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Strategic Focus and Business Process Development for Profitability Enhancement in Case Company X

A Case Study

School of Technology and Innovations
Industrial management
Master of Science in Economics and
Business Administration

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UNIVERSITY OF VAASA**School of Technology and Innovations**

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Abstract:

This study examines what factors influence strategic focus as well as business processes and how these processes can be developed and optimized. Strategy and process development have often been studied based on individual management theories. The aim of this study was to combine several management theories into a holistic conceptual theoretical framework to produce a comprehensive research result. The purpose of this study is to reflect how Case Company X can define a clearer strategic focus for itself and develop and optimize its business processes to improve profitability and service efficiency.

This study has been conducted as a qualitative case study to study three independent business areas of a small to medium-sized (SME) company. The primary research data has been collected using a semi-structured interview method from eight company managers as well as the company's CEO, there were conducted in total nine interviews. Secondary data for this study were collected from the company internal sources such as documentation management system and enterprise resource planning system. The research data was collected using two methods and this collected data was analyzed using thematic analysis. The data was coded based on a theoretical framework, on which the interview questions were also based.

The results of this study show that there are many contributing factors to strategic focus and this was case-specific in the studied case company, which are the decisive factors for creating competitive advantage and which isolation mechanisms improve competitive advantage, creating VRIN-O resources that can create sustainable competitive advantage for the company in their business environment. The research results also showed that if the VRIN-O resources are not strong enough, the strategy and strategic focus have effect on the company's profitability and service efficiency. As the results showed, in this case, the company must support and develop these important resources by improving dynamic capabilities, exploit collaboration, and focus on value-generating activities to improve and extend its own resources to improve profitability as well as service efficiency.

In terms of business processes, it could be observed that the maturity level of case company processes was weak and the processes were employee-dependent and operations were reactive. Based on these findings in business processes, clear areas for development opportunities were identified, which became evident from empirical research of the study. Based on these findings, it was possible to present initiatives for case company to develop and optimize business processes to improve their profitability and service efficiency.

KEYWORDS: Strategic focus, profitability improvement, customer value, business process development

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Tiivistelmä:

Tämä tutkimus tarkastelee mitkä tekijät vaikuttavat strategiseen painopisteeseen sekä liiketoimintaprosesseihin ja miten näitä prosesseja voidaan kehittää ja optimoida. Strategiaa ja prosessien kehitystä on tutkittu usein yksittäisten johtamisteorioiden pohjalta. Tässä tutkimuksessa haluttiin yhdistää useampi johtamisteoria kokonaisvaltaiseksi käsitteelliseksi teoreettiseksi viitekehyyksi, jotta voitaisiin tuottaa kokonaisvaltainen tutkimustulos. Tämän tutkimuksen tarkoituksena on vastata miten tapausyritys X voi määrittää itselleen selkeämmän strategisen painopisteen ja kehittää ja optimoida liiketoimintaprosessejaan kannattavuuden ja palvelun tehokkuuden parantamiseksi.

Tämä tutkimus on toteutettu laadullisena tapaustutkimuksena, jossa tarkastellaan pienen ja keski-suuren (PK) yrityksen kolmea itsenäistä liiketoiminta-alueita. Ensisijainen tutkimusaineisto on kerätty puolistrukturoitua haastattelu menetelmää käyttäen kahdeksalta yrityksen päälliköltä sekä yrityksen toimitusjohtajalta, haastatteluja toteutettiin yhteensä yhdeksän tietojen keräämistä varten. Toissijainen data tätä tutkimusta varten kerättiin yrityksen sisäisistä lähteistä dokumentaationhallintajärjestelmästä sekä toiminnanohjausjärjestelmästä. Datan kerättiin kahdella menetelmällä ja tämä kerätty data analysoitiin temaattisen analyysin avulla. Data koodattiin teoreettiseen viitekehyyseen pohjautuen, johon myös haastattelukysymykset pohjautuivat.

Tämän tutkimuksen tulokset osoittavat, että strategisen painopisteeseen on monta vaikuttavaa tekijää ja tämä on tapauskohtaista tapausyrityksessä, mitkä ovat ratkaisevat tekijät kilpailuedun luomiseksi sekä mitkä eristäytymismekanismit parantavat kilpailuetua luoden yritykselle VRIN-O resursseja, jotka voivat luoda yritykselle kestävästä kilpailullista etua toimintaympäristössä. Tutkimustulokset osoittivat myös, mikäli VRIN-O resurssit eivät ole riittävän vahvoja on strategialla ja strategisella painopisteellä on merkitystä yrityksen kannattavuuteen ja palvelun tehokkuuteen. Kuten tulokset osoittivat, tällöin tapausyrityksen on tuettava ja kehitettävä näitä tärkeitä resursseja parantamalla dynaamisia kyvykkyyksiä, hyödyntää yhteistyötä ja keskittyä arvoa tuottaviin toimintoihin parantaakseen ja laajentaakseen omia resurssejaan parantaakseen kannattavuuttaan sekä palvelun tehokkuutta.

Liiketoimintaprosessien osalta voitiin havaita, että tapausyrityksen prosessien kypsyysaste oli heikko ja prosessit ovat työntekijäriippuvaisia ja operatiiviset toiminnot reaktiivisia. Prosessien osalta havaittiin myös selkeitä kehityskohteita, jotka tulivat ilmi tutkimuksen empiirisen tutkimuksen pohjalta. Näiden havaintojen perusteella pystyttiin esittämään tapausyritykselle vaihtoehtoja liiketoimintaprosessien kehittämiseen ja optimointiin sopivia toimia niiden kannattavuuden ja palvelun tehokkuuden parantamiseksi.

Avainsanat: Strateginen painopiste, kannattavuuden parantaminen, asiakasarvo, liiketoimintaprosessien kehitys

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Abbreviations

RBV	Resource-Based View
DC	Dynamic Capabilities
DMS	Documentation Management System
ERP	Enterprise Resource Planning system
KPI	Key Performance Indicators
MNE	Multinational Enterprise

1 Introduction

This master's thesis was conducted for Case Company X to help company define a clearer strategic focus across its business areas, to propose initiatives for optimizing its operational processes to improve profitability and service effectiveness. This study is based on theories which play a critical role in achieving this goal.

Companies operate in highly competitive and rapidly changing business environments, to be successful in competitive and changing business environment companies need both strategic clarity and operational efficiency for being able to create long-term success. (Chatzoglou et al., 2018; Setyopurnomo et al., 2025) Business environment and especially markets are changing constantly and for companies to be able to survive they need to be able to react quickly to changes. (Li et al., 2025) Companies cannot anymore rely on static strategies and on business processes which are not responsive to changes or can be even outdated compared to modern needs. Because of this companies need to be able to constantly align their strategy with operations to be successful. Digitalization, technological development, and customer expectations have made companies rethink their business strategy, value creation, and their operational efficiency because business environments are rapidly changing and companies need to be able to react to these changes strategically and operationally. Creating a strategy and implementing it are backbones of the company if company struggle in creating a competitive strategy and implementing it efficiently it can lead to operational and financial struggles. (De Kluyver & Pearce, pp. 18-27, 2015; Rusthollkarhu et al., 2020; Setyopurnomo et al., 2025; Teece, 2010) As later stated in the literature review of this study, profitability of a company is highly related to strategy, strategic decisions, and to efficient business processes.

Strategy is a plan how company can achieve its long-term goals and objectives and it needs to be aligned with changes in business environment. Strategy determines also resource allocation of the company with a mindset about how these goals and objectives can be achieved. (Hou et al., 2024) Strategy as a definition has varied throughout its existence. In overall it can be considered that strategy is the scope and direction of an

organization which executives chooses for a company to be successful in long-term. Company strategic focus areas can be considered through different strategic choices which affect company success. Strategic focus needs to be chosen because all companies cannot be successful in every market regarding this company resources and capabilities need to be aligned with strategy. (De Kluyver & Pearce, pp. 14-16, 2015; López-Cabarcos et al., 2015) The importance of strategy is that strategy need to be transformed into effective operational activities through business processes. For strategy to matter in a company it should produce clear outputs as performance, and this is achieved only if strategy is aligned with business processes and operational profitability. (Setyopurnomo et al., 2025) Strategic focus helps companies to balance its explorational and exploital activities to reduce stagnation of business operations and reduce weak resource allocation by minimizing waste of resources. (Bhandari et al., 2020) Business strategy influences company financials because business strategy guides company daily operations and resource allocation. (Banker et al., 2024) Management researchers have for a long period of time brought up the role of strategic change for companies as an effective tool to improve competitiveness and possibility to be successful in complex business environments. (Back et al., 2020)

Business strategy influences company financials because business strategy guides company daily business activities. Business strategy and its possibility to create and develop new capabilities influence company profitability, this is because business strategy affects company resource allocation, operations, and its capabilities. With these abilities company can improve their performance which leads to increased profitability. (Banker et al., 2024; López-Cabarcos et al., 2015) What also affects profitability besides strategy is company business processes because business processes affect the operational functions of a company which aim to generate value and profitability for company. (Ubaid & Dweiri, 2024) Business process development can be considered as important aspect of company profitability enhancement because to enhance profitability company processes need to work optimally and business process development aims for this. (Setyopurnomo et al., 2025) Financial performance or efficiency in a company shows how the assets invested

in different operations produce revenue and profits for the company. (Sumesh, p.93, 2021) Profitability is a crucial factor for a company to be able to sustain long-term growth and to be able to survive. It is linked to ability of a company to create business value and achieve success in future. (Zopounidis & Lemonakis, 2024)

Business processes are activities performed by company resources to achieve results and resource utilization for business processes need to be aligned with company objectives. (Ubaid & Dweiri, 2024) Business processes are one of the key characteristics of companies and business process development can be considered as important part of business operations. The goal of business process development is to improve efficiency and to be more effective in business processes. Business process development refers to a systematic approach to improve and develop business processes. Continuous improvement in business processes is necessary because of the continuously changing business environment and technologies. As important as process development is process optimization. Process optimization is decisions made to execute operational processes in the most optimal manners. Main goals or objectives in business process development and process optimization can be considered in different terms of process execution such as time saving, costs, quality, and flexibility. (Kumar & Liu, 2022) Business process development can be considered as important aspect of company profitability enhancement because to enhance profitability company processes need to work optimally. (Setyopurnomo et al., 2025) Business process development has also a strategic role it ensures that company strategy is aligned with its operations to increase profitability, customer value creation and long-term company growth. By improving and developing business processes company can enhance efficiency, quality, and overall performance but also reduce costs which leads to enhanced competitiveness. Because of the constantly and rapidly changing business environment companies should continuously analyze and evaluate their business processes to remain efficient and responsive even if changes occur. (Gošnik et al., 2023; Milani & Lashkevich, 2025; Ubaid & Dweiri, 2024)

The digital era has made customer value creation increasingly important but also more difficult because of the changes in customer needs. In today's markets and business environments companies need to be more customer centric than before this is because of the development of technology. This has set a need for companies to re-evaluate their value propositions for customers. (Teece, 2010) Customer value creation and understanding these value propositions are important for a company to grow and maintain their status, this is because markets are constantly changing for this reason customer values change and the company providing services needs to be able to react to these changes. It is important for a company to understand the customer's needs as well as to understand the effect of market change on their customers. (Flint et al., 2011) Because of this customer value is an important factor of company success, performance, and an important source of creating sustainable competitive advantage. It increases also customer satisfaction and leads to improved customer loyalty. (Sairanen et al., 2024)

For this study three different strategic management frameworks have been chosen which focus on company internal factors. These frameworks are resource-based view, dynamic capabilities, and Porter's value chain. Resource-based view is a strategic management framework focusing on company internal aspects which explains creation of company competitive advantage through company resources and capabilities. In resource-based view company creates long-term competitive advantage and superior profitability with resources that are valuable, rare, inimitable, and non-substitutable or organizational these are called the VRIN or VRIO resources of the company. These strategic resources make company differentiate it from its competitors. In resource-based view company should be evaluated based on its internal resources and capabilities and not by its products or services. This is because from resource-based perspective company should possess unique internal strengths to deliver value that their competitors cannot. (Helfat et al., 2023; Malhotra et al., 2025) Dynamic capabilities is a strategic management framework as well. Dynamic capabilities try to explain how companies survive and can react in constantly changing business environment. Dynamic capabilities refer to company ability to act in business environment by sensing and shaping opportunities

and threats, seizing opportunities, and being able to reconfigure and enhance resources, capabilities, and competencies to be able to create long-term competitive advantage. (Teece, 1997; Teece, 2007) Dynamic capabilities need to be distinguished from “ordinary” capabilities, dynamic capabilities are higher-level capabilities and competencies which are not easily inimitable, and they enable company to maintain continuous improvement and learning, being innovative, and being effective. (Teece, 2016) In overall dynamic capabilities express company ability to proactively align their resources, capabilities, competencies, and processes to meet the demands of constantly changing markets. Porter’s value chain is a strategic management framework which focuses on business activities and how these activities create value. To create understanding of what affects company activities and are creating value for the company and its customers Porter’s value chain framework can be useful approach. In terms of the value chain approach company is considered as a collection of activities which deliver products or services. These activities can be described as a value chain. (Mozota, 1998) Porter’s value chain approach tries to give a holistic overview of primary and supportive activities which influence company performance. (Koc & Bozdag, 2017)

1.1 Research gap

Strategy has remained a widely studied topic in the latest years to explain why some companies outperform others. The previous researches have been focusing mainly on single aspect which affects strategy and profitability through resource-based view, dynamic capabilities, business processes, and value chains, this study aims to fulfil the research gap in addressing a holistic approach to fulfil the gap in previous researches. Other discussed topics have been how company structure and capabilities affect strategy or does strategy affect structure and capabilities. Regarding these aspects an interesting gap in research has occurred also how resources, capabilities, and competencies affect company performance. As continuum for this could be the aspect which has also been noticed as a research gap from previous studies is how performance which is created through resources, capabilities, and competencies affects business processes and does these processes have an impact on company profitability. Previous researches have

indicated that there is a need to create a holistic approach to how company resources, dynamic capabilities, and other competencies affect strategy and how these elements can be aligned with strategy. This approach could be integrated with other aspect how these resources, capabilities, and competencies correlate to company performance. An additional aspect which has occurred is how does company structure and its capabilities affect strategy, or does strategy affect company structure and its capabilities. (Bhandari et al., 2020; Chatzoglou et al., 2018; López-Cabarcos et al., 2015; Malhotra et al. 2025) As a potential future research gap in business processes is how company performance is created through company business processes and its operations. This research gap has been described as how different aspects of business process management affect company profitability which usually correlates to company performance. (Gošnik et al., 2023)

The previous research regarding the topic studied has been focusing on a single approach of strategic management and not on a holistic approach on what affects strategic focus and business process development for enhancing profitability. This study aims to fulfil this research gap with a holistic approach because this has not been studied in the earlier research. This study focuses on a holistic approach in how company resources, capabilities, dynamic capabilities, and competencies affect company strategic focus and how company strategic focus affects its business processes to enhance company profitability. This could be described as how company internal functions affect company strategic focus and process development to enhance profitability.

1.2 Background and purpose of the study

This study will be conducted in co-operation with Case Company X and goal for this study is to conduct research from company three business areas from a strategic and business development perspective. These three business areas are three largest business areas (A, B, C) of Case Company X measured in turnover. These three business areas are studied because these three business areas can be considered as core functions of the company and this is the reason why these business areas have the greatest impact on company business. Case Company X operates in industrial environment and company aim is

to make a clear strategic focus for the future, develop and optimize their business processes, improve business areas profitability, and to improve their value creation for their customers.

The purpose of this study is to help the case company to find and develop strategic directions and to be able to develop and optimize business processes in the chosen business areas. This aims towards more optimized and organized business operations with improved time management, profitability, quality, flexibility, and improved customer value creation in their field of industry. For this to be possible the theoretical background needs to be supported by empirical research done in this study through interviews and data collection. This study aims to fulfill this by proposing theories supported by data so that Case Company X can choose from the suggested paths where to focus strategically and how to possibly develop their business operations in most suitable way for the company and its customers.

1.3 Research question and the study objectives

For this master's thesis the research question and objectives have been formed into its final form because of the Case Company X needs and this study purpose. Because of this the research question for this master's thesis study will be as follows:

How can Case Company X define a clearer strategic focus across its business areas and optimize its operational processes to improve profitability and service effectiveness?

To be able to answer this research question, research objectives have been conducted to help to answer the research question of this study. The three main objectives for this study are following:

1. To analyze the current service and business area portfolio of Case Company X using ERP data and stakeholder feedback, identifying profitability patterns and operational inefficiencies.
2. To define possible strategic focus areas and identifying business process development opportunities in studied business areas to support decision making.
3. To propose and evaluate strategic directions and process development initiatives that enhance profitability, strengthen core business areas, and improve customer value delivery.

By following these three research objectives this study aims to answer and justify the research question.

1.4 Scope and structure of thesis

Scope of this study is to conduct research focusing on Case Company X internal factors according to the research title Strategic Focus and Business Process Development for Profitability Enhancement in Case Company X. The research scope focuses on strategical approach, and which attributes affects company strategy and strategic focus. It includes also initiatives to develop company strategic focus in different business areas and initiatives to optimize business processes to improve profitability but also to be able to create value for customers through these actions and improve service effectiveness. This study scope will not include external factors which affect company in the above-mentioned areas. Approach for this study focuses on Case Company X findings which is an SME company operating in industry service sector in Finland, this sets limitations for generalization of the studied topic results.

This master's thesis structure consists of five different chapters: introduction (1), literature review (2), research methodology (3), findings (4), and discussion and conclusions (5). Each chapter presents and explains a specific part of the conducted study. In the introduction chapter (1), the research theories are briefly presented to provide an

overview of the research topic how and why it has been conducted. This introduction chapter also outlines the research background, purpose, research question, and objectives. It also describes structure of this work. In the second chapter, the Literature Review (2) introduces and explains the theoretical foundations relevant for this study. Literature review purpose is to establish the theoretical framework and to justify the empirical research through a conceptual framework later in the study. The third chapter, Research methods (3) describe the research methodology used to conduct this research and why they are justified to use and appropriate methods for this research. The fourth chapter, Research findings (4) present the findings and results of empirical research and justify them by combining the research findings with the theoretical framework and demonstrating how the results support the research objectives and answer the research question. As the fifth and final chapter, Discussion and conclusions (5) provides discussions of the findings and conclusion of the conducted study. In this chapter key findings are interpreted, and their implications are discussed and justified. The thesis concludes with a list of references which have been used to conduct this master's thesis.

2 Literature review

In the literature review chapter theories related to this study topic and the study theoretical framework are introduced and explained. The related theories for this master's thesis are business strategy, profitability improvement, and customer value. The theoretical framework for this study is built on resource-based view, dynamic capabilities, Porter's value chain, and business process development. The aim of this literature review is to express the understanding of the research topic but also to support the research from theoretical point of view by building a theoretical framework. In this research the focus is on strategical approach and which attributes affects company strategy and strategic focus. It includes also how to develop company strategic focus in different business areas and developing business processes to improve profitability but also to be able to create value for customers through these actions and improve service effectiveness.

2.1 Strategic focus

Strategy is the backbone of a company, because company functions are built based on it. An important part of an organization is its strategy but also its strategic orientation. Strategic orientation is the strategic direction company is choosing in a wider dimension it could be described as strategic mindset or style. Researches implies that strategic orientation is linked highly to company performance. (Chatzoglou et al., 2018) Strategy as a definition has varied throughout its existence. In overall it can be considered that strategy is the scope and direction of an organization which is chosen for it to be successful in long-term. (De Kluyver & Pearce, pp. 14-16, 2015; López-Cabarcos et al., 2015) Strategy is a long-term goal and objective setting for companies to create competitive advantage through positioning the company correctly on the markets and choosing to focus on certain objectives within their strategy. (Karampinis et al., 2024) It is noted that strategy is highly related to company performance because in strategy company determines how the decision-making is directed and executed. It is important in the constantly changing business environment company needs to be able to align its strategy and decision-making with their core competencies and capabilities to create new competitive

advantages to enhance their strategic positioning. (Chatzoglou et al., 2018) Typically, factors which affect company strategy are often a mix of internal and external factors, these can be for example organizational, legal, technological, economical, or market factors. Even if changes are occurring in the company internal and external factors, companies should have strategic stability towards changes, because these strategic changes can have positive but also negative impact on companies. Positive changes can increase innovation and help gaining competitive edge, but it can have also negative impact such as hindering company activities and financial growth. (Hou et al., 2024)

Creating a competitive strategy is important for a company to be able to compete in the markets but also to protect its strategic value adding resources and creation of new capabilities regarding these resources. This is important because company value adding factors can vanish over time in the changing business environment. Due to possible changes in business environment, companies should have flexibility and alternatives in their strategy, and their strategy should be able to anticipate and react to these changes as well as provide suggestions on how to prepare for them. It is important to understand that goal of a strategy is to do activities differently than competitors, in a way that activities cannot be easily imitated. (De Kluyver & Pearce, pp. 18-27, 2015) For business strategy to be successful a certain set of value objectives should be chosen, this is because choosing too many value objectives for a strategy can lead to spreading company leadership and focus in too many dimensions which causes inefficiency and strategic focus can begin to drift. Due to this business areas with the same value objectives should be under the same type of business strategies. (Karampinis et al., 2024)

For companies to be able to create long-term success they should make strategic choices internally concerning what to focus on in their business. This should be analyzed through balance between company exploration and exploitation activities. Exploration activities mean utilization of resources in a company for explorational activities. These activities are for example, research and development, innovation, experimentations, risk taking, flexibility, and discovering new possibilities in different business areas. On the other

hand, exploitation activities mean exploiting resources for more concrete activities such as production, refinement, increasing efficiency, and implementation and execution of activities. A part of strategy is to find a balance between these two fields of business activities, this is a strategic choice for a company. (Bhandari et al., 2020) As further discussion how strategic aspect of exploration and exploitation activities are linked to organizational structure can be considered as following, if company focuses on exploration activities organizational structure follows strategy and when company is focusing on exploitation activities strategy follows organizational structure. These are two different approaches for expressing the relationship between strategy and company structure. First one suggests that company organizational structure needs to be modified based on company strategy and the organizational structure is modified by only one goal in mind to support created strategy. In the second approach, organizational structure is modifying company strategy to take advantage of the organizational capabilities to fulfil strategic goals and objectives. Both approaches are used but the second approach has been argued to be more valid, because a successful organization can be considered as capability for a company and it affects strategy which affects company performance. Several studies have shown that strategy follows organizational structure more often than organizational structure follows strategy. (Chatzoglou et al., 2018)

Strategic focus can be described as prioritizing which activities company aims to focus on, but it can also be described as the planned implementation of strategic priorities, clear communication of strategic objectives and targets, allocating sufficient resources for implementing strategy, and creation of appropriate incentives to achieve these main objectives. (De Kluyver & Pearce, pp. 18-27, 2015) Strategic focus areas can be considered through different strategic choices which affect company success the most, such as leadership, organizational structure, resources, products or services, company positioning on the markets, diversification compared to rivals, and taking advantage of its capabilities. Strategic focus needs to be addressed because companies cannot be successful in every market area and because of this the company resources and capabilities need to be aligned with strategy to fulfil the goals and objectives of strategy. (De Kluyver &

Pearce, pp. 14-16, 2015; López-Cabarcos et al., 2015) Strategic focus can be noted as an important task for companies to be able to resist the disorder and losses in efficiency, because companies naturally tend to be heading towards it, this theory can be named as management entropy theory. In management entropy theory, entropy could be described as disorder of the company, the higher the entropy is the higher the disorder is and if entropy is lower the disorder in company is lower. In business, entropy is typically increasing because of different change factors in business, for example, pressure to adapt to market changes, need to be innovative, and undergoing strategic changes. If these occur to a company because of external circumstances this typically leads to reduced strategic focus and to uncontrolled development of the company. Strategic focus in changing business environment is a critical tool to resist this rising entropy level and to be able to focus on internal factors which can prevent the rise of disorder. One solution is also to optimize company business environment to be more favorable for the company, this enhances company strategic focus because it lowers the disorder by being able to have clear goals and objectives what to focus on. This has a positive impact on company finance, costs, and level of innovation. (Hou et al., 2024)

Strategies can be divided into three different category levels, these three categories are corporate strategy, business strategy, and operations strategy. Corporate strategy or company strategy focuses on whole organization, business strategy focuses on business areas, and operations strategy focuses on certain business areas operations. Goal of business strategy is to allocate business area resources correctly to achieve competitive advantage within different business units. Operations strategy is focusing on certain operations strategy in a business area to fulfil business strategy goals. (De Kluyver & Pearce, pp. 25-26, 2015; Karampinis et. al., 2024) Business strategy can be considered or used in a company when there is a need to develop a strategy for a certain business area in a company, for example what product or service the business unit will offer or wants to focus on strategically. (De Kluyver & Pearce, pp.25-26, 2015) There are typically four different reasons to create or develop business strategy these reasons are increasing profit, repositioning company on markets, maximizing strengths and opportunities on markets,

and creating basics for decision-making. (Tracy, PP. 21-22, 2015) Studies refer that strategic adaptation is related to possible profitability reduction in companies, and companies with limited number of customers are usually more willing to change their strategies to be able to serve their customers more effectively. (Hou et al., 2024) At business strategy level research-based view and dynamic capabilities can be considered as competitive theoretical frameworks for creating strategy. (Bowman & Ambrosini, 2003) There are also recognized that other themes related to resource-based view have impact on creating competitive advantage these themes are dynamic capabilities, core competencies, and knowledge-based view. (Malhotra et al., 2025)

From strategic perspective resource-based view highlights company unique internal resources and capabilities as crucial factor of creating competitive advantage. Resource-based view focuses on identifying critical resources and capabilities, which can be considered as company internal strengths and weaknesses. This allows companies to create a strategy which focuses on utilizing their strengths and weaknesses. In the latest researches strategically critical resources have been identified as key factors for company performance. In resource-based view the goal is to allocate these resources towards the most profitable direction for the company. (Malhotra et al., 2025) Strategic collaboration between companies can be held also as a strategic focus approach to increase company performance. As the resource-based view approach assigns that strategic alliances help companies to exploit all possible internal and external resources. By having strategic collaboration, company can increase their strategic focus by being able to cooperate with their partners to exploit their strengths and weaknesses to increase learning, innovation, and overall value creation. Companies with strategic collaborations are usually able to adapt more easily to business environment changes. (Hou et al., 2024)

Resource-based view approach is important framework for this study to create understanding of company core resources which need to be exploited in strategy creation. These strategically important resources and capabilities can create superior competitive advantage for the company and how these resources and capabilities affect strategy

should be considered when choosing the strategic focus. These resources are any type of resources company uses to implement its strategy. (Monson, 2024) Resources and capabilities are factors that enable company to be successful for this study the key is to understand and recognize company internal strengths and weaknesses to create valid results. By being able to identify these strategically important core resources and capabilities of the company, this study aims to create strategic focus and business process development initiatives which can help to improve profitability of a company. In latest researches it has been identified that company internal resources and capabilities which create competitive advantage have positive impact on company performance which leads to increased profitability (Malhotra et al., 2025)

Dynamic capabilities was created to identify capabilities which can create competitive advantage for a company and how company can develop and deploy these capabilities but also how to protect them. (Teece et al., 1997) Dynamic capabilities are an extension of resource-based view and goal for dynamic capabilities is to strengthen strategically valuable resources in changing business environment by constantly creating, expanding, defending, and maintaining these resources which are critical for the company success. (Malhotra et al., 2025) Dynamic capabilities consist of three main capability aspects, these are ability to sense and shape opportunities and threats in markets, to exploit opportunities, and to remain competitive through combining, enhancing, protecting, and adjusting its tangible and intangible assets.

In dynamic capabilities sensing opportunities consist of understanding the markets and being able to anticipate changes in markets, customer needs, and technologies. In some cases, changes and evolution of these functions are easy to predict and in other cases these changes are not easily recognized. For a company to sense new opportunities in the markets, customer needs, and technologies company should have enough information to recognize development opportunities. They should also focus on examine, explore, create, and learn through research and development. There are two different approaches to discover opportunities. In the first aspect the entrepreneurial aspect,

companies identify unbalanced situation in markets and tries to take advantage of the situation and in the second approach markets are tried to break constantly by trying to create something new for the markets this is continuous evolution of markets. For companies to be able to sense and shape opportunities they should focus in research and development and constantly sense their business environment by scanning, exploring, and searching for new technologies and market opportunities to be able to evolve. For this to be possible company need to understand their own markets and industry how these will evolve in the future, it is based on innovation, knowledge, and understanding of the industry. This requires industry specific knowledge, creativity, understanding of customers decision making, and having practical wisdom to be able to use provided information for their advantage. The information should be from inside and outside the company and it should be analyzed to understand it and to be able to create action plan to take advantage of it. Resource allocation in company is a crucial part of sensing markets and management should allocate resource correctly in a company for these manners. (Teece, 2007)

Seizing opportunities is the next step after the opportunities are sensed in dynamic capabilities, this means that company needs to take action to be able to capture the value of sensed new opportunity. Company should be able to exploit resources, make strategic decisions, and commit to take actions to seize the discovered opportunity. For a company to be able to take advantage of new opportunities it needs to address it through products, processes, or services. This needs business model updating and also investments in the development of products, processes, and services but also in expanding the business. This is always a strategic choice in what to invest in for a company and this always includes risks because there are uncertainties in new opportunities, it is important have and include good risk management in investment decisions. There are two factors which typically affect company investment decisions, and these are technological and market development. Addressing opportunities companies should always develop their technology and assets but when the new opportunity is mature enough then companies should invest in it. Company should create business model which support their

strategy and investment aims, because their success depends on different aspects such as organizational innovation, business model, and investing in new technologies. A crucial aspect in seizing the new opportunity is to be able to operationally fulfil the new opportunity demand by being able to execute the necessary assignments to take advantage of new opportunity. (Teece, 2007)

As the third part of dynamic capabilities is the transforming or reconfiguration. In this phase the technological and market opportunities are exploited by choosing the most suitable business model and technologies, commitment to invest in resources for company to be able to exploit new opportunities which are sensed and seized. By doing this company can increase its profitability and it can lead also to business growth. A key aspect to profitable growth is that company can transform and reconfigure their assets, business processes, and organizational structure when changes occur in either business or in their business environment, markets, or technologies. If changes occur in the business environment companies should have routines to rely on, changing routines are expensive and should not be done too quickly because this can lead to reduced efficiency and create internal anxiety. For changes to be easier for companies, they should embrace change culture in their organization if this is done changes are easier to go through. If company changes are incremental, changes should be made gradually or in steps to routines and organizational structure, but if the change needed is radical company structure and routines need to change completely and new structure and routines need to be built. Organizations top management play critical role in sustaining dynamic capabilities. With a hierarchical organization which has too many systems and rules to manage organization, it leads to rigid structure that cannot react to changes in customer needs and technology. If company has centralized organizational structure and strategic decision are made by top management, they create strategies which are isolated from realistic market situation and business environment. To sustain dynamic capabilities decentralization should be embraced by top management this is because in decentralization top management comes closer to customers, new technologies, markets, and business environment. Decentralization tends to increase company agility. Top management leader skills

play critical role in dynamic capabilities because continuous resource and asset orchestration, business renewal and possible redesign of company routines are important to achieve sustained profitability. Companies need to continuously adapt to changes by continuously improving and developing products and services, systems, routines, and organizational structures. Because of this old functions and new functions need to be aligned otherwise efficiency is reduced and conflicts arise inside company. In overall company needs to continuously orchestrate resources and assets which includes resource and asset alignment, coalignment, realignment, and redeployment to be able to answer to market and business environment changes and to reduce internal conflicts and be effective. (Teece, 2007)

The goal of dynamic capabilities is to create competitive advantage over a long period of time and help companies to avoid zero profit conditions which can occur occasionally because of the market conditions. (Teece, 2007) Companies with strong dynamic capabilities tend to manage external changes better than companies without dynamic capabilities. Companies which have dynamic capabilities tend to be able to maintain strategic focus in constantly changing business environments. If company does not have dynamic capabilities it should try to manage, optimize, and develop their business environment to sustain their strategic focus. (Hou et al., 2024)

A common statement according to researches is that business strategy affects business profitability. Business strategy is a crucial part of company long-term profitability because company decision-making affects company activities, resources, operations and through these it influences company earnings and costs. (Karampinis et al., 2024; Banker et al., 2024) Capabilities have a positive impact on company profitability and an indirect effect through company strategy. It is important for companies to create and implement a strong strategy to develop performance. (López-Cabarcos et al., 2015) For performance improvement company should focus in their strategy on operational effectiveness and set clear goals for business operations and effectively execute created strategy to enhance profitability. (Setyopurnomo et al., 2025) In constantly changing business

environment agility and responsiveness to changes is crucial element to be able to create wealth. For this to be possible companies should develop strategies which are agile and responsive to increase profitability. (Ghosh et al., 2020) Maintaining strategic focus in a company can typically be linked to company financial resilience. If company has financial resilience, it can hold on to its strategic focus easier even in changing markets by allocating and exploiting their resources effectively. Companies with high financial resilience typically have larger resources which can be exploited effectively and because of this they have higher resilience to financial risks and less impact because of external changes. On the other hand, companies which have less financial resilience are more exposed to external business environment challenges which can lead to reduced strategic focus and changing their way of working from proactive approach to reactive approach. Companies with lower financial resilience should improve their positioning in their business environment to be able to maintain their set strategic focus. (Hou et al., 2024)

In today's changing business environment customer centric approach integrated into company strategy can provide possibility to enhance its performance. Customer centric approach is a strategic choice for a company to align its products and services in a favorable way for their customers. (Osei-Frimpong et al., 2025) Customer centric strategy typifies the company management approach on what customers want and how they want it but also how the company can provide the needed products or services to customers and make a profit of this. (Teece, 2010) When company is focusing on customer centric strategy, they enhance their own competitiveness by being able to provide better and more precise services or products for their customers. (Osei-Frimpong et al., 2025) Implementation of customer centric strategy into companies can face challenges because of the underestimation of this process complexity, time requirement, and resources demand. Customer Centric approach complexity is forming in companies because there should be adaptation of new culture, addressing resources and capabilities differently, changing and developing processes and systems, and addressing company performance at once. This can lead to underestimation of the effort which needs to be put into the change for it to be successful. (Urbany & Dapena-Baron, 2024) Company customers are

one of the most important strategic assets to a business. Customer centric strategy can have its downsides if company has limited number of customers. If company has limited number of possible customers, it affects company strategic focus, because reliance on major customers is significant for the company. This causes increased risks and lowers the possibility of strategic focus. If company has high customer centricity it makes company vulnerable to customer actions which causes increased risks and uncertainties, and it has effect on their strategic focus and possibility to maintain it. This can lead to harder negotiations because the negotiation power can be diminished because of the limited number of customers. Companies with less customer centricity have less risks and uncertainties and can focus better on their internal strategic choices. To be able to minimize reliance on limited number of customers companies should think about optimizing their business environment as how the company is positioned in the markets and how the number of customers can be increased. (Hou et al., 2024)

Strategy creation should start with evaluation of current strategic situation and current overall performance of company. This phase should include owners and managements vision for long-term, company's mission, and other stakeholders expectations towards company. In the second phase there should be evaluation of strategic alternatives and consideration of past and future options, for example, how to exploit markets, or which types of products or services to focus on, or on a higher level which type of business portfolio company should have. These aspects can be understood by studying company past decisions and performance and future expectations. The last part of strategy creation would be how to achieve strategy objectives, and the main question is how to bridge the gap in company capabilities to fulfill these goals and objectives. This phase would need to include how strategy is aligned with company core competencies, market needs, and key success factors. (De Kluyver & Pearce, pp. 27-28, 2015; Tracy, p. 21, 2015) Most crucial part of creating a strategy for a company is to define its core businesses. As core business factors in a company there are typically products and services, important business channels, distinctive company capabilities, and of course company most valuable customers. The company core business should be chosen based on relying on company

real strengths, resources, and capabilities. If a company makes a strategic decision to focus on its core businesses in their strategy, it can lead to increased performance. (De Kluyver & Pearce, pp. 32-33, 2015) Creating a strategy for a company is a detailed operation. Strategic analyzation is necessary for a company to combine its business model with the business strategy. Making competitive strategy analyzation for a company requires segmentation of the markets, value creation propositions to different business sectors, and finding out isolation mechanisms to prevent competitors from imitating company strategy. (Teece, 2010) For example, in Miles and Snow theory there is considered that innovation and efficiency are typical values which make business strategies differentiate from each other. (Karampinis et al., 2024) If a company is in field of industry, it can affect its own attractiveness and competitive positioning. Companies which are successful are not only responding to the business environment demand but also trying to influence the environment to be favorable for them. (Mozota, 1998)

After business strategy has been created the implementation of created strategy is the next step. Creating a strategy and implementing a strategy needs to be considered as different tasks. Strategy Implementation (SI) is considered as one of the most challenging activities for companies to execute. (Nyman et al., 2025) Often companies struggle to implement strategy because of the complexity of the strategy execution. In the researches strategy implementation struggles are reported to have led to low business success rates. (Setyopurnomo et al., 2025) For strategy to be implemented it needs conceptualization it means that there needs to be made a structure and implementation plan for the created strategy this includes how strategy is communicated and understood in the company. A part of strategy implementation is coordination of strategy implementation this means which type of activities need to be made or done to put the created strategy into practice. Regarding these aspects of strategic implementation, the main goal of strategy implementation is to put the chosen strategy into action to produce results for the company. The strategic implementation can be considered as tactical planning to align business operations with company strategic focus. (Nyman et al., 2025)

After strategy implementation phase companies need to start executing strategy, in executing phase companies need to allocate resources, have daily oversight, and forecast their operational capacity. For strategy execution to be clear and aligned it is crucial to translate the strategy and strategic focus to concrete operational plan. Strategic focus in company clarifies the strategy for the company stakeholders but also for the employees. Strategic focus sets clear priorities on what the company wants and needs to focus on strategically to be able to perform on the top level. A critical part is to be clear in strategic focus and objectives but also to have named persons in charge with accountability and support for decision making in all business strategy areas. (Setyopurnomo et al., 2025) If company has high overall effectiveness in their business processes the changes in business environment have less impact on their business. This is because these types of companies can allocate resources more effectively and they are competitive in their markets. Typically, these types of companies use advanced technologies, have good innovativeness and originality in their business operations. These types of companies tend to have higher resilience towards risks and have increased level of strategic focus. (Hou et al., 2024)

Strategic focus in a company can be strengthened through making changes in the business environment to make it more favorable for the company. Business environment changes should focus on innovation, cost optimization, and on financial buffers, these are primary factors which help company to strengthen their strategic focus. For a company which has insufficient dynamic capabilities, low overall effectiveness, strategic gaps, low financial resilience, and high customer dependency risk are most likely to benefit from business environment optimization. Companies should also be able to expand their business, detect and manage internal weaknesses, improve company governance and innovation, develop risk management and resilience, focus on being efficient, and strengthen effective marketing but also to have good communication with board of directors to improve strategic focus. (Hou et al., 2024)

2.2 Profitability improvement

Business profitability is one of the most crucial elements of company success. Financial efficiency and profitability are important for company to maintain long-term growth and to survive in current constantly changing business environment. (Zopounidis & Lemonakis, 2024) Strategy influences company profitability but to be more precise what affects company profitability are company internal resources and ability to sustainably create and develop new capabilities. Company internal resources and capabilities can create competitive advantage which indicates on itself good profitability of the business. Company capabilities have a positive impact on performance because the more capabilities company can produce compared to their competitors the more their performance can increase. (López-Cabarcos et al., 2015; Mansikkamäki, 2023; Zopounidis & Lemonakis, 2024)

Business strategy needs to be transformed into operational activities, meaning that strategic objectives need to be aligned with business processes and aligned with operational profitability. Researches indicate that company resources and capabilities correlate with profitability, as resources and capabilities influence how effectively operations can generate earnings. Moreover, resources and capabilities are shaped and directed by strategy and strategic focus, which guides how company resources and capabilities are allocated and utilized to create competitive advantage and improved financial performance. (López-Cabarcos et al., 2015; Setyopurnomo et al., 2025) If a company can change its business strategy depending on its capabilities, it can improve performance and by improving company performance it leads to improved profitability. Companies should consider customer-centric strategies and industrial drivers such as market, technological, and internal drivers combined with resources and capabilities to enhance their business performance and profitability. (López-Cabarcos et al., 2015; Zopounidis & Lemonakis, 2024) From a human resource aspect companies should consider resource allocation as one of the key components of profitability and allocate resources appropriately to maximize their activities profitability. (Ghosh et al., 2020) An important part of company profitability improvement is business process development, by developing business

processes companies can build operations which are dynamic and able to maximize efficiency to increase company profitability. (Setyopurnomo et al., 2025) The core business processes which generate profit are company operational processes and resources which are executing these operational processes. (Sumesh, p. 84, 2021) As one possibility for company profitability enhancement can be considered business growth, this is because business growth is improving cost efficiency and helping market positioning of the company. This happens through different market mechanisms such as economies of scale, having better network synergies, and being a first mover. This opportunity should be thought of when creating a strategy. (Mansikkamäki, 2023)

Business performance measures are often same as company profitability measures. How company performance is measured depends on what company objectives are. (Gošnik et, al., 2023) When monitoring business performance it is important to include to this monitoring company financial performance monitoring to get a holistic overview of the company current situation. (Sumesh, pp. 96-96, 2021) Financial efficiency in a company shows how the money invested or used for different operations in a company produces revenue and financial performance can be used as measuring tool for company profitability. The financial efficiency and performance also reflect on how companies can generate profits from their operations. (Setyopurnomo et al., 2025; Sumesh, pp.93-94, 2021) For a company it is important to analyze their own situation by making fundamental analysis because analyzation of company current situation plays a role in evaluating future financial performance of company. In fundamental analysis industrial conditions, market trends, and financial reports will be analyzed and these attributes determine the company future potential to be profitable and to grow. (Zopounidis & Lemonakis, 2024) To form a holistic overview of the company business environment company should conduct a competitor analysis as well to understand what the company competitors are planning. This helps company to position itself in the markets and be ready to make changes if necessary. To understand the competition on the business markets company can either at least stay as profitable as possible or even grow their possibility to increase profitability. (Sumesh, p.93, 2021)

A key aspect of profitability is to measure financial performance. For financial performance measures different profitability metrics can be used, such as earnings before interest, taxes, depreciation and amortization (EBITDA) as well as other important earning indicators which are earnings before interests and taxes (EBIT) and net profit margin. Other profitability measures which can be thought of in a non-listed company are return on assets (ROA), return on equity (ROE), profit margin, and basic earning power (BEP). (Gošnik et al., 2023; Setyopurnomo et al., 2025) Company operations can only influence the company EBITDA and rest of the cost decisions of a business fall on board of directors because the operational activities cannot be accountable for interests, taxes, or dividends in a company. In overall EBITDA can be considered as a reliable indicator of operations profitability in a company. Company operations influence company profitability this is because sales, direct operational costs, and In-direct operational costs are under company operations control and EBITDA are influenced by business operations. One important part is to understand that efficiency and productivity of operations lead to improved EBIT which presents company operations financial performance in terms of operating profit. (Setyopurnomo et al., 2025) Different aspects of financial factors to evaluate business profitability within businesses are vertical-wise profitability, business unit-wise profitability, service-wise/product-wise profitability, process lead time reduction possibilities, waste minimizing for example time or processes, developing business processes to reduce costs, parameter indication such as costs/X and how this could be improved. (Sumesh, pp.93-94, 2021)

Company cost structure which are fixed and variable costs have a significant role in operational flexibility and financial performance of a business. It is important to understand company cost structure decisions. What affects company cost structure, these are managerial incentives and abilities, business supply chain, demand conditions, and business strategy. Business strategy affects company cost structure depending on the strategic focus. It can either make the company cost structure rigid and hard to change or it can make it flexible and easily adjusted depending on which type of business portfolio company has. Also, what product or service company provides and which type of customers

they have has an impact on the company cost structure, this should be considered when analyzing the company products and services and in what resources company is planning to invest in. (Banker et al., 2024) Companies often act to reduce their costs by exploiting their data and spending analysis to analyze product or service costs to be able to find possibilities where and how to lower costs of a product or service. A spend analysis and data collection is necessary to be successful in creating core for understanding the status of the company costs. A good data collection creates understanding of the current situation in terms of price, service, and quality of these services. Typically, when the data collection is made the complexity of cost per unit for products or services usually becomes apparent for the company. Data analysis is an important part of cost management to understand from which suppliers have been bought what product or service. This needs to be understood so the company can understand the impact of different suppliers on their own business processes. By doing data analysis, it is possible to separate the business areas between each other and understand which business area is spending the most and have the greatest impact on the business cost structure. It is important also to analyze which companies provide same type of products or services, is there any overlap between suppliers, and is it possible to include different suppliers for same spending category. It is necessary to categorize what is needed in a big picture and which suppliers can offer these products or services. (Payne et al., pp. 30-57, 2021) Company strategy has effect on company cost structure, because the strategy affects company resources, capabilities, operations which have effect on company cost structure. Companies which focus on customer intimacy in their strategy to enhance customer loyalty to gain long and durable customer relationships are typically serving tailored products or services. These companies are typically investing in resources which serve certain types of customers, this usually makes these companies cost structure rigid and hard to change. On other hand these types of companies can also focus on serving on-demand and variable activities for their customers, which lowers upfront costs and lowers risks of the company. This type of company cost structure is usually very flexible. Companies which focus on operational excellence in their strategy usually invest in resources that are lowering cost per unit to be efficient and compete with prices, in this case the business cost structure

is rigid. If this type of company invests partly in outsourcing it can increase its flexibility and efficiency, and this has an impact on cost structure as it becomes more flexible. (Banker et al., 2024)

Companies use usually three different methods for cost savings and improving profitability. These three methods are by increasing data intelligence, developing processes, and by providing new products or services to the markets. When research is done on every spend category, the following steps should be considered every time. First, suppliers need to be identified. Secondly, there needs to be understanding of supply chains, market conditions, and company cost factors. Thirdly there need to be reviewed alternative processes, products, services, and available substitutable technologies. And at last, there should be evaluation of want versus need of the service or product, whether it is necessary or not for the company operations. (Payne et al., pp. 57-71, 2021) If a company wants to reduce costs it should develop a strategic sourcing process. Strategic sourcing process by itself can produce savings for the company and strategic sourcing process should always be customized for individual company. Strategic sourcing aims to create a process for sourcing to identify what the company requires and which supplier can fulfill these requirements. Strategic sourcing process includes following six different steps, these are: Data collection and spending analysis, research, RFX process, negotiations, contracting, and as last implementation and continuous improvement. (Payne et al., pp. 24-29, 2021)

Companies should take all profitability aspects into considerations and make business decisions weighing pros and cons of financial and other perspectives, but when making business decisions management should always be aware of all financial effects on company. (Sumesh, pp.94-95, 2021)

2.3 Customer value

Customer value could be described as customers receiving benefit from the suppliers product or service to fulfill their goals and objectives. (Sairanen et al., 2024) Customer

value basics relies on understanding customer needs, fulfilling customer expectations, creating and delivering wanted experiences, and to assess and manage customers desires. Customer value can differ drastically between different customers and what they value. (Paananen & Seppänen, 2013) In any industry sector, designing business around products and services which can deliver value to its customers while also establishing an effective business structure for managing revenues and costs is essential for achieving success. (Teece, 2010) Customer value is an important part of company success and important source of creating competitive advantage. (Sairanen et al., 2024) Customer value in business can be considered as a diverse phenomenon with several dimensions depending on which part of the value chain business is placed in. (Paananen & Seppänen, 2013) Business model in a company provides information for the company how it is planning to create and deliver value to its customers. Business model also works as a business architectural guide to outline the company revenues, costs, and profit. (Teece, 2010) Business model has an impact on how customer value is perceived and it has impact on how the customer value is implemented in different businesses. Customer value is an outcome of the business mechanisms which provide value to a customer, for example technological or managerial mechanisms of a company. Value adding factors can be for example technological, innovation, and relationship value. Relationship value can be described as forms of cooperation and collaboration to benefit both customer and supplier providing products or services. (Paananen & Seppänen, 2013)

According to Paananen and Seppänen (2013) customer value is:

- How customer value is converted to performance in a company or corporates
- A holistic value delivery for a company
- Relationships, building a win-win relationship for different parties
- Business models, value chains, ecosystems

When customer value exists, it leads to better customer experience and real business outcomes as a competitive advantage, this usually leads to better margins and profits but also to increased customer satisfaction and loyalty. (Osei-Frimpong et al., 2025)

Customer value proposition from supplier to customer can include any kind of resource supplier offers which can create value for customer. Value is created if customer wants to exploit the resource supplier is offering this resource becomes a customer value adding resource for the company. Value offered by the supplier is usually evaluated by the customer with the performance and quality of the offering compared to the sacrifice what the customer needs to make, this sacrifice means the cost, time, and effort what the customer needs to spend when buying the suppliers product or service. This usually is a compromise between maximizing benefits and minimizing sacrifices. The best value proposition would be the maximal balance between value-in-use compared to the sacrifices the customer needs to make. (Aarikka-Stenroos & Jaakkola, 2012) Even if customer value propositions differ at first between supplier and customer the solution for filling this gap is interaction and negotiations between supplier and customer. Interaction between each party helps align the value propositions between supplier and customer. (Sairanen et al., 2024) Value proposition for a customer in business-to-business environments includes making a value creating proposition to customer or markets and it possibly leads to interaction between supplier and customer. This value proposition should be co-created between supplier and customer to find a value adding solution from suppliers offering. After co-creating value adding factor, customer discovers value which has emerged from the value co-creation process. When the process of creating value between supplier and customer has come to an end this leads to creating customer value for a customer. (Rustholkkarhu et al., 2020)

Customer value is created in business-to-business environment through customer-supplier relationships and interaction between supplier and customer is important. Interaction can be for example, discussion and negotiation to find the best solution for customer in the form of a product or service. (Aarikka-Stenroos & Jaakkola, 2012; Rustholkkarhu et al., 2020) Suppliers ability to interact with the customer supports the value creation of the offered product or service. This means that supplier and customer need to share critical information and need to be able to trust each other and have effective communication. This leads to both supplier and customer expressing their

perspective of the product or service value creation. (Aarikka-Stenroos & Jaakkola, 2012) Value creation in business-to-business (B2B) environment has changed quickly and become more complex. (Rustholkkarhu et al., 2020) It consists of multiple different aspects of value creation, for example economical and functional value adding factors. Influence of internal changes in processes or strategy in customers organization affects how value creation is fostered. This is typically not in hands of the suppliers, this is an aspect which makes creating customer value a difficult task. (Sairanen et al., 2024) For value creation there is not a clear definition of what it needs to be. Value creation can be considered as a process between supplier, customer, and other necessary stakeholders. All activities that a company performs can have a value creation effect. Value-in-use could best describe the value for customer, because value is created by customer when they use the suppliers resources. The value and value addition is always determined by the customer in business-to-business environment. (Grönroos & Voima, 2013)

In service industry, service supplier and customer always co-create value together through interaction with an aspect of what the customer needs and wants. In this type of business, the customer must always experience the created value of a service. One approach for creating customer value in service industry could be adopted in a value creation that a service provider would become a part of their customers daily operations. (Grönroos & Voima, 2013)

Organization knowledge capabilities can also be a value creating or adding concept for customers. Organization knowledge can create value internally in the company but also for the customer because the customer can be served better when there is knowledge that cannot be bought from outside the company. Knowledge value is typically built internally in a company. (Teece, 2000) Knowledge management in a company tries to create organizations knowledge to a strategic asset that can create competitive advantage in a company by innovation, improving company performance, and supporting decision-making. (Teece, 2020)

According to Paananen and Seppänen (2013) outcomes of value creation for customer is:

- Customer returns to use company products or services
- Increased company or corporate performance
- Creating competitive advantage
- Holistic development of business

According to Paananen and Seppänen (2013) what changes customer value creation:

- Organizational changes
- Different triggers internal and/or external

New trends and technologies in business are providing customers with more possibilities and wider range of suppliers. In today's markets businesses need to be more customer-centric, because of the evolution of technology. This development has pushed companies to re-evaluate the value propositions for customers. (Teece, 2010) Business markets are focused on knowledge, services, technology, and the increased specialization of different areas. This challenges both buyers and sellers to understand the value proposition of the offerings. One main selling feature has become customer references to explain the value of today's complex offerings. (Jaakkola & Aarikka-Stenroos, 2019)

In the latest researches outcomes has been that customer value creation demands better understanding from suppliers of customer value. The change in the industry era has challenged companies to consider how they are producing value to customers but also, how to create new product and services which can create value for customers. (Teece, 2010) The success for suppliers in customer value creation demands the supplier to understand, measure, and to anticipate customer value creation more accurate than before. Customer value creation and proposition aspects can be considered as important part of business strategies and the company success in markets. (Sairanen et al., 2024) A crucial part of the customer value for a business is that customer value needs to be maintained and developed in evolved markets. This basically means for companies that they need

to create value-in-use for their customers with products, services, and increased quality. (Paananen & Seppänen, 2013) The needs of customers have become more complex in recent years, and this has led to business negotiations which include actors that have not previously been in the negotiations. For suppliers to manage the more complex customer needs and to be able to create value they should exploit all internal resources and capabilities but also external resources to be able to fulfil the demands of their customers. This typically means that the value creation path for an organization needs to be seen as holistic approach when proceeding with value creation propositions for customers, this includes also all other company stakeholders which affect these propositions. (Rustholkkarhu et al., 2020)

In many business sectors the business drivers have changed because of technological development and the change for more customer-centric strategy has been adopted. (Teece, 2010) In business-to-business environment the scope of value creation has become wider because of the digitalization that has led to global competition but also helped non-traditional actors to get into the field of value creation. These non-traditional actors are, for example, different consultants and experts. As the evolvement of today's business environment, the value creation interaction between supplier and customer has been moving towards interaction through digital platforms. (Rustholkkarhu et al., 2020)

2.4 Theoretical framework

In this section theoretical framework is introduced and explained to justify why these theoretical approaches were chosen for this study. These theories are resource-based view, dynamic capabilities, Porter's value chain, and business process development. The goal of strategic management research is to study how a company can create competitive advantage but also when it has been achieved how to sustain it. Strategic management theories focus on either explaining internal or external competitive advantage factors. (Maijanen, pp.1-3, 2020) In this study theoretical framework focuses on company internal factors and it is created with a conceptual framework by combining four

company internal approaches which have been built into one holistic framework approach to explain and to answer how Case Company X can define a clearer strategic focus and develop its business processes to enhance profitability.

2.4.1 Resource-based view (RBV)

Resource-based view in strategic management is considered as a theory focusing on company internal factors to create competitive advantage. Resource-based view as a theory arose in the 1980s, because of the interest in company internal resources and capabilities as possibility to create competitive advantage. In the latest researches resource-based view has developed into an important part of research in strategic management and it has been used for several disciplines. (Maijanen, pp.3-5, 2020) The wide use of resource-based view as a research framework has developed it to a preeminent research theory. (Beamish & Chakravarty, 2021) It has also become one of the main strategic management research tools in the last decade. (Monson, 2024) In these researches the researchers have identified the importance of organizations internal characteristics such as resources and capabilities to have a positive impact on company performance and profitability. (Malhotra et al., 2025) The impact of internal resources, capabilities, and competencies on company performance and profitability is a key aspect for fulfilling the research gap of this study in how resources, capabilities, and competencies affect company strategic focus, business processes, and profitability. These internal factors are also key in answering the research question on how to define a clearer strategic focus, optimize its operational processes based on company core resources to improve profitability and service effectiveness. Because of this, resource-based view as a theory is a key concept for creating conceptual framework for this study.

In resource-based view company is analyzed through a resource perspective and not through its products or services which the company provides. There are several factors which impact company performance and resource-based view is trying to identify these internal factors. (Malhotra et al., 2025) In resource-based view resources are divided into different sources which affect company success, these sources are physical resources,

human resources, and organizational resources. (Barney, 1991; Malhotra et al., 2025; Monson, 2024) It focuses on identifying the core resources which can create superior competitive advantage and success for company. These resources are typically material or immaterial assets and to achieve competitive advantage it requires using these strategic resources in favor of the company. These strategic resources can include all types of resources which are handled by company itself to implement its strategy. These can be for example, assets, competencies, capabilities, processes, knowledge, company attributes, employees, leadership, and any other resources to be able to execute their strategies more effectively and efficiently. (Chatterjee et al., 2025; Monson, 2024) In resource-based view organizational capabilities have been noticed also as a source of creating competitive advantage, these capabilities are skills and knowledge of the organization. These organizational capabilities are recognized as company ability to deploy their resources to perform company activities which are executed through business processes. (Chatterjee et al., 2025) To identify all strategical resources, companies should do research and analyze which type of issues or challenges their resources can solve within their business environment. If company has resources that can offer unique solutions to the markets, these resources can be allocated strategically in ways competitors are unprepared for. This approach creates new opportunities and strengthens value propositions for their customers. In rapidly changing business environment, there are new approaches which should be considered among latest researches regarding resource-based view, these are “firm-specific search images, hyperspecialization and hyperscaling, resource decay, workflow interdependence, long-term competitive resource dynamics, and human-machine capabilities” (Helfat et al., 2023). Identification of these core resources is critical for being able to propose strategic focus initiatives, develop business processes with a focus on core resources, and with these approaches to enhance profitability. By using resource-based view it can be addressed how company resources, capabilities, and competencies affect strategic focus creation and how strategic focus created affects business processes and company profitability. In this study resource-based view is a core aspect of studying how resources, capabilities and core competencies affect company strategic focus. Identifying core businesses is one of the most crucial tasks of

strategy creation and the core businesses should be chosen based on company strengths, resources, and capabilities for it to be successful. (De Kluyver & Pearce, pp. 32-33, 2015) Hypothetically this means organizations strengths, key resources, capabilities, and competencies define the core businesses, which leads to the assumption that core businesses and their core resources, capabilities, and competencies should be the aspects to focus on in strategy. In the next paragraph resource-based view approach resource identification is explained to create an understanding of how these resources can be distinguished from so called normal resources and by which mechanisms they create competitive advantage. All resources are not resources which resource-based view is trying to exploit for creating competitive advantage.

Resource-based view focuses on resources which are strategic and distinguished from general resources, these resources need to follow certain steps of identification to be strategic resources for a business. (Helfat et al., 2023) These strategically critical resources can be called VRIN or VRIO resources. In resource-based view the idea is to identify VRIN or VRIO resources that cannot be substituted, imitated, or purchased directly to create unique strategies for company long-term success. These strategically critical resources and capabilities are cornerstones of the company. (Bhandari et al., 2020; Chatzoglou et al., 2018; Monson, 2024) Resource-based view tries to access business level resources and how they create competitive advantage through resources which are valuable, rare, inimitable, and non-substitutable or organizational (VRIN-O). (Beamish & Chakravarty, 2021; Chatzoglou et al., 2018; Estensoro et al., 2022) These resources or assets with VRIN-O attributes which a business can own or govern can provide and create sustainable competitive advantage and exceeding profits compared to business environment norms. (Helfat et al., 2023) In the VRIN-O concept valuable and rare resources are about identifying the business resources. The inimitable, non-substitutable, and organizational resources are presenting how these resources are generating income. (Bowman & Ambrosini, 2003; Chatzoglou et al., 2018) Resources are valuable if these resources reduce threats, increase efficiency and effectiveness, and help company to exploit opportunities in their business environment, they should also lower company costs,

increase revenue, and generate profit if exploited. (Barney, 1991; Bowman & Ambrosini, 2003; Maijanen, p.50, 2020) A rare resource should be scarce, and it is not usually found by other companies this means resource generates extremely well margins or a great selling volume. Another aspect is that shortage of these resources in the markets simply means they are rare. (Bowman & Ambrosini, 2003; Maijanen, p.50, 2020) Resources which are inimitable are difficult to replicate by other companies and the more complex resource is in causality, information, or social manners the easier it is for companies to protect these resources. To understand the resource inimitability there needs to be understanding of the resource and how it has been created. (Barney, 1991; Bowman & Ambrosini, 2003) A resource is non-substitutable if it is not possible to replace it with other resource that provides same effect as the original resource. To understand the substitutability of the resource it is necessary to understand the resource value chain creation and processes. (Bowman & Ambrosini, 2003; Maijanen, p.50, 2020) Organizational aspect in resource-based view could be described as how company resources are organized and allocated to achieve competitive advantage and how company is taking advantage of these organizational resources in their strategy. (Chatzoglou et al., 2018) These resources create competitive advantage because of three highlighted isolation mechanisms. First isolation mechanism is historical conditions. This aspect creates competitive advantage through two different approaches, first possibility is to be a first mover this creates advantage by exploiting resources for something new as first one on the markets, and second approach would be learning from company own failures and success to create a resources suitable for their business environment, this means the knowledge from learning is integrated into company internal resources. Second isolation mechanisms for company is causal ambiguity this means that the resource is complex and act in various ways in company activities. This makes it hard to recognize the actual valuable resource that creates competitive advantage for the company. And the third isolation mechanism can be considered as social complexity, this could be described as organizations culture, corporate resources, and learning processes turned into creating competitive advantage which makes it socially complex and ambiguous for others to copy. (Maijanen, p.50, 2020)

A critical part is to understand what these resources and capabilities are which resource-based view tries to address and what are the identification and isolation mechanisms for these resources. If these resources and capabilities are not identified correctly it will not provide correct information on company strategically important resources and capabilities which are tried to identify for creating a competitive advantage. Resources and capabilities which create competitive advantage are important for defining a clearer strategy and strategic focus but also for improving company operations and profitability because strategic focus should be based on core businesses and resources and this typically leads to improved profitability. By having a clear strategic focus the improvement of processes is directed towards the core processes of these businesses which affects the core businesses profitability.

An additional aspect which should be taken into considerations is that resource-based view and its extension knowledge-based view has been an explanation for company collaborations. Collaborations between different stakeholders help companies to access information and knowledge but also help them to reduce costs and risks. By collaboration between different stakeholders companies tend to increase possibility of developing new products and services faster. As a result of collaboration different stakeholders can use inter organizational resources as efficiently as possible. One big question is which stakeholders can collaborate and which cannot because of the markets companies are in. By doing inter organizational collaboration between different stakeholders companies can have access to resources which they would not otherwise have possibility to access. (Ozdemir et al., 2023) By having collaborations between companies economic value can be created, this can be considered as stakeholder theory combined with resource-based view to create value. (Helfat et al., 2023) Knowledge sharing and collaboration can be a valid approach for a company to improve and extend their own resources and capabilities to improve performance, because with knowledge sharing and collaboration companies can extend their restricted resources and capabilities to a new higher level to increase performance and profitability. This is an aspect which can help to answer how resources and capabilities affect strategic focus and company profitability. Collaboration

and knowledge sharing can be also a solution for answering how to improve service effectiveness.

As recent researches indicate resource-based view has developed towards a more dynamic approach and not only focusing on resources but also how to utilize the resources with a focus on how to combine different resources to remain competitive. (Estensoro et al., 2022; Maijanen, pp.3-5, 2020) In current business environment combining resources for increased competitive advantage is crucial for businesses performance. Static strategies are not best option for constantly changing business environments and resources and capabilities need to be utilized based on strategic focus. This is a key aspect in how resources and capabilities influence strategic focus and how to create a clearer strategic focus and to develop business processes based on the created strategic focus to enhance profitability and service effectiveness.

2.4.2 Dynamic Capabilities (DC)

Dynamic capabilities is an approach in strategic management which focuses on company internal capabilities which can create competitive advantage and how a company can develop and deploy these capabilities but also how to protect them. Dynamic Capabilities approach arose in 1990s because of the increasing competition and the changes in global market environment but also because of changes in the economics. Dynamic capabilities core idea is that companies can adjust to changes in business environment more effectively. (Maijanen, p. 13, 2020; Teece et al., 1997) Dynamic capabilities consist of three main capability aspects, these are ability to sense opportunities and threats, seize opportunities, and remain competitive by being able to transform or reconfigure when changes occur. The goal of dynamic capabilities is to create competitive advantage over a long period of time and help companies to avoid zero profit conditions which can occur occasionally because of the market conditions. (Teece, 2007)

Dynamic capabilities have influence on how strategy and strategic focus should be created and maintained in changing business environment. Company competitiveness can

rely occasionally on resource-based views strategic resources, but resource-based view has not been able to explain how companies can maintain their competitive advantage in constantly changing business environments. Dynamic capabilities increase company resilience towards changes in business environment, and they are individual for each company and how they are created or sensed can vary between companies. (Bowman & Ambrosini, 2003; Li et al., 2025) Dynamic capabilities tries to create innovation and develop processes to answer the demands and challenges of markets. Goal of this is to offer customers quality with products, services, and best practices. (Teece, 2007)

Researchers have noticed that companies need to be able to adjust to changes in business environments. This needs to be done by analyzing and reacting to able to change the company resource allocation quickly, it enables company to survive and to be successful in its business environment. Because of these aspects dynamic capabilities were developed into extended strategic management tool of resource-based view. Dynamic capabilities focus on internal and external resource ownership and deploying them to create and sustain competitive advantage in changing business environment. (Teece et al., 1997; Teece, 2007; Li et al., 2025) Dynamic capabilities are an important part of company operations, and they are positively linked to, for example company survival, business growth, business profits, value creation, and to sustainable competitive advantage creation. (Helfat et al., 2007)

According to Barney (1991) capabilities can be considered as resources. Dynamic capabilities are different types of processes which affect the resources and they are built capabilities inside the company rather than bought capabilities and they are based on internal factors which are hard to imitate by competitors. (Bowman & Ambrosini, 2003) Organizational capabilities are company own resources which can be exploited to produce wanted outcomes. Dynamic capabilities and ordinary capabilities should be distinguished between each other, dynamic capabilities are typically more complex, innovative, and cannot be easily replicated by other companies, which on other hand ordinary capabilities are. Dynamic capabilities can be described as company being effective,

learning and improving continuously. When ordinary capabilities can be inimitable or replicable by other companies and these ordinary capabilities refer to company being efficient. (Teece, 2016) Finding balance between ordinary capabilities and dynamic capabilities is important because balance between these two capabilities means keeping the existing operational effectiveness on going with ordinary capabilities but also developing the future long-term strategic flexibility with dynamic capabilities. Doing this means that company is focusing on the present, but they are also focusing on future challenges in their business environment. (Li et al., 2025; Teece, 2016)

Dynamic capabilities influence strategic focus and company profitability, but they also influence company processes and operations. Business processes and operations are crucial part of a company because processes and operations are tool to create results from strategic focus. Because of how dynamic capabilities affect strategic focus, business processes, operations, and profitability, dynamic capabilities integrated with resource-based view can be considered as a justified holistic approach to answer the research question how to define a clearer strategic focus and to optimize its operational processes for improved profitability and service effectiveness and also in fulfilling the research gap in how dynamic capabilities affects strategic focus, business processes, and profitability.

Dynamic capabilities are a holistic approach to company strategic management and affect several activities performed by the company, these are, for example, company governance and routines, business processes, and managerial decision-making. (Li et al., 2025) In dynamic capabilities framework the organization managers are playing key role in creating and organizing company dynamic capabilities, the quality of managers are either strengthening or weakening the company dynamic capabilities. (Teece, 2016) A key aspect of management in dynamic capabilities is to make organizations and their managers more entrepreneurial and being more willing to be transformative. This is accomplished with clear vision of company, fostering innovation, and willingness to invest in long-term resources. (Li et al., 2025) Dynamic capabilities are higher-level activities which enable development of company ordinary capabilities and activities to be more

profitable. For this to be possible companies need to coordinate and develop their resources to be able to react and even to change resources because of changes in their business environment. With these capabilities companies can stand out with their services, products, and processes to enter markets with a new business aspect or access totally new markets. To achieve this in today's business environment companies must be proactive in several areas, these are monitoring the business environment, identifying technological opportunities, ensuring effective managerial coordination, and fostering organizational culture that embraces change. These elements are critical for developing dynamic capabilities. If a company aims to renew and build its resources, assets, and ordinary capabilities in a profitable manner to respond to business environment and market changes, it must create dynamic capabilities. These capabilities enable companies to challenge any competitors within their business environment. (Teece, 2016) In small and medium-sized companies (SME) human resources are crucial regarding creation of new capabilities, human resources need to create new dynamic capabilities for company. Human resource based dynamic capabilities make it possible to change, generate, or extend internal resources of a company. (Ho et al., 2024) If identification of resources and capabilities were crucial for answering the research question and fulfilling the research gap, same can be said from dynamic capabilities. It is crucial to understand what dynamic capabilities are and how they are created and how they affect business in overall. A company with strong dynamic capabilities can maintain its strategic focus and it can strengthen strategically critical resources and capabilities which are an important aspect of creating and maintaining strategic focus. (Hou et al., 2024; Malhotra et al., 2025)

Dynamic capabilities in company can be the change factor which develop company resources and capabilities into outputs which can make a difference in the markets and in their business environment. For example, dynamic capabilities can develop products or services to be able to create superior value for their customers. (Wang & Ahmed, 2007) Dynamic capabilities combined with a competitive and viable strategy can enable a business to create competitive advantage and increased performance. For this to be

achieved, company must strengthen their capabilities to sense possible emerging opportunities and threats, seize strategic and market possibilities, and continuously develop their resources and processes to answer competition. These enhanced sensing, seizing, and transformation of dynamic capabilities enable company to create strategy and strategic focus which is forward-looking and aligned with the demands of changing business environment. (Li et al., 2025)

2.4.3 Porter's value chain

Porter's value chain is a strategic management tool to identify business core activities. In value chain approach company is considered as a collection of strategically important activities which cooperate to deliver products or services. The goal of value chain approach is to identify value creating and adding activities which are performed by the company. These activities are known as a value chain, and company value chain should be reflecting company strategy. (Koc & Bozdag, 2017; Mozota, 1998)

Porter's value chain gives a holistic approach to the company's main activities and divides them into different units which produce outputs for the company. (Eisenreich et al., 2022) For a company to be successful and create competitive advantage compared to its competitors it needs to provide customer value and be able to do it more efficiently than their competitors or have unique activities which create increased customer value combined with a competitive price. This created customer value comes through company activities which can be called as Porter calls it a Value Chain. (Mozota, 1998)

In this study Porter's value chain has been used as a tool to identify activities which create value and to identify the inefficiencies of the business activities. Value chain approach is used to answer the research question by identifying strategically important activities and to identify activities whose processes need to be optimized to improve profitability, and to identify and improve customer value providing activities to improve service effectiveness. Porter's value chain provides an answer for research gap in how strategic focus, resources, and capabilities affect company activities and through this

also on business processes and profitability. Value chain is also an important tool to identify the substitutability of core resources which is an important part of strategic focus.

Porter's value chain consists of activities which create value for the company, these activities create profit margin for the company products or services. (Rees, pp.153-159, 2011) They are activities which company performs physically or technologically. (Koc & Bozdog, 2017) Value adding factor in Porter's value chain means customer has a need for these products or services, otherwise they are not value adding activities. (Rees, pp.153-159, 2011) In Porter's value chain approach, there are two types of activities. These are primary and supportive activities. Primary activities are the physical activities of a company to create a product or service, and the support activities are activities which support the physical activities to produce them. (Peiravian et al., 2025) The primary activities in a company are logistics, operations, marketing and sales, products and services. As supportive activities in a company there are company infrastructure, human resources, technology development, and procurement. The primary and supportive activities support each other, but they have also interconnections between external stakeholders such as suppliers, customers, and other stakeholders of the company (Eisenreich et al., 2022). In Porter's value chain key principle is that competitive advantage can be reached through effective linkages. These linkages in business can be considered as how different activities work together between different business areas to create results for the company by creating value with products or services. (Rees, pp.153-159, 2011) The performance of strategic focus is created with business activities and business activities are executed through business processes and operations to create results and performance for the company. Identification of all activities company performs is important for being able to understand what the company primary and supportive activities are. Porter's value chain gives also an aspect of how and where company activities costs are occurring, this is important to understand company cost structure and where possibilities occur to enhance profitability.

2.4.4 Business process development

Business processes are the backbone of company operations by improving business processes company can improve its operational efficiency. This is the reason companies are continuously trying to develop and improve their business processes to reduce their costs and to improve efficiency. (Milani & Lashkevich, 2025) Company business processes are important for their customers and they are key to keeping their customers satisfied but also for acquiring new ones. (Kumar & Liu, 2022) In small and medium-sized enterprises (SME) core business processes have the most effect on company performance and innovation, if company business processes are competitive it leads to whole business competitiveness. Because of this business processes need to be continuously developed in a way that company can remain competitive. (Gošnik et al., 2023) Business processes can be described as activities performed by company resources. These activities or tasks use organizations resources to perform the work to achieve results. These activities and resource utilization need to be aligned with company strategy. (Ubaid & Dweiri, 2024) Typically, companies with horizontal organizational hierarchy are usually more process-based organization than a vertical hierarchical organization. Horizontal type of organizations focuses typically on improving processes to achieve set goals and objectives and to maintain customer satisfaction. (Ubaid & Dweiri, 2024) A key aspect in developing and improving business processes is innovation, this has been acknowledged in many studies. Business process innovation leads to several benefits, these are increasing efficiency to reduce costs and cycle times, increasing quality and reliability to improve effectiveness and sustainability. To be innovative it needs always knowledge of the business areas and fostering innovation needs strategies and tactics from management to be able to create and support innovation. (Delias & Nguyen, 2021) As pointed out business processes are activities which are executed with company resources, this is a reason why all these four theoretical approaches were gathered to one holistic theoretical framework because there is a linkage between business strategic focus, resources, activities, and processes. These all need to be aligned with company strategy to achieve wanted results.

To improve company performance the commonly used approach is to look at business activities through a process-oriented view. By developing the execution of business processes, it leads to increased business performance and to outperforming competitors. A critical asset of any business is how well its business processes are managed. (Kovach et al., 2024) For companies to achieve optimal operational effectiveness and efficiency it should prioritize continuous improvement programs and focus on financial performance indicators of their business processes. (Setyopurnomo et al., 2025) One of the latest and most efficient approaches to manage and improve organizations performance is if company is being viewed through as a set of cross functional processes with over boundaries approaches. (Ubaid & Dweiri, 2024)

For being able to create an understanding of how business processes can be optimized and profitability can be enhanced the maturity level of business processes needs to be understood. Maturity level of company business processes is an important indicator of business processes current status, the levels can be described as following. The first level is the initial level, on this level business processes are not organized, processes work more or less spontaneously and the processes possibly work or do not work. On the second level processes maturity can be described as managed, this means that basic processes are established so they have stability in performance and these processes are repeatable but although these processes can have various ways of execution. On the third level of business process maturity, business processes are standardized, this means that processes are standardized across organization and they are based on best practices and processes are developed through measures and experiences. On the fourth level of the business process maturity, processes are predictable, this means that the process performance is monitored through measurements and statistics through the entire workflow to understand the variation and to control the process to achieve predictable results. The last, the fifth level of business process maturity is the process innovation level, this means continuous improvement of all company business processes. (Scavarda et al., 2025)

After maturity levels of business processes are defined the following important aspect is how they are managed. Managing business processes is crucial for business process performance. Managing business processes are a key aspect of filling the research gap and question in how clearer strategic focus and business process development and optimization enhances profitability and service effectiveness. Business processes should be managed through planning, organizing, controlling, and leading. This should be done with the knowledge of company internal resources, capabilities, competencies, and stakeholders with the goal of improving performance and creating customer value. Processes can be divided into operating processes and managing or supporting processes. If company can manage its business processes it will be able to achieve better employee satisfaction, have less conflicts internally and increase business process performance. (Gošnik et, al., 2023) Because of this managing business processes are crucial for organization for being able to execute business processes reliably, to find new development possibilities, and it offers possibilities for solving obstacles and increasing business process innovation. An additional goal for managing business processes is to find inefficiencies and propose right development initiatives for business processes which is a research objective in this study. (Delias & Nguyen, 2021) In business process management human resources should have a role for it to be successful and have positive outcomes. Business processes can be enhanced with company internal resources, if managers and employees are involved in creation and development of business process management. (Gošnik et, al., 2023) Managing business processes has become an important tool for companies to know how their business processes are executed. It helps companies to understand their business processes and keep track of their business process performance in relation to the set goals and objectives. (Delgado et al., 2014) In business process management company internal and external stakeholders should cooperate to find solutions to fulfil each other's interests to increase competitiveness and ability to be more responsive. Cooperation, communication, and knowledge sharing between company and their stakeholders leads to company being more performance driven and sharing interests can lead to new ideas and increased creativity. (Gošnik et, al., 2023) Business process management is an important part of understanding and monitoring business processes to

identify how performance is created, maintained, and developed. Without business process management it is hard to develop and manage systematically company business processes. As in resource-based view collaboration between different parties was held as a possibility to extend knowledge, resources and capabilities to improve performance of company. In business process development the same aspect of collaboration should be considered as a possibility to develop business processes because of increased creativity and new ideas appear when knowledge is shared, this can be considered as a strategic choice for a company.

For companies to be able to answer competition on the markets and develop their business processes the use of business process improvement frameworks has increased to achieve operational excellence. Operational excellence is a strategic approach for companies to be able to fulfill their goals in different processes, for example in production, services, sales, procurement, or in any other processes company wants to improve. There are several methodologies for operational excellence but the methodology which has become paradigm to operational excellence and continuous improvement is business process management (BPM). (Scavarda et al., 2025) Business process management is a discipline to design, execute, and optimize company business processes. (Poss & Schöning, 2025) It can be considered as incremental or radical change to processes to emphasize continuous improvement, customer satisfaction, and employee involvement. (Gošnik et al., 2023) It is used as a tool to identify, document, manage, evaluate, improve, execute, and control business processes and it is used to promote these tools to fulfill the company goals and objectives. The goal of business process management is to improve quality of products and services, but also to continuously improve essential operations in organizations. (Idogawa et al., 2023; Scavarda et al., 2025) Business process management consists of two main components, these are process enhancement and process development. Business process enhancement includes monitoring and evaluation of current processes to find the process inefficiencies and to business process development which includes the redesigning and implementation of corrective actions based on the process analyzation. (Abbasi et al., 2025) Business process management

tries also to integrate business processes and company information technology (IT) into integrated, measurable, and cross functional activities which can create competitive advantage for a company. (Scavarda et al., 2025) Business process management approach has only been noticing the active resources of a company which are human resources and process optimization. (Poss & Schönig, 2025) To be able to understand business process management (BPM) and how it is implemented into company processes, the business process management (BPM) lifecycle needs to be understood. In the following paragraph business process management lifecycle phases are explained.

Business process management (BPM) is in today's researches usually described as lifecycle. (Milani & Lashkevich, 2025) This lifecycle consists of several phases. The lifecycle begins with an organizational analysis which includes examination of company strategic direction and alignment, goals, stakeholders, governance, and company culture. This phase of the lifecycle includes also identifying and aligning business process capabilities and governance, identification of performance measurements, prioritizing processes and creating business process transformation portfolio. In the design phase, current processes are studied to understand how they are designed and identify opportunities to optimize processes with aim to make processes more effective and efficient. After this, implementation phase focuses on execution of the new designed, optimized, and improved processes. In this phase the focus is on daily processes with change in employee roles and responsibilities but also training and communication activities are developed and executed to reach the new process demands. Following implementation phase the execution and monitoring phase of the lifecycle starts. In this phase the key performance indicators are being analyzed and assessed against process efficiency measurements to identify gaps in operations and to identify development opportunities. Continuous monitoring aims to find gaps between business strategy and operations and support organizational learning and enhance business performance. Process assessment and improvement phase should run parallel with execution and monitoring phase. This phase evaluates new process and identifies remaining performance gaps, but it also analyzes alternatives, compares solutions, and evaluates possible alternatives which could be

proposed to develop the process further. Critical success factors for business process management are following: “strategic alignment, top management support, IT, collaborative communication, culture, training and empowerment of employees, performance measurement, project management, user focus, and methods or methodology”. These critical success factors are either barriers or enablers for the business process management implementation and execution in a company. (Scavarda et al., 2025)

Business process management can be divided into three different levels, these are corporate, business, and resource level. For business process management to be successful it needs to address all three levels. Corporate level business process management needs to be aligned with company strategy, governance, architecture, measurement, and its goals. At corporate level business process management is strategic choice, and it is a tool for fulfilling or developing strategy because of improved business process performance. On business process level the business process management is used to re-design, improve, and develop business processes and it is important to understand the processes and the consequences of re-design, improving, and developing these business level processes. For this there are several business process improvement methodologies depending on the need. At the resource level the activities and initiatives are developed and supported for the chosen processes, this is the execution level of the business processes. On this level the execution and improvement of processes are taken into use, and they need to have positive impact on business performance. This is the level where the management decisions are addressed to continuous improvement and control of the business performance. (Scavarda et al., 2025) The usual problems in business process management in companies is that companies are not spending enough time on creating customer value, companies are dealing with high process costs and low process change management, lack of resources in changing core businesses, and if core business process changes are started all needed participants are not involved and there can be also lack of managerial involvement to this process. The reason for this is typically weak leadership. (Gošnik et al., 2023) It is important to understand the levels of business process management to be able to understand how the business process management,

development, and strategic focus can be aligned and on what level the decisions need to be made for a successful result. This is an important aspect for answering the research gap in how strategic focus affects business processes to enhance profitability. Understanding business process management levels is also important for the research question and objectives on how to optimize processes to improve profitability and service effectiveness and on which level these changes need to be made at.

Business strategy and processes need to be aligned for business process management to be a successful tool. Business process management can be considered as a living process because it needs to change through its entire lifecycle. This is because business process management needs to reveal and prioritize processes which support company strategy and its goals. Business process management works through its whole lifecycle as a feedback process to find new opportunities in processes to increase competitiveness. (Scavarda et al., 2025) It is important to develop a business process management strategy for business that supports company strategy. If company starts using business process management, the goals and objectives should be very clear in the company. (Idogawa et al., 2023) When aiming to develop business processes, they should be aligned with strategic focus to choose the right business process development initiatives from a holistic point of view to enhance performance and profitability. Business process development should be integrated with business process management to have constant analyzation for making decision based on facts for corrective development initiatives. These are important aspects for creating and maintaining a clearer strategic focus but also for developing and optimizing business processes to enhance company profitability and service effectiveness.

In the field of business process management there are overwhelming number of methods which can be used as guidance for developing business processes. Because of this the challenge is to choose the most suitable approach for different processes. There are methods from re-engineering processes to improving, redesigning, optimizing, and innovating processes. (Gross et al., 2019) There are several frameworks used for this, and

these frameworks are for example, Total Quality Management (TQM), Six Sigma, Lean, and other continuous improvement methods that have been studied to enhance quality, safety, and cost-effectiveness of business processes. (Kovacs et al., 2024; Setyopurnomo et al., 2025) Using data is an important tool for process development, because it can help identify process behaviors and help to identify processes which need improvement or development to enhance business process performance. Data can also be a supportive tool for choosing the correct development method. The needed business data is usually found in Enterprise Resource Planning (ERP), Supply Chain Management (SCM), or Customer Relationship management (CRM) systems of a company. Evidence-based business process development and innovation should be exploited because it increases accountability in decision-making and it is a value adding factor in companies, because there are internal sources supporting company decision making. (Delias & Nguyen, 2021) To be successful in business process development company should be able to choose most suitable development methods for their business processes. There are a lot of options available for developing business processes and to be able to choose correct ones the knowledge and management of business processes need to be on a good level. The strategic focus should be kept as guidance when choosing the methods and path for developing business processes and it should be supported by the company internal data.

For business process development the business process improvement (BPI) methods are a crucial aspect to understand what the possible changes to business processes are and how these are made and what the effects on the company business processes are. Business process improvement aims to enhance effectiveness and efficiency of business processes to generate improved outputs for internal operations and externally to company customers. The mildest change to business processes is process improvement and re-engineering is the most radical improvement attempt for improving business processes. (Zellner, 2011) The incremental and radical process change have different characteristics. Incremental process change is improvement, development, or optimization of business processes, and it is focusing on existing processes. This means that change can be made at once or it can be a continuous improvement of processes and the time required is

usually short for incremental process change. It affects the company with a bottom-up development process, and it focuses on narrow area of business processes, for example on one business process or one business area. The risks of incremental approach are moderate, and the enabler for it is statistical control by management. Incremental approaches on business process improvement focus mainly on internal process data analysis or on customers. Internal process data is analyzed to find the weaknesses or development opportunities of processes, and they should always include an innovative aspect because this leads to improved business processes. In radical change, starting point is in creating a new process and it is a one-time change, because of this the time for the change is long. This is usually conducted as a top-down development process with a broad cross-functional process scope. When conducting radical change for processes the risk is high and the enabler for it to be successful is information technology. Radical approach is usually cultural, but it will need also structural change in business because typically this type of change is made when a new vision for the company is made and the management needs to be fully committed to this change. Radical business process change is either re-engineering, redesigning, or building a new business process. Business process re-engineering is typically the approach when companies want to re-engineer processes to benefit from emerging technologies. The goal of re-engineering is to reduce costs and cycle time but also to improve quality. Process redesign has been created to achieve same type of results as in incremental process changes and in process re-engineering. The goal of process redesign is to redesign the process to be better and to be easier to execute. The redesign initiative of a process should deliver a superior process design compared to the old process design this is achieved by reduced time and cost but also with increasing quality and flexibility. (Gross et al., 2019) There are few more approaches for business process improvement, and these are process innovation and business process optimization methods. These two methods are still less used in business process improvement methodology. (Ubaid & Dweiri, 2024) Business process optimization is about how to find the optimal solutions for executing business process in terms of cost, time, quality, and flexibility. Optimization can apply to any part of business processes to achieve increased performance of business processes. Business

process optimization can be for example, workflow optimization for reducing time, reducing cost by choosing insourcing or outsourcing for parts of processes, resource allocation for balancing costs and time, increasing flexibility by being flexible in production order. (Kumar & Liu, 2022) Benchmarking is also one of the techniques used to improve company business processes. It means that the company is investigating competitors approaches on similar issues to learn and develop company own business processes. (Gross et al., 2019; Abbasi et al., 2025) With benchmarking, company can study and understand their market positioning with a more holistic approach. It can be used to help in strategic decision making, improving innovation, and improving customer satisfaction. By using benchmarking as a strategic tool, it can help company to maintain their competitive edge in the business environment. (Malhotra et al., 2025)

Recent researches statement is that business process improvement methodologies (BPIM) are essential part of successful business process improvement. Business improvement methods are a set of actions or steps that are used to identify process improvement possibilities and to monitor these improvement actions and steps. The importance of a systematic approach for business process improvement methods is that they need to be repeatable. A systematic approach and implementation of business process improvement methods are to define, measure, manage, and improve business processes. (Ubaid & Dweiri, 2024) For business process improvement there can be considered five key process dimensions these are, activity definition, resource allocation and scheduling, process objectives, process trigger, and precedence and dependency. Activity definition identifies tasks or activities which need to be made to achieve process goals. Resource allocation and scheduling ensure most appropriate resource for each activity and defines right timing for execution of the task or activity. Process objectives clarify the desired goals which processes need to output. Process trigger, this is what initiates process execution. And finally, the precedence and dependency dimension, this means the sequence and interdependency of process activities and defining correct activity order. (Abbasi et al., 2025)

An important aspect of business process development is to choose the correct method of business process improvement methods and have a systematic approach on executing these development initiatives depending on how and what the development needs are for each business processes. To choose the correct method to business process development it is necessary to understand company strategic goals and objectives but also to understand how these processes need to be developed to fulfil these goals and objectives. Business process management should be used as tool for developing business processes to understand the strengths and inefficiencies of these processes and process improvement methods should be used to develop or optimize these processes. This is an important aspect for being able to propose business process initiatives for process development. This combination of strategic focus, business process management, and business process development is an important approach to answer how strategic focus and business process development enhances profitability.

Acknowledged challenge in business processes are the resource allocation problem, it determines the resource capacity of each business process. (López-Pintado et al., 2021) Companies which are providing services and whose processes include a lot of knowledge-based activities, the importance of allocating human resources correctly is crucial to maximize the capacity of business resources to create sustainable competitive advantage in their business environment. (Ghosh et al., 2020) The capacity and workload of each business area determine the workload of the resources. The more resources there are in a group the lower the resource utilization is and vice versa the less there are resources the higher the resource utilization is. (López-Pintado et al., 2021) Business process optimization problem has been identified in different studies, and the problem is how to allocate business resources effectively. The question is how much resources should be allocated to processes in a company to make the processes work as efficiently as possible. (López-Pintado et al., 2024) Resource utilization has a cost effect on cost per activity, but it also influences the waiting time because the lower the utilization of the resources is the higher cost per activity is and waiting time is shorter. When resource utilization is higher the cost per activity is lower and waiting time is increasing. This leads

to decision making and optimization in balancing between the resource activity costs and waiting times. (López-Pintado et al., 2021) Resource allocation can be considered through how resources and capabilities affect strategic focus and how strategic focus affects business processes. The alignment of strategic focus and business process development should be considered from an aspect of how resources which execute these processes should be allocated for operations with a perspective of company strategic focus and how processes should be developed to achieve company goals and objectives.

2.4.5 The conceptual framework

The natural development of this conceptual framework starts with the resource-based view to identifying the core resources of a company, these strategically important resources and capabilities create competitive advantage, and they are VRIN-O resources of the company. These core resources are foundation for core businesses of the company, and these are forming foundation for strategic priorities what to focus on. These resources can be tangible or intangible, and they should be key factors when creating strategy and choosing strategic focus. These resources are also a key factor in business profitability because they create isolation towards competition which should lead to higher margins and earnings. As a part of resource-based view collaboration can be also a useful tool to extend resources and capabilities because there can exist constraints in resources and capabilities in small and medium-sized enterprises and by having collaboration their own resources and capabilities could be created to be even stronger.

As a logical continuum for developing this conceptual framework is dynamic capabilities. Dynamic capabilities are extension of resource-based view and in this framework, they are used to sensing the opportunities in markets, customer needs, and in technologies, to seize the profitable opportunities and take advantage of these new opportunities in business. And as a critical aspect leveraging transformation and reconfiguration to maintain strategic focus in changing business environment, this includes transformation and reconfiguration of resources and capabilities to support strategic focus of the business areas and processes. All this aims to operationalize sensing, seizing, and transformation

of resources and capabilities to exploit new opportunities and to explain how the strategic focus can be maintained in changing business environment. Companies with strong dynamic capabilities tend to manage external changes better than companies without dynamic capabilities and they tend to be able to maintain strategic focus in constantly changing business environments. (Hou et al., 2024) Dynamic capabilities can be considered as a change tool for strategic focus, and this change aspect should also be integrated into business processes by continuous development because if strategic focus changes so should business processes be able to change.

As stated earlier in this study, resources and capabilities are shaped and directed by company strategy and strategic focus, which guides how company resources and capabilities are allocated and utilized to create competitive advantage and improved financial performance. (López-Cabarcos et al., 2015; Setyopurnomo et al., 2025) In this phase the current status of company strategy, vision, and mission need to be taken into considerations as well as depending on these aspects what the company needs to focus on to achieve its strategy goals and objectives and how to bridge the gap in capabilities to achieve this. As mentioned previously in the profitability chapter, if a company can change its business strategy and strategic focus depending on its capabilities, it can improve performance and by improving company performance it leads to improved profitability. An additional aspect is that companies should consider customer-centric strategies and industrial drivers such as market, technological, and internal drivers combined with resources and capabilities to enhance their business performance and profitability. (López-Cabarcos et al., 2015; Zopounidis & Lemonakis, 2024) These statements justify the usage of resource-based view and dynamic capabilities as frameworks in this conceptual framework they also enable to answering the research question. After the strategic focus is defined the next step is that strategy needs to be aligned with business activities and strategic approaches need to be transformed into operational outputs. This needs a strong strategy implementation plan to get strategic focus aligned with operations, which is probably one of the most difficult challenges to overcome.

In this study the business activities are identified with Porter's value chain, it is used to identify business activities which create value and to identify possible inefficiencies in these activities. These activities are divided into two categories primary and supportive activities and these need to be identified to be able to align strategic focus and business processes. This approach links strategy to operational activities and highlights the connections between different activities. Porter's value chain is also used to identify company cost structure. As mentioned in the profitability chapter, company cost structure which are fixed and variable costs have a significant role in operational flexibility and financial performance of a business. What affects company cost structure, these are managerial incentives and abilities, business supply chain, demand conditions, and business strategy. Business strategy affects company cost structure depending on the strategic focus. It can either make the company cost structure rigid and hard to change or it can make it flexible and easily adjusted depending on which type of business portfolio company has. Also, what product or service company provides and which type of customers they have has an impact on the company cost structure, this should be considered when analyzing the company products and services and in what resources company is planning to invest in. (Banker et al., 2024) Value chain is used to identify business activities of company business portfolio and its products and services value chain, it also reveals through activities how and where the company costs are generated. This links Porter's value chain to the holistic approach of this conceptual framework and is a justified theoretical approach for this study to be able to answer research question.

These previously mentioned business activities are executed with business processes. As a continuum for this can be held business process management and development, and by being able to manage and develop business processes company can improve its operational efficiency and profitability. Business processes are tools to produce results of chosen strategic focus. Strategic focus affects in different ways into business processes depending on the company resources, capabilities, and other strengths, it is also influenced by dynamic capabilities on how company is planning to maintain competitiveness and strategic focus in changing business environment. Depending on these factors,

company should align their strategic focus with their business processes and operations to be able to develop their business processes if changes occur in strategic focus or business environment. Business processes should be developed by analyzing, improving, re-designing, and optimizing to increase and remain business process performance and profitability. Business process management lifecycle and how these processes are managed need to be analyzed and aligned with company strategy and strategic focus this is important for company to be able to understand, control, and monitor their business processes. The design of business processes needs to be analyzed and evaluated through the maturity level of business processes to get a deeper understanding of how these processes are designed and executed currently. Maturity level identifies the current level of business processes, and it guides possible development opportunities within company business processes where and what needs to be developed to increase process performance to enhance profitability. These decisions should be supported with data from company ERP/SCM/CRM systems to endorse data-driven decision making and improvement of business processes. This should lead to process optimization in terms of time, costs, quality, and flexibility which aims to improve performance and profitability of business processes, this needs to be done systematically to achieve wanted results. Business process development and management exposes inefficiencies in business processes and how these inefficiencies can be eliminated. To develop and manage business processes it is important to establish key performance indicators which include financial performance indicators to be able to follow improvements in profitability of business operations. Business processes are the execution engine for strategy, and they turn strategic focus into process performance and enhanced profitability which can be measured. As stated previously in this study, an important part of company profitability improvement is business process development. By developing business processes companies can build operations which are dynamic and able to maximize efficiency to increase company profitability. (Setyopurnomo et al., 2025) The core business processes which generate profit are company operational processes and resources which are executing these operational processes. (Sumesh, p. 84, 2021) Business process development is linked through these aspects to operations profitability and through resources to strategy and

strategic focus these aspect justifies why business process development is key theory in this holistic conceptual framework.

In this conceptual framework all four approaches are linked to each other to give a holistic approach on how resources, capabilities, dynamic capabilities, activities, and business process development interact with each other. This combines conceptual theoretical framework to concrete approach on how to define clearer strategic focus and optimize business processes to enhance profitability and service effectiveness of Case Company X. With this conceptual theoretical framework, the research gap, question, and objectives are answered. In figure 1 this approach is demonstrated figuratively.

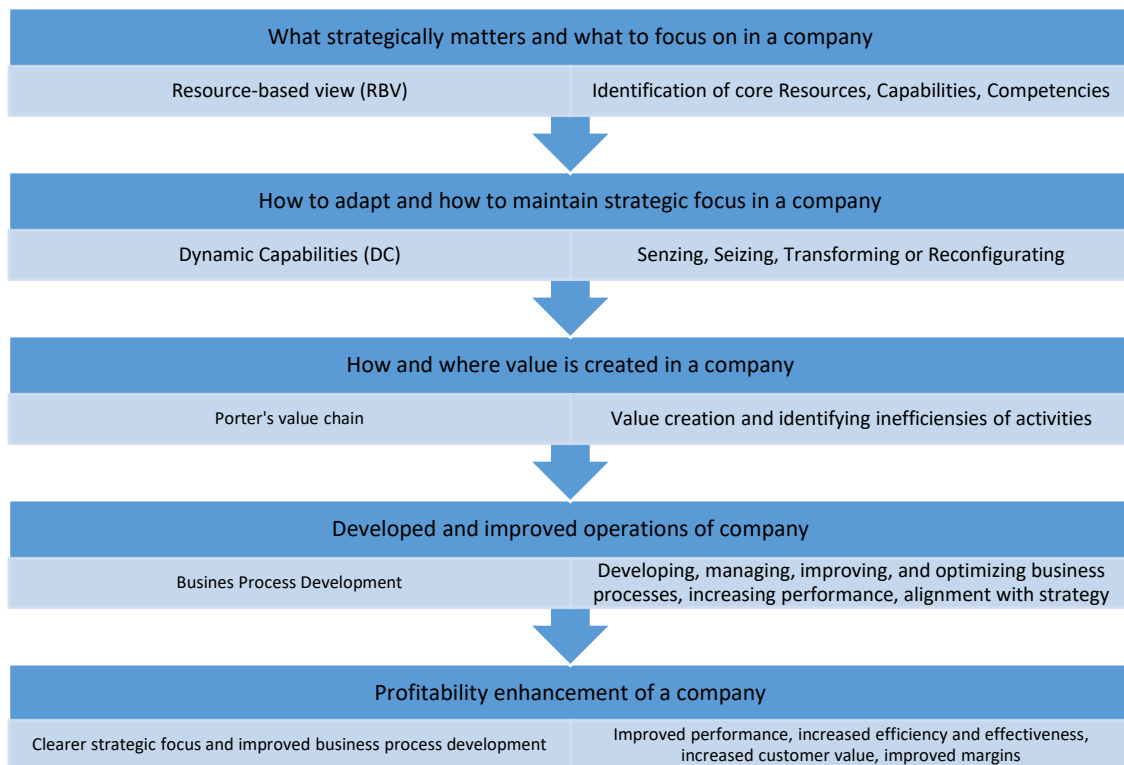


Figure 1. Conceptual theoretical framework

3 Research methodology

In this chapter the research design and methodology chosen for this research is introduced and justified. Data collection and analysis is explained and introduced. The reliability and validity of the conducted research is also interpreted.

3.1 Research design

The research design refers to the plan of answering the research question which aims to fulfill the goal and objectives of the research. Research design guides data collection and analysis of the collected data. The purpose of research design depends on the research question, goals, and objectives, this need to be addressed in the design phase. In this phase research method for conducting the research needs to be chosen depending on the data collection and analysis. (Saunders et al., pp.178-181, 2023)

In this research the purpose is exploratory, as it aims to explore and clarify understanding of how different aspects of internal functions affect each other and how these can be combined into a holistic approach to answer the research question. This is justified approach because exploratory research aim is to study or clarify understanding of a research topic, problem, or phenomenon. Research question in exploratory research starts with words 'What' or 'How' and the data collection also begins typically with either of these question words. Exploratory research is also flexible by nature, and the research direction can be changed depending on the data collected. This is if, for example, some critical information emerges in data collection which can affect the direction of research. Depending on this, research can be adjusted. (Saunders et al., p.179, 2023)

Research question and its characteristics determines the research method which needs to be used to be able to answer the research question. Qualitative research focuses on interpretation and understanding the research phenomena to get a holistic understanding of the studied phenomenon. (Eriksson & Kovalainen, pp. 4-5, 2016) For this research the chosen method is qualitative, because the nature of this research is to get a holistic

understanding of the functions which affect strategic focus and business process development to be able to enhance profitability and service effectiveness. Qualitative research results are achieved by studying topic, what it means, and relationship between each variable with different data collection methods and analytical procedures. In qualitative research there are two types of data collection methods, these are mono-method and multi-method. In mono-method one source of data is used to conduct research and in multi-method there is more than one source used for data collection. (Saunders et al., pp. 183-185, 2023) Because of the nature of this research data collection method chosen is multi-method data collection by using multi-method data collection it aims to clarify the studied phenomenon to be able to produce more reliable results for this research. Multi-method data collection increases research validity and can be used for improving validity as well with triangulation.

The research strategy chosen for this study is the case study approach. A case study is an in-depth study conducted to study a phenomenon in real-life environment. When a phenomenon is studied in its real-life environment it can lead to interesting development of a theory and to rich descriptive empirical aspects. Case study is used typically to identify what is happening and why some phenomenon is happening to understand what actions should be taken. (Saunders et al., p.207, 2023) Case study is a good approach to develop a holistic in-depth awareness of the studied topic by collecting data from several sources. It also tries to address the diversity and complexity of the studied phenomenon and avoid too simple approach towards the researched phenomenon. The primary goal for case study is to first identify the issues and problems and then solve them. (Eriksson & Kovalainen, pp. 131-132, 2016) The case study strategy is a valid research strategy for this research because this study tries to gain a deep insight into company resources, dynamic capabilities, business activities, business processes to create initiatives for answering the research question. Case study can be considered as valid approach also because in this research the studied phenomenon is studied in its natural environment and how these occur in the real-life context in Case Company, this makes the studied topic diverse and complex.

As a result, this study aims to present initiatives which type of actions should be made in Case Company X business areas A, B, and C to enhance profitability and service effectiveness from strategic focus and business process development perspective based on empirical findings. Case Company X has different business areas A, B, and C to offer products and services to its customers. In business area A company operations are to acquire utilities, to sell and distribute utilities to its customers. In this business area company owns infrastructure to distribute these utility products to its end customers. In business area B operations consist of different services and products regarding safety and security and company also owns infrastructure and equipment to produce these services for their customers. And last is business area C, which consists mainly of providing different services for their customers. In this business area company owns infrastructure which it rents for their customers and other operations are mainly based on being supplier of services and it acquires services from subcontractors and provides services through subcontractors to the end customers.

3.2 Data collection

In this research the primary data collection was conducted with interviews, and the secondary data collection was made from company enterprise resource planning (ERP) system and from company internal documentation management systems (DMS).

A research interview is a data collection method in qualitative research. Interviews are collected by asking interview respondents concise and clear questions to gather valid and reliable data for fulfilling research question and objectives. (Saunders et al., p.440, 2023) The interview was conducted as semi-structured interview because it included several themes regarding the studied topic. Semi-structured interview can have one or more themes and have a set of questions which are followed but additional questions can be made if necessary, depending on the interview and research situation. (Saunders et al., p.443, 2023) Guided and semi-structured interview gives a more systematic and structured view of studied themes, topics, or issues but it still leaves room for variation

and for possibility to raise other important aspects for the research. (Eriksson & Kovalainen, p. 94, 2016) For this research the chosen semi-structured method was the thematic form. Thematic form in semi-structured interviews means that questions are formed before the interview and they adapt to chosen themes which are dependent on the research question and objectives. Chosen themes to conduct this interview were current situation analysis of strategic focus and customers, resource-based view, dynamic capabilities, business activities and costs, and business process current situation and development. Thematic interviews can be either exploratory which means the aim is to collect data from certain issue or topic. They can also be explanatory which means the interview is supporting theory development of study by structuring interview around theoretical framework. (Saunders et al., p.443, 2023) For this study the interviews were conducted as face-to-face interviews. Face-to-face interviews were conducted in English and Finnish. Interviews which were conducted in Finnish were translated by researcher based on researchers own language skills and with support of dictionary named sanakirja (sanakirja.fi) and with help of Google translator (translate.google.fi) to get interviews precisely translated from Finnish to English. Face-to-face interviews can have positive effects on data collection such as it is most likely to be non-bias and data will be richer because of the open discussion. (Saunders et al., p.449, 2023) This is important for research because the interviews can give new perspectives in analysis phase if the collected data is richer and interviews are not influenced by interviewees preparing the answers in advance, this increases also quality of research by collecting less non-bias data.

In this case study the sampling was made with non-probability sampling procedures and the procedure chosen was purposive sampling. For this research the purposive procedure was the most suitable option because the interviewees were chosen based on the knowledge of the business areas studied to obtain as much informative data as possible. Purposive sampling is used typically when the need is to choose the most suitable interview respondents to answer the interview to be able to answer the research question and objectives in case studies when samples are small. (Saunders et al., p.294, 2023) For

being able to answer this study research question and objectives the only way to get deep enough understanding of the studied topic was to interview the employees which have the most knowledge of the studied business areas in Case Company X.

All interviews were conducted in face-to-face meetings total number of interviews conducted was nine interviews and data was collected in March 2026. Interviewees were interviewed in random order to keep the interview respondent answers internally anonymous and unrecognizable as many of the interviewees required. The interviews were conducted with Case Company X managers, including the company CEO, to get a perspective on current situation of the topic studied in the Case Company. In the interview the research and studied topic were briefly introduced and the anonymity of this interview was stated to the interviewees to build trust and openness to get as rich data as possible from these interviews. Because of the required anonymity the title of the interviewees is not inserted into table 1. The duration of the interviews was between 40 minutes to 82 minutes. The aim of the interviews was to gather information of the current situation in the Case Company to answer the research question with these interviews which are aligned with the theoretical framework.

Interview respondent	Respondents business area	Interview duration
Interviewee 1	A/C	68 minutes
Interviewee 2	A/B/C	55 minutes
Interviewee 3	A/B/C	59 minutes
Interviewee 4	A/B/C	49 minutes
Interviewee 5	A	44 minutes
Interviewee 6	B	52 minutes
Interviewee 7	B/C	40 minutes
Interviewee 8	A/B/C	82 minutes
Interviewee 9	A	61 minutes

Table 1. Internal interview respondents.

For this research secondary data were collected based on the different themes which occurred in the primary data collection phase to support the research data collection to be able to answer the research question. Secondary data is data that already exists and it can be, for example, raw data or other documentation which can be used for answering the research question. The usage of secondary data depends on the research question and objectives. (Saunders et al., pp. 342-344) Secondary data in this research was gathered from company internal sources to help and support answering research question of this research. Secondary data can be a helpful tool to compare the primary data and secondary data to support findings, it is useful also when the validity of the research needs to be improved using data for triangulation. (Saunders et al., p. 359)

3.3 Data analysis

This research was conducted in qualitative research manners, and the data analyzation follows qualitative method approach. Qualitative research data are often verbal, textual, or visual data, which is rich in context, it sets certain demands for the data analyzation. Qualitative research data, which is typically not standardized, needs to be categorized and coded to be able to collect from large amount of data the most important meanings to be able to make further analysis of this data to answer the research question. For analyzing qualitative data there should be chosen a qualitative analysis technique to be able to interpret the data depending on the research goals and objectives. (Saunders et al., p.651-655, 2023) When coding qualitative data, it should be based on key words or units which are the shortest coding units to be able to interpret the research findings to fulfill the research goals. Coding themes are also possible but on the other hand coding themes can be complex and should be used when creating a conceptual approach, because of the complexity of coding themes it is used for explaining broader ideas or things in a larger context. (Eriksson & Kovalainen, p. 121-122, 2016) In this research the data coding was conducted to be able to identify the key data from conducted interviews for being able to answer the research question based on the theoretical framework, the coding was based on identifying key words, categories and themes based on the theoretical framework.

For this research the chosen data analysis method is thematic analysis. Thematic analysis is a flexible and systematic approach to analyzing qualitative data and it aims to identify patterns or themes which occur in the collected data. It involves coding the data to be able to use it for further analysis to help answer the research question. (Saunders et al., p.664, 2023) Thematic analysis consists of several phases, these are following according to Saunders et al. (2023): Data familiarization, data coding, theme or category creation, developing, reviewing, refining, defining, naming, and interpreting. These are the main phases in thematic analysis.

The data coding is based on theoretical framework. The first category is a general current situation analysis in the company and of the past conditions. The second category for coding is the resource-based view approach, the third category is dynamic capabilities, the fourth category is based on Porter's value chain, and the last category focuses on business process development aspects. The process for coding raw data into themes in this study included following steps. First was the preparation of the collected raw data and material which did not contribute to answering the research question was excluded in this phase. Next phase was familiarization of the collected raw data, in this phase familiarization of data was done to create an in-depth understanding of the content and this raw data was transferred from individual interview papers to general work paper based on interview questions. Next step of process was that initial codes were created based on the interview data, this phase was still more data-driven than theory-driven phase as the codes were chosen based on data. Next phase was to review codes and grouping these findings to create main themes with the help of theoretical framework to be able to answer the research question. After main themes were created with a theoretical-driven approach these themes and findings were compared to the raw data to make sure the refined dataset represents the collected data. These theoretical approaches are the key parts in this study for answering the research question and objectives. This is the justification for using these categories for coding the interview data.

As support for primary data from interviews in this study secondary data from company internal systems were collected. These systems where secondary data was collected were enterprise resource planning (ERP) system and documentation management system (DMS). This data collection of existing documentation which is created for company internal purposes was systematically examined to find credible secondary data from organizational documents. Data sources were chosen based on business areas and relevance for answering the research question. Data which were included into the research were defined through analysis to make sure it is relevant and reliable to use for this study. All secondary data collected and used was considered reliable internal documentation. Qualitative secondary data analyzation followed the same process as primary interview data, it was analyzed in thematic manners with the same process as primary data. Financial secondary data was collected from company enterprise resource planning system (ERP) and it was analyzed based on financial data produced for business areas and based on primary data findings which financial data were relevant to answering the research question. This financial data was based on company internal reports of business areas A, B, and C financial situation. These reports were studied to get an in-depth understanding of business areas incomes and costs.

3.4 Reliability and Validity

In qualitative research reliability and validity are described rather as trustworthiness of the research. Trustworthiness in qualitative research includes following four aspects to assess quality of conducted research these aspects are credibility, transferability, dependability and confirmability. (Eriksson & Kovalainen, p. 304-307, 2016) An aspect to create reliability in qualitative research is to analyze research trustworthiness by analyzing the research data and findings. The importance of analyzing data consistency and validity gives more credibility for the research when the collected data is consistent and valid to use to interpret findings of the research. By demonstrating the validity of the findings, it will give qualitative research also more reliability. In this research data collection and analyzation were conducted with the same procedures for all collected data to ensure the reliability of the data analysis. This can be seen in the research result

interpretation as consistent answers of the interviewees. (Golafshani, 2003, pp. 601-602) Reliability and validity can be also based on conceptualization, it refers to assessing the research and how the conducted research helps to create similar studies with the same research design and methods. Generalizability in this occasion refers to how this type of research can be used in different researches or settings to conduct similar research, it can also refer in case study that empirical results are comparable to used theories. (Eriksson & Kovalainen, p. 304-307, 2016; Saunders et al., p.217, 2023) In this case study the generalizability to other studies can be questioned because this research is based on one case company and its business areas which sets limitations in generalizability. In this research the generalizability refers to the used theoretical framework, and it can be compared to theoretical framework which can give generalizability for other conducted researches if used the same theoretical framework theories to conduct same type of research.

To evaluate reliability and validity in qualitative research following aspects can be assessed. Dependability in qualitative research refers to reliability, it means interpreting research in logically, reliably, traceable, and documented manners. Transferability refers to research external validity, being connectible to previous researches, not replicable, but that it has similarities to other researches it should include description of research question, design, findings, and interpretations so that it can be compared to other researches it could be described also as the research generalizability. Credibility refers to knowledge of the studied topic, is data good enough to support conclusions, is there strong links between observations and categories, is the research repeatable with the same material by some other researcher to agree on the conclusions, it ensures also that answers of the participants are understood correctly and the responds interpret which the participants meant. Conformability refers to linking data and findings together understandably. (Eriksson & Kovalainen, p. 304-307, 2016; Saunders et al., p.218, 2023) In this conducted research dependability, transferability, credibility and conformability can be evaluated based on created research and results. This research aims to fulfill dependability by having documented research procedures in data collection, analysis, and

interpretation of results. Transferability can be justified by linking this study to other similar studies by creating theoretical framework which is based on previous researches. Credibility is ensured with broad enough literature review, theoretical framework, collecting non-bias research data, interpreting the results correctly based on data, and by studying the case company with enough in-depth. Conformability is formed in the interpretation of results by combining collected data to the research results understandably.

To improve validity in qualitative research there can be used process called triangulation. There are different forms of triangulation of research. Triangulation combines several perspectives of conducted research to refine and improve clarity of the research. There can be used either one form of triangulation or multiple forms to improve the validity of the research. Triangulation aims to prove research data, analysis, and interpretations validity. (Eriksson & Kovalainen, p. 305-307, 2016; Saunders et al., p.218, 2023) In this research the triangulation method used is data triangulation. When using two sources of qualitative data these can be compared to prove the data collection and analysis validity by creating consistent results based on two sources of collected data.

4 Findings

In this chapter the empirical research findings of this study are interpreted as how Case Company X employees, managers, and CEO experience current situation of how company strategic focus, business activities, and business processes are organized and led. This chapter aims also to interpret how company is taking advantage of its resources, what type of dynamic capabilities company has and how it is creating them, what are the main business activities, what are these activities core business processes and how they are managed, and how company cost structure is formed and what type of profitability patterns occur for business area A, B, and C activities. This is supported with available secondary data from company Data Management System (DMS) and Enterprise Resource Planning (ERP) system.

4.1 Current strategy, strategic focus, customers, and customer centricity

First four questions of this research aim to help create a deeper understanding of the current strategy, strategic focus, customers, customer value creation, customer centricity, strengths and weaknesses of the studied business areas A, B, and C. The interview first four questions were following:

1. What is current strategy of the company and how is strategic focus aligned with business processes and operations in business areas A, B, and C?
2. What type of customers does company have and what are the number of customers in each business area A, B, and C? And how are the most important customers recognized and segmented?
3. How is customer value created in the company and is customer centricity adopted in business areas A, B, and C?
4. What are the strengths and weaknesses of the company business areas A, B, and C and how are they identified?

In all business areas, research findings indicate that company strategy is unclear and that these business areas do not have strategic focus according to the respondents. Strategy and strategic focus are not aligned with business processes or operations.

“No clear strategy, no strategic focus, implementation of strategy is not made in any of these three business areas.” (I1)

Secondary data (DMS) findings indicate that company has a strategy but as the current strategy remains unclear as findings suggest that implementation of strategy has not been successful as primary data points out also this point of view. Findings from secondary data indicate also that a clear strategy for all business areas has not been made, they are rather a part of larger entity which can cause strategic goals to remain unclear as clear goals and objectives are missing from current strategy. These secondary data findings support the primary data findings.

Findings from primary and secondary data (ERP) indicate that in all business areas customers are business-to-business (B2B) customers and there exists limited number of customers. Customers are different size companies, which includes also large customers, this can have impact on company and risks can occur if changes occur in customer needs. Customer sizes could be identified also from secondary data (ERP). In business area B it was recognized that customers could be acquired and there could be unlimited number of customers and in business area C primary data findings indicated variation in the possible number of customers, majority of respondents answered that number of customers is still limited. It can be identified from primary and secondary data (DMS) findings that no recognition or segmentation is made for customers systematically, even if it was mentioned that it should be done. According to primary data findings in business area A customer recognition and segmentation was started but this project was left unfinished. This has not been started in business areas B and C. As primary data findings also indicate business area A customers are clearer for respondents as in business areas B and C there is a variation in number of customers which indicates that recognition or segmentation is not done.

“B2B customers, with a limited customer base. All size of B2B customers and large customers whose impact or risks can be significant for business.” (I8)

Customer value is created in business area A through distribution volume, reliability, pricing, and quality of products. In business area B Customer value is created through service availability and quality, and that company offers these services based on customer needs. Business area B infrastructure can be held also as a customer value-adding factor. In business area C customer value creation findings indicate that customer value is created through improved processes and execution of activities, and by provided services. No secondary data was available on how customer value is created in any of these three business areas.

“In business area A Customer value is created by distribution of the products and volume added with distribution reliability but also with quality and reasonable pricing.” (I8)

“In business area B Customer value is created through service availability and quality. Service offerings entirely on customer needs.” (I3)

Research findings regarding customer-centricity indicate that it is not a daily basis in any of the business areas A, B, and C. It was stated in the interviews that company has not adopted customer-centricity, and its operations are not currently customer-centric. Company is currently providing services and products rather than focusing on its customers. Regarding customer-centricity, primary data findings indicate also that to some extent it exists, but it is rather seen as employee dependent. From secondary data (DMS) findings customer-centricity could be found as a part of current strategy as for example that company understands customer needs and has cooperation, but as implementation of strategy has failed the interview results indicate the current situation of customer centricity in the Case Company X.

“Operations are not currently very customer-centric, it is more about providing services than creating customer relationships.” (I8)

As next part of company current situation analysis is to get an understanding of internal strengths and weaknesses in business areas. Based on the research, findings from primary and secondary data strengths and weaknesses are following for each business area:

Strengths:	Weaknesses:
<ul style="list-style-type: none"> • Human resources skills, competence, and flexibility • Stable customers • Delivery reliability • Monopoly 	<ul style="list-style-type: none"> • Lack of preparation and innovation • Lack of systematic development and maintenance • Monitoring and measuring sales volume and resource capacity • Old infrastructure • Limited number of customers and customer risk • Low growth possibilities

Table 2. Business area A strengths and weaknesses.

Strengths:	Weaknesses:
<ul style="list-style-type: none"> • Good level of resources • Knowledge, skilled and competent personnel • Self-sufficiency • Almost monopoly, difficult to enter these markets by competitors 	<ul style="list-style-type: none"> • Management of human resources • Weak resource planning • Not clear responsibilities • Lack of preparation • Limited growth potential and no continuous growth

Table 3. Business area B strengths and weaknesses.

Strengths:	Weaknesses:
<ul style="list-style-type: none"> • Some services are monopoly • Human resources • Knowledge of environment • Complete service offering 	<ul style="list-style-type: none"> • Internally unclear service offering • Competition occurs • Clear responsibility areas missing • Resource allocation and adequacy • Weather dependency

Table 4. Business area C strengths and weaknesses.

4.2 VRIN-O resources, collaboration, and knowledge sharing

In this section the Case Company X resource-based view resources are identified based on the interviews conducted and available secondary data. Resources are identified

based on the valuable, rare, inimitable, and non-substitutable or organizational resources, the VRIN-O resources which are important for company success and for further analysis to propose initiatives for strategic focus in different business areas. To identify business areas A, B, and C VRIN-O resources following questions were asked in the interviews:

1. What are the most important resources, capabilities, and competencies within business areas A, B, and C? What type of isolation mechanisms do these resources, capabilities, and competencies create against competition?
2. Does the company have knowledge sharing and collaboration in business areas A, B, and C and are these extending and improving company resources, capabilities and competencies?

4.2.1 Business area A

In this part of the study the goal is to identify resources, capabilities, and competencies in business area A which can be considered VRIN-O resources and create competitive advantage for business area A. These resources, capabilities, and competencies with VRIN-O attributes are based on primary and secondary data findings following:

- Permits and regulatory assets
- Business area A products
- Infrastructure and distribution network

Based on research primary data findings, there were also identified other resources, capabilities, and competencies which are important for case company daily operations. After closer examination into isolation mechanisms, it can be identified that these other resources, capabilities, or competencies do not have VRIN-O attributes. These are, for example, human resources, subcontracting, local knowledge, and maintenance operations. Human resources could be considered as a VRIN-O resource if employee changes occur often, but if changes do not occur constantly, it is not a VRIN-O resource. Other capabilities and competencies do not have VRIN-O attributes. From secondary data (ERP)

it can be found that this business is creating competitive advantage based on the business area A profits which occur from selling these products. Below findings from interviews:

“Distribution network, permits, subcontracting, human resources.” (I8)

“Human resources, maintenance materials/capabilities, local area knowledge, functioning in exceptional situations, professional skills and experience.” (I9)

As primary data indicates, isolation mechanisms in this business area which were identified are permits which are restricted, products, existing infrastructure and distribution network, these all combined create a monopoly in sales and distribution of business area A products which creates barriers for competitors to entry markets. These products cannot be substituted by customers because there is not another supplier for business area A products. Business area A can be considered to have very strong VRIN-O attributes and are critical to company and business area A success.

“Infrastructure, distribution network, and permits.” (I8)

In business area A, primary data findings indicate that knowledge sharing and collaboration exists with different stakeholders such as subcontractors, suppliers, and customers. It is stated that it does not exist as much as it could and it would be a possibility to improve and increase knowledge sharing and collaboration to benefit from it even more. It can be identified from secondary data (DMS) also that systematic collaboration exists with consultants, customers, and suppliers and in some areas, it does not exist as much, for example with subcontractors. It has been recognized that knowledge sharing and collaboration improves company own resources, capabilities, and competencies within this business area if knowledge sharing and collaboration occurs. There are also identified barriers to improve and increase knowledge sharing and collaboration and this is that there exists a threshold to start collaboration with new stakeholders.

“Some knowledge sharing and collaboration exist and it extends and improves resources and capabilities within this business area.” (I1)

“Collaboration is utilized within this business area, and this could be used even more. There is a high threshold to start cooperation.” (I5)

As mentioned in primary data findings, subcontractors were one of the important resources in this business area as the subcontractors take care of certain operational activities. This can be supported by secondary data from ERP and DMS. This should be taken into consideration when choosing subcontractors and exploiting collaboration and knowledge sharing.

4.2.2 Business area B

Aim of this part of the study is to identify based on research findings business area B resources, capabilities, and competencies which create competitive advantage and fulfil the VRIN-O resource attributes. Based on research findings these resources, capabilities, and competencies are as follows:

- Human resources and employee skills
- Infrastructure

As primary data findings indicate existing infrastructure, and human resources can be considered as crucial resources to provide services in business area B. This can be supported by secondary data from ERP as human resources and infrastructure resources generate majority of annual turnover for this business area. All interview findings support secondary data findings as well, as all respondents who answered this interview question had the same answer to business area B most important resources, capabilities, and competencies, below evidence from interview findings.

“Human resources, Infrastructure, and equipment.” (I2; I3; I4; I6; I7; I8)

It can be stated based on findings that both human resources and infrastructure need to exist to be able to produce business area B services because of this they are resources

with VRIN-O attributes. Equipment's are not resources which fulfils the VRIN-O attributes in this business area as these can be purchased and substituted if necessary.

These resources, capabilities, and competencies create following isolation mechanisms as primary data findings indicate. Human resource skills and knowledge are an isolation mechanism and a critical source of competitive advantage in this business area because of the requirements for employees and their skills. By having employees with knowledge and competence company creates isolation with employee skills compared to competitors, which creates competitive advantage and improves company position on the markets. Critical infrastructure can be held as an isolation mechanism, because by owning infrastructure to produce these services it creates isolation compared to competitors. This hinders the competition crucially as competitors would need to invest in infrastructure to enter markets. As primary data indicated, laws and regulation create also isolation to some extent, permits needed to produce similar services can be applied if requirement by laws and regulation is fulfilled. In this case it is not necessary a monopoly but as stated by respondent number 8 this business area services could be held as exclusive rights to produce these services for customers.

“Human resources are crucial part of creating competitive advantage.” (I2)

“Knowledge of the area promotes competitiveness.” (I4)

“Company is self-sufficient in resources and capabilities, which creates isolation. The personnel's skills are very broad. Laws and regulation create some isolation in this business area.” (I6)

Primary data findings indicate that knowledge sharing and collaboration exists a lot between different stakeholders in business area B. These findings can be also found from DMS to support that there is knowledge sharing and collaboration in this business area and it is also documented. It was also mentioned that more information could be available if there would be more willingness and openness to receive information from outside the company to improve own knowledge.

“Knowledge sharing and collaborations exist. Collaboration with external parties improves own resources and capabilities.” (13)

“Collaboration exists as operative work is conducted by subcontractors.” (17)

As stated above, in this business area collaboration is used to extend company own resources, capabilities, and competencies for being able to offer this business area services for customers. When the dependency of subcontractors is high it makes collaboration crucial as well as supplier evaluation and how they are chosen. This means for Case Company X in business area B that relationships need to be maintained.

4.2.3 Business area C

In business area C primary data findings indicate resources, capabilities, and competencies which create competitive advantage and have VRIN-O resource attributes are based on findings are following:

- Infrastructure
- Organizational resources

Primary data findings indicate that these resources create competitive advantage because the existing infrastructure which is not replaceable is owned by company, and organizational resources have created service model which offer several supporting services from one supplier which creates competitive advantage as company can offer large-scale services in business area C. Other resources, capabilities, and competencies which were mentioned such as subcontractors and suppliers are not VRIN-O resources in this business area because they do not fulfil the attributes of VRIN-O resources.

“Human resources, subcontractors/suppliers/stakeholders.” (12; 14)

“A part of this business area includes infrastructure services which cannot be replaced. Other activities can be substituted and has competition.” (18)

Primary data findings indicate that these resources, capabilities, and competencies create isolation through organizational resources such as human resources, knowledge of customers and operating environment, and infrastructure in this business area. This is a more competed business area, and operators can be changed based on competition this means that creating competitive advantage and isolation mechanisms are critical to be able to compete in this business area.

“Service value creation for customers is only isolation mechanisms.” (I1)

“Human resources are a crucial part of creating competitive advantage.” (I2)

For this business area, based on primary data findings collaboration and knowledge sharing are crucial to be successful. Knowledge sharing and collaboration was mentioned to not be on a good level, and this can be identified from interview answers. It was brought up in interviews that it has improved but collaboration is mostly employee dependent, but as a positive sign it was also mentioned that in this business area there are more opportunities to utilize collaboration. From secondary data (DMS) there could be identified in some activities collaboration, but findings were restricted to mainly one activity. Primary and secondary data findings indicate that knowledge sharing and collaboration in this business area is not systematical even if it is crucial for company to offer these services.

“In business area C knowledge sharing and collaboration has improved but it still depends a lot on people if knowledge sharing and collaboration happen.” (I1)

4.3 Dynamic capabilities identification and creation

In this section Case Company X dynamic capabilities are identified to get a deeper understanding of how company creates and what company dynamic capabilities are in business areas A, B, and C. This section interview questions were based on three key aspects of dynamic capabilities, these questions were based on how company is sensing, seizing, and transforming based on market, customer, and technological changes. Following questions were conducted to be able to identify company dynamic capabilities:

3. How is company sensing new opportunities, threats, and changes in markets, customer needs, and technologies and how is company (seizing) creating value from these sensed new opportunities?
4. How is company prepared to transform based on sensing and seizing new opportunities and if changes occur in markets, customer needs, or technologies?

Primary data findings indicate that across all business areas sensing can be described as employee dependent, it could be stated that company employees sense possible opportunities, threats, and changes but are not seizing these opportunities to create effectively dynamic capabilities. Regarding dynamic capabilities, there could not be found any information from secondary data sources. As these primary data findings indicate there has not been established systematic approach for creating dynamic capabilities for sensing and seizing opportunities, threats, changes in markets or technologies. Company tries to benefit from opportunities and create value where these opportunities occur which indicate that dynamic capabilities are based on employees capabilities and competence and this is benefitting company as dynamic capabilities.

“There is no structured process for sensing. Sensing is mainly made by individual employees of the company.” (I1)

“Company aims to create value where possible and utilize opportunities.” (I8)

As findings from primary data suggest company is not prepared to transform based sensing and seizing opportunities in any business areas, and it is not prepared systematically to be ready for changes as research findings indicate. It was stated in interviews that company approach is reactive, and things are done, when necessary, as interview answers below indicate.

“No clear strategic approach on to transform based on opportunities or changes if they occur just quick reactive decisions are usually made.” (I2)

“Company is not prepared to transform. There is adapted reactive behavior to changes. No systematic way to transform based on observations.” (I9)

Company has to some extent dynamic capabilities in all business areas, but they are heavily relying on independent employees and company itself does not have or create systematically dynamic capabilities as it relies on employee professionalism and skills to sense opportunities, threats, and changes. As findings indicate there is a clear lack in seizing and transforming, in this case it can be stated that Case Company X does not have strong and systematic dynamic capabilities.

4.4 Identification of business activities, costs, and profitability

In this study Porter’s value chain was used to identify business activities within business areas A, B, and C to be able to identify primary and supportive activities and to find which activities create value and where inefficiencies possibly occur. As a goal for this section was to create an understanding of business areas cost structures and profitability patterns. Cost structures and profitability patterns were identified through interviews and company ERP system. There were also calculated based on financial data Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA-%) and Earnings Before Interest and Taxes (EBIT-%) to interpret financial performance of business areas in percentages. Following interview questions were conducted to identify them:

5. What are the primary and supportive activities in business areas A, B, and C and how are these activities creating value and does there exist inefficiencies?
6. How are the product or service costs monitored and analyzed, are these costs which occur for product or services clear?

Business activities, value creation, inefficiencies, and business area cost structure and profitability pattern findings interpreted for each business areas A, B, and C.

4.4.1 Business area A

In business area A there could be identified based on primary data findings following primary activities, supportive activities, value creation, and inefficiencies.

Primary activities:	Supportive activities:
<ul style="list-style-type: none"> • Permits and regulation • Procurement and sales of products • Distribution 	<ul style="list-style-type: none"> • Maintenance • Procurement • Distribution infrastructure • Company infrastructure • Human resources • IT • Contractors and subcontractors
Value creation:	Inefficiencies:
<ul style="list-style-type: none"> • Delivery and distribution reliability • Quality of products • Supplier between different stakeholders 	<ul style="list-style-type: none"> • Maintenance • Resource allocation and availability • Measuring and monitoring

Table 5. Business area A value chain findings.

The cost structure was identified from primary data and secondary data (ERP) findings. Primary data findings indicate that cost per product or service was not clear for all respondents but for some respondents it was stated to be fairly clear. Currently company follows costs based on each cost center and there is not done detail level product cost following. Findings indicate that cost analyzation is dependent on employees, and it was also stated that current systems make it hard to follow costs on a detailed level as company systems are not supporting detailed cost following. In general company follows this business area results monthly and yearly, but not on a very detailed level and following is mostly done to follow how profit is forming.

“Costs are not clear. Costs are monitored by cost center, not by product or service. Current systems make product/service-level tracking difficult. Progress has been made at cost-center level following.” (18)

“In business area A costs are fairly clear, expenses are monitored and can be allocated per product at a high level. Costs are not entirely clear—about 90% of costs are understood. (19)

As secondary data findings from ERP indicate in business area A costs can be identified based on products 1, 2, 3, and 4 and EBITDA and EBIT is possible to calculate for each product but as stated it requires work to find correct information from company ERP, but secondary data findings (ERP) indicate that cost allocation is well done in this business area. Business area A profitability patterns are based mainly on selling different products. Pricing is based on basic fees and on usage fees per purchased product. Below findings are interpreted based on year 2025 financials for each product costs, EBITDA and EBIT.

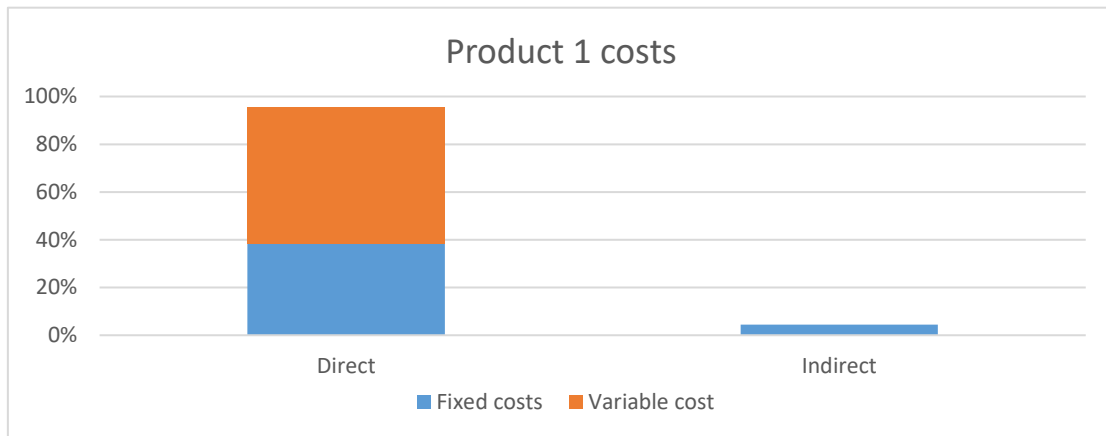


Figure 2. Business area A product 1 costs.

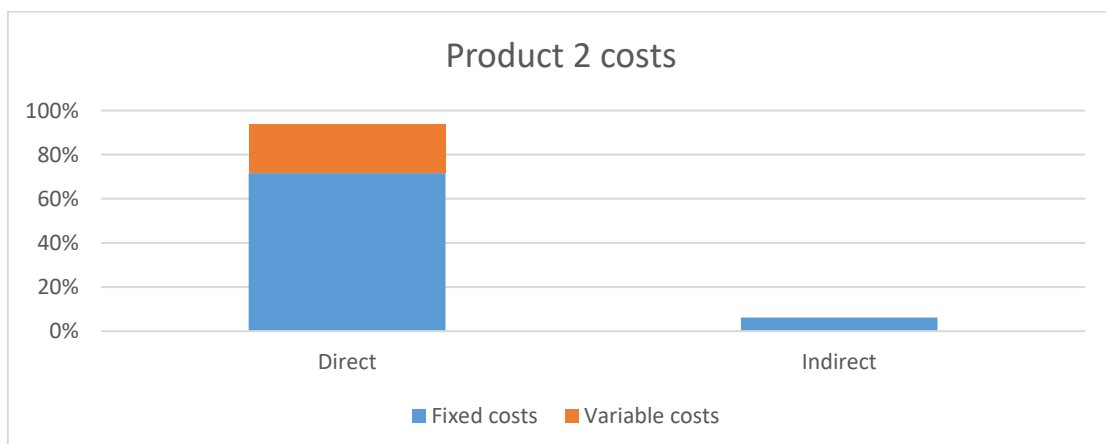


Figure 3. Business area A product 2 costs.

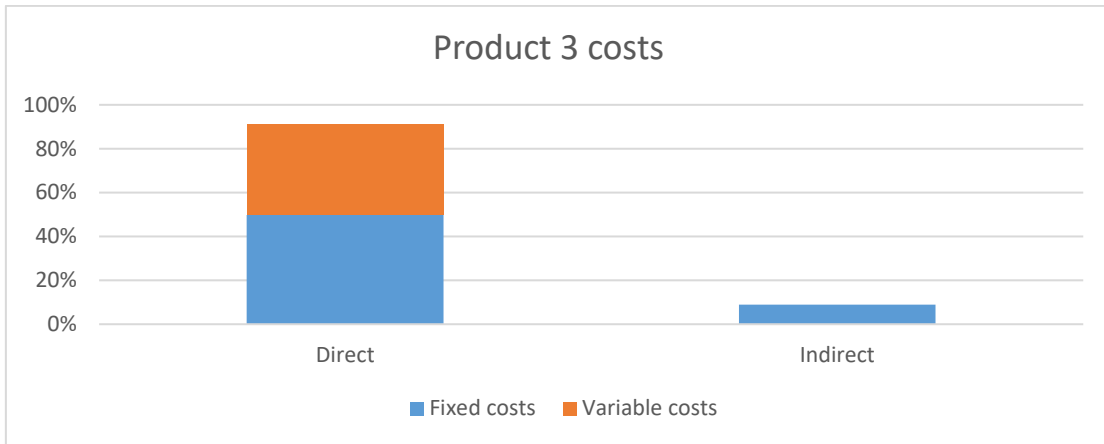


Figure 4. Business area A product 3 costs.

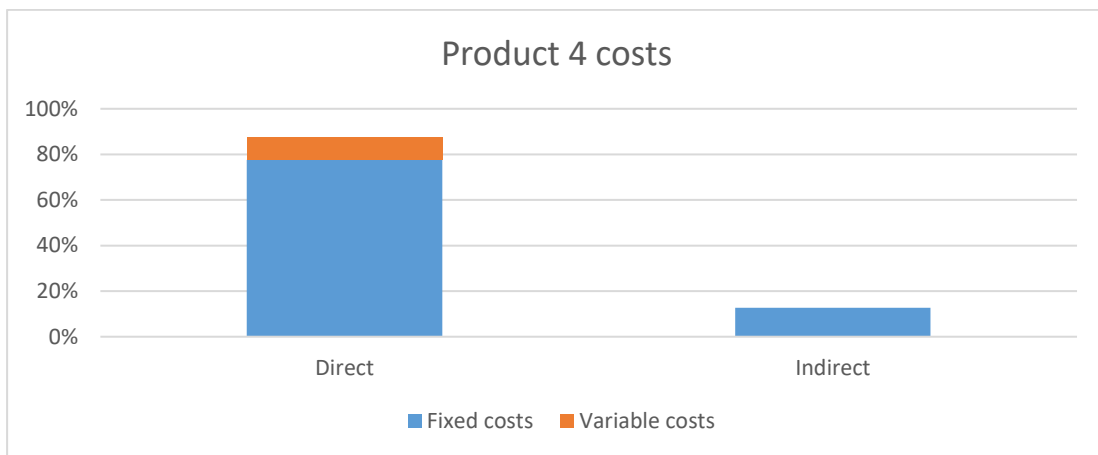


Figure 5. Business area A product 4 costs.

Business area A overall and product EBITDA and EBIT:

- Business area EBITDA-% 15,3 % and EBIT 12,4 %
- Product 1: EBITDA-% 10,3 % and EBIT-% 10,3 %
- Product 2: EBITDA-% 24,1 % and EBIT-% 24,0 %
- Product 3: EBITDA-% 21,9 % and EBIT-% 5,1 %
- Product 4: EBITDA-% 17,8 % and EBIT-% 15,0 %

As a summary, in this business area business activities, which create value, and where inefficiencies occur could be identified from primary data. Direct and indirect costs are clear as well as fixed and variable costs. Cost allocation is made well enough and there exists clear cost centers for products. Based on ERP findings profitability patterns could

be identified as to how different product generates profit, this improves the ability to follow on detailed level costs and profitability, and decisions can be made based on available data.

4.4.2 Business area B

For business area B there were identified based on primary data findings following primary activities, supportive activities, value creation, and inefficiencies.

Primary activities:	Supportive activities:
<ul style="list-style-type: none"> • Operational activities • Human resources • IT • Infrastructure • Sales • Maintenance and service 	<ul style="list-style-type: none"> • Procurement • Company infrastructure
Value creation:	Inefficiencies:
<ul style="list-style-type: none"> • Quality and competence human resources to offer services • Professional partner for companies for offered services 	<ul style="list-style-type: none"> • Reliability of subcontractors • IT and technical side unreliable • Maintenance and service inefficient • Human resource management • Product creation and sales • Operational inefficiencies, time-related and work-related, <i>“because they have always been done this way”</i> thinking

Table 6. Business area B value chain findings.

In business area B primary data indicates that cost structure and cost per product or service is unclear for the respondents. Company does not have processes to monitor or analyze costs systematically in this business area. Monitoring costs on more detailed level has been considered as a difficult time-consuming task which indicates issues in systems and processes. Cost monitoring is based on individual employees and costs handling and to which cost center costs are allocated can vary. Below are primary data findings to support interpretation.

“Costs and results are monitored monthly; everyone looks at their own responsibility area’s costs. No analysis is done. Some costs are clear, but not all indirect costs.” (14)

“Costs are monitored by business areas. Costs are not known accurately—what each service or product costs. A lot of work is required to get total costs from systems. Cost formation is unclear and analyzing how they form is difficult. Cost allocation should be improved to enable more accurate cost monitoring.” (16)

Secondary data (ERP) findings indicate the same as primary data findings, costs and incomes are not easy to divide for primary and supportive activities or what costs are direct or indirect costs. This would require a lot of work and knowledge of the business area to be able to divide business area costs correctly. Both incomes and expenses are allocated based on the research findings in a way which makes financial data analyzation difficult through ERP for different operative activities. Because of this, costs are identified in this study based on whole business area. There are several income patterns but identifying profitability patterns from incomes and costs for each operative area and product in this business area is not possible as incomes and costs are not possible to define from ERP data and require a deep understanding of this business area and its services and products. It can be stated that business area B services and products create profitability but how it creates remains unclear, below for support EBITDA-% and EBIT-% based on 2025 financials from business area B.

- Business area B: EBITDA 9,0 % and EBIT 5,7 %

In figure 6 business area B costs for whole business area are divided to direct, indirect, fixed, and to variable costs. To embody how cost is forming in business area B.

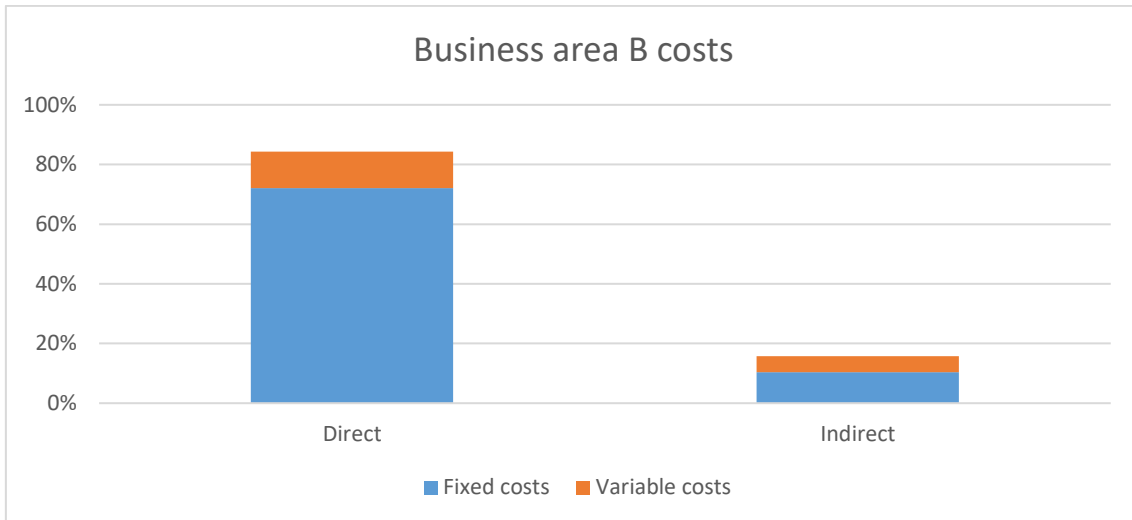


Figure 6. Business area B costs.

As a summary of primary and secondary data findings, business activities, value creation, and inefficiencies could be identified. Cost and income allocation have clear inefficiencies also because how costs and incomes are formed and allocated is unclear and highly employee dependent. This indicates that company is not necessarily aware of all costs and how these are forming and it can cause issues for sales as costs are not clear. Service and product profitability patterns cannot be identified with current ERP data and to improve profitability these should be identified, this would require processes and improvements into income and cost allocation. Both primary and secondary data findings indicate that decision making based on financial data in this business area is not possible with current available ERP data.

4.4.3 Business area C

In business area C there could be identified from primary data following primary activities, supportive activities, value creation, and inefficiencies based on research findings.

Primary activities:	Supportive activities:
<ul style="list-style-type: none"> • Operational activities to produce services • Subcontractors • Sales • Maintenance 	<ul style="list-style-type: none"> • Procurement • Company infrastructure • Human resources • IT
Value creation:	Inefficiencies:
<ul style="list-style-type: none"> • Service offerings which company cannot buy elsewhere • Service scale 	<ul style="list-style-type: none"> • No clear responsibility areas internally • Human resource allocation • Operations should be clearly defined and how operations are executed • Not clear product portfolio defined what company offers

Table 7. Business area C value chain findings

Based on primary data findings, how costs occur in this business area are unclear, even if findings indicate that cost following in this business area has improved. Primary data findings indicate that cost per product or services is not clear or does not exist. There could not be any processes or methods identified in this business area for cost monitoring. This creates an assumption that profitable sales of these products or services can be challenging and to analyze how different activities generate costs can be challenging.

“Cost per product in business area C is not clear.” (I1)

“Improved following of costs, how and what creates costs.” (I2)

Based on secondary data findings from ERP it could be stated that costs and cost allocation is not clear based on product or services, which indicate also that these costs remain unclear for each cost center as well. Because of these findings business area C costs are identified based on whole business area in this study. Profitability patterns for each service and products were not possible to analyze because cost and income allocation is not done correctly for each cost center, which makes it impossible to analyze ERP data on product or service level. It can be stated that profitability is not at a good level based on EBITDA and EBIT findings.

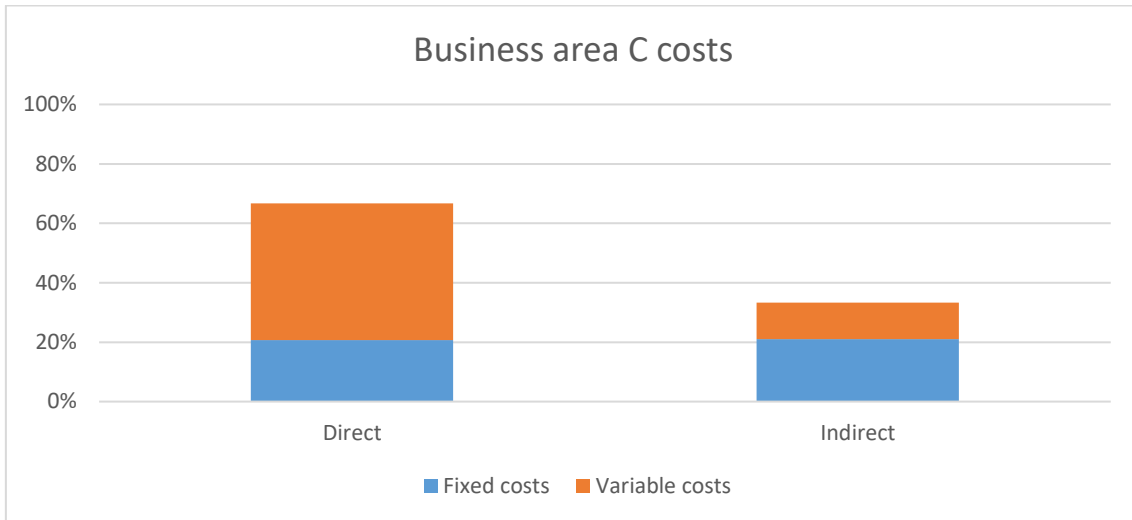


Figure 7. Business area C costs.

Business area C EBITDA-% is 5,6 % and EBIT-% is -14,3 %, based on 2025 financials. This was identified from secondary data (ERP).

As a summary based on primary and secondary data findings it can be considered that inefficiencies occur in this business area but also lack in understanding how costs are generated and which type of profitability patterns occur in this business area. This indicates inefficiencies in income and cost monitoring as well. It is not possible to make decisions based on financial data in this business area.

4.5 Business processes in Case Company X

In this part of the study research findings are interpreted regarding business areas A, B, and C key performance indicators, core business processes, how they are managed, what is the maturity level of these processes, and are these processes currently been optimized in any manners as a part of this section was also to identify how these processes are measured and how company resources are allocated. Interview questions regarding these topics were following:

7. What are the key performance indicators (KPI) for business areas A, B, and C?
8. What are the core business processes of these business activities and how are processes managed?
9. What is the maturity level of business processes in business areas A, B, and C?
10. How are these processes optimized, is there particular methods, innovation, data used to optimize these processes in terms of time, costs, quality, and flexibility?
11. How is the resource allocation made for these core business processes?

Key performance indicator findings were interpreted for all business area A, B, and C in general and otherwise findings are interpreted for each business area A, B, and C separately.

4.5.1 Key performance indicators (KPI)

Based on the primary data findings company has no clear key performance indicators, but as these findings indicate there are some performance indicators which have been used as they were recognized in interviews. These two recognized performance indicators are company profit and earnings before interest and taxes (EBIT). Otherwise interviews clearly indicate that there are not existing any key performance indicators, but as a positive sign in the interviews it was mentioned that these would need to be created so willingness to create them exists. Research findings can be generalized for all business areas A, B, and C because all research findings indicate the same results.

“Company doesn’t have KPI’s. Only KPI is the total result EBIT/Profit. Clear lack in KPI’s.” (11)

Secondary data (DMS) findings indicate that in current strategy there are named performance indicators which are following:

- *Customer need mapping: 25 companies per year*
- *Complaint processing time: 1 day*
- *Customer satisfaction: 4/5, on scale 1-5*

- *Supplier satisfaction: 4/5, on scale 1-5*
- *Improving of skills: over 7000 participants per year*
- *Media visibility improvement*

No identification from secondary data (DMS) could be made that these yearly goals or performance indicators are followed or documented in company.

4.5.2 Business area A

In this business area primary data findings indicate that there exist some processes, but there are not yet existing effective processes for all operations. For business area A there are described following core business processes:

- Distribution
- Maintenance; preventive and corrective maintenance
- Permits
- Network management
- Capacity management
- Sales processes

As primary data findings indicate these processes are the core processes for business area A. From secondary data there could not be identified data regarding, for example process descriptions for these core processes. Below are the findings from interviews for core business processes to business area A:

“Distribution network preventive and corrective maintenance.” (15)

“Network management, capacity management, permit processes.” (18)

“Distribution—company does not manage operations through processes; it is person-dependent reactive and proactive work. Agreement processes are existing and are reviewed regularly.” (19)

Primary data findings indicate that these processes are not well managed in this business area. As there was mentioned following:

"No managing of business processes." (I1)

"Operations are not well-led; some forecasting exists, but mostly reactive." (I8)

Business Area	Reported Maturity Levels	Details from Interviews
A	1, 2, 3, 4	<p>Overall level (average): 2,1</p> <p>Level 1: (I3)</p> <p>Level 2: (I1, I2, I4, I9, I6)</p> <p>Level 3: (I1, I8)</p> <p>Level 4: (I5)</p>

Table 8. Maturity levels of business area A core processes.

Based on the interviews findings which are presented in table 8, business area A average level of business processes maturity is 2,1 which was described in interviews as follows:

Basic processes are established so they have stability in performance, and these processes are repeatable but although these processes can have various ways of execution.

This indicates that there are not standardized processes as the process descriptions are missing for different operations across this business area. Even though some processes were described as that they would be standardized. There could not be found from secondary data (DMS) how these processes would be measured except sales where data exists, but on other hand these processes can be developed based on experiences. As primary data findings indicate some processes are on a standardized level and based on best practices and they can be developed based on measuring and experiences such as for example sales of the product, other processes are based on the findings from primary and secondary data on level 2 as there are clearly missing written guidelines for processes and as stated in interviews these processes are dependent on employees how they are executed.

In business area A, primary data findings indicate that optimization is done based on data if there is data available and it can be considered that optimization is not necessarily done at all or it is done by small improvements, no methods are used for optimization of processes. It can be considered that in business area A there is not existing innovation. Primary data findings indicate also improvement aspects such as more data could be created and maintenance processes could be improved and optimized.

“Very little optimization, realistically limited possibilities. Maintenance processes could be developed, and more use of data could be adapted. No innovation in this business area.” (I8)

“No systematic optimization. Up-to-date data is maintained, but there should be processes and methods defining when and what should be done.” (I9)

Primary data findings indicate that resources have been allocated differently to have support resources in certain areas and to reduce employee dependence in activities. It is also stated in interviews that resources are sufficient for this business area.

“New allocation of resources, so that activities would have more than one employee who knows of business activities and their execution.” (I8)

“Business area A have adequate resources but no extra resources if something happens.” (I9)

4.5.3 Business area B

In business area B primary data findings indicate that all operations do not have clear processes and some operations are based on established practices not on processes. It has been mentioned that instructions exist for these practices but updating them is not done systematically. Primary data findings indicate also that operational management is unclear, and internal processes are not followed even if they should, this affects business area operations negatively and that internal processes and responsibilities should be made clearer. From resource perspective there is stated in primary data findings that for

current operations there are enough resources, and with this number of resources it is stated that it would be possible to even grow operations. In this business area regarding findings, core business processes are described as follows:

- Safety and security operations
- Sales
- Procurement
- Operations supervising

Below are primary data findings to support the core process identification and to identify possible development opportunities. Development opportunities were brought up also in the interviews and these can be considered as useful aspects when answering the research question.

“Safety and security, sales, and procurement processes.” (13)

“Internal processes are not followed or do not exist it affect operations negatively. Internal processes and responsibilities must be made clearer.” (13)

“Sufficient personnel resources for broader capacity. Operational activities are kept in-house through supervising operations, even though the work is carried out via subcontracting.” (18)

Primary data findings indicate that these business processes are not well managed and it leads to reactive way of working. Reasons for this could be following which can be identified from findings as there exists unclarity in terms of management and organizational structure, it is considered also that in this business area there are too many possibilities for employees to choose what they want to do. As interview findings indicate following.

“Biggest problem is the organizational structure and that employees choose themselves who manages what in this business area.” (16)

“Operations are not well-led; some forecasting exists, but mostly reactive.” (18)

Business Area	Reported Maturity Levels	Details from Interviews
B	1, 2, 3	Overall level (average): 1,8 1 (I1, I3) 2 (I2, I4, I6) 3 (I8)

Table 9. Maturity levels of business area B processes.

Based on primary data findings business area B maturity levels are interpreted in table 9, it can be identified that processes average maturity level is 1,8. Which indicate that business processes are even a bit under level 2 in maturity on average. Which indicates following:

Basic processes are established so they have stability in performance, and these processes are repeatable but although these processes can have various ways of execution.

Based on secondary data (DMS) findings there are a lot of instructions on how things should be done and there are also established practices to take care of work, but all these are not documented. In this case it was mentioned that management roles are unclear and this effect operations negatively. Findings indicate that maturity level combined with answers of how processes are managed leads to following assumption that in this business area the processes probably would be created and developed easily but this business area is not led clearly and there are issues in management and organizational structure. It was also stated that processes are not followed and responsibilities are unclear. As a result, based on the findings business processes are not mature and do not work as optimally as they could and when responsibilities are unclear there is a clear lack in who is responsible for developing these processes.

In business area B interview findings indicate that there has been made optimization in sales processes but there is no optimization of other processes in terms of time, cost,

quality, and flexibility. It is considered also that there is no measuring of process performance in this business area to be able optimize and develop processes based on data. Innovation is considered that it exists and does not exist. This is hard to measure clearly, but it could be stated that some innovation has been made but it is not systematic or continuous. In one answer there was answered that optimization is done constantly on operative side, this statement indicates that it is dependent on employees if it is done or not when executing operative work.

“Processes are not optimized.” (I3; I4)

“There is always an effort to optimize operations. There could be indicators if things were done continuously.” (I7)

“Sales optimization through sales increase, results-driven operations. No innovation in this business area. Quality and flexibility considered in optimization. No knowledge of measurements used.” (I8)

In business area B it has been stated that this business area has too many resources and allocation is not clear enough and that overlapping exists in operational resources and it should be removed. It is also stated that certain roles have been assigned but they do not match with business area actual needs.

“In area B, certain roles are assigned but not matched to actual needs.” (I4)

“Operational resource allocation overlaps should be removed.” (I6)

“Too many resources and allocation not clear enough.” (I8)

4.5.4 Business area C

In this business area, findings indicate that there are no clear processes established for all operations. Some parts of this area have business processes. It is also stated that in this business area it is unclear what is included in this business area as services and products. This probably reflects the number of listed core business processes. Below is business processes listed based on interview findings:

- Area maintenance
- Infrastructure

Secondary data indicates that this business area includes a lot of different services. Based on the interview findings and secondary data findings from DMS, it is not clear what operations are included in this business area and what these processes are. As interview findings indicate there are not existing processes to execute these operations to offer business area C services. Below are the findings from primary data:

“No clear core processes have been created, though they should be.” (I4)

“Infrastructure have clear processes that can be managed” (I8)

Research findings indicate that in this business area operations are not well managed, but when compared to available resources for this business area it can be considered to be decently managed as interview responses indicate.

“Company is well managed in these processes with the current resources.” (I2)

“Operations are not well-led; some forecasting exists, but mostly reactive.” (I8)

Business Area	Reported Maturity Levels	Details from Interviews
C	1, 2, 3	<p>Overall level (average): 1,8</p> <p>Level 1: (I1, I2, I3)</p> <p>Level 2: (I1, I2, I3, I4, I6, I8)</p> <p>Level 3: (I2)</p>

Table 10. Maturity levels of business area C processes.

In business area C maturity level of business processes as findings indicate in table 10 are on level 1,8. This indicates following:

Basic processes are established so they have stability in performance, and these processes are repeatable but although these processes can have various ways of execution.

In business area C the challenges based on findings are that this business area is the most unclear in business portfolio. Some of these business area operations have processes and some do not at all. Challenges occur in the variety of services and in lack of processes which would be documented. From secondary data (DMS) it can be identified what these services are, but what these include and what are the processes to execute them are not as clear as they should be. It could be stated that to manage these operations it needs area knowledge and understanding of established practices.

In business area C it is stated that optimization is made basically through cost optimization only. Even if there were stated that lean methods have been used, main understanding is that optimization is not based on processes it is based on cost savings and improving sales with the aim to maintain the quality of provided services. Even if the lean method has been used for optimizing processes it can be done and analyzed with these basics, but the question is how these findings are implemented effectively to operations.

“In C business area cost wise optimization in some operations. (I1)

“Optimization in sales. Quality is maintained as much as possible.” (I8)

In business area C it is stated that this business area has many resources, but there is no clear business process ownership taken by these allocated resources. It was also stated that these resources should be allocated more clearly to core activities and processes in this business area than they currently are.

“In business area C resources should be directed to core activities rather than supporting activities.” (I4)

“Many resources, but no clear process ownership.” (I8)

4.6 Summary of findings

In this chapter the research findings have been summarized to interpret business areas A, B, and C key findings into a summary and to illustrative tables to interpret the key findings to answer this study research question for each business area. Findings of research were interpreted for each business area to be able to interpret the key findings for each business area but also to be able to show based on comparison how these business areas compare between each other as they have unique features.

In table 11 the key findings are interpreted from resource, capability, competence, and collaboration aspect to summarize section 4.2 findings. From primary data it could be identified VRIN-O resources which creates competitive advantage and create isolation mechanisms against competition in business areas and how collaboration exists and how valuable it is on various levels in business areas A, B, and C, as these findings indicate collaboration extends company own resources.

Summary of section 4.3 dynamic capabilities findings are interpreted also in table 11. As findings indicate in all business areas A, B, and C dynamic capabilities are employee dependent, seizing is done based on customer needs and there is not existing preparing for transformation based on sensing and seizing. Company has no processes or systematic creation of dynamic capabilities.

Findings	Business area A	Business area B	Business area C
VRIN-O resources	<ul style="list-style-type: none"> • Permits and regulatory assets • Products • Distribution network 	<ul style="list-style-type: none"> • Human resources and employee skills • Infrastructure 	<ul style="list-style-type: none"> • Infrastructure • Organizational resources
Collaboration and knowledge sharing	<ul style="list-style-type: none"> • Exists with stakeholders • Could be improved with subcontractors. • Extending resources and competence. 	<ul style="list-style-type: none"> • Exists with all critical stakeholders. • Extends and improves own resources, capabilities, and competence. 	<ul style="list-style-type: none"> • Improved but depends on employees • Extends own resources, capabilities, and competencies.
Dynamic capabilities	Sensing is employee dependent. Seizing opportunities based on customer needs. No preparedness to transform. No systematic approach for creating dynamic capabilities.	Sensing is employee dependent. Seizing opportunities based on customer needs. No preparedness to transform. No systematic creation of dynamic capabilities.	Sensing is employee dependent. Seizing opportunities based on customer needs. No preparedness to transform. No systematic creation of dynamic capabilities.

Table 11. VRIN-O resources, collaboration, and dynamic capabilities findings.

In table 12 are interpreted as summary of section 4.4 findings regarding business areas A, B, and C business activities, costs, and profitability. Business areas primary and supportive activities were identified based on primary and secondary data findings. There was identified value creative operations and inefficiencies of business activities. Inefficiencies occurred in business area A mainly in supportive activities, in business area B most of inefficiencies occurred in primary activities, and in business area C inefficiencies occurred in both primary and supportive activities. Findings indicate that there exist also inefficiencies in financial management processes as only in business area A it could be identified product level costs and profitability patterns through ERP. In other business areas it was not possible to do this identification on a detailed level.

Findings	Business area A	Business area B	Business area C
Primary activities	<ul style="list-style-type: none"> • Permits • Procurement and sales of products • Distribution 	<ul style="list-style-type: none"> • Operational activities • Human resources • IT • Infrastructure • Sales • Maintenance 	<ul style="list-style-type: none"> • Operational activities to produce services • Subcontractors • Sales • Maintenance
Supportive activities	<ul style="list-style-type: none"> • Maintenance • Procurement • Distribution network • Company infrastructure and IT • Human resources • Subcontractors 	<ul style="list-style-type: none"> • Procurement • Company infrastructure 	<ul style="list-style-type: none"> • Procurement • Company infrastructure • Human resources • IT
Value creation	<ul style="list-style-type: none"> • Delivery and distribution reliability • Quality of products 	<ul style="list-style-type: none"> • Quality and competent human resources • Professional partner 	<ul style="list-style-type: none"> • Service offerings which are monopoly • Service scale
Inefficiencies	<ul style="list-style-type: none"> • Maintenance • Resource allocation and availability • Measuring and monitoring 	<ul style="list-style-type: none"> • Subcontractors • IT and technique unreliable • Maintenance • Human resource management • Operational inefficiencies • Financial processes 	<ul style="list-style-type: none"> • Unclear responsibility areas • Resource allocation • Unclear definition and executing of operations • Unclear portfolio • Financial processes
EBITDA	<ul style="list-style-type: none"> • 15,50 % 	<ul style="list-style-type: none"> • 9,00 % 	<ul style="list-style-type: none"> • 5,60 %
EBIT	<ul style="list-style-type: none"> • 12,40 % 	<ul style="list-style-type: none"> • 5,70 % 	<ul style="list-style-type: none"> • -14,30 %
Costs/profitability patterns	<ul style="list-style-type: none"> • Product/service level 	<ul style="list-style-type: none"> • Business area level 	<ul style="list-style-type: none"> • Business area level

Table 12. Identification of business activities, value creation, inefficiencies, and financials.

In table 13 it is interpreted summary of section 4.5 business processes in Case Company X. These primary and secondary data findings indicate that in business areas A, B, and C there are not existing key performance indicators. Core processes which existed and were clear and could be identified for each business area. Management of all business areas can be determined to be at a weak level and in business area B there was found that organizational structure does not support process management and there exist

unclear management responsibilities. Average of business process maturity where on low level in all business areas. In business area A there is not currently optimization or innovation and in business areas B and C there was optimization done in certain activities, but no innovation exists. Resource allocation was at a decent level in business area A. In business area B it was found that there are too many resources existing and currently there is existing overlap in responsibilities and resource competence does not match the actual needs of business area B. In business area C there were enough resources but no clear ownership of processes and a lack of clear responsibilities for managers.

Findings	Business area A	Business area B	Business area C
KPI's	<ul style="list-style-type: none"> • No KPI's 	<ul style="list-style-type: none"> • No KPI's 	<ul style="list-style-type: none"> • No KPI's
Core processes	<ul style="list-style-type: none"> • Distribution • Maintenance • Permits • Network and capacity management • Sales processes 	<ul style="list-style-type: none"> • Safety and security operations • Sales • Procurement • Operations supervising 	<ul style="list-style-type: none"> • Area maintenance • Infrastructure
Management of processes	<ul style="list-style-type: none"> • Not well led, mainly reactive operations 	<ul style="list-style-type: none"> • Unclear management • Bad organizational structure • Unclear responsibility areas 	<ul style="list-style-type: none"> • With current resources well managed, but in overall not well led
Average maturity level	<ul style="list-style-type: none"> • 2,1 	<ul style="list-style-type: none"> • 1,8 	<ul style="list-style-type: none"> • 1,8
Current optimization and innovation	<ul style="list-style-type: none"> • No systematic optimization • No innovation 	<ul style="list-style-type: none"> • Sales processes optimized • Optimization occurs in flexibility and quality • No innovation 	<ul style="list-style-type: none"> • Main theme for optimization is in terms of cost reduction and sales improvement
Resource allocation	<ul style="list-style-type: none"> • Enough resources, allocation changed lately 	<ul style="list-style-type: none"> • Resource allocation does not match the actual needs • Overlap in roles • Too many resources • Unclear responsibility areas 	<ul style="list-style-type: none"> • Enough resources • Resource allocation would need to be adjusted and directed for primary activities

Table 13. Findings regarding KPI's, Processes, and Resource allocation.

5 Discussion and conclusions

In this research the aim was to study Case Company X, three biggest business areas measured in turnover. Findings show that in business areas A, B, and C there could be identified core resources, dynamic capabilities, business activities, value creation, inefficiencies, and business processes development opportunities to propose initiatives for Case Company X to answer the research question.

The research question of this study was: How can Case Company X define a clearer strategic focus across its business areas and optimize its operational processes to improve profitability and service effectiveness. This main research question can be addressed through three research objectives which were following: To analyze the current service and business area portfolio of Case Company X using ERP data and stakeholder feedback, identifying profitability patterns and operational inefficiencies. To define possible strategic focus areas and identifying business process development opportunities in studied business areas to support decision making. To propose and evaluate strategic directions and process development initiatives that enhance profitability, strengthen core business areas, and improve customer value delivery.

As first objective in this thesis was to analyze the current service and business area portfolio of Case Company X using ERP data and stakeholder feedback, identifying profitability patterns and operational inefficiencies. This objective was addressed through Porter's value chain, according to Rees (2011, pp.153-159), Porter's value chain consists of identifying activities which create value for the company, these identified activities should create profit margin for the company products or services and in addition Porter's value chain can be used for identifying value creating activities in companies. This study supports previous findings by Rees (2011, pp.153-159) and as this research results show Porter's value chain could be used in this study to identify business activities, inefficiencies, and value creation in studied business areas to be able to find and evaluate business areas profitability patterns. As findings indicate, Case Company X offers different products and services for their customers on a wide scale. Profitability patterns in different

business areas were not easily identified because of the inefficiencies in financial management processes, for business area A there could be identified that selling business area A products are creating profitability as on other hand in business areas B and C it was not possible to analyze product or service based profitability patterns these were analyzed through business area level profitability patterns due to financial management inefficiencies. Business area A profitability relies on its monopoly position, which is achieved through very strong resources and in business area B and C inefficiencies in primary and supportive activities limit current analyzation of profitability patterns and costs to create detail level data to support decision-making.

These research findings indicate that these existing inefficiencies are preventing business areas performing on their best level, this occurs especially in business areas B and C. This can be identified from linkages between activities, processes, and operations as there are several inefficiencies existing in primary and secondary activities which are linked between each other to provide the service. These identified inefficiencies are reducing effective process execution, but they also reduce company operational performance and profitability. Porter's value chain key principle is that competitive advantage can be reached through effective linkages. These linkages can be considered as how different activities and processes work together inside business area and between different business areas to create results for the company by creating value with products or services. (Rees, pp.153-159, 2011) As findings indicate these linkages are not working as they should because several inefficiencies occur including unclear management roles and responsibilities, inefficient resource allocation, and operational inefficiencies across primary and supportive activities.

The second objective was to identify possible strategic focus areas and business process development opportunities to support decision-making for proposing strategic direction and process development initiatives. This was addressed through resource-based view, dynamic capabilities, and business process development to identify possible strategic focus areas and business process development opportunities. As findings indicated, in

Case Company X there are missing clear goals and objectives for studied business areas and implementation of current strategy has failed. Failing in implementing strategy is the most common place to fail for businesses after the strategy has been created and strategy implementation was referred to as one of the most challenging activities for companies to execute. (Nyman et al., 2025) As previous research conducted by Setyopurnomo et al. (2025) named that failure of strategy clarity and implementation has been reported to lead to low business success rates. As findings indicate there exist contradiction between this study findings to prior research conducted by Setyopurnomo et al. (2025) as business area A has been able to create stable profitability even if strategy has not been guiding business area, this indicates that business area resources create superior competitive advantage which was identified to a monopoly. This leads to suggestion that in a company or business area where monopoly position exists, having or creating a strategy does not lead necessary to improved performance as there is existing exceptional market position. On other hand business area B and C findings support prior research findings conducted by Setyopurnomo et al. (2025) as missing strategy and failure to implement strategy has led to lower business area success rates. Which indicates that when strategy is missing and implementation of it has failed it leads to assumption that if business is not creating exceptional market position, business areas with VRIN-O resources cannot create profitability relying alone on these resources if inefficiencies occur in constantly changing business environment.

For each business area there could be identified VRIN-O resources which company could focus on when choosing strategic direction and creating strategic focus for different business areas. Internal resources and capabilities with VRIN-O characteristics are strategically critical and usually have a positive impact on company performance and profitability and they are cornerstones for business success and in addition, these core resources can create superior competitive advantage. (Bhandari et al., 2020; Chatterjee et al., 2025; Chatzoglou et al., 2018; Malhotra et al., 2025; Monson, 2024) This research findings indicate basics of resources-based view approach as that even with missing strategy company can be profitable if there is existing very strong VRIN-O resources with superior

isolation mechanisms such as in this study business area A. As findings regarding business areas B and C indicate that even if company or business area has VRIN-O resources, but these resources are not creating monopoly, it can be suggested that in constantly changing business-to-business (B2B) environment these resources are not able to produce alone good financial results even if they create competitive advantage and have isolation mechanisms against competition. As an additional aspect to resources, capabilities, and competencies this study identified that in a SME company collaboration extends company own resources, capabilities, and competencies. This has enabled also to extend business areas own product and service offerings in studied business areas. This supports the previous research findings conducted by Ozdemir et al. (2023) as collaboration can extend company own resources for improved service effectiveness, improve profitability and reduce costs and risks by having collaboration between stakeholders.

Findings indicate that all business areas are relying on human resources to create dynamic capabilities and creation is employee dependent not on structured approaches or processes. This study findings support the previous studies conducted by Ho et al. (2024) findings as human resources are the most important source for creating dynamic capabilities in a SME company. As previously mentioned in discussion chapter, only relying on VRIN-O resources in constantly changing business environment is not creating enough competitive advantage to create good profit margins. Dynamic capabilities were created to answer the changing business environment and to increase resilience towards these changes to remain competitive and to enable development of company ordinary capabilities and activities to be more profitable. For this to be possible companies need to coordinate and develop their resources to be able to react and even to change because of changes in their business environment. With dynamic capabilities companies can stand out with their services, products, and processes. To achieve this companies must be proactive in several areas such as monitoring the business environment, identifying technological opportunities, ensuring effective managerial coordination, and fostering organizational culture that embraces change. (Bowman & Ambrosini, 2003; Li et al., 2025; Teece, 2016) As research findings indicate, creating and developing business areas

dynamic capabilities could be a part of strategic direction to be able to improve sensing, seizing, and transforming to improve creation of competitive advantage and strategic flexibility. As dynamic capabilities are creating long-term strategic flexibility which company needs as there is existing customer dependency which restricts strategic flexibility without dynamic capabilities. (Bowman & Ambrosini, 2003; Li et al., 2025) This supports that dynamic capabilities should be part of strategic focus and developed in studied company. Findings indicated also that in all business areas there is clear lack in innovation and process development, this supports the findings of that there is not systematic creation of dynamic capabilities in different business areas. Because good dynamic capabilities improve company innovation and business processes development to answer the demands and challenges of markets and to improve business growth, business profits, value creation, and to create sustainable competitive advantage. (Helfat et al., 2007; Teece, 2007)

Business processes are held as backbone of company operations and by continuously developing and improving business processes companies aim to reduce cost and improve efficiency of these operations. Efficient business processes are also identified as important for customer value creation and acquiring new customers. (Kumar & Liu, 2022; Milani & Lashkevich, 2025) Based on findings from this study Case Company X is not taking advantage of business processes as source to improve its performance. As prior research by Kovach et al. (2024) has identified, if companies want to improve their performance the commonly used approach is to look at business activities through a process-oriented view. As research findings indicate all business areas A, B, and C operate with low levels of business process maturity in their core business processes. This study identified core business processes of all three business areas to find possible development opportunities in business areas to enhance profitability and service effectiveness. These findings indicate that there are several development and optimization opportunities occurring regarding business areas core business processes as underdeveloped core processes can be also a reason to low financial performance rates. Focus on business process development should be in small and medium-sized enterprise (SME) in core

business processes as these have the most effect on company performance, if company business processes are competitive it leads to whole business competitiveness. (Gošnik et al., 2023)

As findings indicate that there is existing clear absence of defined key performance indicators (KPI's) in all business areas A, B, and C. This limits company ability to analyze, manage, and develop their business processes as they are typically used for identifying gaps in operations effectiveness and efficiency, and to identify business process development opportunities. As previous research conducted by Setyopurnomo et al. (2025) suggest key performance indicators are important to manage and develop business processes but also to follow financial performance of business processes as financial performance indicators should be integrated into company key performance indicators. Findings indicate when company is missing KPI's, there is missing process development, decision-making is reactive and dependent on employees knowledge and experiences rather than having support from data for making decisions. Absence of KPI's reduces management of business processes and constraints systematic business process development which limits company possibilities to improve operational efficiency, service effectiveness, and profitability. As research findings indicate company has been following profit and in some terms EBIT for different business areas, this has provided at least financial performance information on operations effectiveness.

In all business areas A, B, and C, findings indicated that business process management should be developed because management was mentioned to be not on a good level. As prior research conducted by Gošnik et al. (2023) indicate that business processes should be managed through planning, organizing, controlling, and leading and this should be done with the knowledge of company internal resources, capabilities, competencies, and stakeholders with the goal of improving performance and creating customer value. Findings indicate that this type of management is not done in any of the business areas in Case Company X. Because of this business process management should be included in process development approaches as managing business processes are crucial

for organization to execute business processes reliably, to find new development possibilities, and it offers possibilities for solving obstacles. An additional goal for managing business processes is to find inefficiencies and propose right development initiatives for each business processes and managing business processes has become an important tool for companies to know how their business processes are executed. It helps companies to understand their business processes and keep track of their business process performance in relation to the set strategic goals and objectives. (Delgado et al., 2014; Delias & Nguyen, 2021) As this study findings indicate process management is not on a good level across all business areas, this has led to inconsistent operations without development of processes. And operations execution has become reactive, there is missing forecasting, and reduced understanding of how operations and processes work as there is existing weaknesses in process management.

As findings indicate, lack in management and unclear responsibilities increase operational inefficiencies and potential to internal conflicts, which leads to internal resource allocation problems and these all affect service effectiveness and profitability. These can be identified from findings regarding inefficiencies in business areas B and C. Previous research conducted by Ghosh et al. (2020) indicates companies which are providing services and whose processes include a lot of knowledge-based activities, the importance of allocating human resources correctly is crucial to maximizing the capacity of business resources to create sustainable competitive advantage. Business areas B and C include services which main sources are human and organizational resources, and these knowledge-based resources are important part of service offerings. Based on these findings in business areas B and C the importance of resource allocation needs to be highlighted as a critical factor in creating competitive advantage and profitability. In business area B and C there are existing resource allocation issues which influence business areas performance, which can be identified from how company is creating profit margins. Resource allocation findings indicated that there are enough resources, but what these resources focus on should be more clearly defined as it was also mentioned that there are no clear responsibilities, overlap in roles occur, allocation is not made based on

competence, and process ownership is missing which indicates that management roles and responsibilities are unclear or not determined clearly.

The third objective was to propose and evaluate strategic directions and process development initiatives that enhance profitability, strengthen core business areas, and improve customer value delivery. This is addressed in managerial implications section as concrete actions which can be implemented by the company and are evaluated by the effect on profitability, strengthening of core business areas, and improved customer value delivery.

5.1 Theoretical contribution

This thesis contributes to existing theories by combining several management theories such as resource-based view, dynamic capabilities, Porter's value chain, and business process development to a holistic approach to analyze company possible strategic directions combined with its activities and business processes to build a holistic theory to analyze how company resources, capabilities, dynamic capabilities, and competencies affect company strategic focus and how company strategic focus affects its business processes to enhance company performance.

The thesis results show that these existing management theories resource-based view, dynamic capabilities, Porter's value chain, and business process development theories work in a holistic context as well identifying the core aspects of each theory aspect of studied business areas. By using these several management theories there could be identified correlations between different theories and how these theories continue naturally to the next step of created conceptual theoretical framework to create analysis of company current state and to find possible strategic focus areas and business process development opportunities. By combining these four management theories with a holistic approach the study results complexity increased as research findings indicate. This holistic approach was applicable for an SME context as resources, capabilities, activities, and business processes could be combined in this context as the research findings

indicate to a holistic analysis of how case study company can improve its strategic focus and optimize business processes to enhance profitability and service effectiveness.

5.2 Managerial implications

In this section concrete action plans are proposed for strategic directions and process development initiatives that enhance profitability, strengthen core business areas, and improve customer value delivery. These initiatives are evaluated and proposed based on the research findings and are structured around strategic focus and business process development.

5.2.1 Strategic focus initiatives

VRIN-O resources, Dynamic Capabilities, Collaboration, and Value creation were identified as critical sources of this company success and to sources of future success. Managers should recognize diversity of creating strategic focus and the importance of strategic focus to the success of the company and should understand how strategic direction and focus affect company operations. The foundation for strategic focus should be resources with VRIN-O characteristics. Relying on these resources alone does not improve profitability, customer value delivery, or service effectiveness in constantly changing business environment. To create customer value, improve service effectiveness, and enhance profitability, company must support these strategically important resources with dynamic capabilities, collaboration, and focus on value-creating activities as these can improve and extend core resources. Below are the recommended actions for strategic directions:

Company should determine clear goals and objectives which focus on core resources which can create competitive advantage. These core resources, which are VRIN-O resources, are the most important area which company should focus on when defining clearer strategic focus across all business areas. These core resources and capabilities are the key to success in each business area.

Current dynamic capabilities should be improved by developing managers capabilities and by improving knowledge documentation in processes. After this is achieved, company should start analyzing resources to identify capabilities and how these capabilities could be developed into dynamic capabilities to create a systematic approach to evaluate and create these dynamic capabilities and to continuously improve them. And to enable improved proactive response to opportunities, changes, and threats to enhance profitability and to improve service effectiveness.

Collaboration should be included in strategic focus to manage stakeholder relationships as subcontractor dependency exists across all business areas. There should be developed systematic supplier evaluation model to choose most suitable suppliers and stakeholder management system is recommended to create as subcontractors are in key role in operations as the purpose of this system would be to improve effectiveness of workflows to improve service effectiveness. By being able to choose reliable subcontractors and systematic approaches to managing them it will extend company own resources and capabilities which lead to improved profitability and service effectiveness.

Company should include in strategic focus value creating factors. Value creation focus would be important to include in strategic focus to reduce internal inefficiencies and create effective linkages between activities and operations internally in business areas but also between business areas to improve its financial performance and to be able to offer effective services for their customers. Across business areas A, B, and C it would benefit to have mutual goals to offer cross functional support between business areas as there are existing same types of activities and resources in all business areas, for example infrastructure exists across all business areas and it should be under same type of strategy.

5.2.2 Business process development and optimization initiatives

Business process development and optimization initiatives are presented in this section to enhance profitability, strengthening of core business areas, and improved customer value delivery. As for managers, this study tries to point out that there is not only one approach to develop and optimize processes and there are always existing suitable approaches for processes and the most appropriate approach should always be determined based on the business process characteristics rather than implementing to business process development and optimization one learned approach. As there are several approaches for business process development and optimization this study has identified based on the research primary and secondary data the most applicable approaches for Case Company X. These initiatives are presented below:

Case Company X should analyze their business operations through process-oriented view, to analyze which operations could be developed into process. This would help to create processes which can have systematic development, rather than having “ways of working” or “because it has always been done this way” approaches to activities. By creating processes company could establish more consistency in its operations and reduce employee dependency in its operations, which would improve service effectiveness and enhance profitability.

Core business processes should be prioritized for developing improving performance of business processes. For developing business processes company should use methods as they have structures to follow step by step to be able to improve processes systematically. As suggestion for the method which could be used is for example, business process management (BPM) lifecycle to improve processes as it has become paradigm for operational excellence and continuous improvement of processes. By evaluating current processes with this method would support business process performance which would lead to enhanced profitability and process performance.

Improving financial management processes would support decision making based on financial data and could produce data to key performance indicators and support business process development from financial perspective. Improvements should be made with the aim of being able to analyze direct and indirect costs, fixed and variable costs, and incomes on a product or service level basics. This would help cost management, sales, and identify financial inefficiencies in business areas and in products or services to support business process development to improve profitability.

Company should create for each business area activity, process, and financial level KPI's to be able to identify inefficiencies and improve understanding links between business areas process and operations performance and profitability. Absence of KPI's reduces management of business processes and constraints systematic business process development which limits company possibilities to improve operational efficiency, service effectiveness, and profitability.

Company should focus on developing process management as it was identified that process management is currently at a weak level. This development should at least include managing processes through planning, organizing, controlling, and leading. For management improvements to have possibilities to be successful it should be done by manager or managers who have knowledge of business areas, internal resources, capabilities, competencies, and stakeholders with the aim of improving performance and creating customer value.

Resource allocation and responsibilities are one of the key attributes which need to be clarified in Case Company X. This should be done based on business area needs and managers and employees competence. There should be removed overlap in roles and responsibility areas. Resources should be reallocated to support the strategic focus areas, primary activities, and to improve core business processes. All these approaches would improve service effectiveness and customer value delivery and as an end result profitability.

5.3 Limitations and future research

This study was conducted with qualitative research method as a case study of three different business areas in Case Company X which is a SME company operating in Finnish industry. This sets limitations as this study was conducted for a single company and cannot be generalizable to all companies, but research can be transferable into another research with same context as it provides insights into the given topics.

The number of interviewees sets limitations for this study as in studied company there were limited number of respondents because studied company is a SME company and the possible number of respondents were overall restricted to company managers and CEO. As nine out of ten possible interviewees could be interviewed it can be suggested that this provides as reliable research results as possible in this context.

The data collection sets also limitations as all respondents were chosen for this study as the goal was to gather in-depth information on company business areas. This can limit study data reliability as these respondents may have own opinions about business areas activities and how they should be executed which may be reflected in the nature of the responses and bias compared to the real state of company's business areas. This bias was tried to reduce with support of secondary data in this research.

For future research one extension would be to extend this type of holistic research to a multinational enterprise (MNE) to identify how this holistic approach could identify in a larger company what would be the strategic focus areas and business process development opportunities to enhance profitability and improve service effectiveness. In this scenario it should be taken into consideration that this type of study requires a lot of empirical research and because of that if the size of company grows recommendation would be to focus on one business area rather than on several areas. An interesting future research aspect would also develop this holistic approach including other management theories, for example knowledge-based view or other theories depending on the case study.

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In this thesis there have been used Microsoft Copilot and Microsoft Word Copilot to find academic words and helping to check grammar of the written thesis. All AI assisted outputs have been reviewed and critically evaluated if it is suitable for written thesis.

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Appendices

Appendix 1. Research interview questions

1. What is current strategy of the company and how is strategic focus aligned with business processes and operations in business areas A, B, and C?
2. What type of customers does company have and what are the number of customers in each business area A, B, and C? And how are the most important customers recognized and segmented?
3. How is customer value created in the company and is customer centricity adopted in business areas A, B, and C?
4. What are the strengths and weaknesses of the company business areas A, B, and C and how are they identified?
5. What are the most important resources, capabilities, and competencies within business areas A, B, and C? What type of isolation mechanisms does these resources, capabilities, and competencies create against competition?
6. Does company have knowledge sharing and collaboration in business areas A, B, and C and are these extending and improving company resources, capabilities and competencies?
7. How is company sensing new opportunities, threats, and changes in markets, customer needs, and technologies and how is company (seizing) creating value from these sensed new opportunities?
8. How is company prepared to transform based on sensing and seizing of new opportunities and if changes occur in markets, customer needs, or technologies?
9. What are the primary and supportive activities in business areas A, B, and C and how are these activities creating value and does there exist inefficiencies?
10. How are the product or service costs monitored and analyzed, are these costs which occur for product or services clear?
11. What are the key performance indicators (KPI) for business areas A, B, and C?
12. What are the core business processes of these business activities and how are processes managed?

13. What is the maturity level of business processes in business areas A, B, and C?

Maturity levels:

1. Business processes work spontaneously and sometimes they work and sometimes they don't
 2. Basic processes are established so they have stability in performance, and these processes are repeatable but although these processes can have various ways of execution
 3. Processes are standardized across organization, and they are based on best practices and processes are developed through measures and experiences
 4. Processes are predictable, this means that the process performance is monitored through measurements and statistics through the entire workflow to understand the variation and to control the process to achieve predictable results
 5. Business processes are continuously improved.
14. How are these processes optimized, is there particular methods, innovation, data used to optimize these processes in terms of time, costs, quality, and flexibility?
15. How is the resource allocation made for these core business processes?