

## BUILDING COMPETITIVE ADVANTAGE IN THE DISRUPTIVE ERA IN ISLAMIC SCHOOLS

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### ABSTRACT

This study aims to analyze strategies for building competitive advantage in Islamic schools in the disruptive era characterized by rapid digital technological development and changing societal demands. The main problems faced include the limited ability of institutions to differentiate educational services, implement innovation, and integrate Islamic values into modern management practices. This study employs a quantitative approach with an explanatory design through a survey involving 150 respondents, consisting of principals, teachers, and educational staff. The research instrument was developed based on the resource-based view and educational innovation theories. Data analysis was conducted using SEM-PLS to examine the relationships among variables. The results indicate that educational innovation, strategic leadership, and the integration of Islamic values have a significant effect on competitive advantage. These findings highlight that Islamic educational institutions capable of managing unique resources based on values and technology tend to achieve higher competitiveness. This study contributes theoretically by developing a competitive advantage model grounded in Islamic values and provides practical implications for educational managers in responding to disruptive changes.

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### INTRODUCTION

The disruptive era, characterized by rapid digital technological advancement, shifting societal behavior, and intensifying global competition, has fundamentally transformed the educational landscape. This transformation not only affects learning methodologies but also reshapes how educational institutions manage organizations and create value for stakeholders. Educational institutions, including Islamic schools, are required to function not merely as centers of knowledge transfer but also as strategic organizations capable of generating competitive advantage. The concept of competitive advantage in education refers to an institution's ability to offer unique value that is difficult for competitors to replicate, whether through service quality, curriculum innovation, or the integration of spiritual

values (Porter, 1985; Barney, 1991). In the context of Islamic schools, such advantage is not solely academic but also encompasses character building and the internalization of Islamic values as key differentiators. However, the emergence of new educational models such as digital learning, hybrid schooling, and personalized learning has intensified competitive pressures among institutions. Furthermore, societal expectations for more adaptive and relevant educational quality continue to rise. Therefore, Islamic schools must develop adaptive strategies that effectively integrate modern innovation with traditional values to remain relevant, competitive, and sustainable in a rapidly changing global environment.

The primary challenge faced by Islamic schools lies in their limited capacity to systematically and sustainably manage innovation and service differentiation. Many institutions still rely on conventional approaches in both teaching and organizational management, making it difficult to compete with technology-based or internationally standardized schools. This condition is further exacerbated by limited utilization of digital technologies and the lack of visionary leadership capable of driving organizational change. Studies across various countries indicate that educational institutions integrating technology, innovative leadership, and value-based management demonstrate higher competitiveness (OECD, 2021; Fullan, 2020). In Finland, educational transformation is achieved through strengthening teacher capacity and competency-based learning systems, while in Singapore, innovation is driven by technology-oriented policies and human resource development. Meanwhile, countries such as Malaysia have shown that integrating religious values with modern approaches significantly enhances the quality and attractiveness of Islamic educational institutions (Ahmad & Hassan, 2022). These findings suggest that competitive advantage is not solely determined by physical resources but also by an organization's ability to manage knowledge, values, and innovation in an integrated manner. Therefore, this study is essential to identify strategic factors that can enhance the competitiveness of Islamic schools in an increasingly globalized and competitive environment.

Although numerous studies have examined competitive advantage within the education sector, most focus on general managerial aspects, technological innovation, or service quality improvement without adequately considering the integration of religious values as a strategic source of advantage. Previous research tends to adopt the resource-based view or innovation perspectives in isolation, thereby failing to comprehensively explain how the combination of value-based resources can produce sustainable competitive advantage. Furthermore, most studies are conducted within the context of general education or higher education institutions, making them less relevant to Islamic schools, which inherently incorporate strong spiritual and moral dimensions. The research gap lies in the lack of an integrative model that combines innovation, leadership, and Islamic values as a unified framework for building competitive advantage. In fact, the integration of these three elements has the potential to become a unique and inimitable source of differentiation. Therefore, the novelty of this study lies in the development of a comprehensive model of competitive advantage based on the integration of Islamic values, educational innovation, and strategic leadership. Additionally, this study employs an empirical approach with context-specific indicators tailored to the characteristics of Islamic schools, thereby providing both theoretical and practical contributions.

This study aims to empirically examine the influence of educational innovation, strategic leadership, and the integration of Islamic values on the competitive advantage of Islamic schools. Competitive advantage is measured through indicators such as service differentiation, institutional reputation, and stakeholder satisfaction as representations of an institution's ability to create superior value. The innovation variable includes the use of digital technologies in learning, future-oriented curriculum development, and the implementation of adaptive and innovative teaching methods. Strategic leadership is measured through organizational vision, adaptability to change, and effectiveness in strategic decision-making. Meanwhile, the integration of Islamic values includes the internalization of spiritual values in the learning process, the strengthening of Islamic organizational culture, and character building as the primary educational outcome. This study is limited to Islamic secondary schools and employs a quantitative survey approach; therefore, the findings cannot be generalized broadly without considering local contexts and

institutional characteristics. Nevertheless, this study is expected to provide a comprehensive understanding of the factors influencing competitive advantage in Islamic schools and serve as a foundation for developing more adaptive and sustainable educational strategies.

## METHOD

This study employs a quantitative approach with an explanatory research design aimed at examining the causal relationships among variables within a competitive advantage model in Islamic schools. This approach was selected because it enables the empirical explanation of how educational innovation, strategic leadership, and the integration of Islamic values simultaneously influence competitive advantage. The research model is developed based on the Resource-Based View (RBV), which emphasizes that competitive advantage stems from an organization's ability to manage unique and inimitable resources (Barney, 1991). In addition, this study adopts the perspective of educational innovation, highlighting the importance of technological adaptation and curriculum transformation in responding to the disruptive era (Ahmad et al., 2023).

The research design utilizes a survey method with a cross-sectional approach, where data are collected at a single point in time to capture the condition of the studied variables. This design is considered effective for identifying patterns of relationships among variables within the context of educational organizations. The conceptual framework consists of three independent variables—innovation, strategic leadership, and Islamic values—and one dependent variable, namely competitive advantage. To enhance the validity of the model, this study incorporates relevant indicators derived from recent literature on Islamic education management and organizational innovation.

The subjects of this study consist of 150 respondents drawn from 10 Islamic secondary schools in Indonesia. The sample was selected using a purposive sampling technique with specific criteria, namely individuals who hold strategic roles in educational management, such as principals, vice principals, senior teachers, and administrative staff. This technique was employed to ensure that respondents possess adequate understanding of the variables under investigation.

The characteristics of the respondents indicate that the majority have more than five years of professional experience, suggesting their capability to provide objective assessments of organizational conditions. Furthermore, most respondents hold at least a bachelor's degree, reflecting a sufficient level of competence in understanding contemporary educational dynamics. The distribution of respondents across multiple schools aims to enhance the representativeness of the data.

The selection of this sample is based on the consideration that strategic decision-making in educational institutions is not solely determined by top management but also involves educators who are directly engaged in the teaching and learning process. Therefore, involving multiple actors within the organization is expected to provide a more comprehensive understanding of the competitive advantage of Islamic schools.

The research instrument used in this study is a questionnaire employing a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The instrument was developed by adapting indicators from previous studies relevant to educational innovation, strategic leadership, and competitive advantage. The innovation variable is measured through indicators such as the use of technology, curriculum development, and innovative teaching methods. Strategic leadership is measured through organizational vision, adaptability, and decision-making capability. Meanwhile, the Islamic values variable is assessed through the internalization of spiritual values, Islamic organizational culture, and character development.

Instrument validity was tested using Confirmatory Factor Analysis (CFA), while reliability was assessed using Cronbach's Alpha with a minimum threshold of 0.70. Data collection was conducted through an online survey

to facilitate respondent access and improve efficiency. Prior to the main data collection, a pilot test was conducted with 30 respondents to ensure clarity and consistency of the questionnaire items.

The research procedure began with instrument development, followed by validity and reliability testing, questionnaire distribution, and data collection and processing. All stages were conducted systematically to ensure the quality and accuracy of the data obtained.

Data analysis in this study was conducted using Structural Equation Modeling based on Partial Least Squares (SEM-PLS). This method was chosen because it is capable of analyzing complex relationships among variables with relatively small sample sizes and does not require normally distributed data. The analysis was carried out in two main stages: evaluation of the outer model and the inner model.

The outer model evaluation aims to assess the validity and reliability of the indicators using loading factors, Average Variance Extracted (AVE), and composite reliability. Meanwhile, the inner model evaluation examines the relationships among variables through path coefficients and R-square values. In addition, significance testing was conducted using the bootstrapping technique to determine the strength and significance of the relationships between variables.

The results of this analysis are used to address the research questions and test the proposed hypotheses. This approach enables researchers to obtain a comprehensive understanding of the relationships among variables within the research model and provides robust empirical evidence to support the study findings.

## RESULTS AND DISCUSSION

### 1. The Effect of Innovation on Competitive Advantage

The results of the SEM analysis demonstrate that educational innovation has a positive and statistically significant effect on competitive advantage ( $\beta = 0.45$ ;  $p < 0.001$ ). This finding indicates that the extent to which Islamic educational institutions adopt and implement innovative practices plays a crucial role in determining their competitive positioning. Innovation in this study is not limited to technological adoption but extends to curriculum transformation, pedagogical innovation, and the integration of digital learning ecosystems. In the context of the disruptive era, where technological advancement and knowledge evolution occur rapidly, institutions that actively innovate are better equipped to respond to emerging challenges and opportunities.

From a strategic perspective, innovation serves as a mechanism for differentiation, enabling institutions to offer unique educational experiences that are difficult for competitors to imitate. This differentiation is essential in highly competitive educational markets, where stakeholders increasingly demand flexible, relevant, and future-oriented learning systems. Moreover, innovation enhances institutional agility, allowing schools to continuously adapt to environmental changes, including shifts in student expectations, technological trends, and policy frameworks. The role of innovation in improving student engagement and learning outcomes further contributes to stakeholder satisfaction, which ultimately strengthens institutional reputation and sustainability.

Theoretically, this finding is strongly aligned with the Resource-Based View (RBV), which posits that organizations achieve sustained competitive advantage through the effective utilization of valuable, rare, inimitable, and non-substitutable resources (Barney, 1991). Innovation, in this sense, becomes a dynamic capability that enables institutions to reconfigure their resources in response to environmental changes. This dynamic capability is particularly relevant in the education sector, where knowledge and learning processes are continuously evolving.

Empirically, this result is consistent with Azhari (2024), who highlights the critical role of digital transformation in enhancing the competitiveness of Islamic educational institutions. However, this study extends the existing literature by demonstrating that innovation should not be viewed solely through a technological lens but must also encompass organizational culture and value-based innovation. The integration of innovation with institutional

values creates a more holistic form of competitive advantage, one that is not only technologically driven but also culturally embedded and sustainable over time.

## 2. Strategic Leadership and Competitive Advantage

The findings indicate that strategic leadership has a significant positive effect on competitive advantage ( $\beta = 0.38$ ;  $p < 0.01$ ), underscoring the critical role of leadership in shaping organizational direction and performance. Strategic leadership, characterized by visionary orientation, adaptability, and effective decision-making, enables educational institutions to navigate uncertainty and align organizational goals with environmental demands. In Islamic schools, leadership assumes an even more complex role, as it must balance modern educational requirements with the preservation of Islamic values and traditions.

Strategic leaders function as change agents who facilitate innovation, foster collaboration, and cultivate a learning-oriented organizational culture. Their ability to anticipate future trends and implement proactive strategies is essential in ensuring institutional resilience in the face of disruption. Furthermore, leadership influences how effectively innovation initiatives are translated into practice, thereby amplifying their impact on competitive advantage. Without strong leadership, even well-designed innovation strategies may fail to produce meaningful outcomes.

From a theoretical standpoint, leadership can be viewed as an intangible organizational resource within the RBV framework, contributing to the development of dynamic capabilities that enhance organizational competitiveness (Barney, 1991). Strategic leadership also aligns with transformational leadership theory, which emphasizes the importance of inspiring and motivating organizational members to achieve shared goals. In the context of education, such leadership fosters a culture of continuous improvement and innovation, which is essential for long-term success.

Empirical support for this finding is provided by Huda et al. (2024), who demonstrate that transformational leadership significantly enhances innovation and organizational performance in Islamic educational institutions. This study further strengthens the argument by emphasizing the strategic dimension of leadership as a key driver of competitive advantage. Unlike previous studies that focus primarily on leadership styles, this research highlights the integrative role of leadership in aligning innovation, organizational culture, and strategic objectives. Consequently, leadership is not merely an administrative function but a strategic asset that plays a pivotal role in achieving sustainable competitive advantage.

## 3. Islamic Values as a Source of Differentiation

The results reveal that the integration of Islamic values has a significant positive effect on competitive advantage ( $\beta = 0.41$ ;  $p < 0.01$ ), indicating that value-based education serves as a critical source of differentiation for Islamic schools. Unlike conventional educational institutions that primarily focus on academic performance, Islamic schools integrate spiritual, ethical, and moral dimensions into their educational processes. This integration creates a distinctive institutional identity that is difficult for competitors to replicate, thereby enhancing competitive positioning.

Islamic values function as intangible resources that strengthen both internal organizational cohesion and external stakeholder trust. Internally, these values shape organizational culture, guiding behavior, decision-making, and interactions among members. Externally, they enhance institutional credibility and reputation, particularly among stakeholders who prioritize moral and religious education. This dual function of values as both internal and external drivers of competitiveness underscores their strategic importance in the education sector.

From a theoretical perspective, this finding aligns with the RBV framework, which emphasizes the role of intangible resources in generating sustainable competitive advantage (Barney, 1991). Values, as deeply embedded organizational attributes, are inherently difficult to imitate, making them a powerful source of differentiation. Furthermore, the integration of values into educational practices contributes to the development of holistic learning environments that promote not only cognitive development but also emotional and spiritual growth.

This finding is consistent with Wajdie and Hasanah (2024), who highlight the importance of character education and spiritual development in enhancing the competitiveness of Islamic educational institutions. However, this study advances the literature by conceptualizing Islamic values as strategic resources rather than merely ethical foundations. By positioning values within a competitive framework, this research demonstrates that spiritual and moral elements can be leveraged to achieve both educational excellence and organizational sustainability.

#### 4. Synergy of Innovation, Leadership, and Islamic Values

The findings further demonstrate that the combined effect of innovation, strategic leadership, and Islamic values produces a stronger influence on competitive advantage than the individual effects of each variable. This result highlights the multidimensional nature of competitive advantage in Islamic schools, suggesting that it cannot be achieved through isolated efforts but requires the integration of multiple strategic components. The synergy among these variables reflects the importance of aligning technological capabilities, leadership effectiveness, and value-based orientation within a cohesive framework.

Innovation provides the necessary tools and mechanisms for adaptation, enabling institutions to respond to technological and environmental changes. Strategic leadership ensures that these innovations are effectively implemented and aligned with organizational goals. Meanwhile, Islamic values provide a unique identity and ethical foundation that differentiate the institution from its competitors. When combined, these elements create a comprehensive system that enhances both operational efficiency and strategic positioning.

This integrative approach also enables institutions to address complex challenges in the disruptive era, where technological, social, and cultural changes occur simultaneously. The ability to harmonize these dimensions allows Islamic schools to achieve not only short-term competitiveness but also long-term sustainability.

From a theoretical perspective, this finding strongly supports the RBV, which asserts that sustainable competitive advantage arises from the integration of valuable, rare, and inimitable resources (Barney, 1991). Unlike previous studies that examine these variables in isolation, this research demonstrates that their interaction produces a more robust and enduring form of competitive advantage. Therefore, Islamic educational institutions should adopt a holistic strategy that simultaneously leverages innovation, leadership, and values to achieve superior performance in an increasingly competitive environment.

## CONCLUSION

This study aims to examine the influence of educational innovation, strategic leadership, and the integration of Islamic values on the competitive advantage of Islamic schools in the disruptive era. The findings reveal that all three variables have a positive and significant effect on competitive advantage, both individually and collectively. Educational innovation emerges as a key driver that enables institutions to adapt to rapid technological changes and evolving educational demands. Strategic leadership plays a crucial role in directing organizational transformation, fostering innovation, and ensuring the effective implementation of institutional strategies. Meanwhile, the integration of Islamic values serves as a distinctive and inimitable source of competitive advantage, strengthening institutional identity, credibility, and stakeholder trust.

Furthermore, this study demonstrates that the synergy among innovation, leadership, and Islamic values produces a stronger and more sustainable impact on competitive advantage compared to the effect of each variable independently. This finding confirms that competitive advantage in Islamic educational institutions is multidimensional and requires a holistic and integrative strategic approach. From a theoretical perspective, this study reinforces the Resource-Based View (Barney, 1991) by emphasizing that both tangible and intangible resources including leadership capabilities and value-based systems are critical in achieving sustainable competitive advantage. From a practical standpoint, Islamic schools are encouraged to adopt comprehensive strategies that integrate

technological innovation, effective leadership, and value-based education to remain competitive in a rapidly changing environment.

However, this study is subject to several limitations. The use of a cross-sectional design restricts the ability to capture dynamic changes over time, and the relatively limited sample size may affect the generalizability of the findings. Additionally, the quantitative approach may not fully explore the complex and contextual nature of organizational processes within Islamic schools.

Based on these limitations, future research is recommended to employ longitudinal designs to better understand the evolution of competitive advantage over time. Expanding the sample across different regions or countries is also suggested to enhance generalizability and allow for comparative analysis. Furthermore, the use of qualitative or mixed-method approaches is encouraged to provide deeper insights into how innovation, leadership, and Islamic values are implemented in practice. Future studies should also consider incorporating additional variables, such as organizational culture, digital readiness, knowledge management, and stakeholder engagement, to develop a more comprehensive model of competitive advantage. Finally, integrating broader theoretical perspectives, such as dynamic capabilities and institutional theory, is recommended to better capture the complexity of competitive advantage in Islamic educational contexts.

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