicted purchase behaviour as consider to conduct medical tourism in Malaysian hospital. Its means valence may unpredicted purchase behaviour. In addition, behaviour to using email, internet, social media and others online media to find information about medical treatment at Malaysian hospital intensively can help many people to make decision to conduct medical treatment for several disease and privacy need ( $\beta = 0.037, p > .60$ ). Likewise content insignificantly predicted purchase behaviour as consider to conduct medical tourism. The patient would be trust or believe regarding medical treatment information in Malaysian hospitals that found from digital magazine and the health website. It seem patients could gathered many information about Malaysian medical industry as a predictor to conduct medical treatment for some healing in Malaysian medical industry ( $\beta = 0.275, p > .10$ ).

## V. CONCLUSIONS AND SUGGESTIONS

### A. Conclusion

1. Flexibility is relevant to the company's ability to respond to uncertainties in the macro and micro environment, while product innovation is a reaction to the competitive environment. Uncertainty plays an important role in the strategic decision-making process. Strategy flexibility is the company's ability to respond to uncertainty by adjusting existing objectives supported by superior capabilities and knowledge. The factors that encourage strategic flexibility consist of 4 (four) things, namely resource orientation, resilience, agility, and integrity
2. Today, corporate organizations are increasingly facing challenges of improving their products and services to introduce brand offerings that are superior to competitors. Companies with higher strategic flexibility can react to market dynamics better and faster, identify customer needs more quickly and precisely, offer products and services needed by customers with higher quality and in less time and be successful in meeting satisfaction customer. The capacity to produce new and unique product qualities can be realized through product innovation.

### B. Suggestion

1. To increase the company's ability to win the competition requires reliability in selecting and implementing the right strategy as a reference for creating product innovations in accordance with changes in the competitive environment.

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