

## Breakthrough Radical Innovation From An Islamic Perspective: A Literature Review

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**Abstract:** *Radical innovation is a breakthrough change in the overall pattern of the old system, as a form of implementing new ideas to achieve a competitive advantage. Radical innovation is a solution to escape from external environmental pressures in the form of competition, deregulation in the industry, scarcity of resources, and higher customer demands. This study builds a conceptual model from an Islamic point of view: the value of masalah in all cases provides benefits or goodness from radical innovation. Masalah means the good rewards promised by God in this world and the hereafter, thus masalah implies the benefits of this world and the hereafter, which encourages people to always think and produce new things that are beneficial.*

**Keywords:** *radical innovation, masalah, sustainable competitive advantage, Islamic entrepreneur orientation*

## **INTRODUCTION**

Improvements in quality and long-term viability and growth are the results of innovative thinking (Tali et al., 2021). According to Sukitsch et al. (2015), radical innovation is the result of a synergy between a number of factors related to product quality, including the following: the product's general life phase; the management system and its integration; business models; supply chain management; and the development and use of competitive strategies. In addition, as noted by Sukitsch et al. (2015), technical advancements have the potential to radically alter markets, redirect national resources to more fruitful endeavours, and give businesses a competitive edge. According to Chen & Gayle (2019), the pace at which a company's technology is evolving is a factor that can compromise product quality. Companies can strengthen their business strategy, processes, alliances, and quality thanks to the competitive advantage provided by innovation (Kazançolu & Dirsehan, 2014).

Rising difficulties necessitate that businesses everywhere work to enhance their quality performance indefinitely (Tea et al., 2014). In order to attract and retain customers, a business or sector must take advantage of its competitive advantage. According to several sources (Gartner, 2014;Porters, 2008;Nymfa et al., 2020), a company's competitive advantage can be defined as its ability to effectively produce new competitive advantages through the invention and introduction of new and improved ways to the market. Quality, innovation, and new product development are crucial components of the company's competitive advantage due to its rapidly evolving capabilities (Subramanian et al., 2019). Modifying existing products somewhat will not result in a noticeable quality increase. However, a company's resource management, service management, customer preferences, and strategic flexibility will all need significant revisions if it is to leverage quality for competitive advantage and achieve sustainable growth. How an organisation can improve its performance and stay ahead of the competition is the core issue (Teece, 1997).

Due to a lack of a broader understanding of the real impact of excellence competitive innovation on product quality for sustainable growth, Nymfa et al., (2020) found that the potential impact of innovation's competitive advantage on product quality, the relationship between innovation's competitive advantage and product quality, has not received much attention. There are many classifications for the phenomenon of invention. A framework or typology is a way of classifying concepts that plays a crucial role in developing a theory (Christensen, 2006). A lack of similarity in the foundations of these frameworks, or the failure to uncover similarities, can restrict the scope of theory development, leading to the

reinvention of the same phenomena under other labels rather than dramatic and gradual advances (Hüsig, 2014). Various authors' (Gatignon et al., 2002; Garcia & Calantone, 2002; Hauschildt, J., and Solomon, 2005; Govindarajan & Kopalle, 2006) definitions, concepts, and evaluations of radical innovation are vague and inconsistent. Many different terms and classifications have been proposed to describe radical innovation as a result of previous studies (Robertson & Anderson, 1993; Garcia & Calantone, 2002; Gatignon et al., 2002; Utterback, JM & Acee, 2005). Since there is no universally agreed-upon definition or classification system for radical breakthroughs, academics and professionals are often left scratching their heads (Markides, C. and Geroski, 2005; Markides, 2006; Hüsig et al., 2005). Without an understanding of (sub)typologies that can break down the innovation radicalism, the classification of radical innovation or disruption remains dichotomous or is portrayed as residue from extreme parameter values in the innovation scale (Hüsig, 2014). As a result, there is no single location or moment at which radical innovation can be measured in its entirety. In addition, the success or failure of radical innovations is typically judged by performance metrics, which may be known with some degree of certainty only at the end of the process. As a result of evolution during the innovation process or because not all (conventional) aspects are considered radical and capable of being a breakthrough in achieving competitive advantage, traditional methods of measuring and defining radical innovation can be applied to the final product.

## **LITERATURE REVIEW**

### **2.1. *Sustainable Competitive Advantage***

A potential source of sustainable competitive advantage is the link between resources and competition, where it is difficult for competitors to imitate economic advantage, because of the uniqueness and originality of resources (Barney, 1991). Furthermore, Guimarães et al., (2017) argues that success in maintaining competitiveness is necessary to achieve competitive advantage and become the backbone of an organization's economy. It can be explained that markets and access to resources are organizational opportunities in achieving competitive advantage (Cockburn et al., 2000). Furthermore, Raphael, (1993) defines company resources as all assets, both tangible and intangible, owned by the company, and used for activities to produce goods and services. Sustainable competitive advantage relates to an organization's ability to consistently maintain and earn above average revenue (Gartner, 2014).

Adams & Lamont, (2003) explained that the ability to build, revitalize systems and services, process production more efficiently than competitors is a sustainable competitive advantage that cannot be imitated. In addition, sustainable competitive advantage is a key concept in strategic practice that can produce a superior economy (Baaij et al., 2004). According to Bharadwaj et al., (2015), sustainable competitive advantage that is continuously maintained by the organization will improve organizational performance. Dirisu et al., (2013) grouped indicators of organizational performance to measure competitive advantage, namely product uniqueness, product quality, and competitive prices. Whereas Srivastava et al., (2013) describes organizational performance as a key competency that refers to a unique set of competencies developed in the company in its main areas, such as quality, customer service, team building innovation, flexibility, responsiveness so that it can outperform its competitors. Based on the discussion above, competitive advantage is the ability to manage its resources, both tangible and intangible, creating more value in the company compared to other companies, as it cannot be imitated.

**Table 1 Dimensions of Sustainable Competitive Advantage**

No.	Authors	Dimensions of Sustainable Competitive Advantage
1.	Porter, (1986)	- Product differentiation - Production cost - Competitive Distribution Fees
2.	Srivastava et al., (2013)	- Quality - Customer service - Innovation - Flexibility - responsiveness
3.	Dirisu et al., (2013)	- product uniqueness, - Product quality, - Competitive price
4.	Bharadwaj et al., (2015)	- Product uniqueness - Product quality - Competitive price
5.	Tangkit & Panjakajornsak, (2017)	- Product differentiation - Cost - Quality

**2.2. Innovation Theory**

Edwards, WR; Kum, P.; Ranjan, 2002 define innovation as "a process that is planned and managed to create value and output in the form of services, products, processes, technologies, and business systems." Organizational innovation creates brand-new, internally valuable products and services. In business, innovation refers to a company's propensity to

create novel goods and services, or to enhance existing ones, with the goal of selling them to customers (Gumusluoglu & Ilsev, 2009). According to Doran and Ryan (2014), innovations can be any form of product, process, or organizational practice that contributes to a more sustainable future. New services and products can be introduced and developed with the help of the innovation strategy (Mohamed Abdi & Yassin Sheikh Ali, 2013). According to Anning-Dorson (2017), businesses view innovation as a process and/or outcome of pursuing new activities, routines, and processes in services to improve the delivery of substantial benefits to customers, unleash capabilities in service companies, and strengthen the competitive posture of businesses. One way that new ideas are discovered is through the application of innovation to create ecological enhancements that contribute to a more sustainable environment (Becker & Egger, 2013). Hung et al. (2011) argue that there are three key components to organizational innovation:

1. Product innovation: i.e., improving the combination of products and services offered to the market.
2. process innovation: i.e., improving the combination and performance of internal operations within the organization.
3. Administration (organizational innovation) which includes increasing competitive advantage, company profitability, cost reduction, people efficiency, and turnover within the organization.

The degree to which a company is able to boost performance and customer happiness is largely dependent on its ability to innovate. Agarwal et al. (2003), Garcia and Calantone (2002), and Keskin (2006) all agree that a company's performance and competitiveness benefit from an infusion of innovation. Innovation investment is favorably correlated with performance, according to research undertaken in developing nations (Likar et al., 2014). A product, production method, or approach to dealing with employees that has never been tried before all qualify as examples of innovations with an external focus (Damanpour et al., 2009). Managers involved in innovation can benefit greatly from understanding consumer demands and buying habits. Since consumers are the final arbiters of all innovations, zdemir Güngör & Gözlü, (2012) considers customer expectations and needs as elements impacting market innovation. As a result, Chuang et al. (2015) found a favorable correlation between consumer knowledge and innovation and innovation performance. According to research by Saemundsson and Candi (2014), a company's success can be positively or negatively impacted by its innovation strategy. Some academic works define innovation as the active

participation of managers and organizations in identifying and proposing innovative approaches to bolster corporate social responsibility through mending strained ties with the communities they serve. Competition, deregulation of the sector, scarcity of finite resources, and increased customer demands all put pressure on businesses, prompting them to innovate. Internal organizational options, such as developing distinctive skillsets, reaching loftier goals, and enhancing service quality, might also contribute to this phenomenon (Damanpour et al., 2009).

Research on innovation has, for many years, focused mostly on the manufacturing and service sectors (Prajogo et al., 2013). It has been argued that customer needs are a major factor in driving innovation (JS Chen & Tsou, 2012; Pantano & Viassone, 2014). The performance of an organization is defined as its actual outputs or results relative to its intended outputs or aims and objectives (Vazifehdoost & Hoosmand, 2012). Several sources (Omri, 2015) point to a positive correlation between innovation and business success. To boost business efficiency, new entrepreneurs rely on novel concepts and cutting-edge technologies (Tuan et al., 2016). Whatever the impetus for innovation inside an organization, the ultimate goal is to promote adaptive behavior and trend shifts that lead to enhanced performance (Agarwal et al., 2003; Calantone et al., 2004).

This is because people can respond more proactively and unmonitored to situational demands when they have an understanding of the reasons underlying required actions, as opposed to behavioral instructions that are not supported by an understanding of the underlying reasons for these actions (van Knippenberg, D., van Ginkum, J., & van Knippenberg, D., 2015). This is associated with one's expectation of doing better in a certain situation, without ignoring the risk of failure that could undermine the aim. The potential for failure is not seen as a detriment because it might serve as inspiration for future innovations and enhancements. Motives including curiosity, perseverance, and dedication to the task at hand fuel radical innovators (Marvel, MR; Griffin, A.; Hebda, J.; Vojak, B.A.; 2007; Hebda, JM; Vojak, BA). A. Griffin & R. Price (2012). Since learning and discovery are integral to the process of radical innovation, success depends on both of these factors. It's also crucial that team members don't get disheartened by setbacks, given the unpredictability and significant risk of failure associated with implementing radical innovations. These factors support Dweck's (1986) notion of goal orientation and the tendency to avoid setbacks.

**Table 2. Dimensions of Radical Innovation**

No.	Authors	The Radical Innovation Dimension
1.	Benner & Tushman, (2003) Tidd, (2017)	- Product uniqueness - Process uniqueness - Service uniqueness
2.	O'Connor & McDermott, (2004)	- Flexible - New technology - Motivation - Vision - Uniqueness
3.	Rosenberg, (2004)	- New product - Cost incurred - Profits earned - Excellence in the market - Patent
4.	Deffains-Crapsky & Sudolska, (2014)	- Very uncertain return on investment, - high risk, - Return on investment (ROI)
5.	Kennedy et al., (2017)	- Product uniqueness - New process - New market
6.	Tangkit & Panjakajornsak, (2017)	- Product innovation - process innovation - Administration innovation
7.	Wang & Hsu, (2018)	- Product innovation - process innovation - Management innovation

### 2.3. Islamic Entrepreneur Orientation

Entrepreneurial orientation is the act of identifying and exploiting opportunities (Lumpkin & Dess, 1996). Furthermore, Miller, (2011) defines it as an effort to be the first to innovate, dare to take risks, and be proactive to market dynamics. Miller, (2011) states that a company has a high entrepreneurial orientation, if it is able to innovate greater. Meanwhile, GT Lumpkin, (1996) stated that companies with a large entrepreneurial orientation would be more willing to take risks, and not just stay in the safe zone.

Porter, (2008) emphasized entrepreneurial orientation as a company benefit strategy to be able to compete more effectively in the same market place. Whereas Covin & Wales, (2019) argues that quality is one part of the most important dimensions of innovation that reflect an entrepreneurial orientation. Conceptual opinion has suggested that the dimensions of entrepreneurial orientation should be seen as separate but related constructs, not as unifying characteristics (Williams et al., 2021). That means, companies can vary in their level of innovation, proactivity and risk taking so that they are entrepreneurial in all dimensions. However, the suggested dimensions are positively correlated with each other (GT Lumpkin,

1996; Lyon et al., 2000). Several studies state that entrepreneurial orientation in organizations has a significant effect on sustainable competitive advantage (Maftuchach et al., 2022; Kiyabo & Isaga, 2020; Samoedra & Hermana, 2019).

The hadith of the Prophet Muhammad reported by At-Thirmidhi shows that nine out of ten sources of income are for commercial operations (Salwa, AB Umami, AS Shahbudin, 2013), hence becoming an entrepreneur as a means of making a living is highly regarded in Islam. On the other hand, in a different hadith reported by at Thirmidzi, the Prophet revealed that a Muslim who is an entrepreneur and conducts a firm honestly and sincerely will be ranked beside the prophets in the hereafter as "Assidiqien and al-Syuhada" (Solahuddin Abdul Hamid, 2011). Thus, Islam is highly inspiring, or a big boost of confidence in one's ability to strike out on one's own. According to the teachings of the Holy Qur'an and the Hadith, a Muslim is obligated to act loyally in all of his commercial dealings, giving the utmost importance to the truth and honesty at all times. Bribery, nepotism, lies, fraud, cheating, conflicts of interest, poor quality control, discrimination, falsification of information, corruption, environmental pollution, and so on are all realities of today's business world and an inseparable part of any understanding of business.

According to Amrullah (2016), a Muslim entrepreneur is "a fighter whose business behavior always follows the behavior of the Prophet Muhammad, according to the Al-Quran and Sunnah," which is founded on seeking Allah's pleasure and doing good for humanity. A Muslim entrepreneur needs to be creative, intelligent, strategic, and capable of running a firm, and they need to be able to avoid harmful things in order to succeed in today's climate and business dynamics. One must follow Islamic law and resist temptations that run counter to it in order to be successful as a Muslim business owner. Due to a lack of excitement for Islamization and confusing guidelines in entrepreneurship, Muslim business owners pay little attention to business guidance and Islamic-based entrepreneurs (Hoque, Nazamul, Abdullahil Mamun, 2014). As a result, this scenario motivates ulama, or Islamic scholars, to create Islamic business models. An entrepreneur is someone who actively seeks out and seizes new opportunities to grow his company through creative and inventive thinking. Seeking for new chances, adapting to new situations, and making the most of new developments are all important parts of an entrepreneur's job (Drucker, 1985).



#### 2.4. Radical Innovation from an Islamic Perspectives

Etymologically, *Maslahah* comes from the word *al-salah* which means goodness and benefit (Abû Ishâq al-Syâtibi, n.d.). The word *al-mashlahah* means something with a lot of goodness and benefits. It is sometimes, used with the term *al-islislah* which means seeking goodness. According to Salma, (2020) the word *maslahah* or *istislah* is accompanied by the word *al-mu nasib* which means things that are appropriate to use. Furthermore, the concept of *mashlahah* offered by Ali Yafie divides into two main points, namely *jalb al manfa'ah* (realizing benefits or uses) and *daf'al-madharrah* (avoiding harm) which generally refers to three concepts of need, namely: *al-dharuriyat*, *al-hajiyat*, *al-tahsiniyat* (Anwar, 2013).

Referring to the Holy Qur'an al-Baqarah verse 148, al-Baqarah verse 168 and surah al A'raf verse 31, there are three points that must be fulfilled to achieve *maslahah*, namely 1) *halal*, means an action carried out in accordance with the Islamic rules; 2) *thayyib*, namely good actions and benefits; 3) *barokah* which means every action taken avoids *israf* (wasteful) behavior (Muhammad Harfin Zuhdi, 2013). *Maslahah* is widely mentioned in the Qur'an, which means benefit or goodness related to material, physical, and psychological (Rozalinda, 2014). *Maslahah* is often equated with other terms such as wisdom, *huda* (direction) and *barakah* (blessing), which mean the good rewards promised by Allah in this world and the hereafter (Rahmawaty, 2011).

Based on the explanation, the main goal of shari'ah (Islamic rules) is the benefit of mankind in their lives, which includes five main elements, namely: preserving religion, preserving the soul, preserving the mind, protecting offspring and protecting property (henceforth, *al-masahh al-kham sah*). These five main things must be maintained, guarded and realized in order to obtain happiness in the world and the hereafter (Muhammad Harfin Zuhdi, 2013).

Thus, *maslahah* is an act that provides benefits and peace for all humans to their body, soul, mind and spirit with the aim of maintaining *maqhâsid al-shari'ah*. In other words, it can be called universal human benefit or in a more operational expression, "social justice".

A breakthrough radical innovation in the Islamic view is a breakthrough innovation that is completely new to the world, both in existing technology and from existing methods, which provide benefits (*maslahah*) originating from new ideas to maintain religion/sharia, nurturing the soul to always think positively, maintaining the mind to always be responsive to changes, nurturing offspring capable of maintaining existence and maintaining property as an organizational resource to achieve sustainable competitive advantage. Based on the description above, the following proposition is proposed:

Breakthrough radical innovation will increase organizational innovation and generate new market opportunities to achieve sustainable competitive advantage.

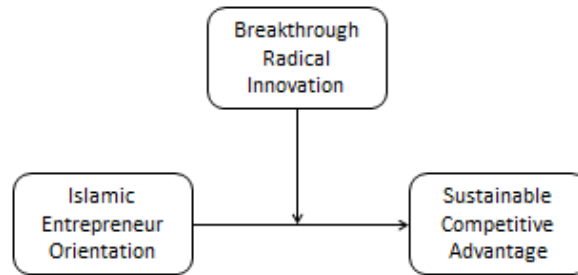


Figure 1. Conceptual Model of Breakthrough Radical Innovation

### RESEARCH METHODOLOGY

The literature review is based on content analysis related to organizing, categorizing, and coding. The adopted literature analysis related to the research is shown in Table 3.

Aims	Identification of scientific publications with the themes: Innovation Theory; Radical Innovations; Entrepreneur Orientation; Sustainable Competitive Advantage
Scopes	Scopus; Google Scholar, PoP
Key word	“Innovation Theory”; “Radical Innovation”; “Entrepreneur Orientation”; “Sustainable Competitive Advantage”
Inclusion criteria	Articles are taken from search and archive of articles related to the topic
Exclusion criteria	Articles published in English rather than other languages

### CONCLUSION

This study contributes to the theory of innovation, namely novelty and the development as well as the implementation of new ideas that are carried out within a certain period of time. The concept of breakthrough radical innovation is to make overall changes to both existing components and systems. Breakthrough Radical innovation in an Islamic perspective is *Maslahah* that is based on an Islamic entrepreneurial orientation to achieve competitive advantage in a sustainable manner. There are some limitations such as empirical testing of the conceptual model and a review of the varied literature which may provide opportunities for future research. Tali et al., (2021) explained that the research model can be extended to second and first world countries to test its applicability which provides an opportunity to integrate more mediating variables in future studies on product innovation and quality.

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