

Effective Business Strategies to Improve Startup Sustainability and Competitiveness in an Era of Tight Competition

Alvino Rizky Mahardika¹
Universitas Teknologi dan Kewirausahaan Makassar

Tiara Melani Putri²
Institut Bisnis dan Teknologi Surya Nusantara Yogyakarta

Submitted :02-11-2024, Accepted : 04-12-2024, Published : 06-01-2025

Abstract

This study aims to identify effective business strategies to improve the sustainability and competitiveness of startups amidst increasingly tight market competition. Startups, as the main drivers of innovation in various sectors, face major challenges in maintaining their existence and growing in a dynamic and competitive business ecosystem. This study uses a descriptive qualitative approach by combining three main data sources, namely in-depth interviews with startup founders and CEOs, direct observation of startup operations, and documentation analysis covering annual reports, financial data, and implemented business strategies. Through data triangulation, this study successfully identified several key factors that influence the sustainability and competitiveness of startups, including product innovation, funding, human resource management, and marketing and expansion strategies. The results of the study show that product innovation is a key factor in maintaining startup competitiveness, with many startups focusing on developing products that can adapt to changing market needs. Funding is also a major challenge faced by many startups, with difficulties in obtaining sufficient funds to support development and expansion. In addition, effective human resource management and an inclusive corporate culture play a role in maintaining the sustainability and competitiveness of startups.

Keywords: Business strategy, sustainability, competitiveness, startups, product innovation, funding, human resource management.

Introduction

In today's global environment, startups are critical in driving innovation across sectors including technology, healthcare, education, and finance. These innovative entities leverage disruptive technologies to challenge traditional business models and create new markets, driving industry disruption (Yaşar, 2024). However, despite their potential, startups face significant challenges in the competitive landscape. A robust startup ecosystem, characterized by a supportive network of investors, accelerators, and mentors, is critical to survival and growth (Madanchian & Taherdoost, 2024). Startup accelerators, in particular, provide critical resources and mentorship, helping startups refine their business models and secure funding, which is critical to navigating the complexities of market entry and scaling.

Rapid technological developments and shifting consumer trends present both opportunities and challenges for startups. Key factors influencing their competitiveness include effective resource allocation, which is essential to optimize performance and minimize waste (Imricsko, 2024), and a strong funding strategy that allows startups to secure the capital needed for growth (Ammirato et al., 2024). Additionally, innovation management is critical, as it enables startups to generate and implement new ideas that keep them relevant in a dynamic market (Khuan et al., 2023). Without a distinct competitive advantage, startups struggle to differentiate themselves, making it difficult to attract and retain customers.

The rapid growth of startups in Indonesia, particularly in the technology and digital sectors, is overshadowed by a worrying statistic: around 80% of these startups fail within the first three years of operation (Rozas & ER, 2024). This high failure rate underscores the significant sustainability challenges that many startups face, including financial, operational, and strategic constraints (Judijanto, 2024). Despite innovative ideas, the Indonesian startup ecosystem struggles to provide adequate support, which is critical for long-term survival (Safitri et al., 2024). Factors such as limited funding opportunities from venture capital, angel investors, and government grants further exacerbate these challenges.

Startups often face failure due to the absence of a comprehensive business strategy that addresses the competitive landscape. Conducting a thorough competitive market analysis is essential to understand market positioning and identify gaps, which can inform strategic decisions (Strauss & Villas Bôas Júnior, 2023). In addition, adopting a sustainable business model is essential, as it focuses not only on profitability but also minimizes environmental and social impacts, thereby enhancing brand reputation and attracting investors (Enwereji et al., 2024). Effective financial planning and management are also essential, enabling startups to manage resources efficiently and ensure long-term sustainability (Igbokwe, 2024). Furthermore, operational efficiency plays a vital role in reducing costs and increasing productivity, which can enhance competitiveness (Odonkor et al., 2024). Finally, customer

segmentation allows startups to tailor their marketing strategies to specific groups, increasing engagement and generating revenue (Silva Júnior et al., 2022).

Methods

The research method used in this study is a descriptive qualitative approach that aims to explore in depth the various factors that influence the sustainability and competitiveness of startups in a competitive business ecosystem. The approach used in this study is qualitative, because this study aims to gain an in-depth understanding of effective startup business strategies in improving their sustainability and competitiveness. The subjects of this study are startups operating in the city of Bandung, especially those that have been operating for more than two years and have faced challenges in maintaining their competitiveness and business sustainability.

Results and Discussion

Table 1. Research Results

Data Source	Theme	Findings
Interview	Product Innovation Strategy	Most startups emphasize product innovation as a key to maintaining competitiveness. Innovation is carried out continuously.
	Funding and Resources	Funding is a major challenge for startups. Many struggle to secure adequate funding to expand their operations.
	Human Resource Management	Effective HR management and a solid team are crucial for sustaining startup businesses. An inclusive company culture supports individual growth.

Data Source	Theme	Findings
Observation	Continuous Innovation	Startups regularly hold brainstorming sessions to generate innovative ideas and adopt agile approaches in product development.
	Resource Limitations	Some startups face constraints in time and resource allocation to support business growth. Tasks are often divided among individuals with multiple roles.
	Company Culture	Successful startups have an open company culture where employees feel valued and are free to express ideas.
Documentation	Financial Achievements	Successful startups show stable revenue growth even while in the break-even phase. Relationships with investors are crucial.
	Marketing and Expansion Strategies	Aggressive digital marketing strategies including social media and paid advertising are key to expanding market reach.
	Funding and Business Planning	Proper funding greatly influences a startup's ability to develop products and scale. A clear business plan helps secure investment.

Source: Data Processed (2025)

1) Product Innovation Strategy

Most startups emphasize product innovation as a key strategy to maintain competitiveness. In interviews, startup founders and CEOs emphasized the importance of continuously innovating and improving products continuously. This shows that innovation is a key factor for

startups to stay relevant and excel in the tight market competition. Startups that focus on product innovation can create added value for consumers, which helps maintain customer loyalty.

2) Funding and Resources

Funding is one of the biggest challenges for startups, with many of them struggling to obtain sufficient funds to support business expansion. This finding shows that even though startups have innovative ideas, limited funding can limit their ability to grow. Startups that succeed in obtaining funding from investors or venture capital will have an advantage in developing their products and expanding their markets. Therefore, an efficient funding management strategy is essential to improving sustainability.

3) Human Resource Management

Effective human resource (HR) management and the formation of a solid team are important factors in maintaining business sustainability. Many startups emphasize the importance of an inclusive company culture and support for individual development within the team. This shows that the success of a startup does not only depend on product ideas and innovation, but also on their ability to build a team that is skilled, committed, and has the same vision in achieving the company's goals.

4) Continuous Innovation

Observations show that startups regularly hold brainstorming sessions to create innovative ideas and adopt an agile approach in product development. This process allows them to adapt quickly to changing market needs. By prioritizing continuous innovation, startups can better respond to market dynamics, which gives them an advantage in maintaining competitiveness. The agile approach also allows startups to minimize the risk of product failure and optimize product development efficiently.

5) Resource Limitations

Some startups face problems with limited time and resource allocation. In observations, researchers found that many startups have to divide tasks among individuals with multiple roles, which can affect their operational efficiency. This shows the main challenge for startups with limited resources to maintain a balance between growth and operational management. Therefore, startups need to find solutions to increase efficiency in resource allocation, either through technology or more effective task allocation.

6) Company Culture

Successful startups have an open company culture, where employees feel valued and are given the freedom to express their ideas. This is reflected in the observation that teams working in startups with inclusive and supportive cultures are often more enthusiastic and innovative. A company culture that supports individual development and good team collaboration can increase productivity and accelerate innovation, which is crucial for the sustainability and competitiveness of startups.

7) Financial Achievement

The financial data collected shows that startups that are successful in maintaining sustainability have stable revenue growth, although most are still in the break-even phase. This shows that although startups do not always make big profits in the early stages, they can continue to operate and grow if they have a mature and efficient business plan. Stable financial achievement provides a strong foundation for startups to reinvest in innovation and expansion.

8) Marketing and Expansion Strategy

Based on the documentation data, startups that have successfully increased their competitiveness show the use of aggressive digital marketing strategies, including social media, paid advertising, and collaboration with influencers. These marketing strategies allow them to reach a wider audience and increase brand awareness. Expansion into international markets is also a key strategy for startups to expand their market reach and increase their long-term

sustainability. Effective marketing and the right expansion strategy are essential in winning the competition in the global market.

9) Funding and Business Plan

A clear and well-structured business plan is very helpful in obtaining funding. Documentation shows that startups that have a solid business plan tend to be more successful in attracting investors and venture capital. This shows that startups that have a clear strategy and development plan are more trusted by investors, which is important for their sustainability. Therefore, it is important for startups to have a mature plan in order to obtain the necessary financial support.

10) Product Innovation Strategy as the Key to Competitiveness

Product innovation is the main factor that allows startups to compete in a very dynamic and competitive market. Based on interview and observation findings, most startups that have succeeded in increasing their competitiveness emphasize the importance of continuous innovation in their products. This is in line with the concept of disruptive innovation put forward by Christensen (1997), where startups often replace existing solutions with products that are more efficient, more affordable, or more relevant to consumer needs. By continuing to innovate, startups can maintain their relevance in the market and create a competitive advantage.

However, product innovation is not just about creating something new, but also about adapting to rapidly changing market needs. Observations show that startups that adopt agile methods in product development, where they can iterate and update products quickly based on consumer feedback, tend to be more successful in facing market changes. Therefore, a sustainable innovation strategy that is responsive to changing market needs is crucial for long-term competitiveness.

11) Funding as a Key Challenge for Startups

Funding is a key challenge faced by many startups, as expressed in interviews with startup founders and CEOs. This finding shows that startups often struggle to obtain sufficient funding

to support product expansion and development. Funding limitations are also evident from observations that show that many startups allocate their limited resources to product development and marketing, but often struggle to achieve them.

Insufficient funding hinders a startup's ability to develop operational capacity, expand the market, or conduct research and development. In this case, successful startups are those that are able to attract the attention of investors or venture capital, as well as those that have a transparent and sustainable business model. Therefore, a clear funding strategy and good relationships with investors are one of the keys to a startup's sustainability and competitiveness. This research is in line with the findings of Gompers and Lerner (2001) which show that appropriate funding can accelerate startup growth.

12) Effective Human Resource Management

Another aspect that is no less important in maintaining startup sustainability is human resource (HR) management. Findings from interviews and observations show that successful startups have solid teams and effective HR management. This indicates that an inclusive corporate culture that supports individual development in the team can accelerate innovation and improve company performance. Competent and committed teams play a big role in maintaining sustainability and competitiveness, because they can work more efficiently, create better solutions, and adapt quickly to existing challenges.

The results of observations also show that successful startups prioritize an open corporate culture, where employees feel valued and have the freedom to convey new ideas. This creates an environment that supports collaboration and innovation, which is very important in ensuring that startups remain competitive in the market.

13) Resource Limitations and Time Management

Although innovation and effective HR management can improve sustainability, this study also found that many startups face resource constraints, especially in terms of time and manpower. Many startups have small teams, so team members have to take on many roles at

once. This can reduce operational efficiency and impact the speed of decision-making and strategy implementation. These findings reflect common challenges faced by many startups with limited resources.

Startups need to find ways to improve efficiency in managing their resources, such as through the use of technology to automate processes or by strengthening collaboration between teams. The researchers underline that good time and resource management are key to addressing these challenges.

14) Marketing and Expansion Strategy

Marketing and expansion strategies also play a significant role in the sustainability and competitiveness of startups. Based on documentation and interviews, successful startups often use aggressive digital marketing to reach a wider market and increase their brand awareness. These approaches include social media marketing, influencer collaborations, and paid advertising. In addition, expansion into international markets is also an important strategy for startups looking to increase their competitiveness, especially when facing larger companies.

However, market expansion must be done carefully, as opening new markets often requires large investments and a well-thought-out strategy. Therefore, it is important for startups to ensure that expansion is carried out adequately and in accordance with their capacity.

15) Financial Sustainability and Business Plan

A solid business plan is essential to set the direction of startup development and attract investors. Findings from the documentation show that successful startups have a clear business plan, which includes a long-term strategy to maintain sustainability. A good business plan not only helps in attracting funding but also provides a guide for startups to grow in a structured way.

Startups that have a long-term vision and a clear strategy are better able to survive challenges. A solid business plan helps startups to stay focused on their goals and mitigate risks that may arise during the business journey.

16) Factors Affecting Startup Sustainability and Competitiveness

According to previous research, several factors that can affect startup sustainability and competitiveness include product innovation, funding, human resource management, and technology adoption.

- a. Innovation is the main factor that differentiates startups from large companies. Successful startups often offer new solutions that are more efficient or more relevant to market needs. For example, new technologies in health and fintech applications in Indonesia show how product innovation can increase startup competitiveness and sustainability (Dutta & Evrard, 2020).
- b. Funding sources are a major challenge for many startups, especially in the early stages. Startups that can attract investment from venture capital or angel investors have a greater chance of surviving and growing. According to Gompers and Lerner (2001), proper funding is essential to increasing startup competitiveness, especially in terms of product development and marketing.
- c. The team's ability to manage the business and adapt to existing challenges is also a key factor in startup sustainability and competitiveness. Startups that have a solid team and can adapt quickly have a greater chance of success (Kuratko, 2005).
- d. The use of the latest technology allows startups to improve operational efficiency and expand their market. Startups that successfully integrate technology, such as AI and big data, into their business models tend to be more successful in identifying market trends and consumer needs (Brynjolfsson & McAfee, 2014).

17) Challenges Faced by Startups in a Competitive Business Ecosystem

Startups face significant challenges in surviving in a competitive business ecosystem. Tight competition, limited resources, and market uncertainty are the main challenges that must be faced. Research by Binns et al. (2014) shows that startups must have a unique and innovative

competitive advantage in order to survive in a market dominated by large companies and incumbents.

In addition, startups must also face the problem of scalability, which is related to the ability to grow without losing control over the quality of products and services. Startups that can overcome this problem will tend to have a greater chance of achieving long-term sustainability.

Conclusion

- 1) Product innovation continues to be a key element in maintaining startup competitiveness.

Successful startups focus on continuous innovation to meet changing market needs. The use of an agile approach in product development allows startups to adapt quickly to changing consumer needs, which helps them stay relevant and competitive in the market.

- 2) Funding is one of the biggest challenges faced by many startups. Limited funding often hinders startups' ability to develop products or expand their markets. Startups that successfully obtain financial support from investors or venture capital are better able to maintain sustainability and accelerate their growth.

- 3) Good HR management and an inclusive company culture play a major role in startup sustainability. Startups that have a solid, committed team with the right skills tend to have a greater chance of success. A company culture that supports innovation and collaboration also contributes to increased competitiveness and sustainability.

- 4) Limited resources, such as time and manpower, are a challenge for many startups. Many startups rely on small teams with many roles, which affects operational efficiency. Therefore, it is important for startups to improve efficiency in managing their resources, either through technology or more effective division of tasks.

- 5) Aggressive digital marketing strategies, including the use of social media and collaboration with influencers, are key factors in increasing startup competitiveness. Market expansion,

both domestic and international, is also an important strategy for startups looking to expand their reach and improve sustainability.

- 6) A clear and structured business plan is essential in maintaining the long-term sustainability of startups. Startups with a well-thought-out business plan find it easier to obtain funding and manage their operations efficiently. Financial sustainability, reflected in stable revenue growth, provides a strong foundation for startups to reinvest in innovation and expansion.

Overall, to achieve sustainability and strong competitiveness, startups need to develop strategies that combine product innovation, effective human resource management, and aggressive marketing strategies. Funding challenges and resource constraints must be addressed in an efficient and adaptive manner. By implementing these strategies, startups have a greater chance of surviving and growing in an increasingly competitive market. This research provides useful insights for startup players to formulate more effective strategic steps to achieve their long-term goals.

References

- Ammirato, S., Felicetti, A. M., Filippelli, S., & Maran, T. (2024). Navigating paradoxical tension: the influence of big corporations on startup sustainability performance in asymmetric collaborations. *Review of Managerial Science*.
<https://doi.org/10.1007/s11846-024-00777-7>
- Campbell, D., Edgar, D., & Stonehouse, G. (2011). *Business Strategy: An Introduction*. Newcastle University. <https://researchonline.gcu.ac.uk/en/publications/business-strategy-an-introduction>
- Enwereji, P. C., van Rooyen, A., & Joshi, M. (2024). Entrepreneurial resilience strategies for startups: A view from the VUCA paradigm. *Corporate and Business Strategy Review*, 5(4), 140–151. <https://doi.org/10.22495/cbsrv5i4art13>

- Fatima, N., & Shahbaz, M. (2024). Sustainability in Business. *Advances in Business Strategy and Competitive Advantage Book Series*, 1–22. <https://doi.org/10.4018/979-8-3693-6265-5.ch001>
- Hudakova, I. (2009). Teoretické aspekty konkurenčnej výhody a konkurencie [Theoretical aspects of competitive advantage and competition]. <https://ideas.repec.org/p/pramprapa/57445.html>
- Igbokwe, P. I. (2024). Entrepreneurial Strategies And Development Of Small And Medium Scale Enterprises (Smes). *Global Journal of Social Sciences*. <https://doi.org/10.4314/gjss.v23i2.9>
- Imricsko, P. (2024). Sustainable Strategies in Case of Start-Up Enterprises (pp. 654–662). *Soproni Egyetem Kiadó*. <https://doi.org/10.35511/978-963-334-499-6-imricsko-1>
- Judijanto, L. (2024). Perkembangan Startup Digital di Indonesia: Sebuah Tinjauan. *Indo-Fintech Intellectuals*, 4(5), 2011–2032. <https://doi.org/10.54373/ifijeb.v4i5.1875>
- Khuan, H., Maulana, Y., Triwijayati, A., Rengganawati, H., & Arifin, Z. (2023). Adaptation and Innovation Strategies in Facing Business Challenges: A Case Study in the Digital Industry. <https://doi.org/10.58812/esee.v2i01.126>
- Kintu, K. N. (2024). Mastering Business Planning and Strategic Development: Comprehensive Approaches for Achieving Long-Term Success and Competitive Advantage. <https://doi.org/10.59298/inosrah/2024/102.6064>
- Madanchian, M., & Taherdoost, H. (2024). Navigating the New Frontier: Exploring Emerging Trends and Strategies in Startup Innovation. *ICST Transactions on Scalable Information Systems*, 11. <https://doi.org/10.4108/eetsis.6062>
- Odonkor, T. N., Urefe, O., Biney, E., & Obeng, S. (2024). Comprehensive financial strategies for achieving sustainable growth in small businesses. <https://doi.org/10.51594/farj.v6i8.1376>

- Rozas, I. S., & ER, M. (2024). Internal and External Challenges in Digital Startup Ecosystem: A Systematic Literature Review. 142–148.
<https://doi.org/10.1109/isitdi62380.2024.10796749>
- Safitri, Y. D., Pebriana, R., & Suasri, E. (2024). Prioritizing Success Factors for Start-ups in Indonesia Using the Best Worst Method (BWM). <https://doi.org/10.53893/fms.v1i2.326>
- Silva Júnior, C. R., Mairesse Siluk, J. C., Neuenfeldt Júnior, A. L., Rosa, C. B., & Michelin, C. de F. (2022). Overview of the factors that influence the competitiveness of startups: a systematized literature review. 29. <https://doi.org/10.1590/1806-9649-2022v29e13921>
- Singh, A. (2024). Sustainability Practices in Business Operations. International Journal for Research Publication and Seminar, 15(3), 18–34.
<https://doi.org/10.36676/jrps.v15.i3.1424>
- Strauss, E., & Villas Bôas Júnior, M. (2023). Planejamento estratégico como ferramenta de competitividade das startups. Projectus, 6(2), 47–64.
<https://doi.org/10.15202/25254146.2021v6n2p47>
- Sukandi, A., Efi, N. A. S., & Sudaryo, Y. (2019). Implementasi digital marketing untuk meningkatkan kepuasan nasabah dan berdampak pada citra lembaga perbankan. Sosiohumaniora, 21(3), 355-364.
- Vozdvyzhenskyi, V., & Титова, М. М. (2024). Competitiveness of the enterprise: theoretical aspects of formation and practical tools of implementation. Ekonomičnij Visnik Dnìprovs'kogo Deržavnogo Tehničnogo Unìversitetu, 2(9), 58–65.
[https://doi.org/10.31319/2709-2879.2024iss2\(9\).318854pp58-65](https://doi.org/10.31319/2709-2879.2024iss2(9).318854pp58-65)
- Yaşar, T. (2024). Role of Startups in Economic Growth: Evaluating How New Business Ventures Contribute to Job Creation, Innovation, and Regional Development. Next Generation., 8(1), 129. <https://doi.org/10.62802/q5s48371>