

# Artificial Intelligence as the New Driver of Innovative Capacity and Competitive Advantage

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## **Abstract**

Innovative capacity has been identified as a possible source of sustainable competitive advantage for the modern firm. Part of the sustainability of competitive advantage gained through innovation is the multiple elements that contribute to innovation, essentially equating continual innovative capacity to organizational knowledge, which is already recognized as a sustainable competitive advantage. In order to continue to leverage innovative capacity for market success, firms must look forward at what the next innovative tools will be and how to integrate those into innovative practices. The most likely next tool in this practice will be Artificial Intelligence (AI) technologies designed to augment human labor in the innovative process. This is not a prediction that AI will automate innovation, rather that the processing capacity of AI systems will allow human innovators to work faster and more efficiently, thus shortening the cycles of idea generation and execution. This increased speed will create further challenges for firms to maintain relevance in increasingly dynamic markets, and the firms best able to use AI for accelerated innovation are likely to gain and retain success.

**Keywords:** innovation, artificial intelligence, competitive advantage