

Competitively Distinct Operations as a Key for Superior and Sustainable Business Performance: An Example from Walmart

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Existing research on the resource-based view (RBV) has provided limited evidence on how firms achieve superior and sustainable business performance; this failure is because current literature de-emphasizes the importance of operations. This paper argues that to gain and sustain superior business performance, a firm's sustainable competitive advantage is not enough, its operations also needs to be competitively distinct. Therefore, through unifying the necessary conditions of superior and sustainable business performance the paper presents a better understanding of the RBV. The success story of Walmart, from existing literature, is considered as an example to support the proposed framework. The paper concludes that the cost of operations, opportunity cost, cost of resources and possible output are the crucial factors in resource choice and operations decision to secure competitively distinct operations. Finally, theoretical and managerial implications, research limitations and future research possibilities are discussed.

Key words: RBV, competitive and sustainable competitive advantage, competitively distinct operations, superior and sustainable business performance, Walmart

Introduction

Managerial decisions are often made in reference to uncertainty (Hult, Craighead, and Ketchen 2010), intuition and market pressure (Timilsina, Haapalainen, and Takala 2014), constraints and limitations like time, knowledge, information and resources. A firm's performance outcomes are always affected by these factors. In business practices, it is difficult to say what makes the performance difference between firms. However, the resource based view (RBV) is considered as an influential theory to answer the questions of a firm's performance difference (Barney, Ketchen, and Wright 2011; Kozlenkova, Samaha, and Palmatier 2014). According to RBV, firm

specific resources allow gaining competitive advantage, which enables firms to earn above average profit (Peteraf and Barney 2003). The underlying assumption of RBV is that the managerial effort in a firm is to gain sustainable competitive advantage, to identify and emphasize strategic choice and to deploy key resources for profit maximization (Fahy and Smithee 1999).

Nevertheless, the RBV has been criticized by several authors, for example: RBV is not a complete theory (Kraaijenbrink, Spender, and Groen 2010), assumptions made in resource based research are partial, implicit and problematic (Foss and Kundsén 2003), decision making- mechanism is not explained by RBV literatures (Kunc and Morecroft 2010), and managerial role in the integration of resources and value creation is underdeveloped in RBV (Sirmon, Hitt, and Ireland 2007).

No matter what the ground for criticism, it is not questionable whether the resource characteristics proposed by Peteraf (1993) and Barney (1991) will provide sustainable competitive advantage or not. Certainly, any firm with these resource characteristics (see figure 1) will have certain advantages over its competitor. However, referring to explicit product market competition Costa, Cool, and Dierickx (2013) says sustainable competitive advantage does not increase nor guarantee higher profits within the firm and over its competitors. On the other hand, operations alone hold 60–80 percent of direct expenses, which is an obstruction to the firm's performance (Chase, Jacobs, and Aquilano 2006). According to Goodale et al. (2011), a strong control over cost related to operations is one of the accepted traits of successful business. Therefore, it is reasonable to say that the process of resource coordination, configuration, utilization and deployment needs to be unique, cost efficient, and result-oriented.

Hence, the paper argues that to gain and sustain superior business performance, a firm's sustainable competitive advantage is not enough; its operations also need to be competitively distinct (figure 1).

This argument is based on several assumptions. First, if managerial or strategic expectations are in line with resource choices and operations decisions, then sustainable business performance can be achieved. Second, a firm might gain advantage over its competitors if there is a proper understanding of the future outcome of operations. Third, the foundation of competitive advantage through resources and capabilities lies in the operations (Coates and McDermott 2002).

However, there has been less effort made to explain the methods of aligning resource choices and operations decisions, which

Competitively Distinct Operations

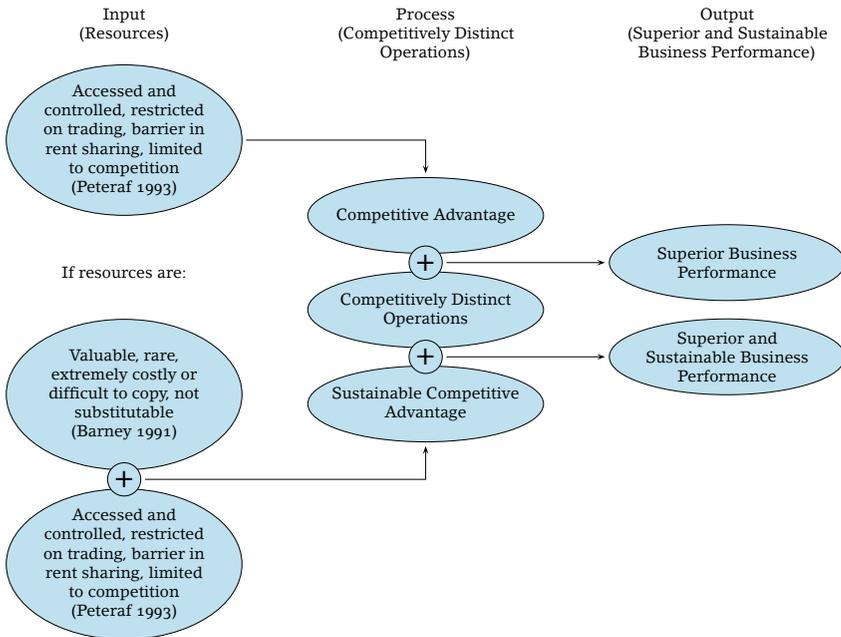


FIGURE 1 Conceptual Framework for Superior and Sustainable Business Performance

make operations competitively distinct, allow better utilization of resources and thereby lead to superior and sustainable business performance. Hence, this research provides a better understanding of RBV by unifying necessary conditions of superior and sustainable business performance and highlighting the significance of competitively distinct operations (figure 1). By doing this, the research aims to make theoretical contributions in organizational performance and RBV literature.

Literature Review

RESOURCE-BASED VIEW (RBV)

‘Edith Penrose’s work has been widely acknowledged to have played a central role in providing the intellectual foundations of the resource-based view’ (Lockett and Thompson 2004, 193). According to Penrose (1956), the firm is a bundle of resources governed by administrative framework and these two factors (bundle of resources and administrative framework) determine the firm’s growth. During 1980’s, this thought was further developed. Some influential works are Wernerfelt (1984), Rumelt (1984), Barney (1986), Dierickx and

Cool (1989), Barney (1991), Peteraf (1993), Oliver (1997) and others. The RBV has been considered as one of the most prominent and influential theories to explain organizational behaviour (Barney, Ketchen, and Wright 2011) and firm performance (Leiblein 2003). Furthermore, the RBV has been widely accepted in the field of strategic management (Newbert 2007), strategic human resource management (Paauwe and Boselie 2003), international business (Peng 2001), management literature (Runyan, Huddleston, and Swinney 2006), and marketing (Kozlenkova, Samaha, and Palmatier 2014). However, most of the research based on RBV shares the same ontology and argues that by means of productive resources, a firm can have competitive and sustainable competitive advantage.

COMPETITIVE AND SUSTAINABLE COMPETITIVE ADVANTAGE

A firm can gain superiority over competitors through efficient use of resources and access to information (Das, Zahra, and Warkentin 1991), information technology (Chae, Koh, and Prybutok 2014), logistics and supply chain (Mellat-Parast and Spillan 2014), low cost or product differentiation or market focus (Porter 1985), customer value (Woodruff 1997), innovation (Hana 2013), human resource management (Florea, Cheung, and Herndon 2013), knowledge management (Danskin et al. 2005) and so on. If such advantage allows a firm to maintain above average performance over its competitors is said to have a competitive advantage (Wang, Lin, and Chu 2011). According to Dröge, Vickery, and Markland (1994) competitive advantage is interrelated to superior skills, resources and superior performance. Similarly, if a firm is able to earn above average profit for several years is known to have a sustainable competitive advantage (Peteraf and Barney 2003).

COMPETITIVELY DISTINCT OPERATIONS

Operations decision range from simple to complex. Simple decisions are tactical and repetitive in nature, relate to day-to-day operations, are made by operational or line manager and have short-term impact on business performance. Complex decisions are on the other hand strategic, made by top management and have significant impact on short and long-term performance (Hughes and Thevaranjan 1995). In fact, resources and operational capabilities are the root of business strategy and organizational identification (Wu, Melnyk, and Flynn 2010). Similarly, the act of recombining and reconfiguration of assets not only helps to sustain profitable growth, but also helps an organization to make a fit with the changes occurring in

market, technology and to avoid disadvantageous situations (Teece 2007), so does operations decisions. According to Banker and Morey (1993) resource allocation and operations decisions significantly impact fixed and variable cost, service quality, profit margin and overall business performance.

Therefore, it is advantageous to make resource choices and operations decisions in the light of cost-benefit analysis. The cost-benefit analysis in decision-making not only allows close coordination between resource choice and operations decision, but also provides justified ground for resource choice and operations decision. Hence, it reduces the risk of operational uncertainty. Here competitively distinct operations refer to operations decisions, which are based on the optimal balance between resource choices, and operations decisions gained through cost-benefit analysis (a detailed discussion is provided in the later section.)

SUPERIOR AND SUSTAINABLE BUSINESS PERFORMANCE

A firm is assumed to have superior business performance if its return on assets is above average (Baaij, Greeven, and Dalen 2004; Banker, Mashruwala, and Tripathy 2014) for at least five consequent years, the above average return here referring to a return higher than the industry average return on assets (Roberts and Dowling 2002). In practice, it is extremely difficult to gain and sustain superior business performance over a longer period of time (Wiggins and Ruefli 2002). This may be due to Schumpeterian innovation because it wipes out competitive advantage and restricts the possibility of sustaining superior performance; this is for example evident in the computer industry where a new technology emerges every now and then. (Baaij, Greeven, and Dalen 2004). According to Corbett et al. (2013), Schumpeterian innovation is not only destructive, but also generative as it may bring about opportunity during high uncertainty. However, managerial practice helps an organization to sustain its performance in the long run through 'directing, changing and managing the operational and support processes' (Bititci et al. 2011, 854).

Besides this fact, for the managerial process to be effective and efficient in the management of technological and market change, to avoid path dependencies and to sustain superior business performance, there must be close co-ordination between resource choice and operations decision. After all, most of the managerial decisions either strategic or operational involve organizational resources and operational capability.

Theoretical Framework

EFFICIENT RESOURCE CHOICE AND OPERATIONS DECISION: DESIGN OF COMPETITIVELY DISTINCT OPERATIONS

The main argument of this section is that for efficient utilization of resources and to increase firm performance, resource choice and operations decision need to be performed simultaneously. In business practices, resource allocation is a repeated process (Noda and Bower 1996) and so is the operations decision. Figure 2 shows the decision framework for efficient resource choice and operations decision that aims to secure competitively distinct operations. The presented framework consists of operational and decision making dimensions. Each of these operational and managerial practices is in-

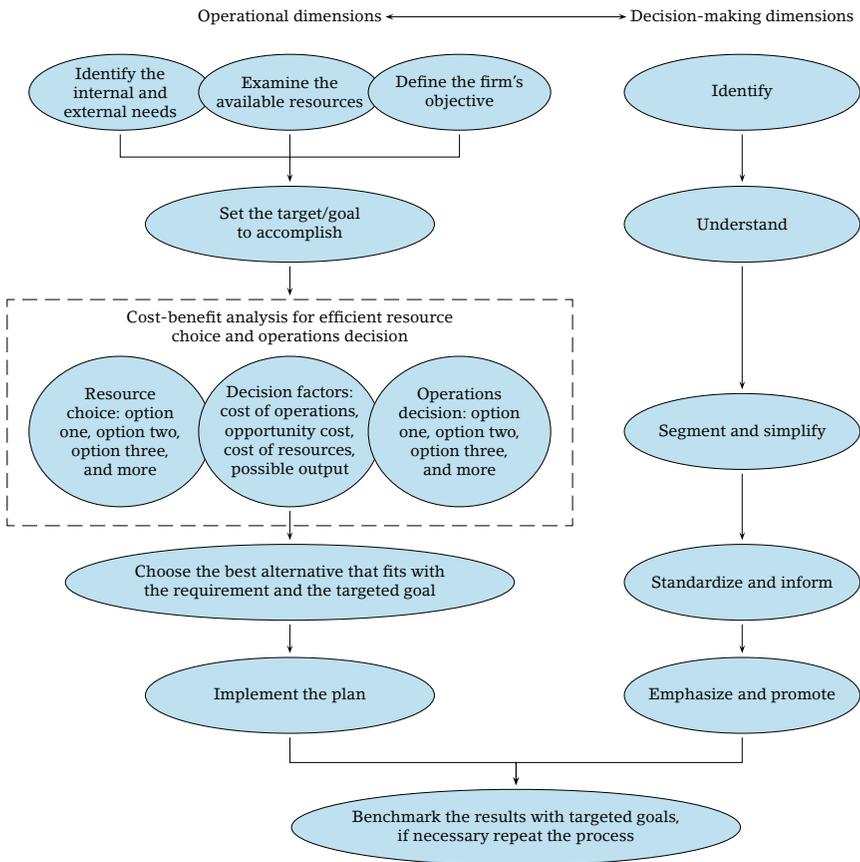


FIGURE 2 Decision Framework for Efficient Resource Choice and Operations Decision: Design of Competitively Distinct Operations

terconnected as shown in the diagram above. In addition, both dimensions are complementary to each other; none is complete and efficient in the absence of the other. Therefore, for the effectiveness of the decisions made by top management each step of the decision making process needs to be in correlation with each element of operational dimension. However, this paper mainly deals with the operational dimensions.

According to the framework, the first step is to know internal and external needs. The next step is to examine the available resources; this will give a clear picture of which resources exist and which need to be acquired. After this, the firm's objective is defined. These three activities are highly interrelated and influence each other. The next step is to set the target/goal to accomplish (for example periodic, yearly or long-term goals).

Now the main task begins, here the challenge is to align resource choice and operations decision. In this context, Sirmon, Hitt, and Ireland (2007) proposed a framework of the resource management process as 'structuring,' 'bundling' and 'leveraging.' The underlying assumption in their framework is an efficient resource choice and operations decision. There could be a number of possible options to use the resources (see figure 2) but choosing the best operational methods for resource deployment is crucial, because it is the path for optimal utilization of resources and firm's performance. Therefore, the operations need to be unique, cost-efficient, and result-oriented. The presented framework (figure 2) considers cost of operations, opportunity cost, cost of resources, and possible output as important factors in resource choice and operations decisions. Reasons for considering these factors in designing competitively distinct operations through cost-benefit analysis are explained below.

Costs of operations. These are the actual costs incurred in business operations, and can be classified into fixed costs and variable costs. Fixed costs include expenses like rent, salary, mortgage, depreciation, administrative expenses, interest and taxes, and utility cost; while variable costs include production wages, commissions, raw materials cost, shipping and transportation costs. Some authors claim that the cost of operations can range from 60–80% of direct expenses, which is a burden to firm performance (Chase, Jacobs, and Aquilano 2006). Referring to the large firm, Bettis and Prahalad (1983) says that operations are the important source of funds. This means that a strong control of operations cost is very important for business performance. In other words, the lower the cost of operations, the higher the profit margin.

Opportunity cost. Along with payoffs and the likelihood of the project, consideration of opportunity cost in resource allocation decision has been emphasized in management accounting and capital budgeting textbooks (Chang, Ho, and Lin 2002). However, managers fail to consider opportunity cost in the evaluation of projects (Milad 2010). Opportunity cost is not recorded in accounting and financial books of an organization, but it is a very important factor in making economic and financial decisions (Shavit, Rosenboim, and Malul 2011), hence in resource choice and operations decision. In practice, managers pay limited attention to opportunity cost in resource allocation (Shavit, Rosenboim, and Malul 2011; Schiffels et al. 2014) and operations decision. This may be due to the indirect nature of opportunity cost (Schiffels et al. 2014) and its difficulty in measuring (Victoravich 2010). However, opportunity cost can be calculated in an implicit and explicit manner. Here, implicit opportunity cost represents the amount of profit earned if another plan had been carried out instead of the current project, while explicit opportunity cost represent lost profit due to the implementation of a current plan of action (Chang, Ho, and Lin 2002; Victoravich 2010).

Based on the study made in the medical industry, Wu (2013, 1285) suggests that opportunity cost should not be considered in allocating a firm's capabilities 'given the technical uncertainty in the new market.' Besides, the consideration of opportunity cost is important because it allows a decision maker to make a wise interpretation between identified strategy and future outcomes (Mackey and Barney 2013). The author further suggests that low opportunities cost indicates the need for further investment in an existing business, while higher opportunity cost signals to stop further investment.

Cost of resources and possible output. In resource choice decision, it is useful to know the cost of resources beforehand. Sometimes the resource choice is not economical and might have a negative impact on firm performance. In addition, it is very important to consider the output that could be gained with the resource choice and mode of resource deployment. Output could be measured through earning numbers as it represents the output gained through investments and operations, also the series of earning number reflects the associated risk and fluctuations in the investment and operations (Baginski and Wahlen 2003). Similarly, the cost of resources and possible output from its operation is crucial both strategically and financially. This is because the basis of resource choice made by a firm is highly influenced by strategic decisions, which ultimately influence the business performance (Mariadoss, Johnson, and Martin 2014).

The consideration of these above-mentioned factors gives an opportunity not only to make cost-benefit analysis among different options, but also helps to make constant alignment between resource choice and operations decision. Most importantly, it helps to answer questions like Does the resource choice increase or decrease the operating cost? What is the best combination of resource choice and operations decision? How does the optimal balance between resource choice and operations decision affect net profit? What opportunities are being lost? On the other hand, the omission of these factors may lead to wrong choices being made which might influence firm performance. However, consideration of cost of operations, opportunity cost, cost of resources, and possible output permits rational decision making and helps to identify the best possible combination of resource choice and operations decision (i.e. competitively distinct operations). Thus, with the given constraints of operating cost and planning horizon, operating profit can be maximized by considering the right combination of resource choice and operations decision.

The next step is to choose the best alternative that fits with the requirements and the targeted goal. Now the plan needs to be implemented in practice. Finally, the obtained results are benchmarked with the targeted goals. If the results are not as planned, it is recommended to repeat the process and make necessary changes to a future course of actions.

The Case of Walmart: An Example

Walmart is regarded as a fast growing, highly successful company, whose annual revenues exceed the sum of economies of world's thirty nations (Werther and Chandler 2010). In 2014, Walmart ranked number one company on the Global 500 list by revenue (*Fortune* 2014) with \$473.1 billion in sales for the fiscal year ending January 31, 2014. Now Walmart operates more than 4900 retail facilities within the USA including 4281 Walmart stores and 640 Sam's Club warehouse there are more than 6100 retail facilities internationally within 26 countries besides the United States (<http://news.walmart.com/walmart-facts/corporate-financial-fact-sheet>). Walmart differentiated itself from competitors in several ways, such as low overhead cost and customized product mix reflecting market demography, customer buying pattern and requirements (Aggarwal 2001). The most significant differences are self-developed management system of warehouses and stores, location choice, the culture to support values and skills, use of technology, excellent relationship with

the supplier and consumer, human resources management and employee motivation (Chase, Jacobs, and Aquilano 2006). This leads to higher productivity and lower operating cost, resulting in higher profit margin.

In terms of resources like marketplace, technology and customer taste, there is not much difference among the competing firms: Walmart stores Inc., Target Corp., Sears Holdings Corp., Kroger Co. and Costco wholesale Corp. However, among these firms, Walmart is able to differentiate itself. How? What could be the reason behind its outstanding performance? One of the most promising and practical answers comes from Walmart's operations strategies based on resource capability, i.e. alignment of resource choice and operations decision thus making operations to be competitively distinct. In practice, Walmart has realized the dream of being a low cost firm by capitalizing on competitive operations.

Strategies supporting cost minimization are the foundation of Walmart's success (Werther and Chandler 2010). The cost minimization arises from low price strategy (Richardson 2008; Hill, Gareth, and Schilling 2015; Basker 2007), choice of location (Vance and Scott 1994; Govindarajan and Gupta 1999; Lewis and Dart 2014), technological innovation and supply chain management (Werther and Chandler 2010; Wrigley 2000; Teece 2010), operations and distribution strategies (Basker 2007; Govindarajan and Gupta 1999), advertising and sales strategy (Wang and Zhang 2005; Steidtmann 2003), and innovation in business model (Chesbrough 2010; Sorescu et al. 2011). All these features of Walmart's business model are the results of resource choice and operations decision; hence, they offer a perfect fit to lower the cost of operations, opportunity cost, cost of resources, and higher output. Furthermore, Walmart is a good example of a successful business model where one can see how well the resource choice and operations decisions are aligned in the value chain by means of cost-benefit analysis.

In a similar manner, considering valuable, rare, inimitable, and non-substitutable (VRIN) analysis, a framework proposed by Barney (1991); it can be concluded that the combination of different features (resource choice and operations decision) has made Walmart's business model not only valuable, rare, inimitable and non-substitutable, but has also made it possible for them to gain and sustain competitive advantage (table 1 on p. 284).

Table 2 (pp. 284–285) summarizes the strategic benchmarking of Walmart and its close competitors. The purpose of this benchmark is to give a close look on key financial indicators, so that the com-

parative analysis and interpretation of financial performance can be evaluated in the light of resource utilization and effectiveness of operational processes. During the year 2005 to 2014, Walmart was able to maintain consistent and above average revenues, operating income, net income, return on assets and return on invested capital in comparison to its competitors.

The comparative analysis (table 2) shows that besides the lower gross margin and operating margin Walmart is able to maintain higher values of revenue, and net income. This signifies that Walmart is better at managing operating cost. This observation is in line with Peterson and Fabozzi (1999), who examined the financial performance of Walmart during the years 1988–1997 with the rest of the retail industry and confirmed that Walmart is efficient at managing operating cost in comparison to its competitors. In the similar manner, higher and consistent values of return on assets and return on invested capital from years 2005–2014 suggest that Walmart is efficient at not only resource deployments and utilization of capital to generate more revenue, but also efficient at transferring revenue into substantial profit. However, the above average financial achievement in terms of revenue, operating profit and net income during the years 2005–2014, suggests that Walmart is able to maintain superior and sustainable business performance (table 2).

Discussion and Conclusion

The paper presents a framework for superior and sustainable business performance highlighting the importance of aligning resource choice and operations decision. The different findings show that Walmart is able to gain and sustain superior and sustainable business performance not only because of competitive and sustainable competitive advantage but also due to competitively distinct operations. Furthermore, the comparative analysis of key financial indicators (table 2) and features of Walmart's business model (table 1) not only provides sound evidence for the conceptual framework for superior and sustainable business performance (figure 1 and figure 2), but also shows Walmart's excellence in the alignment of resource choice and operations decision. These findings support the argument that 'practices are transformed into capabilities only through carefully coordinated deployment and integration with other practices' (Schoenherr and Narasimhan 2012, 3767). The constant integration of resource choice and operations decision has allowed Walmart to enjoy the benefits of low cost structure leading to superior performance. However, the consideration of cost of operations, op-

TABLE 1 VRIN Analysis of Walmart's Business Model

Valuable	Yes, because it has proven to keep low operating cost.
Rare	Yes, though the business model practiced by Walmart is popular, the Walmart's approach makes it rare in the retail industry.
Inimitable	Yes, competitors have tried to copy the model, but are not able to implement as efficient as Walmart.
Non-Substitutable	Yes, because it is not easy for competitors to use different capability to exploit Walmart's competitive advantages.

TABLE 2 Strategic Benchmarking of Financial Indicators

Companies	Indicators	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Walmart Stores Inc.	(1)	287,989	315,654	348,650	378,799	405,607	408,214	421,849	446,950	469,162	476,294	
	(2)	17,091	18,530	20,497	21,996	22,798	23,950	25,542	26,558	27,801	26,872	
	(3)	10,267	11,231	11,248	12,731	13,400	14,335	16,389	15,699	16,022	15,828	
	(4)	23.70	23.80	24.20	24.40	24.50	25.40	25.30	25.0	24.90	24.80	
	(5)	5.90	5.90	5.90	5.80	5.60	5.90	6.10	5.90	5.90	5.60	
	(6)	9.12	8.69	7.80	8.09	8.20	8.58	9.33	8.39	8.39	8.57	7.86
	(7)	14.63	14.09	12.97	13.45	13.69	14.33	15.52	14.20	14.20	14.54	13.36
Target Corp.	(1)	46,839	52,620	59,490	63,367	64,948	65,357	67,390	69,865	73,301	72,596	
	(2)	3,601	4,323	5,069	5,272	4,402	4,673	5,252	5,322	5,371	4,229	
	(3)	3,198	2,408	2,787	2,849	2,214	2,488	2,920	2,929	2,999	1,971	
	(4)	32.90	33.60	33.80	32.60	32.00	30.30	30.90	30.90	30.90	30.40	29.5
	(5)	7.70	8.20	8.50	8.30	6.80	7.10	7.80	7.80	7.60	7.30	5.80
	(6)	10.04	7.16	7.70	6.96	4.99	5.61	6.62	6.62	6.48	6.33	4.25
	(7)	15.89	11.56	12.63	11.19	8.55	9.30	10.77	11.02	11.02	10.51	8.37

Competitively Distinct Operations

Sears Holdings Corp.	(1)	19,701	49,124	53,012	50,703	46,770	44,043	43,326	41,567	39,854	36,188
	(2)	1,821	2,124	2,523	1,586	302	713	474	-1,501	-838	-927
	(3)	1,106	858	1,490	826	53	235	133	-3,140	-930	-1,365
	(4)	25.50	27.70	28.70	27.70	27.10	27.70	27.40	25.50	26.40	24.20
	(5)	9.20	4.30	4.80	3.10	0.60	1.60	1.10	-3.60	-2.10	-2.60
	(6)	15.01	4.37	4.91	2.87	0.20	0.94	0.54	-13.76	-4.57	-7.26
	(7)	31.23	9.86	10.66	6.70	1.77	3.53	3.32	-30.72	-6.14	-19.90
Kroger Co.	(1)	56,434	60,553	66,111	70,235	76,000	76,733	82,189	90,374	96,751	98,375
	(2)	847	2,035	2,236	2,301	2,451	1,091	2,182	1,278	2,764	2,735
	(3)	-100	958	1,115	1,181	1,249	70	1,116	602	1,497	1,519
	(4)	25.30	24.80	24.20	23.40	22.90	23.20	22.20	20.90	20.60	20.60
	(5)	1.50	3.40	3.40	3.30	3.20	1.40	2.70	1.40	2.90	2.80
	(6)	-0.49	4.68	5.35	5.43	5.49	0.30	4.79	2.56	6.22	5.63
	(7)	2.21	11.05	12.08	11.89	11.85	3.03	10.80	7.18	14.26	12.20
Costco Wholesale Corp.	(1)	52,935	60,151	64,400	72,483	71,422	77,946	88,915	99,137	105,156	112,640
	(2)	1,474	1,626	1,609	1,969	1,777	2,077	2,439	2,759	3,053	3,220
	(3)	1,063	1,103	1,083	1,283	1,086	1,303	1,462	1,709	2,039	2,058
	(4)	12.40	12.30	12.30	12.40	12.70	12.80	12.60	12.40	12.60	12.60
	(5)	2.80	2.70	2.50	2.70	2.50	2.70	2.70	2.80	2.90	2.90
	(6)	6.73	6.49	5.84	6.37	5.09	5.69	5.78	6.34	7.10	6.50
	(7)	11.69	11.48	10.93	12.05	9.68	10.86	11.32	12.69	14.24	12.83

NOTES Column headings are as follows: (1) revenue (million usd), (2) operating profit (million usd), (3) net income (million usd), (4) gross profit margin (%), (5) operating margin (%), (6) return on assets (%), (7) return on invested capital (%). Based on data from Morningstar (<http://financials.morningstar.com>).

portunity cost, cost of resources and possible output, and constant integration of resource choice and operations decision in securing competitively distinct operations are relatively unexplored features of Walmart's business model. The paper asserts that because of these features, the Walmart showed a consistent level of performance even during the economic crisis (table 2). Based on the findings, it is expected that firms integrating resource choices and operations decisions through cost benefit analysis should secure competitively distinct operations leading to superior and sustainable business performance.

THEORETICAL CONTRIBUTIONS AND MANAGERIAL IMPLICATIONS

Kraaijenbrink, Spender, and Groen (2010) have emphasized the need for a framework that moves the RBV into a dynamic model. In this vein, the paper introduces the concept of competitively distinct operations, which aims to help managers' in decision making over time (i.e. according to the needs of the changing business environment). It thereby offers strong support to the dynamic nature of the RBV (see figure 1 and figure 2); this is in contrast to Priem and Butler (2001) who argued that RBV is static. Thus, the paper contributes to RBV and organizational performance literature by incorporating managerial decision-making mechanism and demonstrates the benefits of aligning resource choice and operations decision in gaining and sustaining superior performance (figure 1 and figure 2). This contribution is also an attempt to address the existing research gap in the literature, for example, literature in the RBV does not explain the decision-making mechanism (Kunc and Morecroft 2010) additionally the managerial role in integrating resources and value creation is underdeveloped (Sirmon, Hitt, and Ireland 2007).

The theoretical framework presented in this study helps managers and decision makers in four different ways: first, real time operations can be designed on the basis of available resources; second, the better resource choice can be made to support operational activities; third, it optimizes the resource use, and fourth, it makes operations to be competitively distinct as suggested in theoretical framework section. Most importantly, the presented framework (figure 1 and figure 2) increases the operational validity of RBV and enables managerial efforts in building VRIN resources. This is in response to the arguments: RBV lacks operational validity (Priem and Butler 2001) and RBV does not explain how a managerial effort creates VRIN resources (Connor 2002). However, a firm's abilities to acquire, maintain and deploy the right capabilities are key parameters that deter-

mine long-term survival and success in a turbulent business environment (Helfat and Winter 2011).

LIMITATIONS AND FUTURE RESEARCH

The research only makes a mark on the importance of aligning resource choice and operations decision and the concept of competitively distinct operations has only partially been introduced to answer the question how a firm can gain and sustain superior business performance. Yet many critical questions are to be explored on the interactions of firm's resource choice and operations decision, and the design of competitively distinct operations. In this context, the paper considered only a few key elements: cost of operations, opportunity cost, cost of resources and possible output, therefore future research could explore additional antecedent and moderating factors. Accordingly, the research does not claim universality of the presented concept of superior and sustainable business performance, but rather suggests further longitudinal and detailed case studies of successful firms as well as companies, which are declining or losing market share. This could not only support and validate the conferred model but also lead to profound managerial implications. Similarly, it would be interesting to investigate the role of competitively distinct operations on firm performance considering turbulent business environment, speed of decision-making, performance measurement and the firm's life cycle.

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