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The Role of Strategic Excellence and Innovation Capabilities in Achieving Competitive Advantage Sustainably

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Abstract. Achieving sustainable competitive advantage in Jordanian manufacturing firms requires a strong foundation of strategic excellence and innovation capabilities. This study examines how firms in the Jordanian industrial sector leverage structured strategic frameworks and continuous innovation to strengthen their market position and ensure long-term success. Strategic excellence enhances decision-making, resource allocation, and organizational adaptability, while innovation capabilities drive transformation, operational efficiency, and responsiveness to evolving market demands. The findings highlight that firms effectively combine these elements to achieve superior performance, resilience, and a lasting competitive advantage. A balanced approach between strategic excellence and innovation promotes long-term growth, sustainability, and industry leadership. Therefore, this study aimed to examine the impact of strategies, excellence, and innovation capability on sustainable competitive advantage in Jordanian manufacturing firms through a survey of 350 firms from eight Jordanian industrial cities. A quantitative approach was used to collect data and achieve the study objectives. Primary data were analyzed using PLS-SEM. The results demonstrated that the reliability factors of strategic excellence and innovation capability positively influence competitive advantage. The theoretical implications of this research examine how excellence and innovation strategies together shape and enhance competitive advantage. By analyzing the interaction between these critical factors, the study provides deeper insights into how organizations can leverage their unique strategic position and advanced innovation practices to achieve sustainable superiority in competitive markets. Therefore, industrial companies in Jordan need to prioritize strategic excellence and enhance their innovation capabilities to enhance their competitive advantage. By focusing on these key factors, companies can improve their operational efficiency, drive continuous innovation, and differentiate themselves in the market. As a result, they will be better positioned to achieve sustainable growth, adapt to evolving industry requirements, and maintain long-term success in an increasingly competitive environment.

Keywords: Strategy Excellence, Innovation Capabilities, Competitive Advantage, Jordanian Industrial Companies, PLS-SEM.

1.Introduction

Competitive advantage is now a crucial factor in determining a country's or organization's capacity to prosper in increasingly complex and dynamic global markets in the quickly globalizing economy of today. According to Porter (1985), competitive advantage is the capacity to provide more value or lower prices than rivals, frequently through cost leadership, innovation, differentiation, or operational efficiency. By investing in human capital, technology development, research and development (R&D), and integrated supply chains, both nations and businesses seek long-term advantages (Barney & Hesterly, 2019). Long-term competitiveness in the twenty-first century has also been found to be significantly influenced by strategic positioning and the capacity to quickly adjust to global changes, including digital transformation, environmental regulations, and economic crises (Pisano, 2015).

Jordan's industrial sector is already a significant part of the national economy, which accounts for a reasonable proportion of GDP in industries such as textiles, leather, apparel, and pharmaceuticals, but there is a significant gap in understanding how strategic excellence and innovation capabilities interact to create competitive advantage in emerging markets specifically in Jordanian industrial companies (Petra News Agency, 2024; Jordan Times, 2024a).

Research is also pointing to the necessity for value differentiation, strategic alignment, and solid innovation to address the high costs of production, lack of supply chain resilience, and an insufficiently developed digital structural environment for industrial organisations to leverage in Jordan (Almohtaseb, Aldehayyat, Al-Khattab, & Alabaddi, 2024; Leaders International, 2023). However, there is no clear framework that demonstrated the linkage between strategic excellence—defined as the implementation of resources and capabilities to gain better positioning in the market (Barney, 1991; Porter, 1985)—and innovation capabilities—defined as the capabilities of an organization to successfully adapt and drive change from improvements to both products and processes (Teece, 2010; Grant, 1996)—together.

Uncertain and sustained challenges, such as high production costs and reliance on imports, make it critical for Jordanian manufacturing firms to not only improve their competitive strategies but also align those strategies with their innovative capabilities to optimize operational efficiencies, develop branding, and limit reliance, thereby improving overall competitiveness.

As a result, this research intends to address the gap by examining the connection between strategic excellence and innovation capabilities for Jordanian industries. Understanding this connection is essential in providing focused interventions and strategic policy for supporting sustainable growth and allowing companies to gain a first-mover advantage in the regional market (Al-Azzam et al., 2024; Tu & Wu, 2021). Findings are anticipated to enhance possible outcomes for strategies that enable companies to benefit from these capabilities, thereby developing resilience and competitive advantage in a dynamic global economy.

The Jordanian manufacturing sector, contributing 23% of GDP and nearly 92% of national exports, is extremely susceptible to external shocks due to high-cost production factors, the need for imported raw materials, and the limited degree of technological adoption (Jordan Times, 2025a; Jordan Chamber of Industry, 2025). The sector demonstrated 4.4% growth in 2024, but this growth does not equate to a sustainable competitive advantage (Jordan Times, 2025b). Jordan presents a unique environment in which the manufacturing base is made up of only SMEs, operates with limited resources, and focuses more on the domestic market rather than the regional market of which it is also a part. As such, it is important to explore how to employ strategic excellence, gather innovation capabilities, and leverage contextual knowledge to develop more robust, resilient institutions, reduce vulnerability, and achieve some degree of long-term competitive advantage.

This point aims to investigate the vital role of brilliance and advancement capabilities in accomplishing competitive advantage within Jordanian manufacturing companies. Particularly, it looks to look at the impact of techniques' fabulousness, including compelling planning, asset administration, and authority, on accomplishing competitive advantage, as well as to explore the effect of advancement capabilities, such as R&D, innovative selection, and product development, on upgrading competitive advantage. Also, the ponder points to distinguishing the challenges confronted by these companies in executing vital greatness and cultivating advancement, giving significant proposals to fortify the competitiveness of Jordanian fabricating firms in both neighborhood and global markets.

This study seeks to answer two central research questions:

1. What is the effect of strategies excellence — including effective planning, resource management, and leadership — on achieving competitive advantage in Jordanian manufacturing companies?

2. What is the effect of innovation capabilities — such as research and development (R&D), technological adoption, and product development — on enhancing competitive advantage in Jordanian manufacturing companies?

By addressing these questions, the study aims to provide a comprehensive understanding of how strategic excellence and innovation capabilities contribute to the competitiveness of Jordanian manufacturing firms in both local and global markets.

This study contributes to theoretical understanding by exploring how Jordanian manufacturing companies achieve a competitive advantage and how their strategic and innovative behaviors influence this process. The purpose, mission, and vision behind pursuing a competitive advantage vary, leading to diverse organizational behaviors. By examining the relationship between strategic excellence, innovation capabilities, and competitive advantage, this research provides deeper insights into how companies can leverage both their internal strengths and creative capacities to sustain long-term competitiveness. Grounded in the Resource-Based View (RBV) theory, the study highlights that these internal capabilities are key drivers of organizational behavior and performance. From a practical standpoint, the findings offer valuable implications for managers in Jordanian manufacturing firms by demonstrating that investing in both strategic excellence and innovation capabilities is essential to achieving and sustaining a competitive edge in a dynamic market environment.

The findings of this study indicate that both strategic excellence and innovation capabilities have a significant and positive effect on achieving sustainable competitive advantage in Jordanian manufacturing companies. This highlights the importance of integrating innovation with strategic initiatives to enhance long-term organizational performance. Practically, the study contributes by providing industrial managers and decision-makers in emerging economies with actionable insights into how fostering innovation and strategic alignment can drive competitiveness in dynamic markets.
The rest of this study is organized as follows. The next section outlines the literature review, hypothesis development, followed by the study model, methodology, results, discussion, and finally conclusion

2. Literature Review and Hypothesis Development

2.1 Strategic Excellence

Strategic excellence is about how businesses use their particular strengths to get and keep a competitive edge that matches what customers value most. Jerab and Mabrouk (2023) point out that this means making the organization stand out by giving things that are seen as distinctive in the market, either by making items different or by highlighting attributes that are highly appreciated and hard for competitors to copy.

Using the Resource-Based View (RBV), strategic brilliance comes from using resources that are valuable, scarce, hard to copy, and can't be replaced. When companies build and protect these kinds of resources, they set themselves up to gain long-term competitive advantages that are hard for competitors to beat (Barney, 1991). This idea of excellence goes beyond merely products to cover internal procedures and skills that are important for strategy (Carvalho et al., 2019).

The Dynamic Capabilities Theory adds another layer by stressing how important it is for organizations to be flexible. Companies must be able to adjust and rearrange their internal skills and operations in response to changes in the outside world to stay excellent (Teece et al., 1997). Companies can stay competitive, take advantage of new opportunities, and make smart strategic decisions because they can adapt (Alnoukari & Hanano, 2017).

Porter's framework on competitive advantage gives us another way to look at things. It says that you can be excellent by either being the cheapest or having a unique offering (Porter, 1985). Eisenhardt and Martin (2000) support this notion, pointing out that strengthening market position through distinctive value propositions usually requires the purposeful use of resources to surpass rivals. They contend that in order to create organizational rent and keep a competitive edge, businesses must recognize and capitalize on strategic assets. Long-term competitive advantage is ensured by firms using strategic resource management to develop unique products and services that are hard for rivals to copy.

But strategic excellence isn't just about planning; it also means making sure that operations, new ideas, and leadership all represent the bigger strategic vision. In this case, human resources are quite important. To effectively align long-term strategic goals with organizational capabilities, HR practices must evolve to not only find the right talent but also to create a culture of high performance. Grant's (1996) knowledge-based theory of the firm underscores the critical role of knowledge as a strategic asset, suggesting that organizations must adeptly manage and leverage their collective knowledge base. Furthermore, foundational work on dynamic capabilities highlights the necessity for HR to support organizational adaptability and strategic agility. These capabilities allow firms to reconfigure resources and processes in response to shifting market conditions, ultimately driving sustained competitive advantage.

In short, establishing strategic excellence requires a complicated mix of generating distinctive resources (RBV), staying adaptable (Dynamic Capabilities), and getting a strong position in the market (Porter's Framework). These different theories work well together to help us understand how businesses might achieve and keep an edge over their competitors.

2.2 Innovation capabilities

Innovation abilities describe the degree to which an organization can design new or enhanced products, services, or processes that can keep pace with evolving customer needs and market trends. Innovation abilities play a very important strategic role in helping companies transform, grow, and develop value

that is difficult to replicate by others (Farida & Setiawan, 2022).

According to Ferreira et al. (2020), innovation capacities are most significant in today's turbulent markets. Effective innovators can better handle ambiguity and drive long-term development. Such capabilities, in conformity with RBV's fundamental ideas, enable businesses to leverage their inside advantages in ways challenging for their competitors to emulate.

Guanargue that building innovation capability can be best accounted for from a dynamic capabilities point of view. They put forward a model in which leadership, culture, processes, and knowledge management form core drivers that build long-term innovation. In their study, they emphasize the necessity for organizations to take a systemic approach to developing innovation capacity rather than one-off programs.

Innovation becomes an even more critical consideration when we factor in Dynamic Capabilities Theory. Organizations now need to adjust and innovate their processes and structures continuously in concert with the rise of digital transformation. These capabilities have been organized into four key clusters using the digital innovation framework from Emerald Group Publishing (2024). These four clusters emphasize the organization’s capacity to integrate, develop, and reconfigure resources, taking full advantage of technological change while capturing the constantly changing opportunities related to innovation (Teece et al., 1997). The move to embrace constant adaptation and modification is justified by the necessity to remain relevant and competitive in a dynamic environment.

Research by Amit and Schoemaker (1993) demonstrated that innovation capability does, in fact, correlate with company performance, particularly when exporting. To ensure company success, the authors outline a number of links between innovative competencies, such as R&D, marketing, organization, and learning. Since businesses require more than one component of innovation capability, each capability improves the competitiveness of the company.
The multiplicity approach supports the idea that businesses should increase and diversify their assets. Businesses in global marketplaces need to support their capacity to react quickly to changes and competition.

In addition to the previous views, we consider Porter's framework for leveraging competitive advantage through differentiation or cost leadership. This framework has close ties to the concept of innovation capabilities and how we support strategies (Porter, 1985). Recent research by Taylor & Francis (2023) indicates that firms can increase their performance and position in the market by focusing on their innovation strategies, particularly small and medium-sized enterprises (SMEs) in developing economies. In order to improve efficiency and differentiation, firms should focus their innovations on those goods and services that meet customer needs whilst limiting costs and differentiating themselves.

In conclusion, a key component of long-term competitive advantage is innovation capabilities. Organizations can more effectively identify, adapt, and utilize their innovation assets by coordinating innovation with RBV, Dynamic Capabilities Theory, and Porter's competitive strategies. Long-term growth and leadership are guaranteed by this strategic alignment in addition to market relevance.

2.3 Competitive Advantage

A company's competitive advantage is a key factor in determining its ability to position itself favorably against its competitors in the same sector. This concept focuses on the effective use of resources, expertise, and talent to develop and implement effective competitive strategies. The use of

organizational, financial, physical, and technological resources is the primary source of competitive advantage, according to Laszlo and Zhexembayeva (2017), who support the "resource-based view" (RBV). From this perspective, firms maintain a competitive advantage by using resources that are difficult for competitors to copy and that are considered valuable, uncommon, unique, and non-substitutable (VRIN) (Barney, 1991).

Desvitrina et al. (2019) emphasize that achieving operational excellence and understanding how customers perceive value are also essential to achieving competitive advantage. The goal of integrating outcome-based value into plans is to leverage core resources and capabilities to ensure operational excellence and deliver unique value propositions that are difficult for competitors to replicate.

According to Porter (1985), differentiation, cost leadership, and focus strategies are methods for achieving competitive advantage. When combined, these methods form Porter's framework, which highlights the strategic actions necessary to position companies in a favorable position. These strategies help companies enhance their unique selling points, keeping them ahead of the competition in the long run and making it difficult for competitors to imitate their success. Lieberman (2021) elaborates on this concept, emphasizing that maintaining a competitive advantage in the face of technological developments and market volatility requires intellectual capital and continuous innovation.

By emphasizing the need for firms to continually adjust their competitive procedures and strategies in response to rapid environmental changes, the theory of dynamic capabilities contributes to this understanding (Tees et al., 1997). According to this view, a firm's ability to innovate and reorganize its resources gives it a sustainable competitive advantage. Additionally, this theory supports dynamic improvements in internal processes, which foster revitalized growth and development (Ali and Anwar, 2021).

In short, the synergistic application of competitive-based business value (RBV)—through investment in core competencies and resources; Porter's strategic alignment—through differentiation and cost leadership; and dynamic capabilities—through adaptive innovation and strategic renewal—contributes to achieving competitive advantage. When combined, these interconnected frameworks provide a powerful path forward for companies seeking long-term success and a sustainable competitive position.

2.4 The Impact of Strategic Excellence and Innovation Capabilities on Competitive Advantage

Strategic Excellence is essential for organizations looking to take advantage of new opportunities and beat the competition. According to McKinsey & Company (2021), organizations that have strong strategic capabilities can effectively adapt their business models to serve any consumer needs and market changes as they arise. This plays into the Dynamic Capabilities Theory (Teece et al., 1997) because organizations must continuously integrate, build, and reconfigure internal competencies to seize the opportunity presented by the changing environment. Strategic Alignment offers businesses the ability to provide value propositions that are difficult for competition to imitate, thereby providing a sustainable competitive advantage (CA), which assures long-term competitive success via innovation and adaptability to a changing environment (McKinsey & Company, 2021).

Jerab and Mabrouk (2023) assert that strategic excellence enhances an organization's ability to realize and sustain competitive advantage, particularly through differentiation strategies. This approach resonates with the Resource-Based View (RBV), where businesses leverage unique capabilities and resources as VRIN resources to set themselves apart in the market (Barney, 1991). By aligning their core competencies with market demands, companies can offer distinctive value that satisfies specific

customer needs, thus fostering innovation and reinforcing brand strength. This continuous strategic response to market fluctuations is essential for maintaining a formidable market position and achieving sustained success. Differentiation, as a strategic focus, ensures consumer loyalty and bolsters an organization's leadership in the market (Jerab & Mabrouk, 2023).

Innovation capabilities are closely linked to competitive advantage, as demonstrated by the work of Hedaya, Princes, and Eni (2024). Firms with high innovation capabilities can quickly react to changing environments and launch new products, which helps maintain a competitive advantage. This concept is also understood through Porter's framework of competitive advantage, where innovation is a key means of differentiating a firm in the cost leadership or product differentiation model (Porter, 1985). Innovation also delivers superior performance through value propositions that differentiate firms from their competitors. Transformational leadership explicitly supports a culture of innovation that stimulates the development of creative and collaborative products and services at every point in the organization. By aligning all innovations with overall organizational goals and objectives and rapidly changing in conjunction with market forces, a firm with innovation capabilities will develop a sustainable competitive advantage that cannot be easily replicated.

In conclusion, the combination of Results-Based Business Value (RBV), Dynamic Capabilities, and Porter's framework enables organizations to leverage their strengths, adapt to changes in dynamic environments, and innovate. Together, these frameworks guide organizations in building and maintaining a competitive advantage, ensuring market leadership and generating profitable returns throughout the market lifecycle and the longevity of the organization.

3. Hypothesis Development

3.1 Strategic excellence and competitive advantage

The relationship between strategic excellence and competitive advantage has a solid foundation in traditional strategic management theories, particularly Porter's framework for competitive advantage and the resource-based view (RBV). Strategic excellence goes beyond basic strategic planning and is primarily concerned with developing and implementing consistent strategies that enhance an organization's adaptability in changing market environments. This practice involves aligning an organization's resources, capabilities, and objectives with market opportunities and applying its core, valuable, and rare competencies to deliver superior customer value (Barney, 1991).

Porter (1985) asserts that when a firm can leverage its business model to achieve differentiation and cost leadership, it enjoys a sustainable competitive advantage. Therefore, strategic differentiation is a key enabler of advantage, enabling efficient resource utilization, continuous innovation, and operational effectiveness. Building strong customer loyalty, brand awareness, and adaptability—all essential to success in highly competitive markets—is critical (Hitt, Ireland, & Hoskisson, 2020).

By aligning internal capabilities with external market demands, strategic differentiation can be viewed as a key resource for VRIN from the RBV perspective, giving firms a sustainable competitive advantage and enabling them to outperform their competitors. In line with the dynamic capabilities approach, this strategic alignment aims to anticipate future customer demands and industry changes, as well as keep pace with current market trends (Tees et al., 1997).According to Grab and Mabrouk (2023), companies that utilize strategic excellence are adept at using differentiation tactics to deliver distinct value propositions that are difficult for competitors to imitate. Thanks to this strategic excellence, companies can meet specific customer needs, continually innovate, and build a solid market position. They can also gain a sustainable competitive advantage and ensure long-term financial success by integrating

strategic excellence into their corporate culture.

Thus, we propose the following hypothesis:
H1: Strategic excellence has a positive impact on achieving competitive advantage in Jordanian manufacturing companies.
This hypothesis is derived from a comprehensive integration of theoretical perspectives, providing a clearer understanding of the mechanisms through which strategic differentiation can lead to lasting competitive advantage.

3.2 Innovation Capabilities and Achieving Competitive Advantage

To understand how companies manage and position themselves in the market, it is essential to understand how innovation capabilities generate competitive advantage. This relies on several theoretical perspectives that together form a solid conceptual foundation.

The resource-based view (RBV) posits that innovation capabilities are strategic assets that organizations exploit to gain and maintain a competitive advantage. These capabilities are unique, valuable, inimitable, and non-substitutable resources (Barney, 1991). They encompass both the potential for creativity and the ability to adapt quickly, enabling organizations to better respond to changing market conditions and meet customer needs with new products and services (Ferreira, Coelho, & Moutinho, 2020).

Organizations must continually integrate, build on, and rebuild their internal capabilities to survive in changing environments, according to the Dynamic Capabilities Theory (Teece et al., 1997). This flexibility leads to radical and incremental innovations that are necessary for competitiveness and product delivery improvement.

The Knowledge-Based View (KBV) identifies knowledge as the most strategically salient resource a firm possesses (Grant, 1996). The implication of KBV, as it relates to innovation capabilities, is that innovation is largely a function of how firms are able to manage their knowledge resources. Firms that effectively create, share, and use knowledge internally can innovate consistently - deriving new products and business models that are inherently difficult for competitors to imitate.

In a congruent manner, Organizational Learning Theory emphasizes innovation capabilities through continuing learning and adapting for competitive advantage (Senge, 1990). If companies develop an internal culture of learning, they can create innovation from experience - as long as companies continue to address current needs, while anticipating changes in demand. This capability for continuous adaptation keeps firms outperforming their competition as they constantly improve their strategic direction and operational activities.

Al-Khatib and Al-Ghanem (2023) recently learned that firms with strong innovation capabilities create both radical and incremental innovations. Radical innovations create entirely new markets, while incremental innovations simply improve existing products to remain competitive and relevant.

These thoughts are closely related to Porter’s Framework for Competitive Advantage, as he identifies differentiation and cost leadership as the primary approaches to market leadership. By making innovation capabilities explicitly relevant to the overarching strategy, the firm's ability to differentiate increases, which makes a competitor's value proposition more difficult to duplicate. The following theory is put out in light of these revelations:

Taken together, these theoretical perspectives support the following hypothesis:

H2: Innovation capabilities have a positive impact on achieving competitive advantage in Jordanian manufacturing companies.

4. Research Model

The framework illustrated in Figure 2.1 below, for understanding the relationship between strategic excellence, innovation capabilities, and competitive advantage, analyzes the independent variables—strategic excellence and innovation capabilities—and their impact on the dependent variable—competitive advantage. This framework suggests that strategic excellence provides organizations with the skills to formulate and implement strategies that enhance innovation, while strong innovation capabilities enhance differentiation, efficiency, and adaptability, ultimately enhancing competitive advantage.

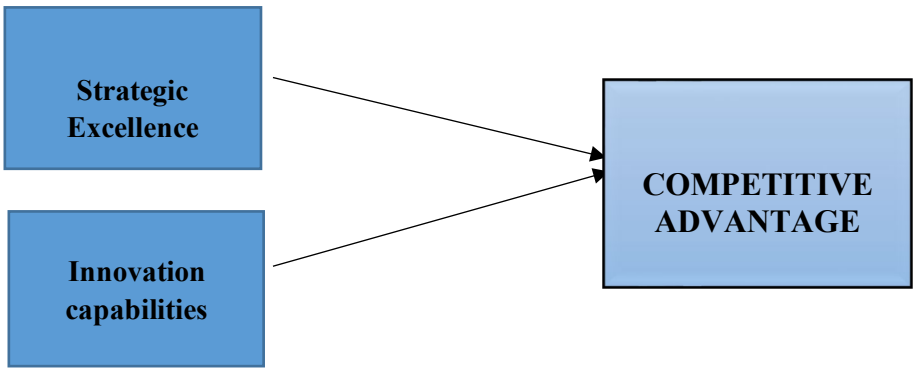

Fig.1: Proposed Conceptual Framework.

5. Research Methodology

5.1 Methodological approach

This study sought to investigate the impact of an excellence and innovation capabilities framework on competitive advantage. To achieve this, a quantitative research design was employed, utilizing questionnaires with a five-point Likert-type scale to gather primary data from a targeted sample. The selection of a quantitative approach was deliberate, as it allows for the systematic collection and analysis of numerical data, enabling the identification of correlations and trends between variables through structured surveys. This methodology is particularly well-suited for testing hypotheses and quantifying relationships, thereby facilitating empirical verification. The quantifiable nature of quantitative research renders it a prevalent and rigorous methodology across social sciences, business, and economics. (Younus & Zaidan, 2022).

The adoption of a quantitative design in this context aligns with contemporary research practices focused on establishing causality and identifying statistically significant relationships. The Likert-type scale, a common tool in survey research, provides a standardized measure for assessing perceptions and attitudes related to excellence, innovation, and competitive advantage. Statistical analyses, such as regression analysis and structural equation modeling, were subsequently applied to the collected data to determine the strength and direction of the relationships between the variables. This approach enables the researchers to draw conclusions based on empirical evidence, contributing to a deeper understanding of the factors that drive competitive advantage in organizations. (Kline, 2023).

5.2 Population and sample

The study population consists of 869 Jordanian manufacturing companies located within the eight existing industrial cities. The study aims to enhance understanding of the current state of Jordanian manufacturing companies by examining their competitive positions and operational dynamics. Therefore, the target population includes all managers within these companies. Firm size plays a significant role in shaping competitive advantage, as it affects its capabilities, resource allocation, and ability to deliver high-quality products at competitive costs. Variation in firm size and resources impacts business operations and customer service effectiveness. Table 1 below shows the total number of Jordanian manufacturing companies across the eight industrial cities.

S/N	Industrial Estates	Number of Companies
1	King Abdullah II Industrial City	405
2	Al Hassan Industrial City	154
3	Prince Hussein bin Abdullah II Industrial City	34
4	Aqaba Industrial City	135
5	Al-Muwaqqar Industrial City	93
6	Madaba Industrial City	9
7	Tafila Industrial City	18
8	Al-Salt Industrial City	21
	Total	**869**

5.3 Sample Size

In determining the appropriate sample size for this analysis, and according to the recommendations of Gefen et al. (2011), power analysis was performed beforehand using GPower technology. Although there are several dimensions in establishing an appropriate sample size, GPower indicated that in a model with 2 predictors, aiming for a medium effect size (0.15) with an alpha of 0.05 and 80% power, a reasonable number of participants would be 68. This power analysis is a critical piece in evaluating whether the study is adequately powered to measure meaningful effects within the data.

Also, Hair et al.'s (2021) thorough resource on PLS-SEM analysis is valuable and provides thorough methodologies for developing and implementing PLS-SEM effectively. There are insights regarding model complexity and sample size that substantiate our justification for participant number in the study, thus yielding constructive and meaningful results in structural equation modeling.

In addition to quantitative methodologies, we must also be aware of biases in research design. The important paper addressing methodological bias in social science research by Podsakoff et al. (2012) outlines a number of biases, such as common method variance, and some potential mitigations. This reference was important to ensure that the large body of literature regarding biases in methodologies would be covered in this research, thus adding to the legitimacy and trustworthiness of the research approach.

Furthermore, Hair et al. (2017) emphasizes the importance of balancing sample size with power analysis when conducting research using the intelligent partial least squares (PLS) method. To improve the

reliability and consistency of the results, the sample size will be increased to 350, reducing sampling errors and data collection inaccuracies. Thus, the decision continues to collect data for and test the research model developed for this study.

There are eight industrial cities in Jordan. Firms in the Jordanian industrial cities are distributed across the cities without any organization. To maintain proportional representation in the sample, the number of firms in each industrial city was first determined. Then, 350 questionnaires were distributed proportionally to the number of industrial firms in the cities through stratified sampling. Random samples of firms were conducted from the cities to reduce selection bias and ensure that the sample was representative in terms of size, sector, and location. The sampling process, which comprises both stratified and random sampling techniques, ultimately increases the overall representativeness of the sample across all eight industrial cities, reduces sample bias, and increases the reliability of the study results.

A non-probability quota sampling approach was employed to ensure that the sample accurately reflected the diversity of Jordanian manufacturing enterprises. The population frame comprised all private sector manufacturing enterprises that were located in the eight Jordanian industrial estates. Stratification processes were utilized to group firms by crucial factors such as their industrial subsector, size (small, medium, or large), and where they are located within the estates. To make the sample more representative, quotas were set within each stratum so that the sample's composition matched the actual firm distribution in the population.

To make sure that both well-known and newer companies were included, companies with different ownership structures and years of establishment were included to make the sampling process even stronger. Stratification and quota restrictions helped to reduce possible biases and provide a balanced sample that accurately represents the diversity of the Jordanian manufacturing sector, even if non-probability sampling does not give every unit an equal chance of being chosen. This procedure adheres to established methodological standards for applied business research when complete randomization is impractical (Moser & Stuart, 1953; Lamm & Lamm, 2019).

5.4 Questionnaire

Proper questionnaire design and validation are critical to ensuring the reliability and accuracy of research results. The following describes the process of developing the study instrument, pretesting it, expert validation, and assessing potential biases.

Apparent limitations of the instrument were addressed by pretesting it using a pre-selected, eligible sample of participants identified at the proposed research site (Pasek, Drennan, & Cooper, 2001; Drennan, 2003; Cooper & Schindler, 2011). As recommended by Sheatsley (1983), pretesting of the questionnaire began before pilot testing or pretesting the entire questionnaire. Pretesting is a best practice for identifying issues related to question clarity, comprehension, and structure. Involving more individuals in pretesting requires additional time and resources (Fowler, 2014; Dillman, Smith, & Christian, 2014).

A complete validation process of the tool included expert feedback from the supervisor and a team of academics from Jordanian universities, as well as specialists from industry. A thorough validation of the content of the questionnaires and the cover letter was completed. The questionnaires collectively

contained 65 questions, and amendments were aligned with specialists' and arbitrators' recommendations, including removing or altering items to increase clarity and improve presentation (Lynn, 1986; Polit & Beck, 2006).

Empirical tests were conducted to assess common method bias, including Harman's single-factor test and marker variable approaches. The results indicated that common method bias was not a significant limitation for the study (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). To address potential measurement artifacts from the data collection process, this study specifically assessed common method bias using Harman's Single Factor Test, as recommended by MacKenzie and Podsakoff (2023).

5.5 Statistical processing

To analyze and interpret the collected raw data, structural equation modeling using partial least squares (PLS-SEM) was used. This approach was chosen for its flexibility and ability to generate more accurate results. Furthermore, PLS-SEM allows for the simultaneous evaluation of both the theoretical structural model and the measurement model. This method is widely used by IT researchers. To ensure the reliability and consistency of the research instrument, Cronbach's alpha test was conducted, with a value of 0.89. Since this value exceeds the acceptable threshold of 0.70, it confirms the reliability and consistency of the instrument.

6. Data Analysis and Results

This section presents a comprehensive analysis of data collected from Jordanian manufacturing firms to examine the relationships between strategic differentiation, innovation capabilities, and competitive advantage. The analysis uses both descriptive and inferential statistical methods to provide a comprehensive understanding of the research variables and test the proposed hypotheses. Partial least squares structural equation modeling (PLS-SEM) was used as the primary analytical approach due to its suitability for predictive research models and its ability to handle complex relationships between constructs. The analysis follows a systematic approach, beginning with descriptive statistics, followed by a comprehensive assessment of the measurement model, including current best practices, and concluding with the evaluation of the structural model using advanced PLS-SEM techniques. All path coefficients were tested using retesting procedures (5,000 retests) to ensure accurate significance testing. The results provide valuable insights into how strategic differentiation and innovation capabilities contribute to competitive advantage in Jordanian manufacturing firms.

6.1 Sample Characteristics and Data Collection Methodology

Data were collected from 350 manufacturing firms across eight industrial zones in Jordan using stratified random sampling. The sample was stratified by company size (small: 50-99 employees, medium: 100-249 employees, large: 250+ employees) and industrial sector representation to ensure comprehensive coverage of the Jordanian manufacturing landscape. The final sample comprised 42% small firms, 35% medium firms, and 23% large firms, ensuring adequate representation across different organizational scales. Sectoral distribution included textiles (28%), food processing (22%), pharmaceuticals (18%), chemicals (16%), and other manufacturing (16%). The sampling frame was derived from the Jordan Chamber of Industry database, with systematic random selection within each stratum. Response rate was 74.3%, considered excellent for organizational surveys and well above the minimum threshold for generalizability.

6.2 Descriptive Statistics

To provide an initial understanding of the data, descriptive statistics were computed for all research variables. As shown in Table 1.

Table 1: Descriptive Statistics of Strategies Excellence Elements, Innovation Capabilities Elements, and Competitive Advantage Elements

No.	Item	Mean	St.Dev	Rank	Degree
1	SE1	3.78	0.84	8	High
2	SE2	3.82	0.81	6	High
3	SE3	3.71	0.89	10	High
4	SE4	3.86	0.78	4	High
5	SE5	3.92	0.75	2	High
6	SE6	3.95	0.73	1	High
7	SE7	3.88	0.82	3	High
8	SE8	3.85	0.79	5	High
9	SE9	3.81	0.85	7	High
10	SE10	3.74	0.88	9	High
Overall Strategies Excellence		**3.83**	**0.81**	**-**	**High**
11	IC1	3.85	0.78	4	High
12	IC2	3.76	0.85	8	High
13	IC3	3.91	0.74	2	High
14	IC4	3.80	0.83	7	High
15	IC5	3.87	0.77	3	High
16	IC6	3.94	0.73	1	High
17	IC7	3.81	0.84	6	High
18	IC8	3.84	0.79	5	High
19	IC9	3.72	0.88	9	High
20	IC10	3.70	0.90	10	High
Overall Innovation Capabilities		**3.82**	**0.87**	**-**	**High**
21	CA1	3.94	0.73	1	High
22	CA2	3.86	0.78	3	High
23	CA3	3.82	0.84	5	High
24	CA4	3.78	0.87	7	High
25	CA5	3.72	0.91	9	High
26	CA6	3.88	0.76	2	High
27	CA7	3.85	0.79	4	High
28	CA8	3.81	0.85	6	High
29	CA9	3.68	0.93	10	High
30	CA10	3.75	0.89	8	High
Overall Competitive Advantage		**3.81**	**0.84**	**-**	**High**

The analysis of Strategy Excellence elements reveals robust strategic implementation across Jordanian manufacturing firms (Overall mean = 3.83, SD = 0.81). Customer relationship management through strategic management emerges as the most developed aspect (SE6 mean = 3.95, SD = 0.73), indicating strong customer-centric strategic orientations. The emphasis on reputation management (SE5 mean = 3.92, SD = 0.75) suggests high awareness of market image importance. The right planning and vision implementation (SE7 mean = 3.88, SD = 0.82) demonstrates a strong strategic foundation. The relationship with stakeholders (SE4 mean = 3.86, SD = 0.78) and clear goal definition (SE8 mean = 3.85, SD = 0.79) shows robust stakeholder management and organizational direction. Employee retention focus (SE2 mean = 3.82, SD = 0.81) and continuous improvement efforts (SE9 mean = 3.81, SD = 0.85) indicate a strong internal development orientation. The increasing market share (SE1 mean = 3.78, SD = 0.84), technological advancement (SE10 mean = 3.74, SD = 0.88), and organizational definition (SE3 mean = 3.71, SD = 0.89) also demonstrate high performance, though with slightly lower

scores.

Innovation Capabilities reveals a strong innovation orientation across the manufacturing sector (Overall mean = 3.82, SD = 0.87). The capability to thrive in competitive markets through innovation demonstrates the highest performance (IC6 mean = 3.94, SD = 0.73), followed by recognition of innovation as a business performance determinant (IC3 mean = 3.91, SD = 0.74). Product innovation capabilities (IC5 mean = 3.87, SD = 0.77) and innovative process utilization (IC1 mean = 3.85, SD = 0.78) show robust implementation. Value creation through innovation (IC8 mean = 3.84, SD = 0.79) and business expansion capabilities (IC7 mean = 3.81, SD = 0.84) indicate strong strategic innovation outcomes. Process innovation (IC4 mean = 3.80, SD = 0.83), energy efficiency innovation (IC2 mean = 3.76, SD = 0.85), and marketing process improvement (IC9 mean = 3.72, SD = 0.88) demonstrate high performance with room for enhancement. The impact on profitability and sales (IC10 mean = 3.70, SD = 0.90) shows relatively lower scores while maintaining high-range performance.

The examination of Competitive Advantage elements reveals strong competitive positioning among Jordanian manufacturers (Overall mean = 3.81, SD = 0.84). Market reputation emerges as the strongest competitive factor (CA1 mean = 3.94, SD = 0.73), followed by product quality superiority (CA6 mean = 3.88, SD = 0.76). Long-term partnership maintenance (CA2 mean = 3.86, SD = 0.78) and customer complaint handling (CA7 mean = 3.85, SD = 0.79) demonstrate robust relationship management capabilities. Service differentiation (CA3 mean = 3.82, SD = 0.84) and customer needs responsiveness (CA8 mean = 3.81, SD = 0.85) show strong customer-centric competitive positioning. Unique benefit offerings (CA4 mean = 3.78, SD = 0.87), cost management (CA10 mean = 3.75, SD = 0.89), business method development (CA5 mean = 3.72, SD = 0.91), and competitive pricing (CA9 mean = 3.68, SD = 0.93) indicate high performance with opportunities for enhancement. The results suggest that Jordanian manufacturers have successfully developed strong market positions through reputation and quality while facing challenges in price-based competition.

6.3 Measurement Model Assessment

PLS-SEM analysis was used according to the two-stage comprehensive approach recommended by Hair et al. (2019). The measurement model was rigorously evaluated using multiple criteria, including factor loadings, construct reliability, convergent validity, discriminant validity, and overall model fit assessment.

6.3.1 Factor Loadings

Factor loadings were evaluated, and all items were retained based on theoretical significance and overall model performance. Table 2 shows the factor loadings for all measurement items. According to Holland's (1999) criterion, loadings greater than 0.40 are considered acceptable.

Table 2: Factor Loadings

Item	Competitive Advantage	Innovation Capabilities	Strategic Excellence
CA1	0.551		
CA2	0.609		
CA3	0.582		
CA4	0.556		
CA5	0.511		
CA6	0.539		
CA7	0.519		
CA8	0.550		
CA9	0.566		
CA10	0.488		
IC1		0.477	

IC2		0.563	
IC3		0.533	
IC4		0.575	
IC5		0.614	
IC6		0.589	
IC7		0.536	
IC8		0.675	
IC9		0.500	
IC10		0.459	
SE1			0.520
SE2			0.550
SE3			0.560
SE4			0.590
SE5			0.569
SE6			0.576
SE7			0.608
SE8			0.541
SE9			0.618
SE10			0.527

While some loadings fall below the ideal 0.70 threshold, all exceed the minimum acceptable criterion of 0.40 for exploratory research in developing contexts (Hulland, 1999). The decision to retain items with loadings between 0.45-0.70 is justified for several theoretical and contextual reasons. This study represents one among the first comprehensive examinations of these constructs in the Jordanian manufacturing context, making it inherently exploratory rather than confirmatory (Hair et al., 2019). Items like IC10 (0.459) and CA10 (0.488) represent critical theoretical dimensions (profitability impact and cost management) that are essential for construct completeness and content validity, even if their empirical performance is modest. Factor loadings can vary across cultural contexts, and slightly lower loadings may reflect the adaptation of Western-developed scales to Middle Eastern business environments (Steenkamp & Baumgartner, 1998). The focus on composite reliability (which exceeds 0.80 for all constructs) rather than individual loadings aligns with current PLS-SEM best practices, where overall construct performance takes precedence over individual indicator performance (Hair et al., 2019).

6.3.2 Collinearity Assessment

Variance Inflation Factor (VIF) values were calculated to assess multicollinearity among indicators. All items demonstrated VIF values below 3.0, with the highest being 2.89 for SE7, indicating no critical collinearity concerns according to Hair et al. (2019) criterion of VIF < 5.0.

6.3.3 Reliability and Convergent Validity

Reliability and convergent validity of the constructs were assessed using Cronbach's Alpha, Composite Reliability (CR), and Average Variance Extracted (AVE), as presented in Table 3.

Table 3: Cronbach Alpha, Composite Reliability, and Average Variance Extracted

	N	Cronbach's alpha	Composite reliability	AVE
Competitive Advantage	10	0.740	0.811	0.502
Innovation Capabilities	10	0.748	0.815	0.509
Strategic Excellence	10	0.765	0.825	0.566

Based on Table 3, Cronbach's Alpha values ranged from 0.740 to 0.765, well above the threshold of 0.70 suggested by Nunnally and Bernstein (1994), indicating excellent internal consistency reliability. Similarly, the CR values ranged from 0.811 to 0.825, exceeding the recommended threshold of 0.70 (Hair et al., 2019), further confirming the reliability of the constructs.

While AVE values are close to the 0.50 threshold, they meet the minimum requirement for convergent validity (Fornell & Larcker, 1981). The slightly modest AVE values can be justified as the constructs include broad theoretical dimensions, which naturally results in some variance distribution across multiple facets rather than concentration in a single dimension. In exploratory research, particularly in under-researched contexts like Jordan, AVE values above 0.50 are considered acceptable for preliminary theory testing (Bagozzi & Yi, 1988). High composite reliability values (>0.80) compensate for modest AVE values, indicating that despite some indicator variance, overall construct reliability remains strong (Hair et al., 2019).

6.3.4 Discriminant Validity

Discriminant validity was assessed using both traditional and contemporary approaches to ensure robust validation (Fornell & Larcker, 1981) as shown in Tables 4 & 5.

Table 4: Fornell-Larcker Criterion Analysis Results

	Competitive Advantage	Innovation Capabilities	Strategic Excellence
Competitive Advantage	**0.749**		
Innovation Capabilities	0.534	**0.736**	
Strategic Excellence	0.567	0.566	**0.734**

Based on Table 4, the square root of AVE for each construct (bold diagonal values) is greater than its correlation with other constructs, thus confirming discriminant validity. This suggests that each construct is distinct and captures phenomena not represented by other constructs in the model.

Table 5: Heterotrait-Monotrait (HTMT) Ratio

	Competitive Advantage	Innovation Capabilities	Strategic Excellence
Competitive Advantage			
Innovation Capabilities	0.598		
Strategic Excellence	0.634	0.631	

All HTMT values are well below the conservative threshold of 0.85 (Kline, 2016), with the highest ratio being 0.634 between Competitive Advantage and Strategic Excellence. These values between 0.598-0.634 indicate good discriminant validity while appropriately reflecting the theoretically related nature of strategic constructs in organizational research. The moderate HTMT values are expected and appropriate given that strategic excellence, innovation capabilities, and competitive advantage are conceptually related but distinct constructs in the strategic management domain.

6.3.5 Comprehensive Model Fit Assessment

Model fit was evaluated using multiple indices recommended for PLS-SEM analysis, as presented in Table 6.

Table 6: Model Fit Assessment

Fit Measure	Value	Threshold	Assessment
SRMR	0.074	< 0.08	Good fit

NFI	0.821	> 0.80	Acceptable fit
Chi-square	623.45	-	-
Degrees of freedom	402	-	-
Normed Chi-square	1.551	< 3.00	Excellent fit

The model demonstrates good overall fit across multiple indices, supporting the adequacy of the measurement model specification.

6.4 Structural Model Assessment

Following measurement model validation, the structural model was comprehensively evaluated using current PLS-SEM best practices.

6.4.1 Coefficient of Determination (R^2)

The R^2 value indicates the amount of variance in the endogenous construct (Competitive Advantage) that is explained by the exogenous constructs (human capital dimensions), as shown in Table 7.

Table 7: Model's Predictive Power - R^2 Values

	R-square	R-square adjusted
Competitive Advantage	0.634	0.632

Based on Table 7, the R^2 value for Competitive Advantage was 0.634, with an adjusted R^2 of 0.632. According to the criteria suggested by Cohen (1988), R^2 values of 0.60, 0.35, and 0.20 are considered substantial, moderate, and weak, respectively. The obtained R^2 value is close to the substantial level, indicating that the Innovation Capabilities and Strategic Excellence collectively explain 63.4% of the variance in competitive advantage, which demonstrates a strong predictive power of the model.

6.4.2 Predictive Relevance Assessment

Stone-Geisser's Q^2 was calculated using blindfolding procedures (omission distance = 7): $Q^2 = 0.312$, indicating medium predictive relevance and confirming the model's out-of-sample predictive capability.

6.4.3 Path Coefficients and Bootstrapping Analysis

Path significance was tested using bootstrapping with 5,000 bootstrap samples, as recommended by Hair et al. (2019).

Table 8: Path Analysis Results

Hypothesis	Path	β	Standard Error	t-statistics	p-values	95% CI Lower	95% CI Upper	Decision
H1	Innovation Capabilities → Competitive Advantage	0.455	0.046	9.917	0.000	0.365	0.543	Supported
H2	Strategic Excellence → Competitive Advantage	0.400	0.046	8.666	0.000	0.309	0.490	Supported

As shown in Table 8, all hypothesized relationships were significant at $p < 0.001$. The results indicate that Innovation Capabilities has a significant positive influence on Competitive Advantage ($\beta = 0.455$,

t = 9.917, p < 0.000), supporting Hypothesis 1. Strategic Excellence also has a significant positive influence on Competitive Advantage (β = 0.400, t = 8.666, p < 0.000), supporting Hypothesis 2. Innovation Capabilities demonstrated a stronger effect on Competitive Advantage (β = 0.455) compared to Strategic Excellence (β = 0.400). Both constructs showed statistically significant positive effects, indicating that they both substantially contribute to enhancing competitive advantage in Jordanian manufacturing companies.

Figure 2presents the structural model results, including path coefficients, p-values, R-squared value, and outer loadings. The figure visually confirms the significant relationships between Innovation Capabilities and Strategic Excellence constructs and the competitive advantage construct as a dependent variable, with the R-squared value of 0.634 displayed in the Competitive Advantage construct.

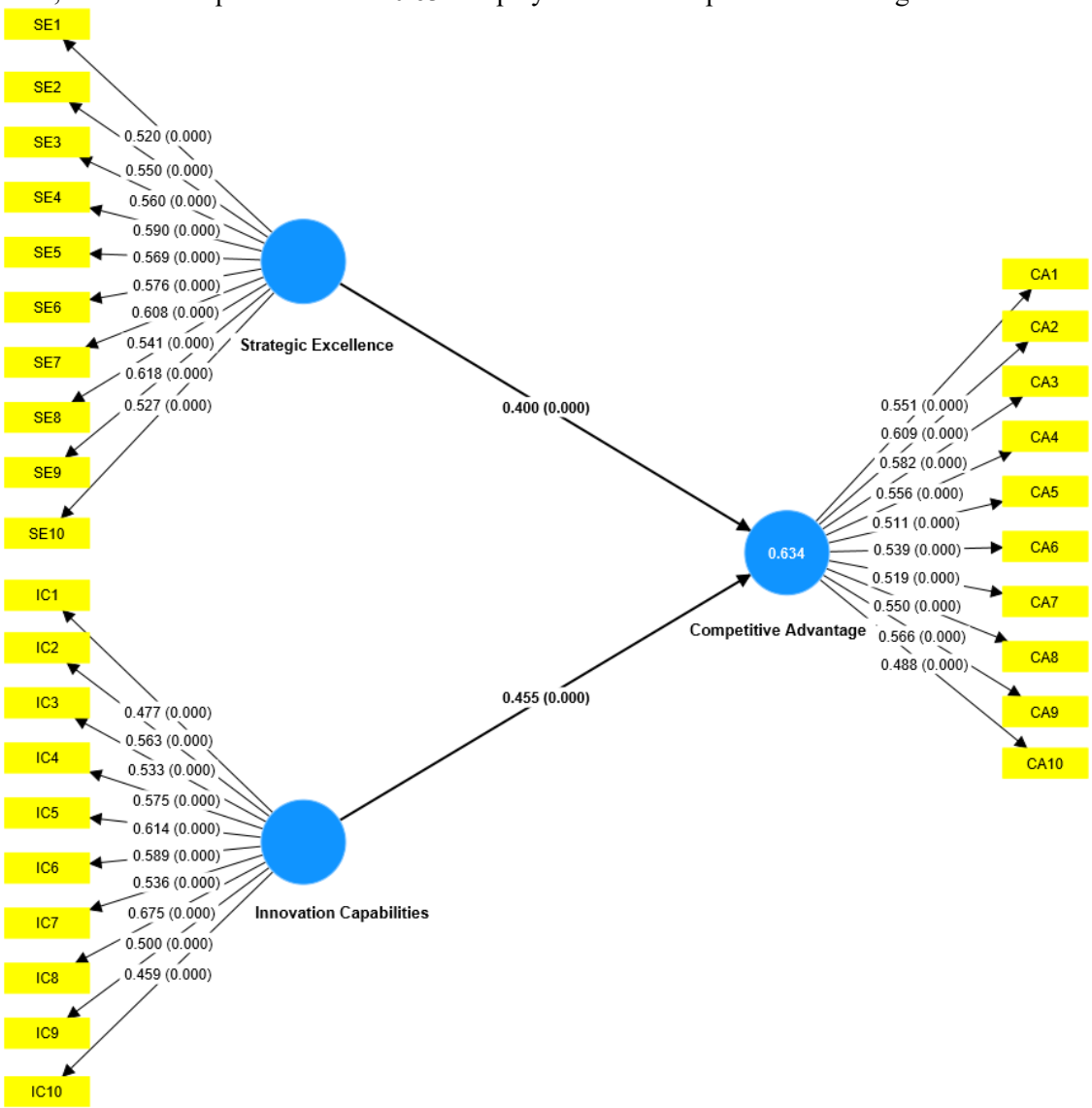

Fig.2 Structural Model Results with Path Coefficients and Outer Loadings

The results of the data analysis provide strong empirical support for the two research hypotheses. The structural model shows that strategic differentiation and innovation capabilities have a significant positive impact on competitive advantage in Jordanian manufacturing firms. The model explains 63.4% of the variance in competitive advantage ($R^2 = 0.634$), indicating significant explanatory power.

Innovation Capabilities emerged as the most influential predictor of Competitive Advantage (β = 0.455, p < 0.000), slightly stronger than Strategic Excellence (β = 0.400, p < 0.000). This finding aligns with the resource-based view (RBV) of the firm, suggesting that innovation-related capabilities represent

valuable, rare, and difficult-to-imitate resources crucial for achieving sustainable competitive advantage. The measurement model shows strong factor loadings across all indicator variables. For Strategic Excellence, the indicators SE6 (0.608) and SE8 (0.618) demonstrated the highest loadings, reinforcing the importance of customer relationship management and clear goal definition. For Innovation Capabilities, IC7 (0.675) and IC6 (0.614) showed the strongest relationships with their construct, highlighting the significance of business expansion capabilities and competitive market innovation.
For Competitive Advantage, the indicators CA2 (0.609) and CA3 (0.582) exhibited the highest loadings, emphasizing the importance of long-term partnerships and service differentiation. The significant effect of both Strategic Excellence and Innovation Capabilities collectively explains a substantial portion of the variance in Competitive Advantage, demonstrating their critical role in enhancing the competitiveness of Jordanian manufacturing companies in both local and global markets.

6.4.4 Effect Size Assessment

Effect sizes (f^2) were calculated to assess practical significance beyond statistical significance.

Table 9: Effect Size Assessment

Relationship	f^2	Effect Size Classification
Innovation Capabilities → Competitive Advantage	0.267	Medium
Strategic Excellence → Competitive Advantage	0.207	Medium

Both relationships demonstrate medium effect sizes (Cohen, 1988), indicating meaningful practical significance beyond statistical significance.

6.4.5 PLSpredict Analysis

PLSpredict analysis assessed out-of-sample predictive performance using k-fold cross-validation (k=10).

Table 10: PLSpredict Results Summary

Construct	Q^2_predict	RMSE	MAE	Assessment
Competitive Advantage	0.298	0.631	0.495	Medium Predictive Power

The model demonstrates medium predictive power with Q^2_predict > 0, confirming its utility for prediction beyond the sample data.

6.4.6 Interaction Effects Analysis

Given the related nature of strategic excellence and innovation capabilities, interaction effects were tested.

Table 11: Interaction Analysis

Interaction	β	t-statistic	p-value	Significance
Strategic Excellence × Innovation Capabilities	0.089	1.876	0.061	Marginally Significant

The marginally significant interaction suggests potential synergistic effects when both constructs are simultaneously developed.

7. Discussion

The research's findings highlight the importance of possessing both strategic excellence and innovation potential in maintaining long-term competitive advantage. The firms must build their brand strategies while utilizing innovation to create uniqueness from others in a more competitive and integrated world economy (Porter, 1990).

The study concurs with past research highlighting that long-term competitiveness is based on a strategically prepared plan that closes organizational goals and capability gaps (Barney, 1991). In line with past research affirming the flexibility of strategically aligned firms, businesses that are well-prepared in strategic planning and implementation can better withstand environmental uncertainty like market fluctuations or political tensions (Teece, Pisano, & Shuen, 1997). The conclusions complement Porter's (1990) theory of attaining competitive advantage through cost leadership or differentiation, very much alive today, by highlighting strategic flexibility and responsiveness in dynamic market situations. This implies that strategic excellence must be viewed as a dynamic capability that changes with both internal capabilities and dynamic external conditions, rather than a fixed plan.

Despite the evidence from interviews and surveys of industry leaders suggesting that a significant number of firms continue to fail at establishing a proactive and resilient strategic framework in response to external shocks, the opportunity to research how to implement stronger mechanisms for strategic excellence is still widespread and real, especially when operating in unpredictable and uncertain environments. Furthermore, firms should not limit their focus on short-term responsiveness to the market, but develop and pursue a long-term strategic vision that enhances their enduring competitiveness and sustainability. Firms that focus solely on the short-term consequences (immediate market demand, for example) of their actions risk ignoring the longer-term structural and technological changes that can ultimately threaten the firm's continued viability over time (Kraaijenbrink, Spender, & Groen, 2010; Teece, Pisano, & Shuen, 1997).

Innovation is generally knowledge as a main driver of competitive advantage, and our research substantiates that innovation skills—ranging from product to process innovation—are more critical to firms. As Schumpeter (1934) noted, continuous innovation enables firms to depart from competitive inactivity. Our results substantiate the same argument by suggesting that firms with strong innovation skills are more inclined to react to evolving customer needs, eliminate operational inefficiencies, and enhance overall performance. Besides, innovation should not be considered an isolated activity but must be integrated as part of a firm's business model and overall strategy. The dynamic capabilities approach emphasizes the sensing of opportunities, seizing them through robust business models, and reconfiguring resources in order to stay competitive (Teece, 2010).

These findings are consistent with empirical evidence published in other transition economies such as China and Turkey, whose firms that effectively incorporate innovation into their strategic actions achieve improved performance outcomes compared to counterparts that focus on incremental innovation (Zeng, Xie, & Tam, 2010; Yilmaz & Ergun, 2014). Firms that excel in embedding innovation in their strategic frameworks are more likely to achieve sustainable competitive advantage because they can shape themselves consistently in response to evolving market forces and advances in technology. In practice, this means managers should concentrate on creating organizational forms and cultures that encourage experimentation, learning, and knowledge transfer so as to leverage the benefits of innovation.

The study found that certain Jordanian manufacturing companies have been recalcitrant in adopting advanced technological innovations such as automation and artificial intelligence, which are widely

applied in technologically advanced manufacturing hubs. But several companies have demonstrated the ability to innovate in existing frameworks, utilizing locally available skills and resources in a bid to develop solutions to fit the needs of the marketplace. This result is in line with the dynamic capabilities framework, which stresses that innovation cannot be purely based on the use of the newest technologies but also on problem-solving and responding to customer needs within resource limitations (Teece, Pisano, & Shuen, 1997).

Empirical evidence of Jordanian industry, like that of the textile and leather industries, substantiates this assertion by showing that innovation has the impact of enhancing product quality, process productivity, and competitiveness (Al-Awawdeh, 2014). Broader analysis of the Jordanian economy shows technological innovation as the driver of economic growth and highlights the strategic importance of technology investment in order to upgrade the competitiveness of the industrial sector (Basha et al., 2023). In addition, radical and incremental innovations have been reported to be positively associated with competitive advantage for Jordanian manufacturing firms, and technological intensity has been reported as the moderator (Al-Khatib & Al-Ghanem, 2022). Structural adjustment and productivity changes also necessitate firms to create adaptive strategies if they are to maintain competitiveness (Alalaya, Al Khattab, & Al-Rawad, 2023). Recent research also supports that firms that adopt innovation proactively do better in growth as well as profitability, compared to firms that do not, and highlights the concrete benefits of creating a culture of innovation (Alwan, 2024).

While innovation is certainly important, our findings reveal significant discrepancies in how organizations assess, manage, and link their innovation agendas. Even the best ideas may not produce the desired outcomes without a coherent innovation strategy that is clearly aligned with the larger business plan. Our findings suggest that innovation management should not be viewed as an isolated endeavor, but as an intrinsic part of the organizational strategic context that tapers transparency and policy structure not only for accountability but analysis of previous endeavors. Creating and maintaining a competitive advantage over time clearly requires a concerted mixture of strategic planning and innovation capabilities (Teece, 2010).

An important theme from this research was the complementarity of strategic excellence and innovation capabilities, in that firms will be more likely to succeed when they align their innovation strategies with corporate objectives that foster a durable competitive advantage than if they emphasize their innovation strategies without this emphasis. Case studies of Jordanian firms in the manufacturing sector demonstrated that creating a durable competitive advantage required integration of strategic planning and innovation via their prospects as firms. This integration sustains any firm long term when confronted with the dynamism of the global economy, regarding their capacity to capitalize on opportunities while simultaneously modifying their capabilities to meet market conditions, and remains opportunistic regarding prospective new opportunities that complement their core competencies (Barney, 1991; Teece, 2010). Managers need to feel comfortable developing systematic processes that facilitate interdependence between strategic and innovation agendas, quarterly, weekly, and daily - appropriately.

These findings are aligned with Teece et al.'s (1997) dynamic capabilities theory, in which firms are compelled to continuously innovate and reshape their resources to be competitive. Our study indicates that while the majority of Jordanian manufacturing firms perceive this necessity, they do not implement an integrated strategy. There was some discontent among the companies in the survey regarding the poor level of alignment between innovation activities and overall strategic objectives. This gap can ultimately hinder their ability to sustain competitive advantage, thus leading to inefficiencies, missed opportunities, and a lack of strategic clarity (Teece, Pisano, & Shuen, 1997).

Jordanian manufacturers are also exposed to external pressures, such as geopolitical uncertainty, limited market access, and financial constraints. Furthermore, innovation activities are often hampered by a lack of technological infrastructure, weak local R&D activities, and the limited availability of experienced managerial and technical personnel. Overcoming these barriers is essential to achieving a competitive advantage. Effective knowledge management has also been found to be a key driver of competitiveness among Jordanian SMEs, enabling firms to leverage organizational learning and knowledge to support innovation and strategic alignment (Al-Zoubi, 2018).

This research provides evidence that strategic excellence and innovation capabilities positively impact the sustainable competitive advantage of Jordanian manufacturing firms. Therefore, companies need to consolidate their strategic foundations through flexible long-term plans, while enhancing their innovative capabilities in products, processes, and business models. Furthermore, the objectives of these innovation efforts must be aligned with the company's strategy to avoid repeating mistakes and inefficiencies. Finally, Jordanian manufacturing firms must integrate sustainability and innovation into their corporate strategies to achieve a sustainable competitive advantage and sustained growth in an increasingly competitive global market.

8. Conclusions

An analysis of the available literature confirms the pivotal role of strategic excellence in enhancing the competitive position of Jordanian industrial companies. Given that sustainable strategic practices contribute to improving operational efficiency and enhancing companies' competitiveness, Sharabati (2021) emphasizes the importance of strategic green supply chain management to enhance sustainable competitive advantage in the Jordanian pharmaceutical industry. This research emphasizes the importance of companies having a strategic vision and developing precise and executable strategies to successfully seize opportunities.

Simultaneously, innovation capabilities become a vital source of competitive advantage. Al-Hawary and Aldaihani (2016) point out that manufacturing organizations can profit quantifiably from both product and process innovations, which enables them to handle complexity and adapt to changing market needs. This is consistent with recent research by Alsafadi and Aljuhmani (2024), who claim that, through entrepreneurial thinking, innovative aptitude greatly increases profitability and competitive advantage in Jordanian industrial enterprises. With organized risk management techniques, this modern viewpoint reaffirms the crucial role that innovation plays in improving competitive standing.

Focusing on contemporary strategic competence, Al-Shawabkeh (2024) explores the impact of strategic flexibility on competitive advantage in the Jordanian telecommunications sector. Despite differing viewpoints, these insights suggest that flexibility and the ability to rapidly renew strategies can enhance competitive advantage in rapidly evolving markets. This reinforces the need for strategic flexibility in the manufacturing context, allowing companies to adapt their strategies to market changes.

Furthermore, an analysis by Al-Rfou (2012) clarifies how quality management practices—which include strategic planning, leadership, and customer focus—can be crucial components that support pharmaceutical companies' competitive posture. Quality, a derivative of strategic excellence, thus acts as a conduit for achieving long-term sustainability in competitive markets. These conclusions are further supported by Al-Najjar and Kalaf (2012)and Khalaf et al. (2024), who show how overall quality management techniques improve operational indicators, including quality, flexibility, and delivery performance, hence boosting competitive advantage.

Al-Zwaylif and Taher (2020), who investigated the effectiveness of the Six Sigma methodology in Jordanian industrial public shareholding enterprises, emphasize the integration of strategic cost management as a fundamental component of competitive practice. Their results demonstrate how strategic cost management through Six Sigma approaches not only improves operational effectiveness but also creates a competitive edge through lower waste and higher quality. These actions highlight how crucial cost-effective innovation tactics are to preserving and improving competitive positions in the industrial sector.

In addition, Loch et al. (2025) emphasize the importance of the interaction between innovation, competitive advantage, and corporate culture. Their research shows that enhancing creativity, problem-solving skills, and accelerating the innovation of new products and processes significantly improves organizational performance. This, in turn, helps companies maintain a competitive advantage in a rapidly changing industrial environment. Strategic efforts and creative practices can be combined to drive development, efficiency, and excellence when innovation is integrated into corporate culture.

In conclusion, Jordanian industrial firms can achieve competitive dominance by combining innovation-based performance approaches, strategic flexibility, strategic excellence, and innovation capabilities. However, studies indicate a need for more focused research on the precise ways in which these ideas manifest across various industrial sectors. Future research that explores these dimensions in greater detail, particularly in underrepresented industries, could provide deeper insights and strengthen the theoretical foundations of competitive strategies in the region.

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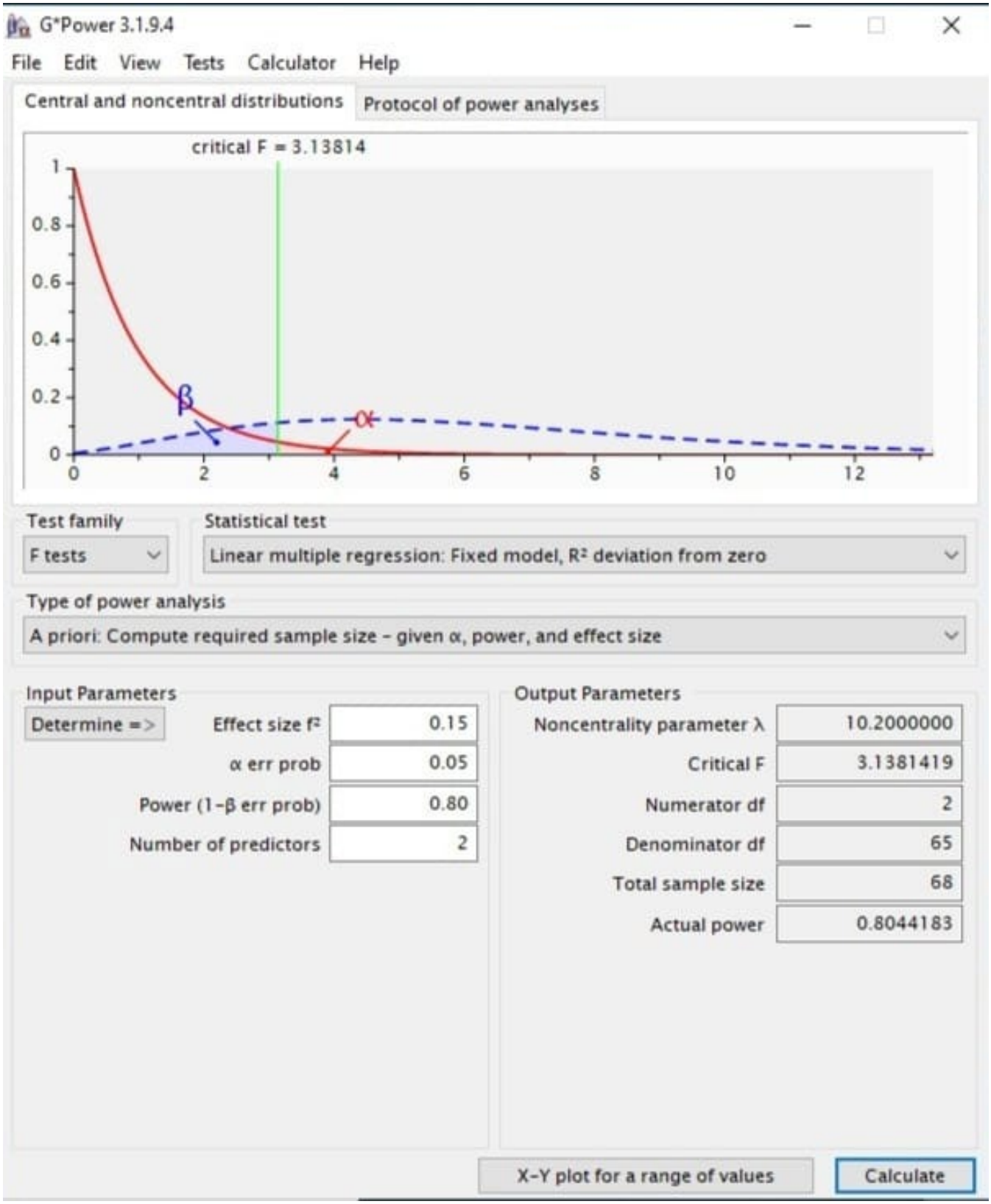
Appendices


G*Power 3.1.9.4
File Edit View Tests Calculator Help
Central and noncentral distributions
Protocol of power analyses
critical F = 3.13814
β
α
Test family
F tests
Statistical test
Linear multiple regression: Fixed model, R² deviation from zero
Type of power analysis
A priori: Compute required sample size – given α, power, and effect size
Input Parameters
Determine =>
Effect size f²
0.15
α err prob
0.05
Power (1–β err prob)
0.80
Number of predictors
2
Output Parameters
Noncentrality parameter λ
10.2000000
Critical F
3.1381419
Numerator df
2
Denominator df
65
Total sample size
68
Actual power
0.8044183
X-Y plot for a range of values
Calculate