

# THE ROLE OF STRATEGIC LEADERSHIP AND INNOVATION TO DEVELOP SUSTAINABLE COMPETITIVE ADVANTAGE: A LITERATURE REVIEW

Syukron Sazly <sup>1</sup>, Ria Andriani <sup>2</sup>, Muhamad Harun <sup>3</sup>, Hasta Herlan <sup>4</sup>

<sup>1,2,3,4</sup> Universitas Bina Sarana Informatika

Email: [syukron.szy@bsi.ac.id](mailto:syukron.szy@bsi.ac.id)

---

## ABSTRAK

Memiliki keunggulan kompetitif yang berkelanjutan adalah aspek krusial dalam meraih keberhasilan dalam dunia bisnis. Tanpa keunggulan tersebut, sebuah perusahaan akan menghadapi kesulitan dalam membedakan dirinya dari pesaingnya dan berpotensi mengalami kemunduran. Faktor-faktor seperti kepemimpinan strategis dan keberhasilan dalam berinovasi memiliki pengaruh yang signifikan terhadap keberhasilan mencapai keunggulan tersebut. Penelitian ini memiliki tujuan untuk mengeksplorasi dampak dari kepemimpinan strategis dan inovasi terhadap keunggulan bersaing perusahaan, dengan mengembangkan sebuah model konseptual yang nantinya akan diuji secara empiris dalam penelitian lanjutan. Melalui telaah literatur dan analisis terhadap penelitian-penelitian sebelumnya yang telah dipublikasikan dalam jurnal-jurnal nasional maupun internasional yang terindeks dalam Google Scholar dan Scopus, penulis menggunakan metodologi kualitatif dalam merumuskan hipotesis-hipotesis yang relevan. Dari model hubungan yang diusulkan, terlihat bahwa baik kepemimpinan strategis maupun inovasi memiliki kontribusi yang penting dalam mencapai keunggulan bersaing yang berkelanjutan.

DOI: 10.31000/combis.v6i2.11383

## Article History:

Received: 15/05/2024

Reviewed: 21/05/2024

Revised: 23/05/2024

Accepted: 31/05/2024

**Keywords:** *Strategic Leadership, Innovation, Competitive Advantage.*

## ABSTRACT

*Having a sustainable competitive advantage is a crucial aspect in achieving success in the business world. Without these advantages, a company will face difficulty in differentiating itself from its competitors and potentially experience setbacks. Factors such as strategic leadership and success in innovation have a significant influence on the success of achieving this excellence. This research aims to explore the impact of strategic leadership and innovation on a company's competitive advantage, by developing a conceptual model which will later be tested empirically in further research. Through literature review and analysis of previous research that has been published in national and international journals indexed in Google Scholar and Scopus, the author uses qualitative methodology in formulating relevant hypotheses. From the proposed relationship model, it appears that both strategic leadership and innovation have an important contribution in achieving sustainable competitive advantage.*



## **INTRODUCTION**

In early 2024, Indonesia witnessed a phenomenon that shook the industrial sector, where several factories from various sectors announced the closure of their operations. In facing this situation, President Joko Widodo stated that fluctuations in the business world are normal. Jokowi expressed his understanding of the factors that might cause the closure of these factories, including operational efficiency and competition with new products. One example of factory closure is the case of PT Hung-A Indonesia, a tire manufacturer based in Cikarang, West Java. The closure of this factory in early February 2024 will have a major impact on more than 1,500 employees who will lose their jobs. Meanwhile, the well-known shoe company, Bata, is also experiencing difficulties, with a significant decline in demand for its products in its various stores throughout Indonesia, resulting in the closure of its factory in Purwakarta, West Java. (TEMPO.CO)

This is ironic when the government states that Indonesia's macroeconomic growth is still well maintained, reaching 5.11 percent. This situation raises questions about the challenges faced by the industrial sector in facing global dynamics and changes in market demand. Apart from that, it also highlights the importance of collaboration between the government and the private sector to create a conducive and sustainable business environment. (TEMPO.CO)

This situation adds to the list of companies experiencing difficulties in dealing with the business situation after the Covid-19 pandemic. A number of retail outlets in Indonesia, including large companies, have closed their operations in response to the uncertain challenges faced after the pandemic. The pandemic has changed consumer consumption patterns, causing modern retail performance to become unstable. An example is PT Hero Supermarket Tbk (HERO), which announced the closure of all Giant outlets and transformation into IKEA and Hero outlets. PT Matahari Department Store Tbk (LPPF) has also closed 13 of its outlets. (CNBC Indonesia, 2021)

This step is not that surprising, considering that previously in July 2019, Giant had closed six of its outlets. HERO management explained that this plan was part of the company's strategy, with up to five Giant outlets planned to be converted into IKEA, while other outlets were considered to be converted into Hero Supermarket outlets. The Management stated that this decision was a response to changes in market dynamics, especially regarding the shift in consumer preferences from hypermarkets that has occurred in recent years, a phenomenon that has also occurred globally. (CNBC

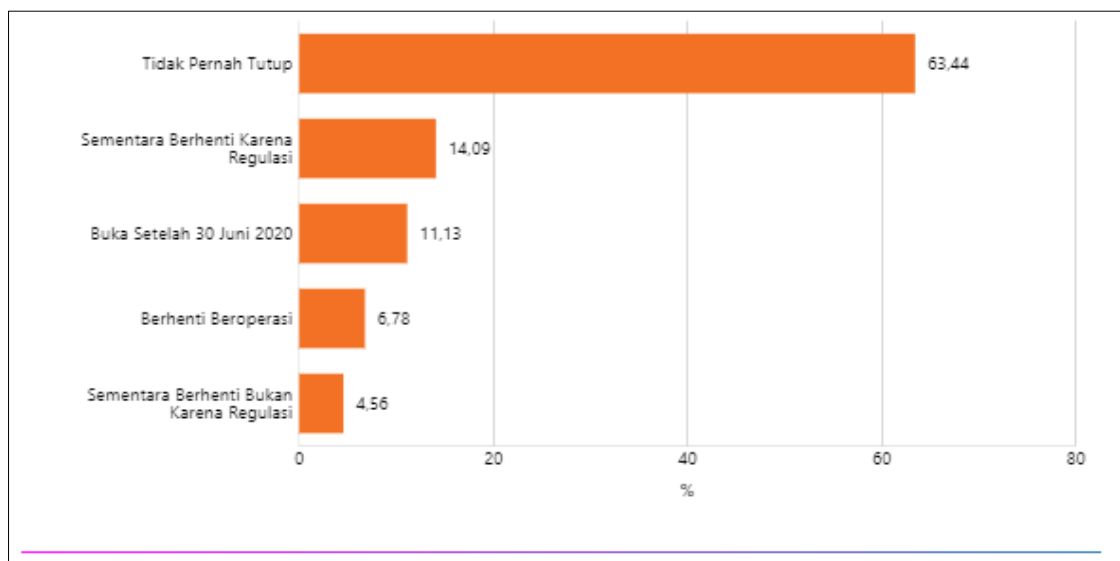
**The Role Of Strategic Leadership And Innovation To Develop Sustainable Competitive Advantage: A Literature Review By Syukron Sazly<sup>1</sup>, Ria Andriani<sup>2</sup>, Muhamad Harun<sup>3</sup>, Hasta Herlan<sup>4</sup>**

Indonesia). Transmart, along with a number of other retail companies, also had difficulty surviving amidst market pressure and finally closed 12 of its outlets in 2022. The Indonesian Employers' Association (Apindo) stated that changes in consumer behavior are more likely to shop via e-commerce or online. Related to this phenomenon, the government should realize the importance of the retail sector as a place for creating household consumption, which makes a significant contribution to the national Gross Domestic Product (GDP) of 57.6 percent, lest modern retail is a sector that must operate every day to meet needs. society, but is not treated as a priority sector in government policy. (CNBC Indonesia, 2021).

Based on The results of the Central Statistics Agency (BPS) survey in table 1, shows that as many as 6.78% of companies stopped operating due to the impact of the Covid-19 pandemic. Apart from that, 14.09% of companies stopped operating temporarily due to regulatory factors and 4.56% of companies stopped temporarily not because of regulatory factors. This is related to financial difficulties which have an impact on operational efficiency, competition with new products, global dynamics and changes in market demand, especially changes in consumer behavior who are more inclined to shop via e-commerce or online, Sustainable competitive advantage is something that a company must have in order to survive and being sustainable

Figure 1.

Sustainability of Industrial Operations in Indonesia in 2021



Source : Katadata.com

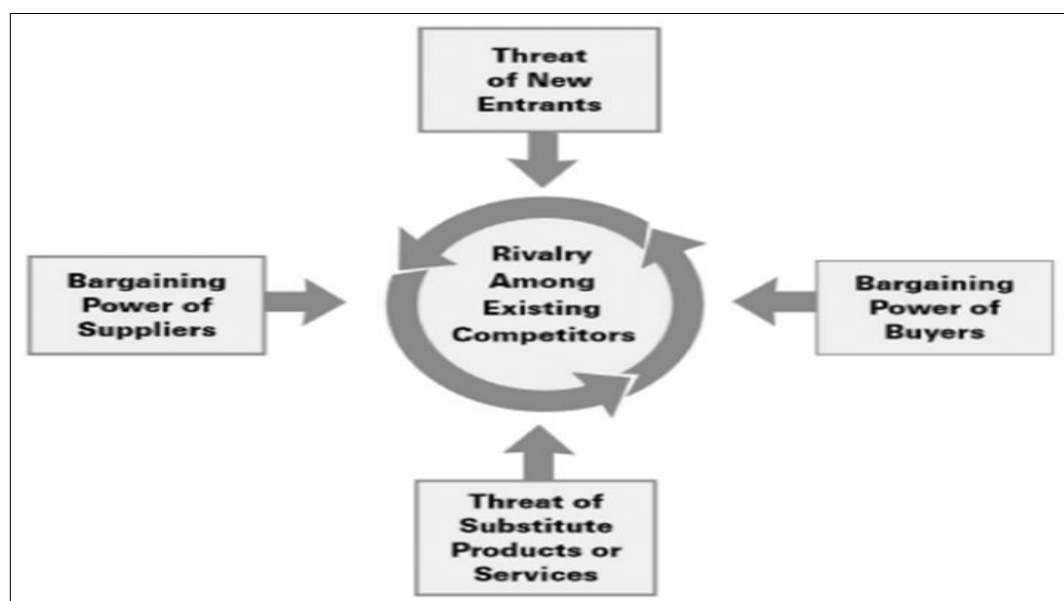
In this regard, Porter's Five Forces Theory, an industrial analysis framework

**The Role Of Strategic Leadership And Innovation To Develop Sustainable Competitive Advantage: A Literature Review By Syukron Sazly<sup>1</sup>, Ria Andriani<sup>2</sup>, Muhamad Harun<sup>3</sup>, Hasta Herlan<sup>4</sup>**

developed by Michael Porter, is relevant. Porter's framework helps in understanding the competitiveness structure of an industry by analyzing the five main forces that influence it: competition between rivals, threat of new entrants, threat of substitute products, bargaining power of buyers, and bargaining power of suppliers. By analyzing these forces, a company can identify potential threats and opportunities in its business environment, and develop appropriate strategies to maintain or improve its position in the market. (Porter, 1985). Competitive Advantage is the ability of a company to create higher value than its competitors, or create the same value at lower costs. Porter argues that companies that succeed in creating and maintaining one or both of these types of competitive advantage will have a strong position in the industry and be able to generate higher profits in the long term. and important part of developing a company's strategy to understand its relative position in the market.

Figure2.

Porter,s Five Forces Framework



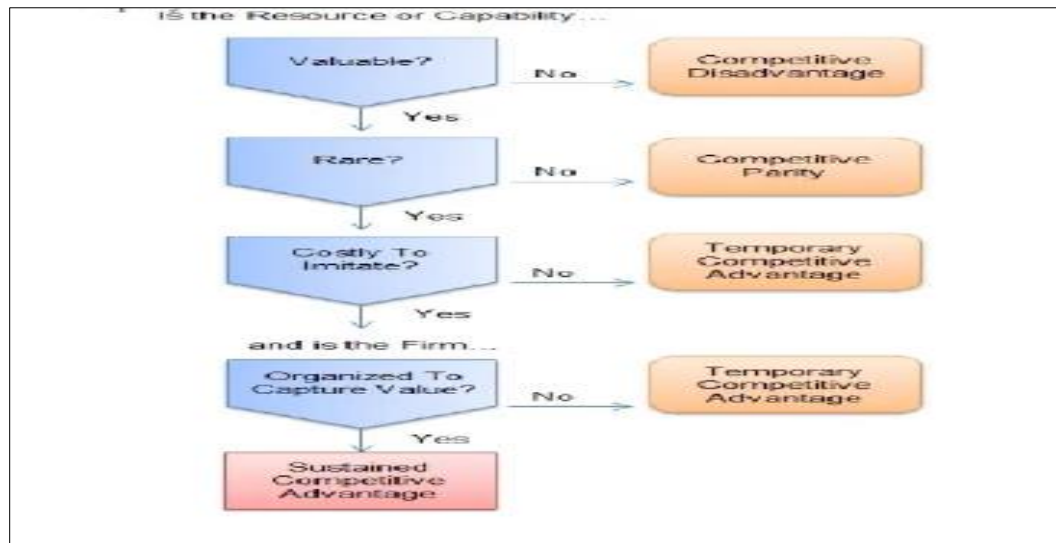
Sources : Porter (1985)

If Porter's Five Forces focuses on the external dimension, then the VRIO Theory is a framework for analyzing a company's internal resources and evaluating its competitive advantage . (Barney , 1991), as showed figure 3 below.

Figure 3.

Barney's VRIO Framework

**The Role Of Strategic Leadership And Innovation To Develop Sustainable Competitive Advantage: A Literature Review By Syukron Sazly<sup>1</sup>, Ria Andriani<sup>2</sup>, Muhamad Harun<sup>3</sup>, Hasta Herlan<sup>4</sup>**



Sources : Barney (1991)

VRIO is an abbreviation of Value, Rarity, Imitability, and Organization. A company's resources or capabilities must provide significant added value, improve performance, or create advantages. Rare or unique resources or capabilities provide a competitive advantage because not all competitors can easily access them. Resources that are difficult for competitors to imitate provide an advantage. long term, because competitors cannot quickly copy it. Company resources must be well organized and utilized effectively to create competitive advantage.

Using the VRIO framework, companies can evaluate their internal resources and capabilities to determine whether they have a sustainable competitive advantage. If a resource meets the VRIO criteria, a company can use it as a basis for creating and maintaining a competitive advantage. By combining Porter's Five Forces analysis and VRIO theory, companies can gain a more holistic understanding of their competitive position and formulate more effective strategies.

## **THEORITICAL REVIEW**

### **Strategic Leadership**

(Rahman et al., 2018), strategic leadership refers to a leader's capacity to anticipate, adapt, and enable others to bring about strategic transformation as required. In a study conducted by Davies (2004) , five fundamental talents of a strategic leader were discovered. These skills include strategic orientation, strategy implementation, strategic adjustment, and strategic competency development. Strategic leaders have several problems, including the

**The Role Of Strategic Leadership And Innovation To Develop Sustainable Competitive Advantage: A Literature Review By Syukron Sazly<sup>1</sup>, Ria Andriani<sup>2</sup>, Muhamad Harun<sup>3</sup>, Hasta Herlan<sup>4</sup>**

need to make prudent judgments, due to their significance in businesses that want to adapt to change rapidly. In (Hunitie, 2018) study, it is established that leadership encompasses all individuals in the company who hold leadership positions, regardless of their degree of management.

On the other hand, strategic leadership specifically pertains to those leaders who occupy the highest level positions inside the business. In their study (Jaleha & Machuki, 2018) define strategic leadership as the capacity to establish and sustain absorptive and adaptable capacities. To distinguish environmental possibilities by exercising managerial judgment. Strategic leadership (Alhyasat & Sharif, 2018) improves and strengthens the company. Strategic leaders must prioritize vital resources, skills, and competencies since they are essential for sustaining long-term success in SCA. (Mahdi & Nassar, 2021)

Strategic leadership is defined as the capacity to effectively gather and direct resources towards the aspects that generate uniqueness and have the potential to result in future success. Essentially, this aids companies in their ability to predict, imagine, strategize, adapt, and collaborate with others to implement changes that bring about the desired future for the organization. (Maziti et al., 2018). Strategic leadership pertains to the capacity of high-ranking executives to guide the overarching vision of a company, devise and implement strategies, and sway stakeholders in order to get desired outcomes. It encompasses the development and execution of strategies with the goal of attaining a lasting competitive edge. Various studies have highlighted essential elements of strategic leadership, including vision, the development of strategies, and the execution of strategies. These components facilitate the ability of firms to negotiate intricate and ever-changing settings and efficiently adapt to shifts in the competitive landscape. Strategic leaders are renowned for formulating a collective vision and motivating people to dedicate themselves to accomplishing the objectives of the firm. The citation for the source is (Takawira & Mutambara, 2023).

Strategic leadership pertains to the leader's capacity to cultivate attitudes towards job effectiveness that might impact different fluctuations in task accomplishment. The attitudes cultivated by strategic leaders may significantly influence the success or failure of these activities, and strategic competencies play a crucial part in establishing a competitive edge.

**The Role Of Strategic Leadership And Innovation To Develop Sustainable Competitive Advantage: A Literature Review By Syukron Sazly<sup>1</sup>, Ria Andriani<sup>2</sup>, Muhamad Harun<sup>3</sup>, Hasta Herlan<sup>4</sup>**

Studies have conducted thorough analyses of situations pertaining to crisis management. As a result, competence plays a prominent role due to its worldwide qualities. (Sibghatullah & Raza, 2020). Strategic leadership entails the capacity to anticipate, possess a clear vision, adapt to changing circumstances, and effectively allocate resources in order to bring about strategic transformation. The primary emphasis is on developing and enhancing the collective knowledge, skills, and relationships of individuals and communities in order to attain a superior position in the market. The citation "(Fatyandri et al., 2023)" refers to a publication by Fatyandri and colleagues in the year 2023.

### **Innovation**

The term "innovation" comes from the Latin word "innovatus", and there are many definitions of this term. Drucker considers innovation as a unique tool of entrepreneurship and action that allows the creation of new resources to increase welfare. It is the transformation of new ideas into marketable products and services, or improved products and services (Drucker, 1985). Invention and innovation must be distinguished. Although invention can be defined as the creation of a new product or procedure, innovation is the implementation of a new concept. There is always time lost between discovery and innovation due to the different needs to create and implement new ideas. Innovation from invention requires a variety of resources, skills, and knowledge. To succeed in the innovation phase, many additional discoveries may also be required. (Dereli, 2015)

Innovation is one of the most crucial facets of organizational performance. It is not only related to finance but also to other facets such as innovation, markets, and production performance. In other words, innovation refers to an organization's ability to develop and implement new products, ideas, or processes that bring added value and a competitive advantage. Innovation is not just making new products or services, but also an organization's ability to adapt, change, and improve its overall way of working. Innovation is seen as a significant factor in determining organizational performance, along with other factors such as leadership style, job design, organizational culture, motivation models, and human resource policies. (Al-Essa et al., 2022)

Innovation is one of the most important aspects of an organization's performance. It doesn't just involve making new products or services, but it also includes other aspects like innovation, markets, and production performance. Innovation refers to an organization's



**The Role Of Strategic Leadership And Innovation To Develop Sustainable Competitive Advantage: A Literature Review By Syukron Sazly<sup>1</sup>, Ria Andriani<sup>2</sup>, Muhamad Harun<sup>3</sup>, Hasta Herlan<sup>4</sup>**

ability to develop and implement new ideas, products, or processes that bring added value and a competitive advantage.(Onileowo et al., 2021). Innovation means the acquisition of knowledge for production innovation. Traditionally, product innovation depends on resources within the company, but now it is possible to achieve product innovation more effectively by gaining diverse and deep knowledge through external collaboration.(Lee & Yoo, 2019).

Effectiveness and efficiency are two crucial aspects of what it means to be innovative. While efficiency refers to an organization's speed in coming up with new ideas, launching and developing new products, introducing new processes, and finding new ways to solve problems in comparison to major competitors, effectiveness refers to innovation's capacity to produce creative and novel ideas, products, processes, practices, and management. This demonstrates that the degree to which organizational culture encourages the use of the innovation strategy is just as important to the success of innovation as having the appropriate innovation strategy.(Chen et al., 2018)

### **Competitive Advantage**

A company's ability to outperform its rivals by providing greater value to its clients is known as its competitive edge. Gaining a pricing and quality edge over rivals, as well as being quick to adapt to shifting consumer demands, are just a few strategies to get a competitive edge. Actually, developing and putting into practice innovation is the path to opening up new markets and producing new products and services. To do this, though, the entire process of an innovation—from its conception to its commercialization and promotion—must be handled skillfully and effectively. Porter claims that there are guidelines that companies may follow to have a competitive edge in the global marketplace. Priority one should be given to addressing the organization's complete value system. Furthermore, resources have to be maintained.(Dereli, 2015) .

Competitive Advantage (CA) has been studied and quantified in great detail. The established scales from Koufteros et al. (1997) were used to evaluate CA in a groundbreaking study conducted by Thatte et al. (2009). These scales fully reflected a number of CA dimensions, including important competitive goals like cost, quality, reliability, and delivery speed. The assessment's measuring questions were carefully chosen to capture the complex



nature of competitive advantage. For example, the organization's capacity to deliver products or services at competitive pricing in comparison to industry rivals was measured using items such as "offer prices as low as or lower than our competitors" to assess its cost competitiveness. When evaluating CA, it is crucial to take into account not just the company's ( Ferreira et al., 2021)

Competitive advantage refers to the advantages possessed by a company in facing business challenges. This advantage involves the company's ability to continuously innovate and adapt to new technologies and market trends to maintain a superior position in the market. In this context, competitive advantage includes the company's ability to offer products and services that are innovative, efficient and in line with customer needs, as well as being able to implement innovation strategies to win the competition.(Zhao et al., 2019)

## **RESEARCH METHODS**

The goal of this study is to present a research proposal on organizational competitive advantage by using a qualitative approach, namely a review of the literature. A study method called a literature survey (Nurislaminingsih et al., 2020) aims to compile and distill important findings from earlier studies. A literature review is a systematic procedure for compiling and evaluating previous research. A well-conducted and effective literature review provides a strong foundation for new information and the development of hypotheses. By integrating the findings and perspectives from several empirical investigations, literature reviews can present research questions with a power that is not achievable for a single study (Snyder, 2019).

## **RESULTS AND DISCUSSION**

### **Developing Sustainable Competitive Advantage**

The term "strategos" comes from the Latin "strategos," which meant "an elected war commander" at first. The concept of strategy was initially developed in the military. According to (Mukhezakule & Tefera, 2019) (2019), it is based on the notion of exploiting a competitive advantage to subdue the enemy. Strategic planning, or creating a strategy, and strategic execution, or putting a strategy into practice, are the two main activities that organizational leaders take part in when it comes to strategy. However, studies conducted in

**The Role Of Strategic Leadership And Innovation To Develop Sustainable Competitive Advantage: A Literature Review By Syukron Sazly<sup>1</sup>, Ria Andriani<sup>2</sup>, Muhamad Harun<sup>3</sup>, Hasta Herlan<sup>4</sup>**

the last 20 years have shown that between 60 and 80 percent of companies have difficulty implementing their strategy (Kaplan & Norton, 2006). Strategic leadership, which is the capacity to develop and preserve absorptive and adaptable capacities, is crucial to success in this situation. Strategic leadership enriches and improves the organization. Since these are the things that enable SCA to maintain its success over the long term, strategic leaders must be focused on these essential resources, talents, and/or competencies.

A common belief among corporate executives is that the goal of strategy formulation is to enable them to compete for the top spot. It's not at all. It all comes down to coming up with strategies to stand out from the crowd. In order to identify the source of competitive advantage within the company, we conduct an internal (Value Chain Analysis) and external (Porter's Five Forces) environment analysis using a variety of methods. Barney's VRIO analysis is a tool to work on the internal components of the organization. The VRIO framework aids examination of the organization's internal resources and competencies to determine whether or not they produce a competitive advantage. It also enables us to find untapped competitive advantage in the process.

In order to capture value, Barney states that a company's resources need to be rare, valuable, expensive to replicate, and properly arranged (thus the abbreviation VRIO). An asset that fits across all four of the framework's dimensions can give the company a long-term competitive edge.

Figure 4.  
Corporate Resources on Barney's VRIO Framework

Tangible		Intangible				
Financial Resources	Physical Resources	Human Resources	Innovation Resources	Reputational Resources	Organizational Culture	Emotional Intelligence
The firm's capacity to borrow	Raw Materials	Expertise and effort of employees	Availability of technology-related resources such as copyrights, patents, trademarks, intellectual properties and trade secrets	Brand name	Values	Psychological attitudes
The firm's ability to generate funds through internal operations	Distribution facilities	Routines (unique way people work together)		Perceptions of product quality, durability and reliability	Traditions	Social attitudes
Bonds	Product inventory	Trust (between managers and employees)		Positive reputation with stakeholders such as suppliers and customers	Social norms	
Shares	Equipment and Machinery					
Debentures	Attractiveness of location					

**The Role Of Strategic Leadership And Innovation To Develop Sustainable Competitive Advantage: A Literature Review By Syukron Sazly<sup>1</sup>, Ria Andriani<sup>2</sup>, Muhamad Harun<sup>3</sup>, Hasta Herlan<sup>4</sup>**

Source : Mark Hallander (2021)

Using four essential components, the VRIO framework is an analytical instrument that assesses a company's advantages: 1) Valuable , If a resource offers advantages or chances for use, it is deemed valuable. The R&D department, which helps the business to consistently innovate, is one example of this, 2) Rare, Rare resources are ones that are not widely available and can only be possessed by a small number of firms, 3) Imitability, or the difficulty of imitation. When rivals are unable to immediately replicate the resource, it is deemed challenging to replicate, 4) . Organisation, Value-generating resources can only be sustained by suitable procedures, an adequate organizational structure, or an appropriate corporate culture. Businesses are able to assess if they have a sustainable competitive advantage by looking at these four factors.

**Types of Competitive Advantage in The Industry**

By Showing 5 Level of Competitive Advantage on Figure 5 below , it is able to include a resource into the framework and ascertain the kind of benefit it may bring about. Find out what kind of benefit it can lead to.

Figure 5.

Level of Competitive Advantage

→ Valuable	→ Rare	→ Inimitable	→ Organized	
No				Competitive Disadvantage
Yes	No			Competitive Parity
Yes	Yes	No		Temporary Competitive Advantage
Yes	Yes	Yes	No	Unused Competitive Advantage
Yes	Yes	Yes	Yes	Sustainable Competitive Advantage

Source : Mark Hallander (2021)

Strategic leadership and innovation are essential elements that propel organizational success and longevity in the quest for the highest degree of sustainable competitive

advantage. To guide a company toward its broad goals and objectives, top executives must possess vision, insight, and skillful decision-making. This is known as strategic leadership. Organizations may foresee industry changes, manage changing market conditions, and deploy resources wisely to take advantage of new possibilities while minimizing risks when they exercise strategic leadership. Similar to this, innovation fosters constant improvement, adaptation, and distinction, which forms the basis for attaining a lasting competitive advantage. Innovation is the process of coming up with new concepts, procedures, goods, or services and then developing and implementing them to provide clients with special value propositions that differentiate the business from rivals. Several previous studies have shown how these two factors relate to a company's competitive advantage, as described below.

### **Strategic Leadership and Competitive Advantage**

The research undertaken by (Banmore et al., 2019) looked into how certain listed insurance businesses in Nigeria's competitive advantage was affected by strategic leadership components. Twenty listed insurance firms, or 72% of all insurance companies' market shares, were chosen for the study using a survey research approach. The results showed that strategic leadership—which includes ethical behavior, strategic vision, strategic direction, strategic control, and strategic intent—had a major impact on competitive advantage. According to the study's findings, strategic leadership elements significantly and favorably impact competitive advantage.

Additionally, Omar Rabeea Mahdia et al.'s study, Malaysia's Academic Environment, looks at how strategic leadership talents contribute to the development of long-term competitive advantage in the academic setting. This study's intended demographic was all private universities. Data for the study were gathered via a "self-administered questionnaire" survey method. According to the findings, strategic leadership has a major beneficial influence on long-term competitive advantage.

The preliminary study by (Mahdi & Nassar, 2021) of the sustainable competitive advantage literature that includes the concept of strategic leadership as a knowledge management processes enabler for achieving a sustainable competitive advantage. In the meanwhile, research was conducted by (Maziti et al., 2018) to look at the relationships between the variables that influence the success of small businesses in South Africa. Three key factors are being examined: competitive advantage, innovation performance, and strategic leadership. For this study, a positivist philosophy based on a quantitative

**The Role Of Strategic Leadership And Innovation To Develop Sustainable Competitive Advantage: A Literature Review By Syukron Sazly<sup>1</sup>, Ria Andriani<sup>2</sup>, Muhamad Harun<sup>3</sup>, Hasta Herlan<sup>4</sup>**

methodology with a survey design was used. 275 small business owners as an example. Results indicate that there is a connection between competitive advantage, innovation performance, and strategic leadership. Furthermore, it was discovered that the pursuit of a competitive advantage and innovation performance were associated.

### **Strategic Leadership and Innovation**

The Researchers ( Cortes & Herrmann, 2021) summarize the literature on the effects of CEOs, TMTs, and BODs on innovation in the companies they oversee in our review and framework. We hope that this framework will provide a foundation for academics to investigate how the characteristics and interactions of strategic leaders show up in various stages of innovation through various forms of influence. It also encourages the investigation of the fascinating dynamics that emerge when we add more nuance and complexity to the relationships between strategic leaders and innovation.

This study(Semuel et al., 2017) looked at how leadership and innovation affected the firm performance and differentiation strategy of hotels in Surabaya, Indonesia. The study employed quantitative research methodologies, and information was gathered from respondents who held positions ranging from CEO to supervisor inside the company through the distribution of questionnaires. While SPSS was utilized for descriptive statistical analysis, SEM (Structural Equation Modelling) and partial least square (PLS) were employed for hypothesis testing. The findings demonstrated that leadership has an impact on hotel performance, either directly or indirectly, by using innovation and distinction as a moderating factor. Leadership has an indirect impact on differentiation strategy through innovation, even if it does not directly influence it.

In the context of innovation management and strategic entrepreneurship, this research (Fontana, 2017) seeks to validate the assessment of entrepreneurial leadership (EL) and investigate the link between EL and the innovation process (IP). To validate the measurement of the EL construct, there are two groups of respondents: the first group, including 222 respondents from various industries, and the second group, mostly from the financial services industry, consisting of 60 respondents. The study also supports some of the literature's assertions on how challenging it is to find a meaningful connection between IP and innovation success. It implies, paradoxically, that there might not always be a direct correlation between IP and innovation performance.

## **Innovation and Competitive Advantage**

This research by (Lee & Yoo, 2019) broadens the theoretical discourse on open innovation by examining it from the perspective of dynamic capability. The path connecting open innovation to competitive advantage through product innovation was shown to be statistically significant, as supported by the findings. From a capabilities perspective, sensing and sensing capability are crucial prerequisites for transformation capability, which has a direct or indirect major impact on competitive advantage and product innovation performance in turn. The findings imply that in order to obtain a competitive edge through open innovation.

The study by (Chen et al., 2018) got Information was gathered from 183 Chinese organizations. It investigate the concept that superior innovation speed and quality are fostered by a better alignment between organizational culture and innovation strategy. The findings show that the more an organization's organizational culture configurations resemble those of the best performers, the more exploratory or exploitative innovation approach that set of firms is demonstrating, as well as the better the quality and pace of innovation as competitive advantage.

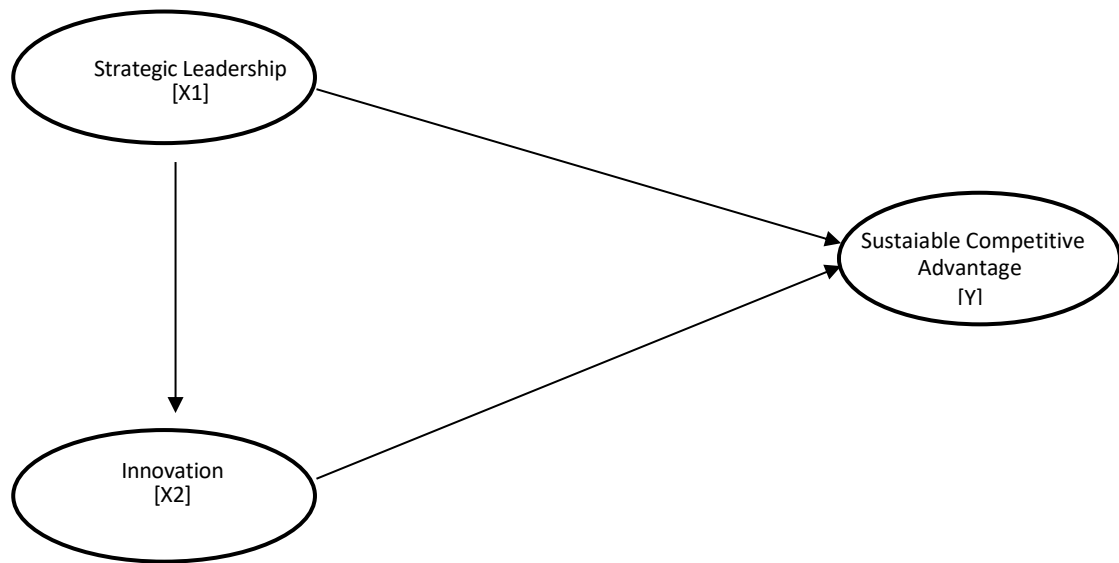
This paper (Ferreira et al., 2021) investigates how exploration and exploitation capabilities affect competitive advantage (CA) and performance, considering the role of innovation capabilities (ICs) as a mediator and organizational learning capability (OLC) as a moderator. The study gathers data through a 90-item questionnaire from Portuguese small- and medium-sized enterprises (SMEs), operating in a transition economy. Findings contribute to understanding the direct and indirect impacts of exploration and exploitation of innovation on Competitive Advantage.

## **Conceptual Model Proposal**

Based on the literature review and discussion of the theorists above, the current model of Developing Sustainable Competitive Advantage is proposed. The equation model is,  $SCA = f(SL, I...)$ , ,SCA= Sustainable Competitive Advantage , SL = Strategic Leadership, I = Innovation .. Figure (5) shows the direct and indirect relationship between each of the proposed constructs, as follows:

Figure 5.

### Conceptual Model Proposal



Source : Literature Review

## **CONCLUSION AND RECOMMENDATIONS**

From this research it can be seen that Strategic Leadership influence directly on Sustainable Competitive Advantage, Meanwhile Innovation has important role as mediating variable that impact Sustainable Competitive Advantage. On the other hand, Innovation also influence directly on Sustainable Competitive Advantage . Based on this model, the corporate leaders should boost any factors that will improve Strategic Leadership and Innovation, that could be leadership competencies or motivational organization environment because these variables have a positive influence corporate Sustainable Competitive Advantage which will increase corporate competitiveness, which expected excellent corporate performance that satisfies stakeholders.

## **REFERENCE**

- Al-Essa, S. A., Almahamid, S. M., & Al-Jayyousi, O. R. (2022). Innovation Culture, Competitive Advantage, And Organizational Performance: A Theoretical Perspective. *International Journal of Social Science and Technology*, 7(2), 1–19. [www.ijstr.com](http://www.ijstr.com)
- Alhyasat, W. M. K., & Sharif, Z. M. (2018). The relationship between strategic leadership and organization performance in Jordan industrial estates company. *AIP Conference Proceedings*, 2016(October). <https://doi.org/10.1063/1.5055425>
- Banmore, O. O., Adebayo, L., Mudashiru, M., & ... (2019). Effect of strategic leadership on competitive advantage of selected quoted insurance companies in Nigeria. In *The Journal of ... zbw.eu*. <https://www.zbw.eu/econis->



**The Role Of Strategic Leadership And Innovation To Develop Sustainable Competitive Advantage: A Literature Review By Syukron Sazly<sup>1</sup>, Ria Andriani<sup>2</sup>, Muhamad Harun<sup>3</sup>, Hasta Herlan<sup>4</sup>**

archiv/bitstream/11159/4328/1/1694185850.pdf

- Chen, Z., Huang, S., Liu, C., Min, M., & Zhou, L. (2018). Fit between organizational culture and innovation strategy: Implications for innovation performance. *Sustainability (Switzerland)*, 10(10), 1–18. <https://doi.org/10.3390/su10103378>
- Cortes, A. F., & Herrmann, P. (2021). Strategic leadership of innovation: a framework for future research. *International Journal of Management* .... <https://doi.org/10.1111/ijmr.12246>
- Dereli, D. D. (2015). Innovation management in global competition and competitive advantage. *Procedia-Social and Behavioral Sciences*. <https://www.sciencedirect.com/science/article/pii/S1877042815038021>
- Fatyandri, A. N., Masnita Siagian, Y., Santosa, W., & Setyawan, A. (2023). Does Strategic Leadership Impact Competitive Advantage, Mediated by Diversification Strategy In the Manufacturing Industry? *International Journal of Scientific Research and Management*, 11(05), 4875–4885. <https://doi.org/10.18535/ijstrm/v11i05.em03>
- Ferreira, J., Cardim, S., & Coelho, A. (2021). Dynamic Capabilities and Mediating Effects of Innovation on the Competitive Advantage and Firm's Performance: the Moderating Role of Organizational Learning Capability. *Journal of the Knowledge Economy*, 12(2), 620–644. <https://doi.org/10.1007/s13132-020-00655-z>
- Ferry Sandi, CNBC Indonesia. (2021). <https://www.cnbcindonesia.com/news/20210527080241-4-248609/satu-demi-satu-gerai-ritel-berguguran-fenomena-apa-ini>
- Fontana, A. (2017). *The impact of entrepreneurial leadership on innovation management and its measurement validation*. 9(1), 2–19. <https://doi.org/10.1108/IJIS-05-2016-0004>
- Hunitie, M. (2018). Impact of strategic leadership on strategic competitive advantage through strategic thinking and strategic planning: a bi-meditational research. *Verslas: Teorija Ir Praktika*. <https://www.ceeol.com/search/article-detail?id=772692>
- Iona Estherina. (n.d.). *No Title*. <https://www.msn.com/id-id/ekonomi/bisnis/fenomena-pabrik-tutup-sejak-awal-tahun-jokowi-mungkin-efisiensi-kalah-bersaing/ar-BB11WwR3>
- Jaleha, A. A., & Machuki, V. N. (2018). Strategic Leadership and Organizational Performance: A Critical Review of Literature. *European Scientific Journal ESJ*, 14(35), 124–149. <https://doi.org/10.19044/esj.2018.v14n35p124>
- Kaplan, R., & Norton, D. (2006). Alignment. Incrementando los resultados mediante el Alineamiento estratégico de toda la organización. In *Harvard Business School Press*.
- Lee, K., & Yoo, J. (2019). How does open innovation lead competitive advantage? A dynamic capability view perspective. In *PloS one*. [journals.plos.org. https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0223405](https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0223405)
- Mahdi, O. R., & Nassar, I. A. (2021). The business model of sustainable competitive advantage through strategic leadership capabilities and knowledge management processes to overcome covid-19 pandemic. *Sustainability (Switzerland)*, 13(17), 1–27. <https://doi.org/10.3390/su13179891>

**The Role Of Strategic Leadership And Innovation To Develop Sustainable Competitive Advantage: A Literature Review By Syukron Sazly<sup>1</sup>, Ria Andriani<sup>2</sup>, Muhamad Harun<sup>3</sup>, Hasta Herlan<sup>4</sup>**

- Maziti, L., Chinyamurindi, W., & Marange, C. (2018). The relationship between strategic leadership, innovation performance and competitive advantage amongst a sample of small businesses in South Africa. *Journal of Contemporary Management DHET*, 15(9), 368–394.
- Mukhezakule, M., & Tefera, O. (2019). The relationship between corporate strategy, strategic leadership and sustainable organisational performance: Proposing a conceptual framework for the South African aviation industry. *African Journal of Hospitality, Tourism and Leisure*, 8(3).
- Nurislaminingsih, R., Rachmawati, T. S., & Winoto, Y. (2020). Pustakawan Referensi Sebagai Knowledge Worker. *Anuva: Jurnal Kajian Budaya, Perpustakaan, Dan Informasi*, 4(2), 169–182. <https://doi.org/10.14710/anuva.4.2.169-182>
- Onileowo, T. T., Muharam, F. M., Ramily, M. K., & Khatib, S. F. A. (2021). The Nexus between innovation and business competitive advantage: A conceptual study. *Universal Journal of Accounting and Finance*, 9(3), 352–361. <https://doi.org/10.13189/ujaf.2021.090309>
- Rahman, N. R. A., Othman, M. Z. F., Yajid, M. S. A., Rahman, S. F. A., Yaakob, A. M., Masri, R., Ramli, S., & Ibrahim, Z. (2018). Impact of strategic leadership on organizational performance, strategic orientation and operational strategy. *Management Science Letters*, 8(12), 1387–1398. <https://doi.org/10.5267/j.msl.2018.9.006>
- Semuel, H., Siagian, H., & Octavia, S. (2017). The effect of leadership and innovation on differentiation strategy and company performance. *Procedia - Social and Behavioral Sciences*, 237(June 2016), 1152–1159. <https://doi.org/10.1016/j.sbspro.2017.02.171>
- Sibghatullah, A., & Raza, M. (2020). The Impact of Strategic Leadership on Competitive Advantage: The Mediating Role of Ambidexterity and Information System: Evidence from Islamic Banks in Jordan. *IJIIS: International Journal of Informatics and Information Systems*, 3(2), 67–80. <https://doi.org/10.47738/ijjis.v3i2.67>
- Snyder, H. (2019). Literature review as a research methodology: An overview and guidelines. *Journal of Business Research*, 104(August), 333–339. <https://doi.org/10.1016/j.jbusres.2019.07.039>
- Takawira, B., & Mutambara, E. (2023). The Roles of Strategic Leadership in Ensuring Sustainable Competitive Advantage: Empirical Evidence from Pharmaceutical Distribution in Emerging Markets. *Business Ethics and Leadership*, 7(4), 89–107. [https://doi.org/10.61093/bel.7\(4\).89-107.2023](https://doi.org/10.61093/bel.7(4).89-107.2023)
- Zhao, Q., Tsai, P. H., & Wang, J. L. (2019). Improving financial service innovation strategies for enhancing China's banking industry competitive advantage during the fintech revolution: A hybrid MCDM model. *Sustainability (Switzerland)*, 11(5), 1–29. <https://doi.org/10.3390/su11051419>