

# OPERATIONAL STRATEGY, CAPABILITIES, AND SUCCESSFULLY ACCOMPLISHING BUSINESS STRATEGY

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## Abstract:

This study investigates the vital role of corporations' operational capabilities, which involve resources, competencies, and processes, in attaining the business's strategic goals for profitability and sustainability. The methodology employs a selective literature review to analyze case studies, books, and articles that give an overview of operational management and its importance in achieving corporate goals. The results exhibit the challenges posed by rapid market changes, revealing the deficiencies of traditional operational systems focused solely on efficiency and cost. To attain sustained success, manufacturers must focus on a client-valued approach, align objectives with capabilities, and support inter-functional links. Companies with distinctive managerial processes outperform in profitability, emphasizing the significance of investing in management capabilities. Operational excellence necessitates a focus on efficiency, innovation, and customer experience, prompting a shift towards a learning style that encourages innovation. Aligning innovation efforts with business strategy is essential for sustainable competitive advantage. Technological innovation, particularly AI adoption, plays a transformative role in operational innovation, highlighting the importance of dynamic capabilities in managing technological change. Yet, effective inventory and supply chain management are important for meeting customer demand and maximizing efficiency through collaboration and adaptable control.

**Keywords:** business strategy; operations capabilities; operation management; competitiveness.

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## 1. Introduction

Operational management stands as the cornerstone of organizational effectiveness, integrating resources, procedures, and expertise to orchestrate processes toward desired outcomes (Drejer, 2002; Teece, 2007). Aligned integrally with the overall business strategy, it serves as the mechanism through which resources are strategically allocated, market positions evaluated, and competitive advantages pursued to yield consumer value (Saura et al., 2022).

The concept of strategic positioning is central to operational management, in which a company's unique capabilities are used to strengthen its strategic goals (Sun & Zuo, 2023). This strategic alignment is critical because it not only promotes competitive advantage but also strengthens organizational resilience in dynamic market contexts (Moreland et al., 2023; Porter, 1990).

In the same manner, the pursuit of sustainable competitive advantage necessitates a focused approach to leveraging unique resources and capabilities (Collis & Montgomery, 1995). However, achieving such an advantage is contingent upon the seamless alignment of operational effectiveness with the organization's distinct strategic position (Porter, 1996). This alignment requires a cohesive vision shared among stakeholders to optimize operational performance (Kaplan & Norton, 2008).

On the other hand, given today's corporate world, survival depends on the ability to navigate changing consumer demands, market dynamics, and technology disruptions (Hayes & Pisano, 1994; Pisano & Shih, 2009). Government encouragement, research and development efforts, and a culture of risk-taking and learning all contribute to abundant opportunities for innovation (Dychtwald, 2021).

Furthermore, effective planning is critical to operational performance because it allows for resource management and mitigates uncertainties associated with demand changes (Fisher et al., 1994b; Vörös, 2013). Using sophisticated technologies like just-in-time ordering improves operational efficiency, reduces waste, and increases responsiveness (Mishina & Takeda, 2001). In the same context, a responsive supply chain, supported by data-driven decision-making, emerges as a pillar of organizational agility, allowing for quick reactions to fluctuating market demands (Simchi-Levi & Timmermans, 2021).

Highlighting dynamic market and technological developments is essential to enhancing operational capacities and improving quality, differentiation, and client satisfaction (Porter & Heppelmann, 2015). However, in a quickly changing world, flexibility emerges as a vital feature, allowing firms to exploit transient competitive advantages over traditional, static approaches (McGrath, 2013).

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This study aims to present a thorough overview of the operational strategy and operation management factors in the new world of rivalry to enable organizations to achieve their broad business strategy. It is a unique approach that only a limited number of studies have tackled. The study adds worthwhile information to the body of existing literature on handling operations management and tackling operational strategies from different sides. Based on that, this study aims to answer the following question:

Q1: How could operational strategies and “operational management as represented by capabilities” (e.g., resources, human skills, processes, and technology) achieve the organization’s plan for competitive advantage and profitability?

In the following sections, this study introduces the methodology in Section 2, which employs the inclusion criteria for the review methodology and the study model. According to the study approach, Section 3 reviews the literature. In Section 4, the discussion presents an analysis of the results. Section 5, the conclusion *answers the research question*, and Section 6 shows the limitations and further studies.

## 2. Methodology

### 2.1. Literature review inclusion criteria

Based on previous research (see Brown et al., 2018; Collis & Montgomery, 1995; Hayes & Pisano, 1994; Krajewski & Malhotra, 2022; Stevenson et al., 2014), the authors tried to find a link between operational strategy, capabilities, and how companies could eventually carry out their business strategy. They discovered *eight interconnected operational management elements and topics that affect operational strategy*. This explains why, to serve the study goal, the authors revised the most direct and connected topics for each of the operational management elements. Innovation, for example, is presented by understanding the innovation advantage, innovation strategy, disruptive innovation, technology transformation, and technology driving financial innovation, since an organization’s goal is to achieve durability and profits. On the other hand, those operational management capabilities emanate from operation strategy but interchangeably interact and affect operational strategy in return, like emerging rapid technology and providing new services, platforms, and partnerships. Thus, it is important to explain operation strategy and how it works with operational management elements like understanding resource competition, strategy, management systems, strategic overload, and how businesses try to stay competitive in the market. This operational strategy is also open to new opportunities in the service era, as well as new challenges and competitors. As a result, it was reviewed and broken down into two groups.

According to the literature (Brown et al., 2018; Collis & Montgomery, 1995; Hayes & Pisano, 1994; Krajewski & Malhotra, 2022; Stevenson et al., 2014), this study uses the exact ideas and words in the “operational management elements” and “topic” columns to look for proposals. For example, each “operational management element” was searched concurrently with its related “topics,” each

time individually, as shown in Appendix 1. Only closely related and high-quality studies were considered for review, depending primarily on Harvard Business Review (33 studies) and then Google Scholar (8 studies). In this study, the authors used a *selective literature review* to pre-determinedly connect and find ideas around operational strategy, capabilities, and business strategy. Based on the literature, the authors divided operational management into eight elements, explained the operation strategy in two groups, and went through these divisions to convey the study’s purpose. Because the goal and study variables are already set, this selective review would work better than using other methodologies (like a systematic review), even though it takes longer to find all the needed studies that fit into the categories shown in Appendix 2. This is because the authors are looking for the most relevant studies from the most reliable sources, such as Harvard Studies (see, for example, Chigbu et al., 2023; van Wee & Banister, 2023). A systematic review, on the other hand, looks at both the concepts and their synonyms as part of its inclusion criteria. In our case, we need to look at all the operational management elements, such as capabilities, operational strategy, and business strategy. This would create a huge amount of data, and many logarithmic scenarios for each of these could make the search more complicated and deter the authors from focusing on the study goal. Consequently, Table 1 shows the revised data sources and types. The most cited studies are 33 from Harvard Business Review; 25 of them are conceptual, and 8 are case studies.

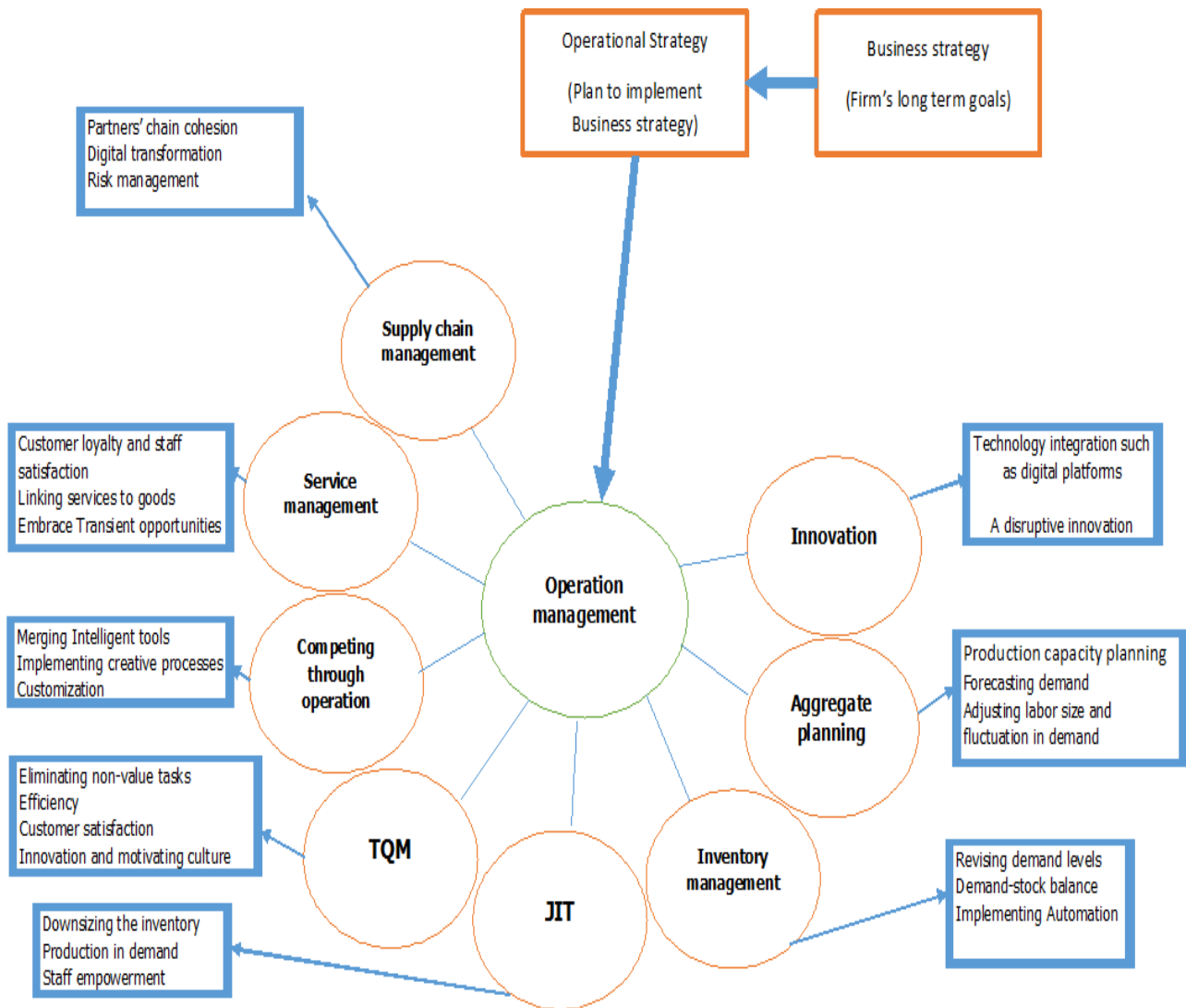
Table 1: Description of the sample.

Study type	Count	Databases	Publisher	Count
Conceptual Study	25	Harvard Business Review	Harvard Business Publishing (HBP)	33
Case study	8	Google Scholar	Elsevier	4
Empirical study	1		INFORMS	1
Model analysis	5		Mc McGraw-Hill Irwin	1
Textbook	2		Routledge	1
			Springer	1

### 2.2. The study model

With a focus on case studies, books, and articles that offer relevant insights into operational competencies and their importance in achieving corporate goals in OM, this study utilizes a selective literature review approach. Hence, it deliberately analyzes the most related literature. To make a better contribution, it searches for studies in operation management related to innovation, aggregate planning, inventory management, just-in-time (JIT), total quality management (TQM), competing through operations, service management, and supply chain management based on the sources of Brown et al. (2018), Krajewski & Malhotra (2022), and Stevenson et al. (2014).

Yet, Figure 1 offers a broader view of the chief conceptual framework by introducing crucial practices (strategies) that wisely gather an organization’s capabilities (resources,



**Figure 1:** Research model. *Source:* Authors based on Brown et al. (2018), Krajewski & Malhotra (2022), and Stevenson et al. (2014).

skilled humans, processes) to play a role in achieving business strategy (vision, mission, goals). Again, the study model summarizes the literature review on achieving a business strategy through operational strategies that shape operation management directions. Operation management elements are interlaced and dependent, with innovations enhancing service, supply chain, and inventory. TQM, for example, enhances competition through resources, innovations, and JIT. Optimal supply chain management requires risk management, digital adoption, and linking all partners to maintain agility and flexibility.

### 3. Literature review

This part presents the selected literature for operational strategy and management practices, thoroughly examining each of the selected studies and focusing on the main ideas, concepts, and results. Therefore, the current study can summarize the leading desired practices to construct an optimal capability from “resources, humans,

and processes” that allows companies to achieve optimal business strategies regarding their mission, vision, and goals, like survival, profit, success, and outstanding.

### 3.1. Operational strategy

#### 3.1.1. Strategy for resources management

Strategically valuable resources could ensure a competitive advantage for a firm by allowing it to conduct operations better or cheaper than competitors. They are difficult to imitate, depreciate slowly, and are managed by the firm rather than workers, suppliers, or consumers (Collis & Montgomery, 1995). Companies need “trade-offs” to choose one strategy instead of many simultaneously, considering buyer and supplier bargaining power, threats, and rivalry. Hence, by continuously adapting this strategy to the changing market and objectives rather than focusing solely on operational efficiency (productivity), this choice will, in turn, achieve a sustainable, unique strategic positional advantage (Porter, 1996). In contrast, traditional management strategies such as financing

and performance assessment alone cannot be used to achieve strategic objectives. The new management system, which consists of interrelated activities, would encourage organizations through excellent linkage of their resources with their strategies, track their progress toward targets, and frequently adapt the processes in reaction to feedback and the latest information. In turn, companies perform better and maintain their competitive edge over time (Kaplan & Norton, 2008). Additionally, several strategic choices may divert from prioritizing and restricting the company's significant objectives, deterring companies from administering resources efficiently. Strategy simplification, therefore, is the solution to evaluating strategy by concentrating on a company's primary capabilities and connecting resources with its ability to create value for customers and boost performance (Oberholzer-Gee, 2021). Moreover, the traditional production system (focused on efficiency and cost reduction) may hinder an organization's growth and excellence. A new manufacturing strategy emphasizes adaptability to changing economic conditions and shifts from conventional procedures to adaptable frameworks. This innovative technology can help firms overcome limitations and achieve a long-term competitive advantage, supported by a hierarchical culture and leadership (Hayes & Pisano, 1994).

### 3.1.2. New prospects in operations strategy

Conventional manufacturing systems stressed efficiency, costs, and upstream operations while disregarding downstream factors (like distribution, customer support, and logistics). Collaboration throughout the complete supply chain (from suppliers to end customers) is essential to achieving a competitive edge and ensuring users receive exceptional value through the coordination of upstream and downstream activities (Wise & Baumgartner, 1999). However, Porter & Rivkin (2012) found that the US requires collaboration from partners across government, business, and civil society to gain a worldwide competitive edge for effective strategic performance. Geographic clusters (districts with interconnected enterprises) are crucial for economic growth and innovation, yet they require specific circumstances to flourish. Hence, policy proposals necessitate the enhancement of cluster competitiveness through investments in education, labor force advancement, and innovation, as well as business, infrastructure, and administrative condition development. For example, Pisano & Shih (2009) explained that the decline in competitiveness can be due to technical job outsourcing, a lack of technology and infrastructure, and skilled workers. The US issues encountered in staying competitive in manufacturing should be unraveled by focusing on innovation and employing technology, having an experienced workforce, and establishing an encouraging culture to promote manufacturing. Using these factors, the United States can reclaim its global manufacturing lead. On the other hand, with AI, industries are altered, and businesses are given new opportunities to distinguish themselves. The AI era is dramatically changing the way businesses operate. Companies need to adjust their operation management and harness AI and availability data by assigning high expertise in this scope to deal with it. AI brings innovation and collaboration to the industry for those who effortlessly encourage exploratory

culture to execute new strategies relying on it, enabling companies to welcome enduring learning to keep up with the rapid pace of technological change (Iansiti & Lakhani, 2020). Gaining optimum utilization of resources, empowering staff, and placing ahead of customers' requirements enabled, for instance, Southwest Airlines to advance swiftly and differentiate itself from others in its operational strategy. In this regard, the system has accomplished significant cost savings and operational efficiencies, enabling customers to obtain low prices while holding greater earnings (Oliva & Gittel, 2002).

## 3.2. Operation management elements

### 3.2.1. Innovation

The innovation environment necessitates taking chances, learning from mistakes, focusing on rivals, and recognizing SOWT points. China, driven by government funding and a mix of innovation and collaboration, is a growing leader. Chinese organizations are leveraging modern tools and collaborating with foreign organizations and universities to stay ahead. However, challenges include defending intellectual property and discovering assets with the required skills (Dychtwald, 2021). Innovations (efficiency, differentiation, and ecosystems) have a role in successful rivalry and flourishing. Additionally, four practical innovations help achieve enduring growth and profitability: (1) Balancing risks and rewards through a portfolio by allocating resources effectively for short- and long-term schemes. (2) Following performance indicators (e.g., revenue and satisfaction) that stimulate companies to make future investment decisions. (3) Linking innovation with the company's broad strategy (the mission and goals). (4) Promoting the latest ideas through research and opinion sharing (Pisano, 2015). Disruptive innovation, on the other hand, implies changes in created and acquired value because it extends beyond producing existing goods and services. Traditional market size and profitability indicators may not accurately reflect the potential of disruptive innovations, so businesses must notice and respond effectively to comply by investing in or collaborating with others (Christensen et al., 2015). Innovation exemplifies Alibaba's success due to its exceptional digital adaptation achieved by acting as an intermediary and reducing transaction costs. This innovation presented Alibaba with fresh business opportunities, given its capacity to analyze vast data volumes about consumer behavior and market trends. Yet, with its globe extension, Alibaba's e-commerce platform is combined with a huge array of supplementary functionalities, e.g., data research, logistics, and payment processing (Zeng, 2018). Alibaba's thriving Ant enterprise is fueled by its digital finance and global platform business focus, as future development depends on entering new areas of monetary administration. Alibaba's innovation expands the scope of financial items and administration globally for buyers and private enterprises (e.g., mobile installments, online credits, and other fiscal management issues), considering building strong links with customers and, besides, using big data, including AI, to drive growth and improve risk management (Zhu et al., 2017).

### 3.2.2. Aggregate planning

Traditional supply chain management strategies were deficient in managing uncertainties in demand and supply. Alternatively, close collaboration between supply chain partners, persistent data sharing, and adaptable inventory control would solve an unconvinced business climate and ensure procedure proficiency. This means the success factor in this business atmosphere is to construct a responsive supply chain, research the anticipated demand, tie these up with the inventory to streamline merchandise and cash in hand, and quickly adapt to changing market conditions (Fisher et al., 1994a). Aggregate planning strategies use inventory to handle demand fluctuations, ensure operational stability, and flexibly accommodate workforce size to adjust changes (e.g., adding or reducing staff when necessary). Strategies employ part-time workers, overtime shifts, or idle time to effectively counterbalance demand fluctuations and maintain optimal resource utilization; also, partnerships with subcontractors allow for a steady and reliable workforce. Strategies foster a proactive approach by continuously evaluating and improving production processes, ensuring long-term efficiency and adaptability (Stevenson et al., 2007). In many industries, the division between design and manufacturing proves detrimental, or design and manufacturing cannot be dissociated, as production processes serve as the wellspring of innovation. Knowledge acquisition in organizations significantly improves operational efficiency and reduces production process variability. Thus, integrating organizational learning into production planning and scheduling would increase efficiency and competitiveness. Research revealed that by adopting learning when the discount rate was zero, the output level remained the same, but the unit cost of output lowered (Vörös, 2021).

### 3.2.3. Inventory management

The Barilla study demonstrates that effective inventory management can meet consumer demand while minimizing excess inventory. By appropriately anticipating demand patterns and leveraging historical sales data, Barilla boosted inventory management, minimizing the danger of stock-outs or overstocks. A better technique incorporates strong collaboration among supply chain partners, frequent data interchange, and adaptive inventory management, letting Barilla flourish in an uncertain market, achieve operational effectiveness, and quickly respond to changing market scenarios (Hammond, 2008). Moreover, the best inventory techniques are critical in today's corporate situation. Organizations may increase operational efficiency, decrease costs, enhance customer happiness, and launch an everlasting competitive edge by embracing new strategies such as automated demand forecasting models, simplified procurement procedures, and lean inventory control systems. Again, in achieving effective inventory management strategies, the central focus is harmonizing supply chain operations, demand forecasts, and inventory control. Organizations might solve inventory-related challenges, improve operational performance, and position themselves for long-term success by applying best practices (Wild, 2017). Nevertheless, Vörös (2013) explained that

inventory management could be performed by precisely calculating costs and establishing appropriate economic order and production quantity forecasts. Organizations can lower costs, control inventory levels, and enhance operational performance by addressing backlogs, rapid replenishment, and techniques for eradicating damaged items. By trading off inventory costs, backlog costs, and defective item costs, firms can establish correct models and procedures to balance investment and customer service, eventually enhancing profitability.

### 3.2.4. JIT

The automated systems linked to the JIT inventory safeguard storage times and costs, therefore enhancing inventory control and operational effectiveness. Through the provision of techniques for ongoing enhancement, waste reduction, and production process efficiency, the Toyota Production System (TPS) encourages teamwork to quickly resolve any process problems and quickly answer customer requests, hence gaining an edge over quality, cost-effectiveness, and pleasing clients (Mishina & Takeda, 2001). Significantly, analyzing the linkage between JIT systems and manufacturing performance demonstrated that achieved performance is conditional not only on JIT but also on the company's entire infrastructure, which includes labor management, quality management, and the manufacturing strategy. However, the study discovered a positive relationship between manufacturing's total performance and favorable market competitive position (Sakakibara et al., 1997). By streamlining its operations, Toyota teaches other businesses lessons about their operational effectiveness and performance. Its system imposes a successful framework for reaching uniqueness, involving JIT production (it lowers inventory levels), lean manufacturing (it focuses on identifying and eliminating needless processes), and actively involving its employees in bringing ideas and participating in ongoing efforts by putting their customers first (Watanabe, 2007). Nonetheless, when attempting to create an optimal choice, which is a trade-off between inventory costs, quality control costs, and customer demand, it is critical to consider process quality and marketing links in batch-sized decision production inside an on-demand, JIT atmosphere. Given the interaction between process quality adjustment, lot sizing, and customer demand patterns, integrating these aspects during trade-offs can result in cost savings, improved overall production efficiency, and adequate linkage between production and customer demands (Vörös & Rappai, 2016).

### 3.2.5. TQM

Sadun et al. (2017) illustrated that organizations need to perceive the important impact of effective management on performance; otherwise, they miss prospects for long-term prosperity and productivity. Yet, competent management practices implement TQM principles to improve firm performance and drive an enduring competitive edge. However, business executives usually ignore the complete components of a plan in favor of focusing on other aspects of its capabilities. The solution is to have a comprehensive view and build a strategy that includes well-researched decisions for the company prototype, competitive position, plans and capabilities,

adaptability, and alignment with the necessary dramatic market change to achieve long-term success (Collis, 2021). Notably, Vörös (2019) emphasized that an enterprise may distinguish itself by offering higher-quality items and charging more. Customer commitment can be established by adjusting pricing and improving quality management strategies based on tastes and market requirements. Assuming consumer sensitivity is steady and demand is positive, improved quality might cause higher costs. Higher quality can also guide lower pricing when buyers are more price-elastic, and the decline in profits results from a drop in demand that exceeds the income rise.

### 3.2.6. Competing through operations

Organizations could involve smart technology with their futuristic opportunities to establish an enduring edge. Hence, those intelligent networked technologies are accelerating essential changes and innovation because they have produced a distinct benefit by connecting goods and services with the organization's operations and structure (Porter & Heppelmann, 2015). Additionally, 3-D printing technology has upended traditional manufacturing methods since it provides a competitive advantage by leveraging and creating creative products, streamlining production processes, reducing costs, and elevating customer value—all of which advance corporate structures, labor skills, supply chain connections, and strategic models (D'Aveni, 2018). For instance, the resolution for the US economic blossoming is to present a manufacturing sector that provides job opportunities, competitiveness in foreign markets, and skills. Nevertheless, relying too sensitively on foreign manufacturing might restrict a country's capacity to react effectively to hazards, protect intellectual property rights, and uphold vital supply chains (Pisano & Shih, 2012). However, through quality control measures, corporations must realize and diagnose the interrelationships between pricing, quality, and productivity decisions. Consequently, the right decision according to these three elements profoundly influences the smooth operation of a company's procedures, distribution of resources, performance, and capacity to remain competitive (Vörös, 2006).

### 3.2.7. Service Management

Extreme attention to growth could imperil organizations' stability and innovation. For this reason, organizations must embark on an equitable and long-term strategy development process that involves factors beyond short-term financial revenue, such as supporting innovation, investing effort in personnel advancement, and developing a culture that pursues sustainability and well-being (M. Fisher et al., 2017). Improved financial outcomes can be achieved by instilling employee satisfaction, which can increase buyers' loyalty. Accordingly, businesses that put a priority on the service-profit chain establish a positive cycle where happy employees provide a service that results in devoted clients who, in turn, improve financial performance and long-run profitability (Heskett et al., 2008). Service organizations would set objectives to meet client needs by allocating funds for hiring and nurturing exceptional staff members, as well as embracing technology and creativity. Creating new

services, accordingly, advances and maintains a lead by offering clients more unique value than their rivals (Nanda & Narayandas, 2021). In addition, there should be a shift in the companies' assumptions about competitive advantage from a sustained one to a transient one. Currently, the notion of sustained competitive advantage is fragile. To stay ahead of the competition, businesses must force agility and flexibility in operations to respond to customer and market changes and embrace evolution by taking computer risks for short-term competitive advantage (McGrath, 2013). Responding to altering consumer expectations and tastes, businesses switch from a product-focused to a service-focused technique; thus, cohesive customer experience satisfaction is produced by a combination of product design, service design, and operations management. This expands traditional products to include a service that fosters development, encourages client loyalty, and promotes a long-term advantage (Sawhney, 2016).

### 3.2.8. Supply Chain Management

Businesses are required to be aware of the trade-offs between responsiveness and efficiency to maintain an edge when considering the best supply chain scenario. They need to align their supply chain design with their products' properties; hence, they could instantly optimize their strategy to promote efficiency, cut expenses, and better fulfill customer demand (Fisher, 1997). Although multinational corporations do business with suppliers who follow ethical and environmental criteria, lower-tier suppliers pose real dangers. The supply chain may be reinforced by promoting the sustainability of lower-tier suppliers, setting long-term goals, and incorporating many strategies into sustainability schemes (Villena & Gioia, 2020). For example, Haier Group's COSMO platform revolutionized the supply chain amidst the global pandemic by integrating demand predictions, inventory handling, logistics, and supplier collaboration (Ferdows et al., 2022). Still, modernizing the supply chain necessitates ongoing monitoring, evaluation, and adaptation. However, businesses must automate operations, react using digital and sophisticated analytics, and establish resilience through redundancy and proactive risk management, suggesting that firms that dynamically modify their supply chains will have an advantage over rivals (Simchi-Levi & Timmermans, 2021).

## 4. Discussion

The market is altering rapidly, businesses can collapse swiftly, and new rivals arise. Therefore, traditional operational systems centered on efficiency, costs, and upstream practices, neglecting downstream, failed earlier. IBM's value-added resellers faced challenges because they sold through third-party distributors, while Boeing has broadened its view of the supply chain's value to include finance, local parts supply, ground maintenance, logistics control, and pilot training. It has established itself as a successful service business. These are just examples of how different insights affect achieving business goals, revenues, and sustainability. Thus, they need to utilize operations capabilities to achieve corporate objectives and be sustainable. Firms can focus on nourishing a combination of services and products to cut overall

costs and gain customer loyalty with a sharp vision. For example, Hewlett-Packard's printer firm, with each printer sold, supplies a stream of ink cartridges at reasonable margins. Xerox likewise succeeded in selling large copier systems by emphasizing their services to reduce costs for labor, archiving, and retrieval, thereby lowering customers' management costs and building stronger relationships with them (Wise & Baumgartner, 1999).

Due to the fast and dynamic market changes, the manufacturing strategy should no longer be based on making short-term decisions between cost and quality. Hayes & Pisano (1994) explained that companies must choose one or two areas that they will pursue to be at the forefront. These qualities should be appreciated by clients and difficult for rivals to replicate. To foster strategic development, companies must align their objectives with their existing capabilities, prioritize capacity-building initiatives, and foster strong inter-functional relationships and effective leadership. This is done through investments in training, development programs, team-building activities, and leadership development initiatives. During the 1980s, US manufacturing firms embarked on endeavors like TQM and JIT to enhance competitiveness. However, these efforts failed, as enhancements in manufacturing are not a strategic approach to achieving sustainable advantage. Instead, companies should focus on nurturing unique skills and capabilities rather than relying solely on investments in equipment or expertise. A pertinent example is Hitachi-Seiki, which aspired to establish itself as a leader in computerized automation, but it lacked the requisite capabilities. To bridge this gap, the company sought collaboration with other Japanese manufacturers and engaged in research endeavors aimed at automated production (Hayes & Pisano, 1994).

Companies with distinctive managerial processes do significantly better regarding profitability, growth, and productivity measures, where the differences in process quality last over time. Sadun et al. (2017) proved that competent management is hard to imitate. Thus, investments in management capabilities are a powerful way to become more competitive. Additionally, operational excellence is a management perspective that concentrates on improving efficiency, cutting waste, and lifting productivity, prioritizing innovation and customer experience to achieve business strategy. Achieving operational excellence is a primary challenge for many corporations, even those that are well-informed and structured. They need to prioritize objectives while shifting from top-down authority to a learning style that encourages innovation. Successful management examples: Starbucks invests in the local community and teamwork, while also encouraging innovation in new store designs and online retailing. NASA launched four RPA pilots for accounts payable and receivable, information technology expenditures, and human resources, all powered by a shared service center. These projects were thriving, with the HR app completing 86% of transactions without human touch.

Innovation strategies help businesses advance profits and market stakes by creating new goods and services. Innovation plans help firms make wise decisions, choose innovative system components, and avoid role conflicts.

Like any product or service, it needs constant testing, learning, and change to stay valuable and efficient. However, the root cause of corporate innovation projects' failure is a lack of an innovation strategy. Noting that innovation efforts should be tied with the business strategy to assist the company in achieving sustainable competitive advantage, businesses will struggle to design a coherent innovation system that meets their competitive needs over time if they do not conduct a suitable innovation strategy (Pisano, 2015). Yet disruptive innovation creates new business opportunities. As with Christensen et al. (2015), disruptive innovation yields a new product, service, or technology that crosses the market and disrupts present industries or markets, typically by creating more suitable or attainable substitutes for existing choices, allowing small firms to gain market share. Following this idea, Uber pioneered the concept of shared transportation in the market, disrupting the traditional commuter industry. Firms need to continuously innovate, adapt, and refine their strategies to remain competitive in this rapidly varying market. However, they must control and possess these resources' superiority. Yet, AI technology adoption is a transformative tool for operational innovation. The role of dynamic capabilities in managing technological change and innovation represents the need for agility and adaptation (Collis & Montgomery, 1995; Iansiti & Lakhani, 2020; Pisano & Shih, 2012). Alibaba Group, for example, used an e-commerce platform that enabled it to grow as a giant online selling channel and surpass Walmart's sales. Another example is Ant Financial Group, which uses an innovative digital platform that offers online financial services (financial technology) such as payments, loans, and investments through mobile or websites (Zeng, 2018; Zhu et al., 2017).

Inventory management, on the other hand, oversees the procurement, storage, and use of commodities and goods within a company. Operations management strives to ensure appropriate inventory levels that fulfill customer needs while reducing costs and maximizing efficiency. Barilla was an effective inventory control model that met consumer demand while reducing excess inventory. Close collaboration between supply chain partners, continuous data sharing, and adaptable inventory control enable operational efficiency and quickly adapt to changing market conditions (Hammond, 2008). The supply chain is vital to boosting a company's competitive advantage. Fisher (1997) provided a two-step technique for improving supply chain performance. The first stage is to establish the nature of the demand, which includes distinguishing between functional and innovative products. The second phase is to determine whether the supply chain is physically efficient enough to meet predicted needs at the lowest cost while providing excellent performance for functional products. Furthermore, the supply chain should be adaptable to meet unpredictable demand for innovative items. Functional products entail a physically efficient supply chain strategy, but innovative products require a market-responsive supply chain strategy. For instance, Haier Group used its digital supply chain platform to quickly team up with partners, identify collaborators, develop prototypes, configure the supply chain, and deliver products quickly (Ferdows et al., 2022).

## 5. Conclusions

Organizations can achieve a unique strategic position by implementing a coherent management system and optimizing resource utilization while eliminating low-value activities. This involves addressing crucial aspects of quality and cost, which are vital for operational excellence. Prioritizing quality ensures the delivery of products or services that exceed customer expectations, fostering satisfaction and loyalty. Concurrently, effective cost management drives operational efficiency by minimizing expenses and maximizing profitability. To excel, organizations should implement robust quality control measures, streamline processes, identify cost-saving opportunities, and leverage technology for productivity and cost-effectiveness. Additionally, remaining competitive and adaptable necessitates embracing innovation, continuously adapting to market demands, adopting a customer-centric approach, fostering stakeholder collaboration, and aligning operations with market trends and customer preferences. By integrating all these key elements into their operational strategy, organizations differentiate themselves, gain a sustainable competitive advantage, and ensure long-term success and profitability.

Additionally, organizations can establish this position by leveraging their operational capabilities to optimize the supply chain. This involves carefully managing the flow of materials, information, and resources among the whole network. Strategies can be executed to achieve this optimization. Firstly, enhancing collaboration and coordination with suppliers and partners fosters strong relationships and efficient communication. This improves information exchange, leading to better decision-making and responsiveness. Secondly, adopting advanced technologies and data analytics improves visibility and transparency throughout the supply chain, enabling real-time tracking and better forecasting. Additionally, focusing on improving logistics and transportation systems optimizes routes, reduces lead times, and minimizes costs through effective planning and automation. Employing inventory management techniques such as JIT decreases excess inventory, lowers holding costs, and improves cash flow. Implementing robust supply chain risk management practices helps identify and mitigate potential disruptions and build resilience. By matching supply chain strategies with the general business strategy, organizations improve operational efficiency, reduce costs, and enhance customer satisfaction, earning a competitive advantage. An optimized supply chain ensures timely and cost-effective delivery, exceeding customer expectations and fostering loyalty for market success.

In addition to effective inventory management and JIT practices, continuous organizational learning and the adoption of advanced intelligent technologies play a crucial role in enhancing competitiveness and operational efficiency. These technologies constitute diverse elements: AI, machine learning, data analytics, and automation. AI and machine learning can optimize inventory control, demand forecasting, and supply chain planning, leading to improved decision-making and resource allocation. Data analytics empowers organizations to extract useful views from large datasets, enabling proactive risk

management and decision-making. Automated tools simplify procedures, raise productivity, and minimize mistakes.

Furthermore, the adoption of digital platforms and innovative 3D technologies fosters collaboration, communication, and visualization throughout the supply chain network, promoting seamless coordination and efficiency. By embracing these advanced elements, organizations can drive innovation, attain operational excellence, and gain a competitive edge in the dynamic market landscape. The link between worker satisfaction, customer loyalty, and financial performance through the service-profit chain is vital to driving organizational success. This chain cannot be innovative without the adoption of advanced technologies, enhancing operational efficiency, informed decision-making, and customer experience, creating a positive work atmosphere, and giving exceptional customer service. Moreover, integrating services helps organizations deliver a consistent customer experience. To clarify, by consolidating diverse service offerings, organizations break down internal barriers, fostering better communication and collaboration across teams and departments. This integration facilitates smoother interactions, quicker problem-solving, and a more comprehensive approach to meeting customer demands. As a result, customer satisfaction is elevated, fostering stronger loyalty and positioning organizations for a competitive advantage in the market.

## 6. Implications, limits, and future studies

This study has implications regarding the emphasis on the transformative potential of effective operational strategies and management practices in driving organizational performance and achieving strategic objectives, in which businesses can position themselves for sustainable growth, competitive advantage, and profitability in an increasingly complex and dynamic business environment. Operational management, for instance, may transform a company's long-term objectives into concrete results (competitive benefit and earnings) by efficiently using resources, exploiting talent, maximizing processes, and implementing technology, leading to superiority in operations and performance. Plus, the efficacy of implementing an integrated approach to operation management, encompassing elements (inventory management, quality control, supply chain management, and service delivery), enables these organizations to simplify operations, avoid costs, and give the best value to consumers. Further, businesses that support innovation and ongoing improvement (e.g., technological investments, the development of an innovative culture, and employee engagement) are better able to respond swiftly to changing markets, remain on top of competitors, and sustain sustained profitability.

This study employs a selective literature review focusing primarily on specific historical (conceptual and case) studies, which might introduce certain biases regarding the utilized methodology, even though it has a clear focus and contribution. Yet, the revised studies might neglect the current business challenges. Again, the emphasis on established companies in this paper may overlook the



unique operational challenges faced by newly established firms and small businesses. Hence, future research could address these limitations by those companies to validate findings across diverse industries and organizational sizes in the current market. Additionally, exploring the

impact of emerging technologies, cultural factors, and collaborative networks on operational management practices could provide deeper knowledge into enhancing organizational resilience and competitiveness in evolving market environments.

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