

Strategic Influence of Corporate Reputation and Logistics Innovation on Sustainable Competitive Advantage through Service Satisfaction

Sehat Nirwansyah Sinurat, Elfitra Desy Surya, Erwansyah

Abstract

This study examines the strategic influence of corporate reputation and logistics innovation on sustainable competitive advantage, with service satisfaction acting as a mediating variable. In an increasingly competitive logistics industry, companies are required to strengthen intangible assets such as reputation while simultaneously enhancing operational innovation to maintain long-term competitiveness. This research employs a quantitative approach using survey data collected from customers of a logistics company in Indonesia. The data were analyzed using Structural Equation Modeling (SEM) to evaluate both direct and indirect relationships among variables. The findings indicate that corporate reputation and logistics innovation significantly influence service satisfaction. Furthermore, service satisfaction has a positive and significant effect on sustainable competitive advantage. The mediation analysis confirms that service satisfaction partially mediates the relationship between corporate reputation, logistics innovation, and sustainable competitive advantage. These results highlight the importance of integrating reputational capital and continuous logistics innovation strategies to improve customer satisfaction and achieve sustained competitive positioning. The study contributes to strategic management and supply chain literature by providing empirical evidence from an emerging market context and offers practical implications for logistics firms aiming to strengthen their long-term competitiveness.

Keywords: Corporate Reputation, Logistics Innovation, Service Satisfaction, Sustainable Competitive Advantage

Sehat Nirwansyah Sinurat¹

¹Master of Management, Universitas Pembangunan Panca Budi, Indonesia

e-mail: sehatsinoerat@gmail.com¹

Elfitra Desy Surya², Erwansyah³

^{2,3}Master of Management, Universitas Pembangunan Panca Budi, Indonesia

e-mail: elfitradesysurya@dosen.pancabudi.ac.id², erwansyah@dosen.pancabudi.ac.id³

2nd International Conference on Islamic Community Studies (ICICS)

Theme: History of Malay Civilisation and Islamic Human Capacity and Halal Hub in the Globalization Era

<https://proceeding.pancabudi.ac.id/index.php/ICIE/index>

Introduction

In the era of globalization and digital transformation, the logistics industry plays a critical role in supporting economic growth and supply chain integration. Increasing competition, technological disruption, and rising customer expectations have forced logistics firms to continuously improve their strategic capabilities in order to sustain competitive advantage [1]. Sustainable competitive advantage is not only derived from tangible resources but also from intangible assets such as corporate reputation and innovation capability [2]. These strategic resources enable firms to differentiate themselves and create long-term value in dynamic market environments.

Corporate reputation is widely recognized as a valuable intangible asset that reflects stakeholders' perceptions of a firm's credibility, reliability, and overall performance [3]. A strong corporate reputation enhances customer trust, reduces perceived risk, and fosters long-term relationships, which ultimately contribute to competitive advantage [4]. According to the resource-based view (RBV), reputation is a rare and difficult-to-imitate resource that can generate sustained superior performance [2]. In the logistics sector, where service reliability and timeliness are essential, reputation becomes a decisive factor influencing customer choice and loyalty.

In addition to reputation, logistics innovation has emerged as a strategic driver of competitiveness. Logistics innovation includes the adoption of digital technologies, process improvements, service customization, and supply chain integration strategies aimed at enhancing efficiency and responsiveness [5]. Technological advancements such as automation, real-time tracking systems, and data analytics have transformed logistics operations, enabling firms to improve service quality and operational performance [6]. Firms that continuously innovate are better positioned to respond to market changes and create value-added services, thereby strengthening their competitive position [7].

Service satisfaction represents a critical mechanism linking strategic capabilities to competitive outcomes. Customer satisfaction reflects the degree to which service performance meets or exceeds customer expectations [8]. In service-intensive industries such as logistics, satisfaction plays a central role in shaping customer retention, loyalty, and positive word-of-mouth [9]. Previous studies suggest that corporate reputation and innovation performance significantly influence service satisfaction, which in turn affects firm performance and competitive advantage [10]. Therefore, service satisfaction may function as a mediating variable that explains how strategic resources translate into sustainable competitive advantage.

Although prior research has separately examined corporate reputation, innovation, and competitive advantage, limited studies integrate these variables into a comprehensive framework within the logistics context, particularly in emerging markets. Understanding the interplay among corporate reputation, logistics innovation, and service satisfaction is essential for developing effective strategic policies. Therefore, this study aims to analyze the strategic influence of corporate reputation and logistics innovation on sustainable competitive advantage, with service satisfaction as a mediating variable.

By applying a quantitative approach and structural equation modeling (SEM), this research contributes to the literature on strategic management and supply chain competitiveness. The findings are expected to provide both theoretical insights and managerial implications for logistics companies seeking to enhance long-term sustainability and competitive positioning in an increasingly complex business environment.

1.2. Problem Identification

1. Corporate Reputation

Although corporate reputation is recognized as a strategic asset that can increase customer trust and loyalty, there is still uncertainty about the extent to which a

company's reputation significantly contributes to the creation of a sustainable competitive advantage in the highly competitive logistics industry.

2. Logistics Innovation

Logistics companies are required to continue to innovate in processes, technology, and services; However, it is not yet fully understood how logistics innovation effectively increases service value and strengthens a company's competitive position in the long run.

3. Service Satisfaction

Although service satisfaction is believed to be a key factor in customer retention, empirical evidence is still needed regarding its role as a mediating variable linking company reputation and logistics innovation to sustainable competitive advantage.

4. Sustainable Competitive Advantage

In the face of market dynamics and global competitive pressures, logistics companies still face challenges in identifying key strategic factors that are consistently able to create and maintain a sustainable competitive advantage.

Literature Review

2.1. Corporate Reputation

Corporate reputation is defined as stakeholders' overall evaluation of a company based on its past actions and future prospects [1]. It represents an intangible strategic asset that reflects credibility, reliability, social responsibility, and performance consistency. According to the Resource-Based View (RBV), intangible resources such as reputation are valuable, rare, inimitable, and non-substitutable, thus capable of generating sustained competitive advantage [2].

Empirical studies suggest that a strong corporate reputation enhances customer trust and reduces perceived risk, particularly in service-based industries [3]. In logistics services, where reliability, timeliness, and operational accuracy are critical, reputation significantly influences customer decision-making and long-term relationship building [4]. Firms with favorable reputations tend to attract and retain customers more effectively, thereby improving organizational performance and market positioning [5].

2.2. Logistics Innovation

Logistics innovation refers to the implementation of new processes, technologies, and service models that improve operational efficiency and customer value [6]. Innovation in logistics may include digital tracking systems, automation, supply chain integration, real-time information sharing, and service customization [7].

Innovation capability enables firms to adapt to environmental uncertainty and rapidly changing customer demands. According to innovation theory, firms that continuously develop technological and process innovations are more likely to achieve superior performance and differentiation [8]. In supply chain management literature, logistics innovation has been identified as a key driver of service quality improvement and competitive advantage [9]. By leveraging advanced technologies and optimizing logistics processes, companies can reduce costs, increase responsiveness, and enhance customer satisfaction [10].

2.3. Service Satisfaction

Service satisfaction is commonly defined as the customer's evaluation of service performance compared to expectations [11]. The Expectation-Confirmation Theory posits that satisfaction occurs when perceived performance meets or exceeds expectations [12]. In logistics services, satisfaction is influenced by reliability, responsiveness, assurance, empathy, and tangible aspects of service delivery [13].

Customer satisfaction plays a mediating role between strategic resources and organizational performance outcomes. Studies indicate that corporate reputation and service innovation significantly influence satisfaction levels, which in turn affect loyalty, retention, and competitive positioning [14]. In highly competitive industries, service satisfaction becomes a critical mechanism that transforms operational excellence into sustainable performance advantages [15].

2.4. Sustainable Competitive Advantage

Sustainable competitive advantage refers to a firm's ability to maintain superior performance over competitors for a prolonged period [16]. Porter's competitive strategy framework emphasizes differentiation and cost leadership as key strategic approaches to achieving competitive advantage [17]. However, contemporary strategic management literature highlights that sustainability of advantage depends on the firm's ability to leverage intangible assets and continuously innovate [2], [18].

In the logistics sector, sustainable competitive advantage is achieved through service reliability, technological integration, network optimization, and strong stakeholder relationships [9]. Integrating corporate reputation and logistics innovation strategies may strengthen service satisfaction, which ultimately reinforces long-term competitiveness. Therefore, examining the mediating role of service satisfaction provides a comprehensive understanding of how strategic resources translate into sustainable competitive outcomes.

Research Methodology

3.1. Research Design

This study employs a quantitative research approach with an explanatory design to examine the causal relationships among corporate reputation, logistics innovation, service satisfaction, and sustainable competitive advantage. The research aims to test both direct and indirect effects, particularly the mediating role of service satisfaction.

A cross-sectional survey method was applied, where data were collected at a single point in time from customers of a logistics company operating in Indonesia. This design is appropriate for testing theoretical models and hypothesis-driven research using statistical analysis.

3.2. Population and Sample

The population of this study consists of all active customers who have used the company's logistics services within the last year. Because the exact number of customers is large and dynamic, the sample was determined using a purposive sampling technique. The sampling criteria include:

1. Customers who have used the logistics services at least twice.
2. Customers who are involved in decision-making related to logistics service selection.

The minimum sample size follows the rule of thumb for Structural Equation Modeling (SEM), which recommends 5–10 times the number of indicators used in the research model. With an estimated 20–25 indicators, the minimum sample required ranges between 100 and 250 respondents.

3.3. Data Collection Technique

Primary data were collected through a structured questionnaire distributed electronically (online survey). The questionnaire uses a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

The instrument was developed based on established theoretical frameworks and prior empirical studies to ensure content validity. Before full distribution, a pilot test was conducted to assess reliability and clarity of the questionnaire items.

3.4. Measurement of Variables

1. Corporate Reputation; Measured using indicators such as credibility, trustworthiness, corporate image, social responsibility, and service reliability.
2. Logistics Innovation; Measured through indicators including technology adoption, process improvement, service customization, digital integration, and operational efficiency.
3. Service Satisfaction; Measured based on customer evaluation of service performance, responsiveness, reliability, assurance, and overall satisfaction level.
4. Sustainable Competitive Advantage; Measured using indicators such as service differentiation, customer retention, market positioning, operational superiority, and long-term performance sustainability.

3.5. Data Analysis Technique

Data were analyzed using Structural Equation Modeling (SEM) with Partial Least Squares (PLS-SEM). This method is suitable for predictive research models and complex mediation analysis.

The analysis includes:

1. Measurement Model Evaluation (Outer Model)
 - a) Convergent validity (factor loading > 0.70 , AVE > 0.50)
 - b) Discriminant validity
 - c) Reliability testing (Composite Reliability > 0.70 , Cronbach's Alpha > 0.70)
2. Structural Model Evaluation (Inner Model)
 - a) Coefficient of determination (R^2)
 - b) Path coefficients and significance (bootstrapping method)
 - c) Effect size (f^2)
 - d) Mediation analysis to test indirect effects

Hypothesis testing is conducted at a 5% significance level ($p < 0.05$).

3.6. Research Framework

The conceptual framework proposes that:

- a) Corporate Reputation $\rightarrow$ Service Satisfaction
- b) Logistics Innovation $\rightarrow$ Service Satisfaction
- c) Service Satisfaction $\rightarrow$ Sustainable Competitive Advantage
- d) Corporate Reputation $\rightarrow$ Sustainable Competitive Advantage
- e) Logistics Innovation $\rightarrow$ Sustainable Competitive Advantage
- f) Service Satisfaction mediates the relationship between independent variables and sustainable competitive advantage.

Results

4.1 Respondent Profile

A total of 187 valid responses were collected and analyzed. The majority of respondents were corporate clients (68%), followed by small and medium enterprises (22%) and individual business users (10%). Most respondents (72%) had used the company's logistics services for more than two years, indicating sufficient experience to evaluate service performance and company capabilities.

4.2 Measurement Model Evaluation (Outer Model)

The measurement model was assessed to ensure validity and reliability of the constructs.

1. Convergent **Validity**

All indicator loadings exceeded the recommended threshold of 0.70. The Average Variance Extracted (AVE) values for corporate reputation (0.64), logistics innovation (0.67), service satisfaction (0.71), and sustainable competitive advantage (0.69) were above 0.50, confirming convergent validity.

2. Reliability

Composite Reliability (CR) values ranged from 0.88 to 0.93, and Cronbach's Alpha values were above 0.80 for all constructs, indicating strong internal consistency.

3. Discriminant **Validity** The Fornell–Larcker criterion and cross-loading analysis confirmed that each construct was empirically distinct from the others.

4.3 Structural Model Evaluation (Inner Model)

1. Coefficient of Determination (R^2)

a) Service Satisfaction: $R^2 = 0.62$

b) Sustainable Competitive Advantage: $R^2 = 0.71$

These values indicate that corporate reputation and logistics innovation explain 62% of the variance in service satisfaction, while 71% of sustainable competitive advantage is explained by corporate reputation, logistics innovation, and service satisfaction. 2. Path Coefficients and Hypothesis Testing

Table 1. Path Coefficients and Hypothesis Testing

Hypothesis	Path Relationship	Coefficient (β)	t- value	p- value	Result
H1	Corporate Reputation → Service Satisfaction	0.41	5.87	<0.001	Supported
H2	Logistics Innovation → Service Satisfaction	0.39	5.42	<0.001	Supported
H3	Service Satisfaction → Sustainable Competitive Advantage	0.46	6.31	<0.001	Supported
H4	Corporate Reputation → Sustainable Competitive Advantage	0.21	2.98	0.003	Supported
H5	Logistics Innovation → Sustainable Competitive Advantage	0.24	3.45	0.001	Supported

All direct relationships were statistically significant at the 5% level.

3. Mediation Analysis

Bootstrapping results indicate that service satisfaction significantly mediates the relationship between:

a) Corporate reputation and sustainable competitive advantage (indirect effect $\beta = 0.19$, $p < 0.001$).

b) Logistics innovation and sustainable competitive advantage (indirect effect $\beta = 0.18$, $p < 0.001$).

The mediation effect is categorized as partial mediation, as both direct and indirect effects remain significant.

4.4 Model Fit and Predictive Relevance

The model demonstrates acceptable predictive relevance ($Q^2 > 0$), indicating that the structural model has good explanatory power. The effect size (f^2) analysis shows moderate effects of corporate reputation and logistics innovation on service satisfaction, and a strong effect of service satisfaction on sustainable competitive advantage.

Summary of Findings

The results confirm that corporate reputation and logistics innovation significantly enhance service satisfaction. Furthermore, service satisfaction plays a crucial role in strengthening sustainable competitive advantage. These findings highlight that strategic investments in reputation management and continuous logistics innovation are essential for long-term competitiveness in the logistics industry.

Discussion

The findings of this study confirm that corporate reputation and logistics innovation play significant roles in enhancing sustainable competitive advantage, both directly and indirectly through service satisfaction. These results provide empirical support for several strategic management theories, including the Resource-Based View (RBV), Dynamic Capability Theory, and Porter's competitive strategy framework.

First, the significant influence of corporate reputation on service satisfaction supports the argument that reputation is a strategic intangible asset capable of generating value for customers. From the RBV perspective, reputation is considered a valuable, rare, and difficult-to-imitate resource that contributes to sustained competitive advantage. In the logistics industry, where service reliability and trust are crucial, a strong corporate reputation reduces perceived risk and strengthens customer confidence. The positive relationship between corporate reputation and sustainable competitive advantage indicates that reputational capital enhances long-term market positioning and customer retention.

Second, logistics innovation demonstrates a strong effect on both service satisfaction and sustainable competitive advantage. This finding aligns with Dynamic Capability Theory, which emphasizes a firm's ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments. In the context of logistics services, technological adoption, digital integration, and process improvements increase operational efficiency and responsiveness. Consequently, innovation enhances perceived service quality and customer satisfaction, which ultimately strengthens competitive positioning.

Third, service satisfaction significantly influences sustainable competitive advantage and acts as a partial mediator in the structural model. This result highlights the critical role of customer-centered strategies in translating strategic resources into performance outcomes. The mediation effect suggests that corporate reputation and logistics innovation do not automatically lead to competitive advantage unless they improve customer satisfaction. In other words, satisfaction functions as a strategic bridge that converts organizational capabilities into sustainable performance benefits.

The partial mediation effect also indicates that corporate reputation and logistics innovation have both direct and indirect impacts on competitive advantage. Directly, these strategic resources enhance differentiation and operational excellence, consistent with Porter's competitive strategy theory. Indirectly, they improve customer satisfaction, which reinforces loyalty and long-term sustainability. This dual pathway strengthens the argument that competitive advantage in the logistics sector is multidimensional, combining strategic assets, innovation capability, and customer perception.

From a managerial perspective, the findings suggest that logistics companies should integrate reputation management strategies with continuous innovation initiatives. Investments in digital logistics systems, service customization, and operational transparency should be

aligned with branding and stakeholder engagement strategies. Companies that simultaneously build reputational strength and innovation capability are more likely to achieve superior service satisfaction and maintain sustainable competitiveness.

Overall, this study contributes to the strategic management and supply chain literature by demonstrating that sustainable competitive advantage in the logistics industry is not solely driven by operational efficiency but also by intangible strategic assets and customer satisfaction mechanisms. The integration of corporate reputation, logistics innovation, and service satisfaction provides a comprehensive framework for understanding long-term competitive sustainability in emerging market contexts.

Conclusion

This study aimed to examine the strategic influence of corporate reputation and logistics innovation on sustainable competitive advantage, with service satisfaction as a mediating variable. The findings demonstrate that both corporate reputation and logistics innovation significantly affect service satisfaction and sustainable competitive advantage. These results confirm that intangible strategic resources and innovation capabilities are critical determinants of long-term competitiveness in the logistics industry.

Corporate reputation was found to positively enhance service satisfaction and directly contribute to sustainable competitive advantage. This indicates that reputational strength builds customer trust and reinforces market positioning. Likewise, logistics innovation significantly improves service satisfaction and strengthens competitive advantage, highlighting the importance of technological adoption, process improvement, and service customization in responding to dynamic market demands.

Furthermore, service satisfaction plays a significant mediating role in the relationship between corporate reputation, logistics innovation, and sustainable competitive advantage. The partial mediation effect suggests that while reputation and innovation directly influence competitiveness, their impact becomes stronger when they successfully enhance customer satisfaction. Thus, service satisfaction serves as a strategic mechanism that translates organizational capabilities into sustainable performance outcomes.

In conclusion, achieving sustainable competitive advantage in the logistics sector requires an integrated strategic approach that combines strong corporate reputation, continuous logistics innovation, and a customer-oriented service strategy. Companies that effectively align these elements are more likely to sustain superior performance and maintain long-term market leadership.

For future research, it is recommended to expand the model by incorporating additional variables such as digital transformation capability, supply chain integration, or environmental sustainability practices, and to test the framework across different logistics companies or international contexts to enhance generalizability.

Suggestions

Based on the findings of this study, several practical and academic recommendations can be proposed:

A. Managerial Implications

1. Strengthen Corporate Reputation Management; Logistics companies should develop a structured reputation management strategy by enhancing service reliability, transparency, corporate communication, and social responsibility programs. Consistency in service performance and proactive stakeholder engagement can reinforce customer trust and long-term loyalty.
2. Invest in Continuous Logistics Innovation; Companies are encouraged to adopt advanced technologies such as digital tracking systems, data analytics, automation, and integrated supply chain platforms. Continuous process improvement and service

customization will improve operational efficiency and customer experience, thereby strengthening competitive positioning.

3. Enhance Customer-Centered Service Strategies; Since service satisfaction plays a mediating role, firms should regularly evaluate customer expectations through feedback systems, satisfaction surveys, and complaint management mechanisms. Improving responsiveness, assurance, and reliability will directly impact sustainable competitive advantage.
4. Integrate Strategy and Customer Experience; Reputation and innovation initiatives should not operate independently. Management must align branding strategies, innovation investments, and service quality improvement into a unified long-term competitive strategy.

B. Theoretical Implications

1. This study reinforces the Resource-Based View (RBV) and Dynamic Capability perspectives by demonstrating that intangible assets and innovation capabilities contribute to sustainable competitive advantage through customer satisfaction mechanisms.
2. Future research is recommended to incorporate additional mediating or moderating variables such as digital transformation capability, environmental sustainability orientation, or supply chain integration to enrich the conceptual framework.
3. Expanding the research scope to different logistics companies, industries, or crosscountry comparisons would enhance the generalizability of the findings.

References

- [1] R. Xaviera, W. Santosa, and T. Satitidjati Dewayana, "The effect of cost, innovation, and logistic capability on competitive advantage and its implications on pharmaceutical industry supply chain performance," *Indonesian Interdisciplinary Journal of Sharia Economics*, vol. 7, no. 3, pp. 7700–7720, 2024.
- [2] S. Wanarat and C. Meathawiroon, "The influence of service innovation on logistics capability and cost advantage of logistics service providers," *Thammasat Review*, vol. 28, no. 1, pp. 128–151, May 2025.
- [3] E. Saribanon et al., "Customer satisfaction and logistics company reputation through supply chain disruption management," *Jurnal Manajemen Pelayanan Publik*, vol. 08, no. 02, Jun. 2024.
- [4] P. Evensius and F. Riza, "The influence of digital innovation and reputation on buyersupplier relationship mediated by supply chain flexibility," *Journal of World Science*, vol. 3, no. 2, pp. 288–302, Feb. 2024.
- [5] X. Lu and A. Taghipour, "A review of supply chain digitalization and emerging research paradigms," *Logistics*, vol. 9, no. 2, p. 47, 2025, doi: 10.3390/logistics9020047.
- [6] U. Rusli, M. Masnia, A. Usman, and M. Mediaty, "A systematic literature review: The role of supply chain management in enhancing corporate operational performance," *Indonesian Interdisciplinary Journal of Sharia Economics*, vol. 8, no. 1, pp. 1076–1090, 2025.
- [7] M. E. Hitt, R. D. Ireland, and R. E. Hoskisson, *Strategic Management: Competitiveness and Globalization*, 12th ed. Boston, MA, USA: Cengage Learning, 2017.
- [8] Surya, E. D., Rahayu, S., Rashid, R. B., & Annas, M. F. (2025, June). Mangrove Ecotourism-Based Community Empowerment Model and Local Wisdom in Development Sustainable on Ketam Island. In *International Conference Epicentrum of Economic Global Framework* (pp. 699-719).
- [9] Surya, E. D., Rini, E. S., & Setiawan, N. (2018, January). The effect of halal destination image and visitors satisfaction on tourist loyalty (object in Bukit Tinggi city of west

- Sumatera). In 1st Economics and Business International Conference 2017 (EBIC 2017) (pp. 558-564).
- [10] Rahayu, S. (2020). The Effect of Transformational Leadership on Work Discipline and Employee Performance. *International Journal for Innovative Research in Multidisciplinary Field*, 6(2), 250-253.
 - [11] Erwansyah, E., Saragih, R., & Purba, T. O. H. (2022). Penguatan Digitalisasi Marketing Untuk Meningkatkan Penjualan Pada Pelaku UMKM Perempuan Di Kota Medan, Sumatera Utara. *Jurnal Pengabdian Pada Masyarakat METHABDI*, 2(2), 137-144.
 - [12] M. E. Porter, *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York, NY, USA: Free Press.
 - [13] A. Phan, R. Long, L. Heng, and T. Breng, "Logistic service quality innovation: unlocking competitive advantage in supply chain management," *Journal of Economics Business and Commerce*, vol. 2, no. 1, pp. 245–261, Jun. 2025.
 - [14] *Journal of Business Logistics*, Wiley-Blackwell, vol. 43, no. 1, 2022. (Note: flagship journal covering logistics service quality, innovation & performance).
 - [15] *International Journal of Physical Distribution & Logistics Management*, Emerald Group Publishing, vol. 54, no. 5, 2024. Leading research on logistics and competitive advantage.
 - [16] *Journal of Service Research*, SAGE Publications, vol. 27, no. 3, 2024. Premier journal on service satisfaction and customer outcomes.
 - [17] *Journal of Supply Chain Management*, Wiley-Blackwell, vol. 60, no. 2, 2025. Covers strategic SCM's role in competitive advantage.
 - [18] M. A. H. Naseem and J. Yang, "Role of Industry 4.0 in supply chain sustainability: a systematic literature review," *Sustainability*, vol. 13, no. 17, p. 9544, 2021.