Without a globally accepted definition of *innovation*, it is difficult to establish a common understanding of the term. Although there are great efforts from the research business community to achieve a global consensus on the definition of *innovation*, the analysis of 208 definitions and the proposal made by Singh and Aggarwal (2021) seems too recent for companies to have assumed the global conception of what innovation is.

Sometimes, the word innovation is associated with creativity or invention (Formánek & Krajčík, 2017), (Stenberg, 2017); while some companies expect disruptive innovation (Christensen *et al*., 2015), others can only consider incremental innovation due to its operational and short-term results (Dodgson *et al*., 2008), (Damanpour & Daniel Wischnevsky, 2006). Some policy-makers and researchers explain that R&D is in the linear model of innovation (Gulbrandsen, 2009) and some companies tend towards a default association between technology and innovation, forgetting that there is innovation beyond technology (Lechevalier, 2019). This association with only technological projects without being embedded in business strategy could minimize the impact of innovation on the company's development and survival.

A better understanding of innovation can contribute to its adoption in the company's culture and it's becoming a fundamental pillar of competitiveness and business performance. For example, up to three-quarters of productivity development in European industry can be attributed to innovation (Swedish Ministry of Enterprise, Energy and Communications, 2020), and companies that apply innovation in their strategies perform better (Ryu *et al*., 2015). Moreover, innovation is positive for customers in that it enables them to enjoy better products and services, for businesses because innovation provides sustainable growth and development, and for employees because innovation is a challenge associated with higher intellectual knowledge and salaries. In summary, for the whole economy, innovation represents higher productivity for all of society (Shqipe *et al*., 2013).

Due to its relevance to business, innovation needs a strategy because it involves planning, prioritizing, and developing the right types of innovation (technological or not) ensuring that the appropriate resources, knowledge, capabilities, organizational structure, and processes are used in the most effective way (Katz *et al*., 2010), (Varadarajan, 2018), (Afuah, 2003). An innovation strategy is a set of actions that drive all procedures and guidelines in an organization to generate and manage innovation with a view to achieving business objectives (Wolf *et al*., 2021b), driving at least the value chain, customer value, or potential users (Govindarajan & Trimble, 2004). The innovation strategy should be based on the corporate strategy and needs to be understood as an integral component of long-term strategic business management (Gaubinger *et al*., 2015). In fact, it is positive to incorporate the innovation strategy into the business strategy in order to compete in a better position in terms of differentiation, productivity, and economic growth (Mahmood *et al*., 2013), and achieve better financial results (Jaruzelski *et al*., 2011).

After a careful analysis of the literature, the following results can be inferred:

a) There is no global consensus on innovation, and it is certain there will not be in the short nor medium term. The lack of consensus on the definition of innovation could lead to different interpretations, affecting the understanding and relevance of innovation in business. The experience, culture, and environment of companies affect the conception of innovation so that, while in some scenarios a new functionality is enough to be considered an innovation, for others it does not correspond to the expectations.
In terms of relevance, the definition of innovation assumed by every organization influences the role of innovation in the company, and its hierarchical structure influences idea generation and selection (Sarna, 2020), (Keum & See, 2017), (Sahay & Gupta, 2011).

b) Business strategy needs innovation because innovation is a key element that represents performance improvement when applied. Up to three-quarters of productivity development in European industry can be attributed to innovation (Swedish Ministry of Enterprise, Energy and Communications, 2020), and companies that apply innovation in their strategies enjoy better performance (Ryu *et al*., 2015).

Innovation is a fundamental pillar in business strategy; it is not just a technological project, it is a culture, a mindset, a tool that provides competitive value to the company and added value to customers. For the economy, innovation denotes greater productivity for all: it is positive for customers because they can enjoy better products and services, for businesses because innovation provides sustainable growth and development, and for employees because innovation is a challenging job associated with higher intellectual knowledge and salaries (Shqipe *et al*., 2013).

c) Business innovation needs its own strategy in order to be ready for firm sustainability and competitiveness. An innovation strategy is a set of actions that drive all procedures and guidelines in an organization to generate and manage innovations to achieve business objectives (Wolf *et al*., 2021b). It involves planning, prioritizing, and developing the right types of innovation (technological or not) ensuring the appropriate resources, knowledge, capabilities, and organizational structure, among others (Katz *et al*., 2010), (Varadarajan, 2018), (Afuah, 2003). It is important not to manage innovation strategy as an isolated strategy independently of the rest of the company's functions. The innovation strategy should be based on the corporate strategy and needs to be understood as an integral component of long-term strategic business management (Gaubinger *et al*., 2015). With innovation strategy, the company can control and manage the generation of innovation, even though few companies have a clear innovation strategy (Katz *et al*., 2010).

d) Innovation strategy is framed in a multidimensional way, addressing the scope and limits of the company's innovation through its key components (Krishnan & Jha, 2011). Strategies orientated towards the "**offering**": those related to the making method, such as strategies of co-creation, collaboration, and open innovation. Also, those pertaining to provision, strategies like those orientated towards service, process, and product. Strategies orientated towards "**efficiency**": here, we find strategies associated with delivery, time-to-market, or exploitation.

e) Innovation strategy is composed of and affected by factors. We have seen that there are many aspects to consider when a company decides on its strategy. We can organize these into three groups:

- "**Approach**" factors: firm factors such as mission, vision, culture, organizational structure, value chain, firm values, team talent, company size, internal strategic cohesion, economic risk, management skills, resources, investment, business knowledge, and SWOT; environmental factors such as market, sector, industry, alliances, pandemics, wars, ecological, legal, politics, and world economy.
- "**Thought**" factors: such as innovation maturity and types, R&D (internal, external, mixed mode), technology capabilities, and intuition.
- "**Observation**" factors: such as competitors, good practices, state of knowledge and technology, government and EC innovation strategy, customers' needs, learned lessons, and previous innovation outcomes.