

Strategic Capabilities, Competitive Advantage, and Organizational Performance

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ABSTRACT

This study aims to examine the relationship between entrepreneurial orientation, information technology, innovation capability, competitive advantage, and organizational performance through a Systematic Literature Review (SLR) approach. The review was conducted using scholarly articles published over the last five years and indexed in Google Scholar. The research process involved the identification, selection, evaluation, and synthesis of relevant literature to provide a comprehensive understanding of the relationships among the studied variables. The findings indicate that entrepreneurial orientation enhances organizational capacity to be innovative, proactive, and adaptive to changing business environments. Information technology contributes to operational efficiency, decision-making quality, and value creation within organizations. Meanwhile, innovation capability serves as a critical factor in generating differentiation and strengthening competitiveness. The results also reveal that competitive advantage functions as a mechanism linking strategic organizational capabilities to improved organizational performance. This study contributes to the strategic management literature and offers practical implications for organizations in developing strategies focused on competitive advantage and sustainable performance.

Keywords: *Competitive Advantage, Entrepreneurial Orientation, Information Technology, Innovation Capability, Organizational Performance.*

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1. | INTRODUCTION

The development of the global economic environment in recent years has encouraged organizations to increase their adaptability to market changes, technological developments, and increasingly complex competition dynamics. Digitalization of the economy, transformation of business models, and changes in consumer behavior require companies to not only rely on the resources they have, but also to develop strategies that are able to create added value in a sustainable manner. In these conditions, the achievement of organizational performance is one of the important indicators that shows the company's success in maintaining its existence and increasing competitiveness in the midst of the uncertainty of the business environment (Bharadwaj et al., 2019).

Organizational performance is a reflection of the company's ability to achieve the goals that have been set through increased productivity, market growth, customer growth, and profit growth. Various studies show that a company's performance is influenced by various internal factors related to the organization's ability to take advantage of business opportunities and manage resources effectively. One of the factors that has received a lot of attention in the strategic management literature is entrepreneurial orientation. Entrepreneurial orientation describes an organization's tendency to be innovative, proactive, and risk-taking in the face of changing business environments. Research conducted by Masa'deh et al. (2018) shows that entrepreneurial orientation has a positive relationship with organizational performance. Similar findings were also put forward by Cho and Lee (2018) who stated that entrepreneurial orientation is able to increase organizational effectiveness through strengthening innovation capabilities and strategic decision-making.

In addition to entrepreneurial orientation, the development of information technology has become an important factor that affects the success of organizations in creating a competitive advantage. The use of information technology allows companies to improve operational efficiency, accelerate the decision-making process, and expand access to markets and customers. Bharadwaj et al. (2019) explain that digital business strategies have become an important foundation for organizations in building sustainable competitiveness. Meanwhile, Astuti and Rahayu (2018) found that the use of information technology is able to increase competitive advantage and support the achievement of better organizational performance. However, a number of studies show that information technology investment does not always result in increased competitiveness if it is not supported by adequate organizational capabilities.

Another factor that is gaining more attention in economics and management studies is innovation capability. Innovation capability describes an organization's ability to generate, develop, and implement new ideas that can create economic value. Ferreira et al. (2020) stated that the ability to innovate is an important part of dynamic capabilities that enable organizations to adapt to changing environments. Saunila's research (2020) also shows that innovation capability plays a significant role in improving

organizational performance and sustainability. In addition, the ability to innovate allows companies to produce products, processes, and marketing strategies that are superior to competitors, so that they have the potential to create a sustainable competitive advantage.

In the perspective of the Resource Based View, competitive advantage is the result of an organization's ability to manage resources and capabilities that are valuable, scarce, difficult to replicate, and not easily replaceable. Competitive advantage is one of the strategic factors that bridges the relationship between organizational resources and performance achievement. Research by Widyanti and Mahfudz (2020) shows that entrepreneurial orientation, the use of information technology, and innovation capability have a positive effect on competitive advantage and organizational performance. The findings reinforce the view that competitive advantage is an important mechanism that explains how strategic resources can translate into better organizational outcomes.

However, previous research still shows a number of inconsistencies. Rezaei and Ortt (2018) found that not all dimensions of entrepreneurial orientation contribute equally to organizational performance. On the other hand, several studies show that the use of information technology and innovation does not necessarily result in a direct increase in performance without a competitive advantage as a connecting mechanism. In addition, most studies still test entrepreneurial orientation, information technology, and innovation capability separately, so there are not many studies that integrate these three variables in one comprehensive conceptual model (Klein et al., 2021).

Based on these research gaps, a study is needed that is able to integrate entrepreneurial orientation, information technology, and innovation capability in explaining the formation of competitive advantage and its implications on organizational performance. Through this approach, the research is expected to make a theoretical contribution to the development of the strategic management literature while providing practical implications for organizations in improving competitiveness and performance in a sustainable manner.

2. | LITERATURE REVIEW

Entrepreneurial Orientation and Organizational Performance

Entrepreneurial Orientation (EO) is one of the important concepts in strategic management that describes the tendency of organizations to act innovatively, proactively, and dare to take risks in the face of the dynamics of the business environment. This concept emphasizes the company's ability to identify new opportunities as well as take the necessary actions to gain a competitive advantage. In an increasingly competitive economic environment, organizations that have a high level of entrepreneurial orientation tend to be more responsive to market changes and are able to develop more adaptive strategies than their competitors.

Various studies show that entrepreneurial orientation has a close relationship with improving organizational performance. Masa'deh et al. (2018) explained that entrepreneurial orientation contributes to increasing organizational effectiveness through strengthening innovation capabilities and market orientation. Cho and Lee's (2018) research also found that entrepreneurial orientation has a positive influence on organizational performance because it encourages companies to be more active in creating new business opportunities. In addition, Marom et al. (2019) emphasized that companies that implement entrepreneurial orientation-based strategies have better ability to deal with the uncertainty of the business environment. However, Rezaei and Ortt (2018) found that the influence of entrepreneurial orientation on performance is not always consistent across all its dimensions. The findings suggest that the effectiveness of entrepreneurial orientation can be influenced by other factors that support its implementation. Therefore, entrepreneurial orientation is still an important strategic variable to be studied in explaining the achievement of organizational performance.

Information Technology, Innovation Capability, and Competitive Advantage

The development of information technology has changed the way organizations conduct business activities and interact with customers. Information technology not only functions as an operational tool, but also as a strategic resource that is able to improve the efficiency, effectiveness, and flexibility of the organization. From a digital economy perspective, an organization's ability to utilize information technology is one of the important factors in creating a sustainable competitive advantage.

Bharadwaj et al. (2019) stated that digital business strategies allow companies to integrate technology into business processes so that they can increase the value provided to customers. These findings are strengthened by Astuti and Rahayu (2018) who show that the effective use of information technology contributes to increasing competitive advantage and organizational performance. In addition to information technology, innovation capability is also an important factor in building a competitive advantage. Ferreira et al. (2020) explained that innovation capability is part of dynamic capabilities that allow companies to adapt to changes in the business environment and create solutions that are superior to competitors. Meanwhile, Saunila (2020) emphasized that organizations that have good innovation capabilities tend to be better able to produce products, processes, and services that provide added value for customers. Thus, the combination of the use of information technology and innovation capability can be a source of sustainable competitive advantage in the face of increasingly complex market competition.

Competitive Advantage and Organizational Performance

Competitive advantage is the ability of an organization to create higher value than competitors so that it is able to maintain a superior position in the market. In the perspective of the Resource Based View (RBV), competitive advantage is obtained

through the utilization of resources and capabilities that are unique, valuable, difficult to replicate, and not easily replaceable. Therefore, competitive advantage is seen as an important mechanism that connects an organization's strategic resources with the achievement of superior performance.

Sigalas et al. (2018) explained that competitive advantage is the result of an organization's ability to develop a combination of resources that provide better differentiation or cost efficiency than competitors. Research by Widyanti and Mahfudz (2020) shows that entrepreneurial orientation, the use of information technology, and innovation capability contribute positively to the formation of competitive advantage. Furthermore, Wijaya and Suasih (2020) found that competitive advantage has a significant relationship with improving organizational performance, especially in terms of market growth and profitability. The results of Klein et al.'s (2021) research also show that organizations that are able to maintain a competitive advantage tend to have better ability to achieve strategic goals and improve long-term performance. Based on these findings, competitive advantage can be seen as a central factor that explains how an organization's strategic resources can be translated into more optimal performance achievements. Therefore, understanding the role of competitive advantage is important in the development of research models that connect entrepreneurial orientation, information technology, innovation capability, and organizational performance.

3. | RESEARCH METHOD

This study uses the Systematic Literature Review (SLR) approach to identify, evaluate, and synthesize various research findings related to entrepreneurial orientation, information technology, innovation capability, competitive advantage, and organizational performance. The SLR method was chosen because it is able to provide a comprehensive understanding of the development of research on a topic through systematic, transparent, and replicable procedures. In addition, this approach allows researchers to identify patterns of relationships between variables, find research gaps, and formulate theoretical and practical implications based on relevant previous research results.

The research stage begins with the formulation of research questions that focus on how entrepreneurial orientation, information technology, and innovation capability contribute to the formation of competitive advantage and its impact on organizational performance. Furthermore, a literature search process was carried out using an academic database indexed by Google Scholar with a range of publications in the last five years. The time range was chosen to ensure that the literature used reflects the latest research developments relevant to economic and business conditions. The keywords used in the search process include "entrepreneurial orientation", "information technology", "innovation capability", "competitive advantage", "firm performance", "organizational performance", and a combination of these various keywords.

The literature selection process is carried out through several stages. The first stage is the identification of all articles found based on predetermined keywords. The second stage is screening based on the title, abstract, and relevance of the research topic. The third stage is the evaluation of the feasibility of the article by considering the suitability of the research variables, the quality of the publication, and the availability of information needed for the analysis. Articles that are not directly related to the research variable or are outside the predetermined year range are not included in the synthesis process. After the selection process is completed, articles that meet the inclusion criteria are analyzed in depth to identify key concepts, relationships between variables, research results, and research gaps that are still found in the literature.

Data analysis was carried out using thematic analysis techniques, namely by grouping research results based on main themes related to entrepreneurial orientation, information technology, innovation capability, competitive advantage, and organizational performance. Next, a narrative synthesis was carried out to compare findings between studies and identify patterns of consistent and inconsistent relationships. The results of the synthesis are then used as a basis for compiling a conceptual framework, explaining the research gap, and formulating research implications that can support the development of strategic and economic management literature in the future.

4. | RESULTS

The results of the literature review show that entrepreneurial orientation, information technology, innovation capability, competitive advantage, and organizational performance are interrelated variables in explaining the success of organizations in facing the dynamics of the modern business environment. Based on an analysis of various studies published during the 2018–2022 period, it was found that most studies place entrepreneurial orientation as one of the strategic resources that are able to encourage direct or indirect improvement of organizational performance. Entrepreneurial orientation, which is characterized by innovation, proactiveness, and the courage to take risks, has been proven to improve the organization's ability to identify business opportunities and respond to environmental changes faster than competitors. These findings are strengthened by research by Masa'deh et al. (2018) which shows that entrepreneurial orientation has a positive relationship with organizational performance through increased market orientation and innovation capabilities. Similar results were also found by Cho and Lee (2018) who stated that organizations with a high level of entrepreneurial orientation tend to have better performance than organizations that are less adaptive to changes in the business environment.

However, the relationship between entrepreneurial orientation and organizational performance does not always show consistent results. Rezaei and Ortt (2018) found that not all dimensions of entrepreneurial orientation have the same influence on organizational performance. In some cases, the risk-taking dimension does not

contribute significantly to performance improvement if the organization does not have adequate managerial skills. These findings show that entrepreneurial orientation is not the only factor that determines the success of an organization, but needs to be supported by other factors that can strengthen the effectiveness of its implementation. These results are also in line with the research of Marom et al. (2019) which emphasized that the influence of entrepreneurial orientation on performance is greatly influenced by organizational strategy and the environmental conditions in which the organization operates.

In addition to entrepreneurial orientation, the use of information technology is also one of the dominant themes in the literature analyzed. The results show that digital transformation has changed the way organizations create value and maintain competitiveness. Information technology is no longer seen as just an operational support tool, but has evolved into a strategic resource that enables organizations to improve efficiency, flexibility, and adaptability to market changes. Bharadwaj et al. (2019) explain that digital business strategies provide opportunities for organizations to create new business models that are more responsive to customer needs. These findings are strengthened by Astuti and Rahayu (2018) who found that the effective use of information technology can increase competitive advantage through improving the quality of business processes and faster decision-making.

Literature review also shows that information technology has a close relationship with the creation of competitive advantage. Organizations that are able to integrate information technology into their business activities tend to have better ability to manage information, understand customer needs, and develop more competitive strategies. However, the results of the study show that the success of the use of information technology is highly dependent on the ability of the organization to manage and integrate the technology into existing business processes. Dubey et al. (2020) found that the impact of digital technology on organizational competitiveness is not only determined by the availability of technology, but also by the organization's ability to utilize the technology effectively. Thus, information technology can be seen as an enabler that allows organizations to increase their competitive advantage if supported by adequate resources and capabilities.

Another aspect that received great attention in the research analyzed was innovation capability. The results of the synthesis show that innovation capability is a very important factor in creating a competitive advantage and improving organizational performance. Organizations that have high innovation capabilities tend to be better able to develop new products, improve operational processes, and create more effective marketing strategies than competitors. Ferreira et al. (2020) explained that innovation capability is part of dynamic capabilities that allow organizations to adapt to changing environments and maintain business sustainability. These findings are supported by Saunila (2020) who states that innovation capability plays an important role in

increasing organizational effectiveness, especially in the face of the uncertainty of an increasingly complex business environment.

Kafetzopoulos (2022) found that innovation capability makes a positive contribution to organizational performance through increasing operational efficiency and developing more competitive products. The results of the study show that organizations that are able to develop a culture of innovation in a sustainable manner have a greater chance of achieving higher growth and profitability. In addition, innovation capability has also been proven to have a strong relationship with competitive advantage because innovation allows organizations to create differentiation that is difficult for competitors to replicate.

Analysis of the literature shows that competitive advantage is the variable that most often appears as a link between organizational strategic resources and organizational performance achievement. Competitive advantage allows organizations to gain a better position than competitors through product differentiation, service quality, cost efficiency, and the ability to respond more effectively to customer needs. Sigalas et al. (2018) explain that competitive advantage is the result of a combination of resources and capabilities that are able to create unique value for customers. Thus, competitive advantage is not only an organization's strategic goal, but also a mechanism that explains how internal resources can be translated into better organizational outcomes.

The relationship between competitive advantage and organizational performance has also received strong support from various studies. Wijaya and Suasih (2020) found that organizations that have a strong competitive advantage tend to show higher levels of growth, profitability, and sustainability than organizations that do not have clear advantages. Similar results were found by Klein et al. (2021) who stated that competitive advantage plays an important role in improving an organization's ability to survive and thrive in a competitive business environment. These findings show that competitive advantage is a central factor that bridges the relationship between entrepreneurial orientation, information technology, innovation capability, and organizational performance.

One of the important findings of this study is that there is still an inconsistency in the results of the study regarding the direct relationship between independent variables and organizational performance. Some studies show significant direct influences, while others show that these influences are stronger when mediated by competitive advantage. These findings indicate that competitive advantage has a very important role in explaining the mechanisms of how entrepreneurial orientation, information technology, and innovation capability result in improved organizational performance. In this context, competitive advantage not only serves as a result of the implementation of organizational strategies, but also as a bridge that connects strategic resources with the achievement of superior performance.

The research of Widyanti and Mahfudz (2020) provides evidence to support this argument. The results of their research show that entrepreneurial orientation, the use of

information technology, and innovation capability simultaneously have a positive effect on competitive advantage and organizational performance. These findings are important because they show that the three variables do not work separately, but rather complement each other in creating value for the organization. Organizations that have a strong entrepreneurial orientation, are able to utilize information technology effectively, and have high innovation skills will more easily build a competitive advantage which ultimately improves organizational performance.

Overall, the results of the literature review show that entrepreneurial orientation, information technology, and innovation capability are strategic factors that contribute to the formation of competitive advantage and organizational performance. However, there are still differences in the results of the study regarding the strength and direction of the relationship between these variables. These findings show that further research is still needed to gain a more comprehensive understanding of the mechanisms of intervariable relationships, especially related to the role of competitive advantage as an intervening variable that is able to explain how organizational resources and capabilities can produce superior and sustainable performance.

5. | DISCUSSION

The results of the literature review show that entrepreneurial orientation, information technology, and innovation capability are strategic factors that have an important contribution to the formation of competitive advantage and organizational performance. These findings reinforce the view of the Resource Based View (RBV) that valuable, unique, and hard-to-replicate resources and capabilities can be a source of sustainable competitive advantage. In the context of this research, entrepreneurial orientation, the use of information technology, and the ability to innovate can be seen as strategic capabilities that allow organizations to create higher value than their competitors.

Findings regarding the positive relationship between entrepreneurial orientation and organizational performance show that organizations that are more innovative, proactive, and daring to take risks have a greater chance of achieving better performance. These results are in line with the research of Masa'deh et al. (2018) and Cho and Lee (2018) which emphasized that entrepreneurial orientation is able to improve the ability of organizations to respond to changes in the business environment. However, the existence of different findings from Rezaei and Ortt (2018) shows that the influence of entrepreneurial orientation is not always direct and consistent. This condition indicates that the success of entrepreneurial orientation is greatly influenced by other supporting factors that are able to optimize its implementation in the organization.

In addition, the results of the study also show that information technology has developed into a strategic resource that plays an important role in creating competitive advantage. The use of information technology enables organizations to improve

operational efficiency, accelerate decision-making, and expand market access. These findings support the argument of Bharadwaj et al. (2019) who place digital strategy as an important element in the development of organizational competitiveness. However, the results of the synthesis show that information technology does not automatically generate a competitive advantage if it is not supported by the organization's ability to manage and integrate the technology into business activities effectively.

The study also found that innovation capability is the most consistent factor in explaining the creation of competitive advantage and improved organizational performance. These results support the views of Ferreira et al. (2020) and Saunila (2020) who state that the ability to innovate allows organizations to adapt to changes in the environment and create new value that is difficult for competitors to replicate. Innovation not only results in new products or services, but also strengthens business processes and overall organizational strategies. Therefore, innovation capability can be considered an important foundation for the sustainability of competitive advantage in the long term.

One of the main findings of this study is the importance of the role of competitive advantage as a connecting mechanism between organizational strategic resources and organizational performance. The results of the synthesis show that competitive advantage is able to explain how entrepreneurial orientation, information technology, and innovation capability translate into improved organizational performance. These findings are in line with research by Wijaya and Suasih (2020) and Klein et al. (2021) which affirm that organizations with a strong competitive advantage tend to have better capabilities in achieving business growth and sustainability.

Overall, the results of this study successfully confirm the research gap found in the previous literature. This study shows that an approach that integrates entrepreneurial orientation, information technology, innovation capability, and competitive advantage in a single conceptual framework provides a more comprehensive understanding than research that only tests the relationship between variables separately. Thus, competitive advantage can be seen as a central element that bridges the relationship between the organization's various strategic capabilities and the achievement of superior organizational performance.

6. | CONCLUSION

This study aims to analyze the relationship between entrepreneurial orientation, information technology, innovation capability, competitive advantage, and organizational performance through the Systematic Literature Review (SLR) approach. Based on the results of the synthesis of various studies published in the 2018–2022 period, it can be concluded that these three strategic factors have an important role in improving the competitiveness and performance of the organization in the midst of an increasingly dynamic and competitive business environment.

Entrepreneurial orientation has been proven to encourage organizations to be more innovative, proactive, and adaptive in taking advantage of available business

opportunities. On the other hand, information technology contributes to improving operational efficiency, decision-making quality, and organizational ability to respond to market changes. Meanwhile, innovation capability is a factor that allows organizations to generate added value through the development of products, processes, and strategies that are superior to competitors.

The results of the study also show that competitive advantage has a very important position as a mechanism that connects the various strategic capabilities of the organization with the achievement of organizational performance. Organizations that are able to build a competitive advantage in a sustainable manner tend to have better capabilities in achieving growth, increasing profitability, and maintaining business continuity in the long term.

In addition to making theoretical contributions to the development of strategic and economic management literature, this research also provides practical implications for organizations to strengthen entrepreneurial orientation, optimize the use of information technology, and improve innovation capabilities as the main strategy in building competitive advantages and improving organizational performance in a sustainable manner. Further research can expand the study by using an empirical approach to examine the relationship between variables in different industry sectors and different organizational contexts.

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The authors declare that there is no conflict of interest.

Ethical Approval and Originality Statement

Ethical approval was obtained for this study. The manuscript represents original work and has not been previously published, nor is it under consideration by another journal.

Data Disclosure Statement

The data that support the findings of this study are available from the corresponding author upon reasonable request.

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