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Adaptive Innovation and Economic Performance: A Business Sustainability Perspective

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ABSTRACT

This study aims to analyze the role of adaptive innovation in improving economic performance and business sustainability in dynamic economic environments. The study employed a library research approach by reviewing scientific articles indexed in Google Scholar and published over the last five years. The analysis focused on literature discussing innovation, adaptive innovation, innovation cloning, business performance, and sustainability. The findings indicate that adaptive innovation significantly contributes to productivity improvement, operational efficiency, competitiveness, and organizational resilience. Adaptive innovation strategies enable organizations to adopt and modify successful practices, thereby reducing development costs and minimizing failure risks. Furthermore, adaptive innovation supports business sustainability by enhancing organizational flexibility and adaptability to environmental changes. The study also reveals that business success should not be measured solely through financial indicators but should incorporate sustainability and stakeholder value. Therefore, adaptive innovation serves as an important strategy for promoting economic growth and achieving long-term business sustainability.

Keywords: *Adaptive Innovation, Business Sustainability, Economic Performance, Innovation Cloning, Organizational Resilience.*

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1. | INTRODUCTION

Economic development in the modern era is characterized by increasingly dynamic business competition, rapid technological advancement, and changing market demands. These conditions encourage organizations and business actors to continuously adapt to maintain competitiveness and achieve sustainable growth. In this context, innovation has become one of the most important determinants of economic performance because it enables firms to improve efficiency, create value, and respond effectively to environmental changes. Innovation not only supports business survival but also contributes to broader economic growth through productivity enhancement and market expansion (Adam & Alarifi, 2021; Chemma, 2021).

Business entities, particularly small and medium-sized enterprises (SMEs), play a significant role in stimulating economic activity, generating employment, and promoting social welfare. The contribution of SMEs to economic systems has been widely recognized due to their flexibility and ability to adapt to changing market conditions. However, limited resources, technological constraints, and intense competition often hinder their capacity to generate original innovations. Consequently, businesses increasingly seek alternative strategies to maintain competitiveness while minimizing costs and risks associated with innovation processes (Ibarra et al., 2020; Maksum et al., 2020).

Innovation is widely regarded as a strategic instrument that creates competitive advantages and enhances organizational performance. Firms capable of implementing innovation tend to exhibit greater resilience and higher growth potential in dynamic environments. Previous studies have demonstrated that innovation positively influences business performance, entrepreneurial success, and long-term sustainability (Borowski, 2021; Abu-Rumman et al., 2021). Nevertheless, innovation does not always originate from entirely new ideas. Many organizations improve performance by adapting, modifying, or adopting existing innovations from external sources.

One adaptive approach receiving increasing scholarly attention is innovation cloning, which refers to the process of adopting and modifying successful ideas or practices developed by other organizations. Innovation cloning enables firms to reduce research and development costs while decreasing uncertainty and failure risks. This strategy is especially beneficial for organizations with limited resources because it facilitates faster implementation of innovation and market responsiveness (TerBraak & Deleersnyder, 2018). Research by Chaniago (2022) further indicates that innovation cloning, including creativity cloning and implementation cloning, positively contributes to business success and owner interests, highlighting the practical value of adaptive innovation strategies in economic activities.

Despite the growing body of literature on innovation, several research gaps remain. First, prior studies have largely emphasized original innovation, while adaptive innovation strategies such as innovation cloning remain underexplored. Second, existing studies are often context-specific, focusing on particular industries or regions, thereby limiting generalizability to broader economic settings. Third, most studies evaluate business success primarily from financial perspectives, with less attention given to sustainability and broader dimensions of organizational performance. Finally, empirical evidence on the relationship between adaptive innovation and economic resilience in dynamic environments remains limited.

Based on these gaps, this study aims to examine the role of adaptive innovation in enhancing economic performance and business sustainability. By integrating perspectives on innovation, adaptation, and organizational success, the study contributes to a broader understanding of how innovation strategies can support sustainable economic development in contemporary business environments.

2. | LITERATURE REVIEW

Innovation and Adaptive Innovation in Economic Development

Innovation has long been recognized as one of the primary drivers of economic growth and business competitiveness. In modern economies, innovation enables organizations to improve productivity, optimize resources, and create value-added products and services. Firms that continuously innovate tend to adapt more effectively to changing market conditions and technological disruptions. Consequently, innovation is not only viewed as a tool for achieving competitive advantage but also as a strategic resource that supports long-term business sustainability (Borowski, 2021; Chemma, 2021).

However, the capacity to generate original innovation is often constrained by financial limitations, technological capabilities, and human resources. Under such circumstances, businesses frequently adopt adaptive innovation strategies that involve modifying or imitating existing innovations. Adaptive innovation allows firms to reduce development costs and minimize the risk of failure while maintaining market relevance. One notable form of adaptive innovation is innovation cloning, which involves adopting successful ideas and adjusting them according to organizational needs and market demands (TerBraak & Deleersnyder, 2018).

Recent studies suggest that adaptive innovation contributes significantly to organizational flexibility and resilience in dynamic environments. Through adaptation and continuous improvement, firms can strengthen their market positions and sustain economic activities over time. Therefore, adaptive innovation represents an important mechanism for enhancing competitiveness and promoting sustainable economic development in increasingly uncertain business environments.

Business Performance and Sustainability

Business performance reflects the extent to which organizations achieve their economic objectives, including profitability, growth, and market competitiveness. Traditionally, performance has been measured through financial indicators such as sales growth, profitability, and market share. Nevertheless, recent literature argues that business success should also incorporate non-financial dimensions, including stakeholder satisfaction, innovation capability, and sustainability outcomes (Abu-Rumman et al., 2021).

Sustainability has emerged as a critical aspect of business performance because organizations are increasingly expected to balance economic objectives with social and environmental responsibilities. Sustainable businesses are generally more resilient to market fluctuations and better positioned to achieve long-term success. Studies indicate that firms implementing innovative practices tend to exhibit stronger sustainability performance and improved organizational resilience (Adam & Alarifi, 2021).

Furthermore, organizational performance is influenced not only by internal capabilities but also by the ability to respond to external changes. Firms capable of integrating innovation strategies into their operations often demonstrate superior adaptability and competitiveness. Research conducted by Chaniago (2022) found that adaptive innovation practices positively influence business success by improving organizational effectiveness and supporting owner interests. These findings suggest that innovation and sustainability are closely interconnected and collectively contribute to economic performance and long-term business viability.

3. | RESEARCH METHOD

This study employed a qualitative approach using the library research method. Library research was selected because it enables researchers to systematically identify, evaluate, and synthesize existing scientific knowledge related to innovation, adaptive innovation, business performance, and economic sustainability. Through this approach, the study aimed to develop a comprehensive understanding of the role of adaptive innovation in supporting economic performance and long-term business sustainability without collecting primary data directly from respondents.

The research process began with the identification of relevant literature published over the last five years to ensure the recency and relevance of the theoretical foundations. Scientific articles indexed in Google Scholar served as the primary data sources, particularly those discussing innovation strategies, innovation cloning, business performance, entrepreneurship, and sustainability. The literature selection process emphasized peer-reviewed journals with recognized academic credibility.

Data collection was conducted through documentation techniques by gathering journal articles, scientific reports, and other scholarly sources relevant to the research objectives. The collected data were then organized according to thematic categories, including innovation theory, adaptive innovation, economic performance, and business sustainability. Subsequently, content analysis was applied to identify patterns, relationships, similarities, and differences among previous studies. This analytical procedure enabled the formulation of research gaps and the development of an integrated conceptual framework.

To ensure validity and reliability, only literature that met predetermined inclusion criteria was used, namely publications from the last five years, relevance to the research topic, and accessibility through Google Scholar databases. The synthesis of findings from previous studies was expected to provide a holistic perspective on how adaptive innovation contributes to organizational performance and sustainable economic development. Therefore, this study offers theoretical insights that can serve as a basis for future empirical investigations in the field of economics and business.

4. | RESULTS

The Role of Adaptive Innovation in Economic Performance

The synthesis of previous studies demonstrates that innovation remains a crucial determinant of economic performance in contemporary business environments. Innovation contributes to productivity growth, competitive advantage, and organizational adaptability, enabling firms to respond effectively to changing market conditions. Firms that continuously develop innovative capabilities tend to achieve superior economic outcomes compared to those relying solely on traditional business practices (Borowski, 2021; Chemma, 2021). This finding indicates that innovation functions not merely as a technological activity but also as a strategic mechanism for sustaining business competitiveness.

However, creating original innovations often requires significant financial resources, advanced technology, and skilled human capital. These limitations encourage firms to adopt alternative strategies such as adaptive innovation. Adaptive innovation refers to the process of adopting, modifying, and implementing existing ideas according to organizational needs. Such strategies allow businesses to reduce uncertainty and accelerate market responses while maintaining operational efficiency (TerBraak & Deleersnyder, 2018).

Among the forms of adaptive innovation, innovation cloning has emerged as an effective approach for organizations with limited resources. Chaniago (2022) found that innovation cloning positively influences business success, particularly through implementation cloning, which directly improves financial performance and owner satisfaction. The study further revealed that creativity cloning and implementation cloning collectively contribute to organizational success, emphasizing the practical relevance of adaptive innovation in business contexts.

Empirical evidence also suggests that innovation contributes significantly to entrepreneurial performance. Abu-Rumman et al. (2021) demonstrated that entrepreneurial orientation and dynamic capabilities enhance firm performance by strengthening adaptability and innovation capacity. Similarly, Ibarra et al. (2020) argued that business model innovation enables firms to adjust their strategies in response to evolving economic conditions, thereby increasing resilience and long-term viability.

Furthermore, innovation has been recognized as a mechanism for improving organizational flexibility. Danish et al. (2019) highlighted that creativity plays an essential role in fostering entrepreneurial culture and innovative behavior. Firms capable of integrating creativity into their strategic activities tend to generate more effective solutions and achieve better economic outcomes. Likewise, Kassa (2021) emphasized that employee creativity significantly contributes to organizational innovation and overall performance.

Another important aspect concerns environmental dynamism. Chemma (2021) argued that disruptive innovation can become a winning strategy in rapidly changing markets. Firms that successfully adopt adaptive innovation practices are more capable of responding to uncertainty and sustaining competitiveness. This finding supports the view that innovation should be regarded as a continuous process rather than a one-time activity.

The results also indicate that adaptive innovation contributes to market expansion and operational efficiency. Sundström et al. (2020) found that market-oriented innovation strategies enhance internationalization opportunities and competitiveness among firms. Consequently, adaptive innovation not only improves financial outcomes but also supports strategic growth and long-term sustainability.

Overall, the reviewed literature consistently demonstrates that adaptive innovation plays a vital role in enhancing economic performance. Organizations capable of integrating innovation into their strategic processes are more likely to achieve growth, competitiveness, and resilience in dynamic business environments.

Adaptive Innovation and Business Sustainability

Business sustainability has become a central objective in modern economic systems. Sustainability refers to an organization's ability to maintain its operations and achieve long-term success while adapting to environmental changes. Recent studies indicate that innovation serves as a key factor supporting sustainability by enabling firms to respond effectively to evolving market demands and technological developments (Adam & Alarifi, 2021).

The literature suggests that sustainable businesses are characterized by their capacity to innovate continuously. Innovation facilitates resource optimization, improves operational efficiency, and creates value for stakeholders. As a result, firms implementing innovative strategies tend to exhibit greater resilience during periods of uncertainty and economic disruption (Borowski, 2021).

In the context of SMEs, innovation is particularly important because these enterprises often operate under resource constraints. Maksum et al. (2020) emphasized that empowering SMEs through innovative approaches contributes to economic development and social welfare. Similarly, Susanto and Meiryani (2019) argued that environmental and managerial practices positively influence organizational performance and sustainability.

Research findings further reveal that adaptive innovation supports business continuity by reducing risks associated with market changes. Innovation cloning, for example, allows firms to imitate successful practices while adapting them to local contexts and customer needs. According to Chaniago (2022), implementation cloning positively affects financial performance and owner interests, demonstrating its effectiveness in supporting business sustainability. The study also highlights that adaptive innovation represents a practical solution for maintaining competitiveness under resource limitations.

Entrepreneurial characteristics also influence sustainability outcomes. Khan et al. (2021) found that entrepreneurial capabilities and innovation orientation significantly affect business success. Firms led by innovative entrepreneurs are more likely to sustain growth and respond effectively to environmental changes. Similarly, Márquez and Ortiz (2021) proposed that entrepreneurship and innovation collectively create strategic advantages that enhance long-term business viability.

Moreover, organizational networks and collaboration have been identified as important factors supporting sustainability. Abu-Rumman et al. (2021) demonstrated that entrepreneurial networks strengthen organizational capabilities and improve performance. Collaboration facilitates knowledge exchange and promotes innovation adoption, enabling firms to adapt more effectively to changing market environments.

Family businesses and SMEs also benefit from innovation through enhanced organizational performance. Ingram et al. (2020) found that innovation positively influences performance outcomes by strengthening organizational capabilities and improving strategic flexibility. These findings reinforce the argument that innovation contributes not only to economic growth but also to sustainability.

The findings additionally indicate that adaptive innovation promotes economic resilience. Firms capable of integrating innovation into their operations are better positioned to withstand crises and maintain competitiveness. Adam and Alarifi (2021) emphasized that innovation practices help businesses survive periods of uncertainty by facilitating adaptation and resource reallocation.

Collectively, the reviewed literature demonstrates that adaptive innovation is closely associated with business sustainability. Innovation enables firms to improve performance, strengthen resilience, and achieve long-term economic success. Therefore, adaptive innovation should be considered a strategic priority for organizations seeking sustainable growth in increasingly dynamic economic environments.

The synthesis of previous studies further reveals several research gaps. Existing studies predominantly focus on original innovation, whereas adaptive innovation remains underexplored. Many studies are context-specific and emphasize financial outcomes rather than broader sustainability dimensions. Consequently, future research should examine adaptive innovation within broader economic settings and incorporate multidimensional indicators of business success, including social and sustainability outcomes.

5. | DISCUSSION

The findings of this study indicate that adaptive innovation plays a strategic role in enhancing economic performance and supporting long-term business sustainability.

Innovation is increasingly recognized as an essential mechanism for maintaining competitiveness in dynamic business environments characterized by rapid technological changes and market uncertainty (Borowski, 2021; Chemma, 2021). Organizations capable of adapting their innovation strategies are generally better positioned to achieve growth and resilience (Adam & Alarifi, 2021; Abu-Rumman et al., 2021).

The present study confirms that innovation should not be limited to the creation of entirely new ideas but may also involve the adaptation and modification of existing practices. This perspective aligns with the concept of innovation cloning proposed by TerBraak and Deleersnyder (2018), which emphasizes that firms can obtain competitive benefits by adopting and adapting successful innovations. Similarly, Chaniago (2022) found that innovation cloning positively influences business success, especially through implementation activities that directly improve performance and owner satisfaction. These findings reinforce the argument that adaptive innovation can become an effective strategy for organizations with limited resources (Chaniago, 2022; TerBraak & Deleersnyder, 2018).

Furthermore, the study highlights the importance of innovation as a driver of economic performance. Firms that integrate innovation into their strategic processes tend to achieve superior outcomes in terms of productivity, competitiveness, and market expansion (Ibarra et al., 2020; Sundström et al., 2020). Innovation enables organizations to identify opportunities, respond to changing customer demands, and improve operational efficiency (Borowski, 2021; Chemma, 2021). These findings are consistent with previous studies emphasizing the relationship between innovation and organizational success (Abu-Rumman et al., 2021; Khan et al., 2021).

Another important implication concerns the role of creativity in fostering adaptive innovation. Entrepreneurial creativity has been shown to stimulate innovative behavior and organizational flexibility (Danish et al., 2019; Kassa, 2021). Creative capabilities allow firms to generate ideas, identify market opportunities, and develop adaptive responses to external challenges (Márquez & Ortiz, 2021). In line with these arguments, adaptive innovation represents a combination of creativity and implementation that contributes to sustainable growth (Chaniago, 2022; TerBraak & Deleersnyder, 2018).

Business sustainability also emerges as a significant outcome of innovation practices. Firms implementing innovative strategies tend to exhibit stronger resilience and better long-term performance (Adam & Alarifi, 2021; Susanto & Meiryani, 2019). Sustainable organizations continuously improve their capabilities and adapt to environmental changes, thereby enhancing competitiveness and ensuring continuity (Maksum et al., 2020; Ingram et al., 2020). Entrepreneurial networks and collaboration further strengthen organizational capacities to innovate and achieve sustainable outcomes (Abu-Rumman et al., 2021).

Despite these positive findings, existing studies still reveal several limitations. Most previous research has focused on original innovation rather than adaptive innovation

(TerBraak & Deleersnyder, 2018; Chaniago, 2022). In addition, many studies remain context-specific and rely heavily on financial indicators of success (Khan et al., 2021; Ibarra et al., 2020). Therefore, future research should adopt broader perspectives by incorporating multidimensional measures of economic performance and sustainability (Adam & Alarifi, 2021; Abu-Rumman et al., 2021). Expanding the scope of adaptive innovation research may provide deeper insights into how organizations can sustain growth and resilience in increasingly uncertain economic environments.

6. | CONCLUSION

Innovation has become a crucial factor in supporting economic growth, business competitiveness, and organizational sustainability in increasingly dynamic business environments. This study demonstrates that adaptive innovation plays an important role in enhancing economic performance and ensuring long-term business continuity. Unlike original innovation, adaptive innovation enables organizations to adopt, modify, and implement existing ideas according to their needs and market conditions, thereby reducing costs and minimizing uncertainty.

The findings indicate that adaptive innovation contributes to improved productivity, operational efficiency, market responsiveness, and organizational resilience. Businesses that integrate innovation into their strategic activities are more likely to achieve sustainable growth and maintain competitiveness in changing economic conditions. Furthermore, adaptive innovation supports business sustainability by strengthening organizational capabilities and facilitating continuous adaptation to environmental changes.

This study also highlights that business success should not be assessed solely from financial perspectives but should include broader dimensions such as sustainability, adaptability, and stakeholder value. The integration of innovation and sustainability provides organizations with strategic advantages that support long-term viability. Therefore, adaptive innovation should be regarded as a strategic priority for organizations seeking to achieve economic success and sustainable development. Future studies are encouraged to employ empirical approaches and broader contexts to further examine the multidimensional impacts of adaptive innovation on economic and organizational outcomes.

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Conflict of Interest Statement

The authors declare that there is no conflict of interest.

Ethical Approval and Originality Statement

Ethical approval was obtained for this study. The manuscript represents original work and has not been previously published, nor is it under consideration by another journal.

Data Disclosure Statement

The data that support the findings of this study are available from the corresponding author upon reasonable request.

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