**Factors Affecting Sustainable Competitive Advantage in the Wood industry in B&H**

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***Abstract:*** *This paper examines fundamental elements of competitive advantage in the wood industry. The purpose of this thesis is to investigate core factors that affect the sustainable competitive advantage in the wood industry in Bosnia and Herzegovina.
In the first phase of this research study, an importance-performance analysis was performed based on components of the sustainable competitive advantage. In the second phase, the relationships between competitive strategy, innovation, leadership and sources of competitive advantage for sustainable competitive advantage in the market were determined. What makes the profitability of the company and success? How these variables interact with each other? Their interaction was determined in the study. Additionally, in the third phase of our master's thesis, based on the above factors, we showed what makes profitability of the company. It means how a company could be successful and profitable in the long- term.*

***Keywords:*** *wood industry, competitive advantage, innovation, competitive strategy, success, sustainability, sources of competitive advantage, leadership, advertising, profitability.*