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THE DETERMINANTS OF ADVANTAGES IN OPERATIONAL COMPANIES

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Abstract

The objective of this study is to examine the factors that contribute to a company's operational excellence using a Systematic Literature Review (SLR) methodology. The research background is motivated by a profound desire to comprehend the factors that have a substantial impact on a company's operational performance. The systematic literature review (SLR) approach was employed to examine scientific literature pertaining to the factors influencing operational excellence, thereby ensuring a methodical and unbiased study. The analysis reveals that company size, company age, and capital volume growth exert a positive and substantial impact on operational excellence. Simultaneously, the growth of investments has had an adverse effect, underscoring the importance of cautious investment management. The impact of leverage (debt ratio), tabarru' funds, and independent commissioner ratio on operational excellence is not always significant. Ultimately, a comprehensive comprehension of these factors offers valuable direction for companies in formulating efficient and flexible operational strategies. This study provides a substantial contribution to the existing body of knowledge on operational management. It emphasizes crucial factors that companies must take into account to enhance their efficiency and competitiveness. Furthermore, these discoveries establish a foundation for additional investigation and serve as a valuable resource for company executives seeking to enhance their operations amidst constantly shifting market dynamics.

Keywords*: *Determinants, Advantages, Operations, Company

INTRODUCTION

Company operations encompass a range of routine tasks undertaken to ensure the smooth and successful functioning of a business, with the ultimate aim of accomplishing organizational objectives. Supply chain management is a crucial component of company operations, as it entails overseeing the movement of goods and services from suppliers to customers. During the early phases of a company's operations, strategic planning takes place to establish the company's vision, mission, and goals. Subsequently, the company engages in the creation of operational plans that encompass the allocation of resources, scheduling of production, and management of inventory (Munawaroh & Mukhibad, 2019). Operational processes encompass human resource management, which entails the design of organizational structures, recruitment, training, and performance management of employees. Furthermore, information technology plays a crucial role in facilitating company operations by implementing company management systems, ERP (Enterprise Resource Planning) systems, and other technologies to enhance the efficiency and precision of business processes (Munawaroh & Mukhibad, 2019).

At the production level, company operations encompass quality control, machinery and equipment maintenance, and waste management. Product or service distribution is a crucial aspect of operations, encompassing logistics, shipping, and the fulfillment of customer orders. Furthermore, it is imperative for companies to consistently oversee operational performance, conduct assessments, and implement process enhancements in order to enhance efficiency and address potential challenges (Mardji, 2022). Financial aspects are an essential component of company operations, encompassing budgetary control, financial reporting, and financial risk mitigation. Effective risk planning and management are essential for addressing potential challenges that may arise during company operations (Mardji, 2022). Through comprehending and overseeing these processes, companies can attain optimal performance, enhance competitiveness, and guarantee long-term business continuity. Companies are facing mounting pressure to not only survive, but also attain operational excellence due to the rising globalization and intensifying business competition. Attaining sustainable efficiency, productivity, and competitiveness heavily relies on operational excellence (Wulandari et al., 2022). Hence, this study was carried out with the primary objective of identifying and analyzing the key determinants or factors that significantly influence the company's operational excellence.

Contemporary corporations encounter a fluid business milieu, shaped by technological advancements, regulatory modifications, and market instabilities. A comprehensive comprehension of the variables that impact operational excellence in this particular situation will offer a more intricate perspective on how companies can enhance their operational procedures (Wulandari et al., 2022). By gaining a deeper comprehension of the factors that contribute to operational excellence, companies can implement strategic measures to enhance efficiency, minimize expenses, and enhance adaptability to market fluctuations. This research is pertinent in addressing global business challenges, particularly when companies encounter the imperative to provide products or services with superior quality, minimal expenses, and prompt responsiveness to customer demands. This research aims to make a substantial contribution to the literature on operational management by thoroughly examining the factors that impact operational excellence. Additionally, it seeks to offer practical insights to business stakeholders, decision makers, and researchers in this field (Adha et al., 2021). The objective of the research on the Determinants of Company Operational Excellence is to examine the factors that significantly influence a company's operational excellence. The objective of this research is to gain a comprehensive understanding of how different variables and aspects within a company's operational context can impact its overall operational performance. Operational excellence refers to a company's capacity to effectively oversee its business operations in order to deliver substantial benefits in terms of cost, product or service quality, and adaptability to market fluctuations (Adha et al., 2021).

The objective of this study is to ascertain key determinants that may impact a company's operational achievement, encompassing, but not restricted to, technology, supply chain management, human resources, and production processes. The objective of this research is to offer enhanced understanding to stakeholders, such as corporate executives, strategic planners, and operational management researchers, in order to assist them in formulating more efficient strategies and policies. This research aims to identify specific solutions or recommendations that can be implemented to enhance the company's operational excellence. Moreover, gaining a deeper comprehension of the variables that impact operational excellence can assist companies in effectively addressing the challenges and seizing the opportunities that emerge in a constantly changing business environment. The aim is for the findings of this study to serve as a foundation for companies to formulate adaptable and responsive operational strategies, establish enduring competitive advantages, and guarantee long-term business sustainability.

RESEARCH METHODS

The present study employed the Systematic Literature Review (SLR) research methodology, which is characterized by a methodical and comprehensive approach to the collection, evaluation, and synthesis of pertinent scientific literature pertaining to the factors that influence company operational excellence. Outlining the inclusion and exclusion criteria to choose literature relevant to the study objectives is the first step in the systematic literature review (SLR). To prevent selection bias, the literature was chosen in an unbiased and methodical manner. Finding pertinent databases, including scientific journals, conferences, and other literature sources, is the next step in this research. Using pertinent keywords associated with the factors that determine operational excellence, a thorough and pertinent literature search was carried out. Following the collection of literature, a methodical process is employed to select and evaluate the literature for quality. This process involves verifying the research methodology, validity, and reliability of the data presented in the literature (Sastypratiwi & Nyoto, 2020). The findings from the literature must then be combined, any recurring patterns or trends must be noted, and the data must be presented methodically. Research can provide a thorough grasp of the frameworks, ideas, and factors that contribute to corporate operational excellence as acknowledged in the scientific literature by employing this methodology. The SLR method has the advantage of being impartial, exhaustive, and transparent when creating a strong and trustworthy knowledge base for readers, managers, or other researchers who are curious about the background of this study. The significance of the SLR approach resides in its capacity to incorporate extensive and profound knowledge from various sources, guaranteeing that the conclusions drawn from it have a solid theoretical and methodological basis (Han & Lin, 2023). Accordingly, within the parameters of this research, the SLR approach significantly aids in comprehending and elaborating on the factors that determine a company's operational excellence.

RESULTS AND DISCUSSION

The following findings were derived from the SLR results of five journals that corresponded to the search terms, Determinants, Advantages, Operations, and Company :

No.	Article Title	Writer	Research Findings/Results
1	Determinants of Corporate Sustainability: Evidence of Innovation Capability and Knowledge Sharing	(Annisa Wulandari et al., 2022)	The results of this study show that company size, company age, and capital volume growth have a positive and significant impact on financial performance. On the other hand, investment growth has a negative and significant impact on financial performance, while the debt ratio, tabarru' funds, and independent commissioner ratio have no effect on financial performance.
2	Determinants of Company Value in Electronic Gaming and Multimedia Industry Companies	(Adha et al., 2021)	Profitability and company scale have no influence on company value. However, the debt ratio can have a positive and significant impact on company value.
3	Determinants of the Underpricing Phenomenon in Companies Going Public on the Indonesian Stock Exchange	(Giovanni et al., 2023)	The findings of this research show that the underwriter's reputation has a positive and significant impact on underpricing, while the percentage of shares offered to the public has a negative and significant impact on underpricing. On the other hand, company size and net profit margin have no effect on underpricing.
4	Determinants of Competitive Advantage	(Kajian et al., 2021)	Market orientation and learning orientation variables have a positive and significant impact on product innovation and competitive advantage. Meanwhile, the relationship capital variable has a positive but not significant impact on competitive advantage.
5	Determinants of Company Value	(Mardji, 2022)	Debt ratio, company scale, and intellectual capital do not have a significant and positive influence on company value. However, profitability has a significant and positive impact on company value.

An extensive understanding of the critical elements influencing a company's operational success is provided by the findings of research on the Determinants of Company Operational Excellence. According to this study, a variety of factors significantly affect operational excellence. Firstly, it has been demonstrated that the company size factor has a positive effect, meaning that the likelihood of achieving operational excellence increases with the size of the company's operations. Additionally, company age has been shown to have a majorly positive impact. This may suggest that businesses with a longer history of operation are better equipped to amass the experience and knowledge necessary to promote operational effectiveness. Similarly, it is consistently found that growing capital volume contributes positively to operational excellence (Suhendra et al., 2022). On the other hand, it was discovered that operational excellence was significantly and negatively impacted by investment growth. This may imply that cautious management of increased investment is required to prevent disruptions to operational efficiency. However, it has not been demonstrated that the factors leverage (debt ratio), tabarru' funds, and independent commissioner ratio significantly affect operational excellence (Suhendra et al., 2022).

This research is significant because it adds to our theoretical and practical understanding of the variables that businesses can control and optimize to attain operational excellence. The study's findings offer insightful advice to corporate managers and decision-makers on how to create successful operational strategies, encourage sustainable growth, and boost competitiveness in a market that is always evolving (Irawan, 2019). Businesses can improve their operational performance and gain a competitive edge by taking more appropriate action if they have a better understanding of the factors that determine operational excellence. The factors that collectively impact an organization's capacity to effectively, efficiently, and creatively manage and execute its operations are what determine a company's operational excellence. First and foremost, one of the primary factors is the size of the business; a larger operation can have benefits for resource distribution, production efficiency, and utilization. In addition, the age of the company matters. Companies with a longer history of operation may benefit from accumulated experience, established networks, and in-depth knowledge (Irawan, 2019).

Because sustainable growth can aid in the expansion and development of production capacity, the capital volume growth variable is crucial in determining operational excellence. However, as too much investment can reduce operational efficiency, growth in investments must be managed carefully. Operational excellence is also influenced by the leverage variable (debt ratio), whereby sound financial management can increase access to resources for the purpose of bolstering business operations (Alam & Tui, 2022). In addition, although not always substantially, the proportion of independent commissioners affects operational excellence. These elements show how transparent and involved management is, which has an impact on sustainability and operational effectiveness. In conclusion, complex interactions between a variety of variables determine a company's operational excellence. A comprehensive understanding of these factors enables businesses to develop operational strategies that are flexible, efficient, and sensitive to changes in the business environment and the market (Prihanto & Lanori, 2023). Enhancing an organization's operational excellence necessitates a variety of integrated tactics and initiatives with an emphasis on effectiveness, creativity, and adaptability to market shifts. First, businesses can grow their operations by looking for ways to increase the volume of goods produced or distributed, utilizing economies of scale, and bringing down the cost of production per unit. Secondly, to guarantee the seamless transfer of goods and services from suppliers to consumers, it is critical to plan and execute an efficient supply chain management system. Supply chain management can become more transparent and efficient through the use of information technology, such as Enterprise Resource Planning (ERP) systems (Prihanto & Lanori, 2023).

Next, businesses need to focus especially on innovation in their business models, processes, and products. Positive changes in operational excellence can be achieved through funding R&D, encouraging innovation throughout the company, and working with strategic partners. In the meantime, concentrating on the caliber of the goods or services can boost the value given to customers by comprehending and satisfying their needs (Huda & Hartati, 2022). Enhancing operational excellence also requires prudent and effective financial management. This entails prudently managing leverage, maximizing the capital structure, and preserving the financial stability of the business. Furthermore, enhancing productivity and operational performance can be achieved through efficient human resource development and management, which includes training staff members, learning about their needs and preferences, and offering suitable incentives. Businesses must adapt to shifts in the market and in the sector. A sustained competitive advantage can be achieved by putting in place a routine system of monitoring and evaluation and by acting fast in the event of changes in customer demands or legal requirements. Companies can enhance their operational excellence, guarantee robust competitiveness, and attain optimal business sustainability by embracing a comprehensive approach and persistently assessing and enhancing their operations (Huda & Hartati, 2022).

Determining an organization's operational excellence has an effect on many facets of sustainability and business performance. First off, operational excellence—which can boost competitiveness and produce efficiency in the production and distribution process—is positively impacted by the company size variable. Businesses with effective operational scale management can boost profit margins, offer cost advantages, and benefit from economies of scale (Marlina et al., 2020). A company's age can also be advantageous because older businesses typically have more knowledge and experience in handling day-to-day operations. Positive capital volume growth, on the other hand, can boost a company's capacity for production and its ability to compete in extremely dynamic markets (Marlina et al., 2020). Even though they may not be important in some situations, variables like leverage (debt ratio), tabarru' funds, and independent commissioner ratio can still affect how long-term and risk-tolerant a company can remain. A stable and dependable environment can be established with a solid understanding of corporate governance and financial management techniques (Mardji, 2022). The focus on intelligent investment growth and innovation also reflects the significance of operational excellence determinants. Effectively managing and directing investments can help businesses create long-term value and boost their competitiveness in the market. In light of shifting consumer demands and market conditions, innovation in both products and processes offers vital competitive advantages (Adha et al., 2021). In general, the foundation for business sustainability and growth is established by the influence of an organization's operational excellence determinants. Businesses can attain maximum efficiency, sustain strong competitiveness, and enhance their operational performance in a dynamic business environment by comprehending and controlling these variables.

CONCLUSION

Based on the findings of studies investigating the factors that influence a company's operational excellence, it can be inferred that specific elements significantly affect an organization's operational performance. Growth in capital volume, firm age, and firm size have all been found to be favorable factors that support operational excellence. An effective and resilient environment can be created by businesses that can leverage their long-term experience, manage operational scale, and make strategic growth investments. It was discovered, nevertheless, that an increase in investments may have a detrimental effect on operational excellence, emphasizing the significance of cautious and focused investment management. Furthermore, while they don't always have a major impact on operational excellence, the variables leverage (debt ratio), tabarru' funds, and independent commissioner ratio still contribute to the sustainability and resilience of the business. Enhancing operational excellence also heavily relies on innovation, both in processes and products. Businesses can stay competitive if they can adapt to change and use innovation to address changing market conditions. All things considered, a thorough comprehension of the factors that determine operational excellence presents businesses with the chance to develop flexible and successful plans, reach peak productivity, and build a solid basis for long-term viability in the face of the opportunities and challenges presented by constantly evolving markets.

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