

COMPARATIVE STUDY: DYNAMIC CAPABILITIES AND SUSTAINABLE DIFFERENTIATION STRATEGIES ON BUSINESS VALUE CREATION IN THE ERA OF DIGITAL TRANSFORMATION

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ABSTRAK

Perubahan lanskap bisnis akibat transformasi digital mendorong urgensi pemahaman tentang peran kapabilitas dinamis (kemampuan sensing, seizing, reconfiguring) serta strategi diferensiasi berkelanjutan dalam penciptaan nilai. Penelitian ini bertujuan untuk membandingkan kedua konsep tersebut, menganalisis peran mediasi atau moderasi kapabilitas dinamis, dan menyusun model strategi diferensiasi yang efektif. Melalui metode studi literatur dengan analisis konten, penelitian ini menawarkan kebaruan berupa kajian komparatif-integratif yang menghasilkan model strategis untuk keunggulan bersaing berkelanjutan. Hasil penelitian menunjukkan bahwa kapabilitas dinamis memperkuat efektivitas strategi diferensiasi berkelanjutan melalui peningkatan adaptabilitas, inovasi, dan kelincahan organisasi. Kedua konsep ini menghasilkan model strategis yang mampu meningkatkan penciptaan *value* bisnis di era transformasi digital.

Kata Kunci: Komparatif, Kapabilitas Dinamis, Nilai Tambah, Strategi Diferensiasi, Transformasi Digital

ABSTRACT

Changes in the business landscape due to digital transformation encourage the urgency of understanding the role of dynamic capabilities (sensing, seizing, reconfiguring capabilities) and sustainable differentiation strategies in value creation. This research aims to compare these two concepts, analyze the mediating or moderating role of dynamic capabilities, and develop an effective differentiation strategy model. Through a literature study method with content analysis, this research offers novelty in the form of a comparative-integrative study that produces a strategic model for sustainable competitive advantage. The result research show that Dynamic Capabilities strengthen the effectiveness Sustainable Differentiation Strategy by increasing organizational, adaptability, innovation, and agility. The integration of these two concepts produces a strategic model capable of enhancing business value creation in the era of digital transformation.

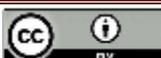
Keywords: Comparative, Dynamic Capabilities, Added Value, Differentiation Strategy, Digital Transformation

INTRODUCTION

The rapid pace of digital technological development has substantially reshaped the manner in which organizations compete and generate business value. Digital transformation is no longer confined to the digitization of operational activities; rather, it involves more comprehensive changes encompassing business models, organizational arrangements, and value creation logics. The increasing utilization of advanced technologies such as artificial intelligence, the Internet of Things (IoT), cloud computing, blockchain, and data analytics

enables firms to enhance organizational flexibility, foster innovation, and respond more effectively to market dynamics that are characterized by growing complexity and uncertainty (Harto et al., 2023). Under these conditions, firms are required not only to adopt digital technologies, but also to develop strategic capabilities that support long-term competitiveness in the digital era.

Within a business environment that evolves rapidly and unpredictably, dynamic capabilities have become a critical strategic foundation for organizational sustainability. Dynamic



capabilities refer to an organization's capacity to continuously identify emerging opportunities and potential threats, select and exploit relevant opportunities, and reconfigure internal resources and competencies in order to maintain competitive advantage (Teece et al., 1997; Yuwono & Vaddhano, 2025). This concept differs fundamentally from traditional operational capabilities, which primarily emphasize efficiency in routine activities. Instead, dynamic capabilities highlight the ability of organizations to adapt to environmental changes through ongoing renewal of strategies, organizational structures, and business processes (Ramadhan & Nafia, 2024). As such, dynamic capabilities function as an essential mechanism that enables firms to navigate uncertainty and competitive complexity in the context of digital transformation.

In addition to dynamic capabilities, sustainable differentiation strategy plays a pivotal role in achieving competitive success during the digital transformation era. This strategy focuses on delivering products or services that are distinctive, difficult to imitate, and capable of being sustained over time through continuous innovation, superior quality, and value enhancement that aligns with evolving customer needs (Maharani, 2024; Sulistiani, 2013). In digital environments marked by rapidly changing customer preferences and accelerated technological advancements, differentiation strategies cannot remain static. Consequently, firms must continuously refine and adapt their differentiation approaches to ensure sustained relevance and competitiveness within increasingly dynamic markets.

A number of previous studies have examined the contribution of dynamic capabilities to competitive advantage and the successful implementation of digital transformation initiatives (Teece et al., 1997; Warner & Wäger, 2019). Other studies have emphasized the strategic importance of differentiation strategies in establishing long-term competitive advantage across various industries (Maharani, 2024; Sulistiani, 2013). However, much of the existing literature tends to address dynamic capabilities and differentiation strategies as independent constructs. Empirical and conceptual investigations that comparatively analyze the interrelationship between dynamic capabilities and sustainable differentiation strategies in the context of business value

creation, particularly within the digital transformation era, remain relatively limited.

Moreover, prior research often positions dynamic capabilities as an independent variable that directly influences firm performance or competitive advantage, while giving limited attention to their role as a strategic mechanism that enhances or facilitates the effectiveness of sustainable differentiation strategies. In practical settings, however, the success of differentiation strategies is closely linked to an organization's ability to continuously innovate, adapt, and reconfigure its internal resources and capabilities in response to environmental turbulence and shifting market demands.

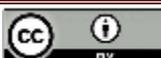
Based on these considerations, this study is positioned to explore more deeply how dynamic capabilities and sustainable differentiation strategies jointly contribute to business value creation in the era of digital transformation. The novelty of this research lies in its integrative and comparative approach, which not only examines the individual roles of each construct but also analyzes how dynamic capabilities function to strengthen the effectiveness of sustainable differentiation strategies. Through a comprehensive synthesis of relevant literature, this study aims to develop a strategic conceptual model that can serve as a practical and theoretical reference for organizations seeking to build sustainable competitive advantage and enduring business value amid the dynamic digital business environment.

LITERATURE REVIEW

Resource-Based View (RBV)

The Resource-Based View (RBV) is widely recognized as one of the most fundamental and influential theoretical frameworks in the field of strategic management. This theory provides a comprehensive explanation of how firms achieve and sustain competitive advantage by emphasizing the role of internal organizational resources rather than external market positioning alone. RBV posits that differences in firm performance can largely be attributed to heterogeneity in resource endowments and the ability of organizations to effectively manage and deploy these resources in a strategic manner.

More specifically, RBV highlights that firms are able to attain sustainable and long-term competitive advantage when they possess resources that meet the criteria of being valuable, rare, inimitable, and non-substitutable, commonly referred to as the VRIN attributes (Barney, 1991)



Resources that fulfill these conditions enable firms to implement value-creating strategies that competitors are unable to easily replicate or neutralize. From this perspective, competitive advantage emerges not merely from market power or industry structure, but from the internal strengths embedded within the organization itself.

Within the RBV framework, competitive advantage is therefore not determined solely by a firm's strategic positioning within an industry or by external environmental factors. Instead, it is strongly influenced by the organization's internal capability to identify, develop, combine, and optimally utilize its unique resource base. This internal orientation shifts the analytical focus of strategic management from external competitive forces toward the development and exploitation of firm-specific assets, including tangible resources, intangible assets, organizational routines, and managerial capabilities.

RBV also plays a significant role in explaining variations in performance among firms operating within the same industry context. Despite facing similar market conditions, organizations often demonstrate markedly different outcomes due to disparities in resource quality and strategic utilization. By emphasizing internal resource heterogeneity, RBV provides a robust explanation for why some firms consistently outperform others, even in highly competitive environments.

However, despite its strong explanatory power, the Resource-Based View has been subject to considerable criticism, particularly regarding its relatively static nature. Several scholars argue that RBV lacks sufficient emphasis on how firms adapt their resource configurations in response to rapid environmental change and heightened uncertainty. This limitation becomes especially evident in contexts characterized by globalization, technological disruption, and accelerating digital transformation, where competitive conditions evolve continuously and unpredictably (Teece et al., 1997). As a result, RBV alone is often considered insufficient to fully explain how organizations sustain competitive advantage in dynamic environments, thereby motivating the development of more dynamic theoretical perspectives.

Dynamic Capabilities

The concept of dynamic capabilities emerged as a natural extension of the Resource-Based View (RBV) to address the shortcomings

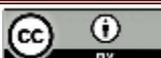
associated with its static assumptions. Dynamic capabilities theory focuses on how organizations modify, renew, and reconfigure their resource bases in response to rapidly changing business environments. Teece et al. (1997) define dynamic capabilities as the ability of an organization to integrate, build, and reconfigure internal and external competencies in order to respond effectively to environmental change.

This perspective emphasizes that sustainable competitive advantage is not derived solely from possessing valuable resources, but from the firm's ongoing capacity to adapt those resources over time. In other words, while RBV explains the sources of competitive advantage, dynamic capabilities explain how such advantages are continuously renewed and sustained in volatile environments. The ability to adapt, rather than static resource ownership, becomes the central driver of long-term competitiveness.

Teece (2007) further conceptualizes dynamic capabilities into three interrelated components: sensing, seizing, and transforming. Sensing refers to the firm's ability to systematically identify emerging opportunities and potential threats arising from technological change, shifting customer preferences, or competitive dynamics. Seizing involves the organization's capability to mobilize resources and make strategic investments to exploit identified opportunities. Transforming represents the firm's ability to continuously reconfigure organizational structures, processes, and asset bases to maintain alignment with evolving environmental conditions.

In the era of digital transformation, dynamic capabilities have become increasingly critical for organizational survival and growth. Digital technologies fundamentally reshape business processes, decision-making mechanisms, and value creation models. Through strong dynamic capabilities, firms are better positioned to adopt digital technologies effectively, integrate them into operational and strategic activities, and redesign business models in response to technological change. This process enhances organizational agility, enabling firms to respond more rapidly and effectively to complex, fast-moving, and uncertain business environments.

Moreover, dynamic capabilities facilitate continuous innovation by enabling organizations to repeatedly identify new opportunities, implement technology-based solutions, and renew internal competencies in a systematic manner. Consequently, dynamic capabilities



serve as a key strategic foundation for sustaining competitive advantage and generating long-term business value in digitally driven markets (Yuwono & Vaddhano, 2025).

Sustainable Differentiation Strategy

Differentiation strategy is widely recognized as one of the most prominent generic competitive strategies employed by firms to create uniqueness in their products or services, thereby generating superior value for customers. Porter (1985) defines differentiation as a strategic approach through which firms establish a distinct value proposition that is perceived by customers as superior compared to competing offerings. This perceived uniqueness plays a critical role in shaping customer preferences, strengthening brand positioning, and enabling firms to achieve a competitive advantage that is not solely based on price competition. In many cases, successful differentiation allows firms to command premium pricing while maintaining customer loyalty.

An effective differentiation strategy extends well beyond the enhancement of product attributes alone and involves a comprehensive set of organizational activities. These activities include continuous innovation in production and operational processes, improvements in service quality, the strengthening of brand image, and the delivery of superior and consistent customer experiences. Consequently, differentiation should be understood not merely as a result of product design decisions, but as a holistic organizational effort that integrates multiple functional areas. Through this integrated approach, firms are able to deliver distinctive value across various dimensions that are meaningful to customers and difficult for competitors to replicate.

Over time, scholarly understanding of differentiation has evolved from viewing it as a short-term tactical initiative into recognizing it as a long-term strategic orientation. Sustainable differentiation emphasizes the importance of maintaining uniqueness consistently over extended periods, rather than achieving temporary market distinction. (Barney, 2001) and (Grant, 2016) argue that enduring differentiation can only be achieved when firms possess valuable, rare, inimitable, and non-substitutable resources and capabilities. This perspective highlights that sustainable differentiation is fundamentally rooted in the internal capability base of the organization, reinforcing the strategic importance of managing and developing firm-specific resources.

In this context, sustainable differentiation is closely intertwined with the concept of dynamic capabilities. Dynamic capabilities enable firms to sense changes in the external environment, seize emerging opportunities, and reconfigure organizational resources in response to market dynamics and technological advancements. The ability to adapt and innovate continuously becomes essential in preserving differentiation in highly competitive and rapidly evolving markets. Without strong internal foundations supported by dynamic capabilities, differentiation strategies tend to be temporary and easily imitated by competitors. Therefore, firms must consistently invest in the development and renewal of their dynamic capabilities to ensure that differentiation remains relevant, resilient, and difficult to replicate, thereby sustaining long-term competitive advantage.

Creating Business Value in the Era of Digital Transformation

Business value creation represents a fundamental and primary objective underlying the implementation of organizational strategies and capabilities. It encompasses efforts to generate economic, social, and innovative benefits that provide long-term advantages not only for firms, but also for stakeholders and customers. In the contemporary era of digital transformation, the concept of business value creation has undergone a significant evolution, driven by profound changes in business models, the widespread adoption of digital technologies, and increasingly complex and diverse customer expectations. These transformations have not only altered how firms operate internally, but have also compelled organizations to rapidly adapt to emerging trends such as e-commerce, big data analytics, and artificial intelligence, all of which contribute to the formation of new sources of value.

Within this context, digital transformation encourages firms to rethink traditional value creation mechanisms and shift toward technology-enabled innovation. Vial (2021) explains that digital transformation actively motivates organizations to create value through advanced technological innovation, efficient data integration, and the development of organizational capabilities that are highly adaptive and responsive to environmental change. As a result, value creation increasingly depends on the ability of firms to align digital technologies with strategic objectives, rather than



merely adopting technology for operational efficiency.

In addition, empirical studies suggest that organizations that successfully develop dynamic capabilities such as the ability to respond swiftly to market changes and implement digitally driven differentiation strategies tend to outperform competitors in creating sustainable business value (Warner & Wäger, 2019). Digital differentiation initiatives, including service personalization and the delivery of unique customer experiences through online platforms, enable firms to strengthen their competitive positioning while enhancing customer engagement. For example, companies that effectively integrate customer data to deliver targeted product recommendations not only improve customer satisfaction but also foster long-term loyalty that is difficult for competitors to replicate.

Accordingly, business value creation cannot be attributed solely to the type of digital technologies adopted. Instead, it is largely determined by an organization's strategic capacity to manage change effectively, leverage digital opportunities optimally, and integrate innovation into everyday operational activities. This perspective highlights the importance of a holistic approach that combines digital technology with robust business strategies, enabling firms to remain competitive and resilient amid intensifying global competition.

Research Framework

This study is grounded in the theoretical foundations and empirical insights discussed in the preceding literature review, which collectively explain the interrelationships between dynamic capabilities, sustainable differentiation strategy, and business value creation in the era of digital transformation. Building upon these perspectives, the research framework is designed to systematically illustrate how organizational adaptive capabilities contribute to the development of effective differentiation strategies, which in turn support the creation of sustainable business value. The framework emphasizes a logical and integrative flow that connects internal organizational capabilities with strategic outcomes in a rapidly changing business environment.

Dynamic capabilities are conceptualized in this study as higher-order organizational abilities that encompass sensing, seizing, and transforming in response to dynamic and uncertain business environments. These capabilities enable organizations to identify

emerging market opportunities, optimally deploy and reconfigure available resources, and continuously realign strategic orientations in accordance with environmental changes. Within the proposed framework, dynamic capabilities play a foundational role in strengthening sustainable differentiation strategies by enhancing a firm's capacity to adapt its products, services, processes, and business models to evolving customer demands, competitive pressures, and technological developments.



Figure 2. Conceptual Framework

Furthermore, sustainable differentiation strategy is positioned as a strategic mechanism that directly contributes to business value creation. When supported by strong dynamic capabilities, differentiation efforts are not static but continuously adjusted to remain aligned with market dynamics and technological advancements. This ongoing alignment enables firms to maintain distinctiveness, enhance perceived customer value, and strengthen competitive positioning. As a result, sustainable differentiation facilitates the generation of economic value, supports long-term organizational performance, and reinforces overall business sustainability. In this context, sustainable differentiation serves as a critical strategic pathway through which dynamic capabilities are transformed into tangible and measurable business outcomes.

In this research framework, digital transformation is treated as the broader environmental context that shapes and influences the relationships among the examined variables. The digital transformation era is characterized by rapid technological change, accelerated innovation cycles, and increasing competitive complexity, all of which demand higher levels of organizational adaptability. Consequently, firms are required to possess robust dynamic capabilities and adaptive differentiation strategies to remain competitive. The integration of

dynamic capabilities and sustainable differentiation strategies thus becomes a key determinant of business value creation, enabling organizations to respond effectively to digital disruption while sustaining long-term competitiveness in increasingly dynamic markets.

RESEARCH METHODS

This study employs a qualitative literature review method, which is selected in alignment with the primary objective of the research, namely to examine, analyze, and synthesize theoretical concepts and empirical findings derived from relevant scholarly literature concerning dynamic capabilities, sustainable differentiation strategies, and business value creation in the era of digital transformation. This methodological approach enables the researchers to develop a comprehensive and in-depth conceptual understanding of the relationships among the examined variables without engaging in direct primary data collection. Consequently, a qualitative literature review is considered an appropriate and effective method for constructing an integrated and theoretically grounded conceptual framework that reflects the complexity of the research phenomenon.

The data sources utilized in this study consist exclusively of secondary literature, including peer-reviewed articles published in reputable national and international academic journals, authoritative academic reference books, and other scientific publications that are closely related to the research topic. The selection of literature is conducted through a rigorous and selective process based on several key criteria, such as the relevance of the sources to the research focus, the academic credibility and reputation of the publishers or journals, and the extent to which the literature contributes to explaining the relationships among dynamic capabilities, sustainable differentiation strategies, and business value creation. This careful selection process ensures that the analyzed sources possess adequate academic quality and provide a solid foundation for a robust theoretical analysis.

Data analysis in this research is carried out through a combination of content analysis and comparative literature analysis. Content analysis is applied to systematically identify core concepts, dominant themes, and key variables that frequently emerge across the reviewed literature. Meanwhile, comparative literature analysis is employed to examine similarities,

differences, and recurring patterns among previous empirical studies, particularly in relation to how dynamic capabilities influence sustainable differentiation strategies and how both constructs contribute to business value creation. Through this analytical process, the study is able to classify and organize research findings according to the examined variables and the contextual settings in which they are discussed.

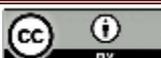
Furthermore, in accordance with the conceptual framework developed in this study, a conceptual synthesis is conducted to establish logical and coherent relationships among the research variables. This synthesis aims to formulate an integrated understanding of the role of dynamic capabilities as a strategic foundation that strengthens sustainable differentiation strategies in supporting business value creation. Through this approach, the research not only summarizes existing scholarly findings but also systematically connects them into a cohesive and theoretically consistent conceptual structure.

By applying a qualitative literature review methodology, this study is expected to contribute to the expansion of theoretical understanding regarding the mechanisms of business value creation in the digital transformation era. In addition, the findings of this research are anticipated to serve as a conceptual reference for future studies, particularly empirical research that seeks to examine the relationships among dynamic capabilities, sustainable differentiation strategies, and business value creation in a more in-depth and contextualized manner.

RESEARCH RESULT

The Role of Dynamic Capabilities and Sustainable Differentiation Strategies in Business Value Creation in the Digital Era.

The findings indicate that dynamic capabilities play a critical and strategic role in enhancing the effectiveness of sustainable differentiation strategies, particularly through an organization's capacity to respond rapidly, flexibly, and strategically to continuous changes in the business environment. In the digital era, where market conditions, customer preferences, and technological landscapes evolve at an accelerated pace, dynamic capabilities enable firms to continuously realign internal resources, organizational processes, and core competencies with external demands. This continuous alignment supports firms in maintaining relevance and competitiveness while navigating uncertainty and complexity



The integration of dynamic capabilities and sustainable differentiation strategies allows organizations to move beyond short-term competitive positioning toward the creation of more resilient and enduring competitive advantages. By leveraging dynamic capabilities, firms are better equipped to sense emerging opportunities, seize strategic options, and reconfigure their resource base in ways that reinforce differentiation. Consequently, sustainable differentiation is not treated as a static strategic choice but as an ongoing process that evolves alongside environmental changes. This integration significantly enhances a firm's ability to create business value that is not only superior in the short term but also sustainable over time, particularly in highly dynamic and uncertain business contexts (Dhanias & Atmoko, 2025).

Furthermore, the combination of dynamic capabilities and sustainable differentiation strategies generates strategic synergy that strengthens long-term organizational competitiveness. Dynamic capabilities provide an adaptive and flexible strategic foundation that supports organizational learning, innovation, and the continuous renewal of resources. In parallel, sustainable differentiation strategies offer a clear and consistent strategic direction that preserves and enhances the uniqueness of products or services over extended periods. Together, these two constructs enable organizations to reinforce customer perceptions of uniqueness, strengthen market positioning, and sustain competitive superiority, even under conditions of rapid technological change, heightened competition, and environmental uncertainty (Dhanias & Atmoko, 2025).

The Influence of Dynamic Capabilities on Sustainable Differentiation Strategies in Business Value Creation

In the contemporary digital era, the creation and enhancement of business value are increasingly shaped by a firm's ability to continuously adapt, innovate, and respond effectively to environmental turbulence. The results suggest that dynamic capabilities serve as a fundamental enabler that strengthens sustainable differentiation strategies by providing organizations with the flexibility and responsiveness required to manage ongoing change. From a comparative perspective, sustainable differentiation strategies function as adaptive mechanisms that guide firms in balancing strategic consistency with the need to respond to volatile market conditions and rapid

technological disruption.

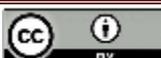
Within this context, sustainable differentiation strategies act as a strategic compass that aligns innovation activities, resource allocation, and organizational objectives with long-term business value creation goals. Dynamic capabilities support this alignment by enabling firms to continuously update and refine differentiation initiatives in response to changing customer needs and competitive pressures. As a result, firms are able to sustain differentiation not merely as a one-time strategic initiative but as a dynamic and evolving process that contributes to long-term value creation (Wibowo, 2024).

Moreover, sustainable differentiation strategies play a significant role in enhancing organizational resilience by enabling firms to anticipate, absorb, and respond to competitive challenges more effectively. These strategies provide structured and coherent strategic guidance, ensuring that organizations do not focus solely on developing unique products or services at a single point in time. Instead, firms are encouraged to continuously renew and refine their innovations in line with evolving market trends and technological advancements (Gustia & Hartini, 2024). Empirical evidence further indicates that sustainable differentiation strategies supported by strong internal capabilities enhance a firm's capacity to maintain customer loyalty, stimulate continuous innovation, and reinforce overall business value, thereby strengthening competitiveness within increasingly complex and digitally driven business environments (Estede et al., 2025).

A Dynamic Capability-Based Sustainable Differentiation Strategy Model for Business Value Creation in the Digital Transformation Era

The results also highlight that dynamic capabilities and differentiation strategies represent two fundamental and interrelated determinants in the process of business value creation within organizations. Dynamic capabilities enable firms to adapt effectively to shifts in market conditions and technological developments through the continuous reconfiguration of internal resources, organizational processes, and core competencies (Amzul et al., 2024). This adaptive capacity allows organizations to remain responsive and innovative amid environmental uncertainty.

At the same time, differentiation strategies focus on creating unique products or services that allow firms to distinguish themselves from



competitors and establish strong positions in highly competitive markets (Maharani, 2024). Differentiation provides firms with a mechanism to deliver superior value to customers while reinforcing brand identity and market recognition. When combined with dynamic capabilities, differentiation strategies become more resilient and sustainable, as firms are able to continuously adjust and renew their unique value propositions in response to changing environmental conditions.

Accordingly, the findings support the formulation of an effective sustainable differentiation strategy model grounded in dynamic capabilities as a critical foundation for business value creation in the era of digital transformation. This model emphasizes the strategic alignment between adaptive organizational capabilities and continuous differentiation efforts as a key driver of superior organizational performance and long-term competitiveness.

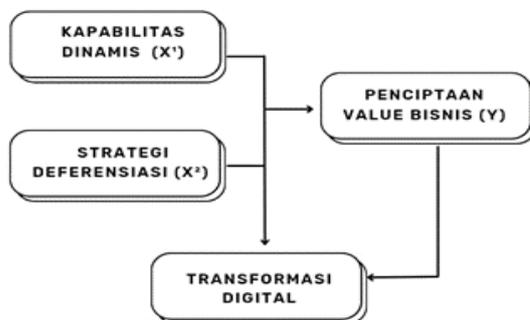


Figure 2. Sustainable Differentiation Strategy Model in Business Value Creation in the Digital Transformation Era

Within this conceptual framework, digital transformation functions as a mediating or intervening variable that strengthens and clarifies the relationship between dynamic capabilities, differentiation strategies, and business value. Through the adoption and implementation of digital transformation initiatives, organizations are able to further optimize their adaptive and innovative capacities while simultaneously reinforcing product or service differentiation. As a result, the process of business value creation becomes more effective, more relevant, and more responsive to the demands of the digital era, enabling firms to achieve superior performance and sustain competitiveness within highly dynamic and rapidly evolving business environments.

DISCUSSION

Based on an in-depth review and synthesis of relevant conceptual and empirical studies, this research concludes that dynamic capabilities play a pivotal role in strengthening sustainable differentiation strategies, which ultimately contribute significantly to business value creation, particularly within the context of the contemporary digital transformation era. The conceptual findings of this study emphasize that business value creation does not occur instantaneously or in a linear manner. Instead, it emerges through a structured and gradual strategic process that is firmly grounded in an organization's internal capabilities to respond effectively to a highly dynamic and uncertain business environment. From this perspective, business value creation can be understood as the outcome of a complex and continuous interaction between internal organizational capabilities and strategic choices made by firms over time.

From a theoretical standpoint, the findings of this study are strongly rooted in the Resource-Based View (RBV), which posits that sustainable competitive advantage originates from a firm's ability to manage and leverage internal resources that are valuable, rare, difficult to imitate, and non-substitutable (Barney, 1991). RBV provides an essential foundation for explaining why internal resources and capabilities constitute the primary drivers of long-term competitive advantage. However, prior studies have also highlighted the limitations of RBV in explaining how firms are able to sustain such advantages in business environments characterized by rapid change, technological disruption, and heightened uncertainty. In response to these limitations, the concept of dynamic capabilities was developed as a complementary extension of RBV, offering a more robust explanation of how organizations can continuously reconfigure, renew, and transform their resource bases to remain aligned with evolving environmental conditions (Teece et al., 1997).

More specifically, dynamic capabilities manifested through the processes of sensing, seizing, and transforming enable organizations to proactively identify emerging market opportunities, respond to technological advancements, and flexibly integrate and reallocate resources. A synthesis of prior empirical research indicates that firms possessing strong dynamic capabilities tend to exhibit higher levels of innovation, superior strategic

responsiveness, and enhanced resilience in the face of environmental uncertainty (Eisenhardt & Martin, 2017; Helfat et al., 2009; Teece, 2007). These capabilities are increasingly critical in modern competitive landscapes, where rapid technological change and intensifying competitive pressures require organizations to move beyond static strategic approaches and adopt more adaptive and forward-looking orientations.

Furthermore, the literature review reveals that sustainable differentiation strategy serves as a crucial strategic mechanism linking dynamic capabilities to business value creation. Differentiation strategies enable firms to develop and sustain unique value propositions that are difficult for competitors to replicate, achieved through continuous product innovation, service enhancement, and the strategic utilization of digital technologies. Empirical evidence published in leading academic journals consistently demonstrates that differentiation strategies supported by strong internal organizational capabilities significantly enhance business performance and reinforce long-term competitive advantage (Barney, 1991; Grant, 2016; Porter, 1985). In this regard, sustainable differentiation should not be viewed merely as a competitive tactic, but rather as a transformational strategic mechanism that translates internal capabilities into sustained value creation.

Within the context of the digital transformation era, the findings of this literature-based analysis further underscore the growing importance of both dynamic capabilities and sustainable differentiation strategies. The rapid advancement of digital technologies has substantially increased environmental complexity and uncertainty, thereby intensifying the need for continuous organizational adaptation. Firms that are able to strategically integrate digital technologies into their business processes and business models are more likely to achieve sustainable business value compared to firms that demonstrate lower levels of digital adaptability (Vial, 2021; Warner & Wäger, 2019). These findings indicate that digital transformation extends beyond technological adoption alone and requires the renewal of organizational capabilities, strategic mindsets, and value creation mechanisms.

Overall, this discussion highlights that business value creation is best understood as an integrated strategic process, in which dynamic

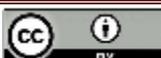
capabilities function as the foundational enabler, while sustainable differentiation strategy acts as the transformational mechanism through which value is realized. By linking the grand theory of RBV with the dynamic capabilities framework and synthesizing insights from prior empirical studies, this research offers a more comprehensive understanding of the mechanisms underlying business value creation in the digital transformation era. This integrated perspective reinforces the position of dynamic capabilities as a central element of modern business strategy, particularly for organizations seeking long-term sustainability and enduring competitive advantage in increasingly volatile and digitally driven markets.

CONCLUSION

This study concludes that the integration of dynamic capabilities and sustainable differentiation strategy is a critical determinant in the creation of adaptive, innovative, and superior business value in the era of digital transformation. The strategic model formulated in this research demonstrates that firms are able to pursue sustainable competitive advantage by systematically aligning their internal adaptive capabilities with differentiation-oriented strategic choices. Through this integration, organizations are better positioned to enhance innovation capacity, improve organizational flexibility, and strengthen business agility in responding to rapidly changing market and technological environments.

The implementation of the proposed strategic model has meaningful implications for organizational performance, particularly in terms of improving operational efficiency, strengthening customer loyalty, and fostering long-term business value growth. By leveraging dynamic capabilities to support sustainable differentiation, firms can continuously adjust their products, services, and business processes to meet evolving customer expectations and competitive pressures. As a result, value creation is not only maintained but also reinforced through ongoing innovation and strategic renewal.

Nevertheless, the application of this strategic model also requires a high level of organizational readiness. Firms must be prepared to manage changes in organizational culture, develop adaptive mindsets, and ensure the optimal allocation and utilization of resources. In addition, managerial complexity and the

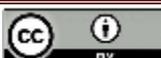


challenge of selecting and implementing appropriate digital technologies represent key constraints that organizations may encounter during the execution of the strategy. These challenges highlight the importance of effective leadership, strategic coordination, and continuous learning in supporting successful implementation.

Overall, the findings of this study provide a substantive contribution to the development of business strategy literature in the context of digital transformation. By emphasizing the combined role of dynamic capabilities and sustainable differentiation strategy, this research offers practical insights and strategic recommendations for firms seeking to strengthen their competitiveness in a sustainable manner. The conclusions drawn underscore that long-term business value creation in the digital era is best achieved through an integrated and adaptive strategic approach that balances innovation, flexibility, and competitive differentiation.

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