
BUSINESS COMBINATION STRATEGY TO IMPROVE COMPANY COMPETITIVE ADVANTAGE

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INTRODUCTION

In an increasingly competitive and global business world, companies are required to continue to adapt and find new ways to stay relevant and superior. One approach that is increasingly being chosen is the business combination strategy. This strategy integrates various aspects of the business to create greater and more sustainable value.

A business combination strategy involves combining various models and resources owned by the company. The goal is to maximize existing potential and create synergy between various business units. By doing this, companies can not only improve operational efficiency, but also expand market share and create products or services that are superior to competitors.

It is important for companies to explore various dimensions of strategy, such as product diversification, establishing strategic alliances, and investing in technological innovation. This approach allows companies to not only adapt to market changes, but also to anticipate the evolving needs and desires of customers.

This article will discuss in depth the business combination strategy, including its basic principles, the benefits that can be obtained, and the challenges that companies may face when implementing this strategy. With a deeper understanding, it is hoped that companies can formulate effective steps to increase competitive advantage and achieve their long-term goals

RESULTS AND DISCUSSION

A business combination strategy is an approach that integrates various business elements to create a competitive advantage. This includes combining different business models, optimal utilization of resources, and synergies between existing business units. With this strategy, companies can achieve higher efficiency and respond more quickly to market changes. This strategy has several aspects, namely:

1. Diversification

Diversification involves developing new products or entering new markets to reduce risk and increase revenue opportunities. Companies can diversify horizontally (adding related products) or vertically (taking over production or distribution processes).

One way to implement a business combination strategy is through product diversification. By introducing new products or variations of existing products,

companies can reach a wider market segment. This diversification not only reduces the risk faced by the company but also increases the opportunity to earn additional revenue.

2. Strategic Alliances

Building alliance strategies with other companies is also an important part of a business combination strategy. By forming partnerships, companies can leverage their partners' expertise and resources, such as technology, distribution networks, and access to new markets. These alliances can take the form of collaboration in product development, research and development, or even joint marketing. Strategic alliances are a powerful tool in a business combination strategy. By leveraging the expertise and resources of partners, companies can achieve better results and increase their competitiveness. Although there are challenges, with good management and clear goals, these alliances can provide long-term benefits.

3. Technological Innovation

Technological innovation is one of the main pillars in a business combination strategy that aims to increase a company's competitive advantage. Through the application of new technologies, companies can improve processes, products, and services, and adapt quickly to market changes.

Technological innovation is also key to maintaining competitiveness in a rapidly changing market. By adopting the latest technology, companies can improve production processes, reduce costs, and improve product quality. A business combination strategy that utilizes technology also allows companies to introduce new services that can improve the customer experience.

4. Resource Management

Efficient resource management is an important part of a business combination strategy that aims to increase competitive advantage. By optimizing the use of existing resources, companies can increase productivity, reduce costs, and create more value for customers. The application of efficient principles and effective management can help achieve this and create more value for customers without significantly increasing costs.

5. Market Responsiveness

Market responsiveness is the ability of a company to quickly and effectively respond to changing consumer needs and preferences. In the context of a business combination strategy, this responsibility is key to maintaining competitiveness and relevance in an active market. By conducting regular market analysis and adapting business strategies, companies can stay relevant and compete effectively.

6. Implementation Challenges

Although a business combination strategy offers many benefits, there are some challenges that need to be considered. One of them is the need to align visions and goals between different business units. Mismatches in goals can lead to conflict and reduce the effectiveness of the strategy. In addition, companies must also be prepared to face changes in organizational culture, because collaboration between business units often requires changes in the way they work and communicate.

Business combination strategies offer a variety of benefits that can help companies improve their competitiveness and achieve their long-term goals. Here are some of the key benefits:

1. Increased Operational Efficiency

By integrating different business elements, companies can optimize processes and reduce waste. This results in increased operational efficiency, which has a positive impact on costs and productivity.

2. Revenue Diversification

A business combination strategy allows companies to diversify products and services, thereby reducing dependence on a single source of revenue. This helps companies reduce the risks associated with market neck.

3. Access to Better Resources

Through strategic alliances and collaborations, companies can access resources, technology, and expertise that they may not have had before. This can improve innovation and product development capabilities.

4. Continuous Innovation Development

A business combination strategy encourages innovation by combining ideas and perspectives from different business units. This can result in new products and services that are more attractive to customers.

5. Increased Competitiveness

By utilizing a combination strategy, companies can strengthen their market position and increase their competitiveness. This includes the ability to respond to customer needs more quickly and effectively.

6. Market Expansion

A combination of different business units can open up opportunities to enter new markets or segments that were previously unreachable. This helps companies expand their market reach and reach more customers.

7. Improved Quality of Products and Services

By integrating expertise and resources from different sources, companies can improve the quality of products and services offered. This contributes to higher customer satisfaction.

8. Risk Reduction

Diversification and collaboration can help companies reduce the risks they face. By spreading investments and resources across multiple regions, companies are better able to address market areas.

Although the combination of business strategies offers many advantages, companies also face various challenges in implementing it. Here are some of the key challenges that may arise:

1. Alignment of Goals and Vision

Differences in goals and visions between business units can lead to conflict and confusion. It is important to ensure that all parties have aligned goals for effective collaboration.

2. Resistance to Change

Employees may be comfortable with the existing way of working and show resistance to change. Managing organizational culture change is key to overcoming this challenge.

3. Ineffective Communication

Lack of clear and open communication between teams can hinder strategy implementation. Information that is not conveyed properly can lead to misunderstandings and ineffectiveness.

4. Resource Constraints

A company may not have sufficient resources—both financial and human—to support the implementation of a complex strategy. Appropriate resource allocation is critical.

5. Risk Management

Implementing a new strategy always carries risks. Companies must be able to identify and manage the risks associated with change, including financial and operational risks.

6. Market Uncertainty

Rapid changes in markets and consumer preferences can render planned strategies irrelevant. Companies need to be flexible and able to adapt quickly to these changes.

7. Performance Evaluation and Measurement

Determining the right metrics to measure the success of an implementation can be difficult. Without an effective evaluation system, a company cannot know whether the strategy is working.

8. Top Management Involvement

Without the support and active involvement of top management, a strategy may not get the attention or resources it needs. Support from top management is critical to successful implementation

CONCLUSION

A business combination strategy is an effective approach for companies to increase their competitive advantage in an increasingly competitive market. By integrating various business elements, such as product diversification, partnership strategies, technological innovation, and resource management, companies can create synergies that lead to increased operational efficiency and expanded market reach.

Although there are many benefits, such as improved product quality, revenue diversification, and risk reduction, companies must also face challenges in their implementation. These challenges include alignment of goals between business units, resistance to change, and resource constraints.

Therefore, the success of a business combination depends heavily on the company's ability to manage these challenges well, as well as ensuring active involvement from top management. With a deep understanding and the right approach, companies can formulate effective steps to achieve long-term goals and remain relevant in the market.