

# The Role of Business Information Systems in Strategic Decision-Making: Implications for Innovation and Market Adaptation

<sup>1</sup>Fahrina Mustafa, <sup>2</sup>Abu Muna Almaududi Ausat, <sup>3</sup>Kraugusteeliana Kraugusteeliana

<sup>1</sup>Universitas Hasanuddin, Indonesia, <sup>2</sup>Universitas Subang, Indonesia

<sup>3</sup>Universitas Pembangunan Nasional Veteran Jakarta, Indonesia

[fahrina\\_mustafa@fe.unhas.ac.id](mailto:fahrina_mustafa@fe.unhas.ac.id), [abumuna742@gmail.com](mailto:abumuna742@gmail.com), [kraugusteeliana@upnvj.ac.id](mailto:kraugusteeliana@upnvj.ac.id)

## ABSTRACT

Business information systems have evolved into a crucial pillar of strategic decision-making across various organizations. With the accelerating changes in the business environment driven by technological advancements and globalization, information systems play a key role in providing the data and analysis necessary to support more precise and accurate decision-making. This research utilizes a literature review with a qualitative approach, drawing data from relevant literature sources. The primary data sources include scholarly articles accessed via Google Scholar, published between 2013 and 2024. The study reveals that business information systems are vital in supporting strategic decision-making, innovation, and market adaptation. The use of systems such as ERP, CRM, and BI provides access to real-time data essential for formulating more effective business strategies, improving operational efficiency, and responding swiftly to market changes. Case studies from various companies, including Tokopedia, GoTo, and Astra International, demonstrate that optimal use of business information systems not only aids in identifying new business opportunities but also enhances the capability to innovate and adapt to evolving market dynamics.

**Keywords:** Business Information Systems, Strategic Decision-Making, Innovation, Market Adaptation

## INTRODUCTION

In the rapidly evolving digital era, business information systems have become indispensable in strategic decision-making. These systems are no longer just tools for data management but are essential components that enable organizations to respond effectively to technological advancements and the increasing complexity of the global business environment. The growing importance of business information systems in this context has made it crucial for organizations to leverage these technologies to remain competitive and sustainable (Kraus et al., 2021).

Business information systems, such as Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), and Business Intelligence (BI), serve as critical tools that bridge operational and managerial functions. These systems facilitate efficient and real-time information flow, enabling decision-makers to identify new opportunities, assess risks, and develop strategies that are more aligned with market dynamics. These systems empower managers to make better-informed decisions and formulate strategies that are responsive to rapid market changes by providing accurate data and analysis (Mikalef et al., 2019).

One of the main challenges in strategic decision-making is effectively utilizing the vast and complex data generated from daily business operations. Without adequate technological support,

interpreting this data can be overwhelming. Business information systems address this issue by filtering, analyzing, and presenting information in formats that are accessible to decision-makers. Moreover, these systems' advanced analytical capabilities help predict future trends and potential risks, which are critical for strategic planning.

In addition to their role in decision-making, business information systems are key drivers of innovation. Innovation, particularly in the digital age, is essential for a company's long-term success. It involves not only developing new products but also transforming business processes, models, and marketing strategies (Kraus et al., 2022). Through the collection and analysis of customer preferences, market trends, and product performance, business information systems provide valuable insights that support evidence-based innovative decisions. This approach helps businesses maintain a competitive edge in an ever-changing market.

Adapting to market changes is another critical aspect of business survival, especially in environments marked by rapid shifts in consumer preferences and economic conditions. Business information systems play an integral role in this adaptation process, as they provide real-time data on market trends and enable swift and detailed analysis. With access to accurate and timely information, companies can adjust their strategies for marketing, distribution, and operations to better align with market shifts (Salam & Munawir, 2024).

Beyond strategic decision-making and innovation, business information systems significantly contribute to operational efficiency. Automating labor-intensive tasks like inventory management, supply chain logistics, and sales data collection reduces operational costs and increases productivity. This increased efficiency not only frees up resources for other strategic initiatives, such as market expansion or new product development, but also strengthens the operational backbone of the organization (Gaol et al., 2020).

Despite these benefits, several challenges must be addressed to maximize the effectiveness of business information systems. One significant challenge is the integration of these systems with organizational culture and human resource capabilities. Even with cutting-edge technology, the full potential of business information systems can only be realized with the support of a skilled workforce and an adaptable organizational culture. Therefore, investment in training and development to enhance the workforce's ability to manage and use these systems is essential for businesses seeking to fully leverage their information systems.

Another pressing challenge is data security. As data becomes an increasingly valuable asset, the risk of cyberattacks and data breaches grows (Cremer et al., 2022). For business information systems to function optimally, strong security protocols must be in place. This includes measures such as data encryption and stringent access controls to safeguard sensitive company information. A comprehensive security strategy is, therefore, a critical component of effective information system management.

The primary aim of this research is to explore how business information systems influence strategic decision-making, innovation, and market adaptation in a dynamic business environment. Through an in-depth literature review, this study seeks to provide insights into how organizations can harness the power of business information systems to improve their competitiveness and sustainability in increasingly complex and competitive markets.

## LITERATURE REVIEW

### Business Information System

A business information system is a tool used by companies to collect, process, store, and disseminate relevant data to support operations, management, and strategic decision-making (Diantoro et al., 2024). This system integrates various technologies, such as data management software, business analytics, and communication tools, to provide accurate and real-time information to stakeholders. Companies can improve operational efficiency, optimize business processes, and identify opportunities and challenges in the market with business information systems (Ben Moussa & El Arbi, 2020). Examples include Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), and Business Intelligence (BI) systems, which are used to manage company resources, build customer relationships, and analyze business data.

## Strategic Decision-Making

Strategic decision-making is the process by which company leaders or managers make long-term choices that will influence the overall direction of the organization (Papulova & Gazova, 2016). These decisions typically involve an in-depth evaluation of various internal and external factors, such as the company's strengths and weaknesses, market opportunities and threats, and long-term goals. Strategic decisions often relate to fundamental matters such as business diversification, market expansion, product innovation, or changes in business models (Sinnaiah et al., 2023). These decisions are complex and high-risk, as they have a significant impact on the company's survival and growth. Therefore, this process requires in-depth information, thorough analysis, and the ability to forecast market trends and dynamics, which can be facilitated through the use of business information systems.

## Innovation

Innovation is the process of creating something new or improving something existing to provide added value, whether in the form of products, services, processes, or business models (Diawati et al., 2023). In a business context, innovation aims to enhance the company's competitiveness, meet the evolving needs of customers, and create new opportunities in the market. Innovation can take the form of developing new technologies, more efficient approaches to operations, or new ways to interact with customers (Sutrisno et al., 2023). Additionally, innovation can occur through incremental improvements or radical changes that disrupt the market. Companies that are able to innovate continuously tend to be more adaptive to changes in the business environment and better positioned to sustain long-term growth (Saputra et al., 2023).

## Market Adaptation

Market adaptation refers to a company's ability to adjust its strategies, products, and services to meet the constantly changing needs of the market and consumers (Day & Schoemaker, 2016). In a dynamic business environment, customer preferences, industry trends, and economic and competitive conditions can change rapidly, requiring companies to be agile in their responses. Market adaptation involves continuous monitoring of market trends, analyzing consumer behavior, and applying relevant innovations to remain competitive. For instance, a company may need to alter its marketing strategies, adjust pricing, or update products based on customer feedback. Effective adaptation allows companies to respond quickly to external changes, minimize risks, and capitalize on new emerging opportunities, ensuring the relevance and sustainability of the business amid market uncertainties (Jutidharabongse et al., 2024).

## RESEARCH METHOD

This study employs a literature review method with a qualitative approach, in which data is obtained by reviewing relevant literature related to the role of business information systems in strategic decision-making, innovation, and market adaptation. The research focuses on descriptive analysis to understand and interpret the concepts, theories, and findings previously published. The primary data source is scientific articles accessed via Google Scholar, published between 2013 and 2024. In the initial phase, the literature search resulted in 40 articles related to the research topic. However, after a rigorous selection process considering relevance, quality, and alignment with the research focus, only 22 articles were selected for further analysis. This selection process was conducted to ensure that only articles contributing significantly to the understanding of the role of business information systems in a strategic context were included in this review.

## RESULTS AND DISCUSSION

Business Information Systems (BIS) have evolved into a crucial element in supporting strategic decision-making, offering significant competitive advantages to companies in the modern era. In an increasingly complex and unpredictable business environment, BIS serves as a vital tool for accessing and analyzing real-time data (Maaitah, 2023). This data enables managers to formulate more accurate and timely strategies. For example, PT Indofood, one of Indonesia's largest

food and beverage companies, uses an Enterprise Resource Planning (ERP) system to manage its supply chain and distribution more efficiently. Indofood can integrate various managerial functions such as finance, logistics, and marketing, allowing data from different departments to be accessed in a unified manner with ERP. This accelerates decision-making processes and supports the company's long-term goals. Indofood's ERP implementation demonstrates how integrating data from multiple sources can improve organizational efficiency and coordination, providing a crucial competitive edge in a dynamic market.

The success of strategic decision-making through information systems depends on the availability of data and how that data is processed and interpreted into valuable, relevant information (Paula Monteiro et al., 2022). Technologies like Business Intelligence (BI) and big data analytics play a crucial role here. BI allows managers to conduct in-depth analyses of business performance based on historical data and market trends, helping them project potential future scenarios. For instance, Tokopedia, a leading e-commerce company in Indonesia, leverages data analytics obtained from its BI system to understand consumer behavior patterns and anticipate market needs. This information enables Tokopedia to design more effective marketing strategies, such as personalized offers and more targeted promotions. Tokopedia's use of BI is a clear example of how technology allows companies to make more data-driven decisions and respond swiftly to market changes, optimizing their business strategies in a highly competitive environment.

Business information systems also play a vital role in fostering innovation across various aspects of a company, including product development and innovation in processes, business models, and marketing strategies (Anaya et al., 2015). PT GoTo, a leading technology player in Indonesia, uses data collected from its Customer Relationship Management (CRM) system to gain deeper insights into user needs and preferences. Through data analysis, GoTo can design new services tailored to market demands, such as the launch of GoPay. Initially developed for digital transactions on its transportation platform, GoPay has since expanded into a broader payment tool accepted on various platforms. GoTo's use of CRM is an example of how information systems support product innovation and expand service offerings, enhancing the customer experience and ultimately contributing to the company's growth and success.

Amid changing consumer preferences and unstable global economic conditions, market adaptation becomes crucial. Business information systems help companies stay responsive to these changes by providing relevant and up-to-date information (Lipaj & Davidavičienė, 2013). For example, ERIGO, a local fashion company in Indonesia, uses information systems to monitor fashion trends in real-time through sales data analysis and social media. This information allows ERIGO to quickly adjust its production and marketing strategies to align with the latest trends, maintaining its relevance and competitiveness in the highly dynamic fashion market. Information systems enable ERIGO to respond swiftly to changes in fashion preferences and optimize its operations to stay in tune with consumer needs, providing a key competitive advantage in the ever-changing fashion industry.

In the food and beverage industry, Starbucks Indonesia also utilizes business information systems to optimize its operations and market strategies. Using an ERP system, Starbucks can monitor inventory levels, manage shipments, and analyze customer preferences more effectively. Real-time data from the ERP system allows Starbucks to adjust its supply chain and ensure that raw materials are available in line with demand, reducing waste and ensuring the availability of popular products at each outlet. For instance, during certain promotional periods, Starbucks can use data from the ERP system to manage inventory better, ensuring that all outlets have sufficient stock to meet increased demand and provide a consistent customer experience across all branches.

However, the use of business information systems also faces several challenges. One of the main barriers is integrating these technologies with organizational culture and human resource capabilities (Jalo & Pirkkalainen, 2024). Many companies adopt BIS technology but fail to utilize it optimally due to a lack of employee training or resistance to change. For example, PT Telkom experienced difficulties implementing an integrated information system across its subsidiaries. These difficulties arose from the need for intensive training for human resources and cultural changes within the organization to effectively leverage the technology. This process requires

significant time and effort, demonstrating that the success of BIS implementation depends not only on the technology itself but also on the readiness and adaptation of all elements of the organization.

In addition to internal challenges, data security issues are also a major concern in the use of business information systems. Data is a valuable asset for companies but is also vulnerable to cyberattacks (Li & Liu, 2021). The 2019 data breach at Bukalapak, which involved the leakage of millions of users' personal information, is a stark reminder of the importance of data security in information systems. This incident negatively impacted the company's reputation and customer trust. To mitigate such risks, companies need to implement strict security protocols, such as data encryption and secure access management. Good data security protects sensitive information, maintains customer trust, and safeguards a company's reputation in an increasingly data-dependent marketplace.

On the other hand, the benefits of effectively implementing business information systems are clearly demonstrated in the case of PT Astra International. Astra uses a robust BI system to collect and analyze data from its various business units, including automotive, agribusiness, and logistics. Astra's management can make strategic decisions based on comprehensive analyses of each business unit's performance by integrating this data. For example, when facing a decline in vehicle demand due to the COVID-19 pandemic, Astra used data from its BI system to focus resources on its more stable agribusiness unit. This allowed Astra to maintain profitability despite the downturn in the automotive sector, demonstrating how information systems can help companies manage risk and capitalize on opportunities in challenging situations.

Product and service innovation is often driven by a company's ability to leverage data from business information systems (Shin et al., 2022). For example, OVO, an Indonesian fintech company, uses information systems to identify unmet market needs in the digital payments sector. Based on data analysis, OVO has successfully developed new features that expand the reach of its services, such as integration with various e-commerce platforms and public services. This increased consumer adoption and strengthened OVO's position as a leader in the digital payment market. Data from information systems allows OVO to innovate continuously, meet evolving market needs, and enhance user experience.

Overall, business information systems play a crucial role in strategic decision-making, innovation, and market adaptation. Case studies from various industries show that effective implementation of information systems can add significant value in terms of operational efficiency, innovation development, and flexibility in responding to market changes. However, companies must carefully address challenges such as technology integration and data security to ensure that the maximum benefits of business information systems are realized. Business information systems can be a highly valuable tool for achieving competitive advantage and long-term success with the right approach.

**Table 1.** Key Findings on the Role of Business Information Systems in Strategic Decision-Making, Innovation, and Market Adaptation

No	Aspect	Key Finding
1	Role of BIS	Business information systems support strategic decision-making, innovation, and market adaptation.
2	Decision-making	Real-time data access through ERP, CRM, and BI facilitates more effective and responsive decision-making.
3	Innovation	Information systems help companies innovate in product development, processes, and business models.
4	Market Adaptation	Information systems enable companies to quickly respond to changes in market preferences and economic conditions.
5	Implementation Challenges	Key challenges include resistance to change, lack of employee training, and data security risks.
6	Case Study Examples	Tokopedia, GoTo, ERIGO, and Astra International successfully leverage information systems for efficiency and innovation.

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7	Data Security	Companies need to strengthen security protocols to protect data from cyber threats.
8	Employee Development	Employee training is essential to ensure optimal use of information systems.
9	System Evaluation	Regular evaluation is necessary to maintain the relevance and effectiveness of information systems in changing business environments.

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## CONCLUSION

Based on the findings of this study, it can be concluded that business information systems play a vital role in supporting strategic decision-making, fostering innovation, and adapting to market changes. The use of systems such as ERP, CRM, and BI provides access to real-time data essential for formulating more effective business strategies, enhancing operational efficiency, and responding rapidly to market shifts. Case studies from various companies, such as Tokopedia, GoTo, and Astra International, illustrate that optimal use of business information systems helps identify new business opportunities and provides the capacity to innovate and adapt to evolving market dynamics. However, the implementation of information systems also faces challenges, such as resistance to change, the need for employee training, and data security risks.

The implications of this research suggest that companies aiming to enhance competitiveness and business sustainability must fully integrate business information systems into their managerial and operational processes. These systems lay the foundation for data-driven decision-making, which can ultimately boost innovation and a company's ability to adapt to market changes. Moreover, businesses must pay attention to data security and ensure that technology implementation is accompanied by human resource development to enable the systems to be used optimally and securely.

Based on the research findings, companies are encouraged to adopt business information systems that fit their specific needs in terms of business scale and operational complexity, and to provide sufficient training to employees to effectively use these systems and enhance data analysis capabilities. Additionally, companies should strengthen data security protocols to mitigate the growing threats of cyberattacks, ensuring that valuable information assets are well-protected. Regular evaluations of business information system performance should also be conducted to ensure that the systems remain relevant and capable of meeting dynamic business needs amid ongoing market changes.

This study has several limitations. First, it focuses solely on literature available from 2020 to 2024, which may not fully capture the latest developments beyond this period. Second, the study relies on a literature review as the primary method, which does not directly reflect practical experiences or the specific challenges companies face in implementing business information systems. Third, the geographical context of the research is primarily centered on companies in Indonesia, so the findings may be less applicable to companies in other countries with different market conditions and regulations. Future research using empirical methods and primary data is needed to broaden the understanding of the role of business information systems in a wider context.

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