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Strategy to improve operational performance through organizational capacity, internal process management and innovation with digitalization operations as an intervening variable (Case Study on PT. Juan Sinergi Abadi)

Zaenal[1], Mombang Sihite[2], Lola Fitria Sari[3]
[1,2,3] Sekolah Pascasarjana Universitas Pancasila
Email: zaenalz@gmail.com

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Abstract

Digital transformation is a strategic need for project-based service companies, including interior contractors, to increase efficiency and competitiveness. However, the success of digitalization does not only depend on technology, but also on the organization's internal readiness. This research aims to analyze the role of organizational capacity, internal process management, and innovation in improving operational performance through digitalization at PT. Juan Sinergi Abadi. The method used was a mixed method with a sequential explanatory design, starting with a quantitative analysis using SEM-PLS on 60 employees, then continued with a qualitative approach through FGD and SWOT, IFE-EFE, IE Matrix, and QSPM analysis. The results of the study show that organizational capacity, internal process management, and innovation are the main factors in encouraging the implementation of operational digitalization. This digitalization has been proven to improve operational performance, especially in project time efficiency, cost control, and quality of work results. Qualitative findings reinforce that digital integration is able to align organizational capabilities, work processes, and innovation more effectively. Strategically, the company is in a hold and maintain position with a focus on strengthening digital systems and standardizing processes. This research contributes to the development of strategic management and provides practical implications for improving operational performance based on integrated digitalization.

INTRODUCTION

The development of digital transformation has become a strategic phenomenon that affects almost all industrial sectors, including the construction and interior services industries. Operational digitalization is seen as an important means to improve the efficiency, accuracy, and flexibility of business processes through the use of digital technologies such as integrated information systems, *project management software, Building Information Modeling* (BIM), and cloud-based technology. Westerman, Bonnet, and McAfee (2014) emphasized that digitalization is not only related to the adoption of technology, but also concerns fundamental changes to organizational structures, internal processes, and work patterns to achieve continuous performance improvement

Empirically, the construction industry still faces the challenge of relatively low productivity compared to other sectors. The McKinsey Global Institute (2017) reported that the productivity growth of the global construction sector has been only about 1% per year over the past two decades, far behind the manufacturing and services sectors. This condition encourages the urgency of adopting digital technology as a solution to improve operational performance, reduce waste,

and improve project coordination. In the context of the interior industry, the challenges are increasingly complex due to the characteristics of the project being customizable, the reliance on cross-functional coordination, and the high demands on quality and punctuality.

Table 1 Contribution of the Construction Sector

Indicator	Value	Changes (%) Q-to-Q	Remarks
Value of GDP in the Construction Sector	333.8 Trillion	+2,12	Moderate increase
Number of Construction Workers	8.42 million	+0,7	Up From the Third Quarter
Number of Construction Companies	192,350 units	+1,5	Dominated by small and medium-scale
Contribution to National GDP	9,86%	Stable	Remains the third largest sector

Source: BPS, 2024

The construction sector and its derivatives, including interior services in Indonesia, have a significant contribution to the national economy. The Central Statistics Agency (2024) noted that the construction sector is consistently one of the main contributors to Gross Domestic Product (GDP). However, many interior contractor start-ups still face limitations in the optimal implementation of operational digitalization. Limited resources, immature organizational structures, and work processes that have not been thoroughly digitized cause operational performance to not reach the expected level of efficiency.

Operational performance is a key indicator that reflects an organization's ability to manage resources effectively and efficiently to achieve business goals. Operational performance is generally reflected in the level of productivity, cost efficiency, timeliness of job completion, quality of results, and the organization's ability to meet customer expectations. In an increasingly competitive business environment, optimal operational performance is a determining factor for business sustainability, especially for startups that are still in the growth stage and have limited resources (Parida et al., 2019).

In the interior contracting industry, operational performance has a high level of complexity due to the nature of the project being custom and order-based. Each project demands intensive coordination between design functions, material procurement, and on-the-ground execution. Inefficiencies at one of the operational stages can have a direct impact on project delays and cost overruns. Research shows that low operational performance in the construction and interior sectors is still a major problem due to weak integration of work processes and effective operational control (Zhang et al., 2021).

In recent years, operational digitalization has been seen as a strategic approach to improve operational performance. Operational digitalization refers to the use of digital technology in supporting the planning, implementation, and control of operational activities in an integrated

manner. The implementation of digital systems allows organizations to obtain information in *real-time*, increase process transparency, and accelerate operational decision-making. Empirical studies show that operational digitalization has a positive influence on the efficiency and effectiveness of organizational operational performance (Vial, 2019).

Nonetheless, the adoption of operational digitalization does not necessarily result in significant performance improvements. Many organizations have implemented digital technology, but have not been able to utilize it optimally in their daily operational activities. This shows that the success of operational digitalization is greatly influenced by the readiness and internal conditions of the organization (Warner & Wäger, 2019).

One of the internal factors that plays an important role in supporting operational digitalization is organizational capacity. Organizational capacity includes human resource capabilities, organizational structure, leadership, and learning abilities in responding to technological changes. Organizations with adequate capacity tend to have better readiness to integrate digital technology into operational processes, resulting in improved operational performance (Kane et al., 2019).

In addition to organizational capacity, internal process management is also a determining factor in improving operational performance. Internal process management deals with how organizations design, control, and evaluate operational workflows systematically. Structured internal processes allow digital technology to be implemented consistently and effectively in supporting operational activities. Research shows that good internal process management contributes significantly to improving operational efficiency and project quality control (Sousa-Zomer et al., 2020).

Another factor that is no less important in improving operational performance is innovation. Innovation includes the ability of organizations to create or adopt new ways of working, operational methods, and more efficient technology-based solutions. Organizations that have a high level of innovation tend to be more adaptive to changes in the business environment and are able to improve operational performance through the use of digital technology (Nambisan et al., 2019).

PT. Juan Sinergi Abadi is a start-up company engaged in interior and architectural contractor services with project-based firm characteristics. The company handles services ranging from interior design planning, project management, to the implementation of interior work for the commercial, institutional, and public facilities segments, so that intensive cross-functional coordination (marketing, design, project administration, production, and field implementation) can be achieved in order to achieve time, cost, and quality targets. However, based on pre-research observations and internal operational data of PT. Juan Sinergi Abadi throughout 2024 to early 2025 found indications of a decline in operational performance caused by the suboptimal integration of digital processes and systems. The phenomenon is summarized in the following table:

Table 2 Identification of Operational Problems of PT. Juan Sinergi Abadi (2024-2025)

Performance Indicators	Standard Targets	Actual Realization	Operational Impact
Punctuality	100% On-Time Delivery	65% of Projects on Time	Late fines & decreased client trust.
Cost Accuracy	Fee Variance < 5%	Fee Variance 12-15%	Cost overruns due to *rework* & wrong materials.
Process Efficiency	Real-time Data Integration	Documentation Manual (WA/Excel)	*Information lag* between field teams and designers.
Innovation Level	Modular Standardization	Total Customization (Non-Standard)	The production process is long and difficult to duplicate.

The gap between targets and realizations in Table 1.2 shows that although the company is growth-oriented, the current Organizational Capacity and Internal Process Management are not able to keep up with the complexity of the project. This is exacerbated by the use of informal communication media (WhatsApp) as the main means of coordination, which results in scattered data and difficulty monitoring progress in *real-time*.

In addition, the main obstacle that hinders the company's performance is the high rate of rework due to design miscommunication. The following is a classification of the causes of operational inefficiencies found:

In its operational practice, PT. Juan Sinergi Abadi has experienced several empirical phenomena that show that there is a gap between the readiness of internal organizational factors and the need for optimal operational performance. In terms of organizational capacity, the work structure and division of roles have not been fully documented and standardized, so that when the project load increases, there is an imbalance of workload between individuals/functions that has the potential to affect the consistency of implementation. Internal process management also faces the challenge of cross-functional coordination that is still dominant through informal communication (WhatsApp/phone), so that information on design changes and schedules is not always documented in an integrated system, triggering design miscommunication and quality rework.

Project document management (work drawings, RAB, *purchase orders,* daily progress) is not yet integrated in a single platform, requiring teams to take additional time to consolidate manual data during monitoring, which contributes to project delays and operational cost overruns. Material procurement is still partial (manual + digital separate), causing insynchronization between material stocks and production schedules, exacerbating overall operational inefficiencies. Innovation is more visible in the aspect of design/final results of the project which is custom, but innovation in work processes and production methods has not been optimally implemented and documented as operational standards.

These phenomena indicate the disconnect between organizational capacity, internal process management, process innovation, and operational digitalization that causes the operational performance of PT. Juan Synergi Abadi is not optimal. This empirical condition is the basis for the relevance of the research to examine how the three internal factors (organizational capacity,

internal process management, and innovation) affect operational performance through digitalization operational mediation.

Previous research has shown that organizational operational performance is increasingly studied in relation to digital transformation and internal organizational factors. The study of Parida et al. (2019) found that the improvement of operational performance in project-based companies is greatly influenced by the organization's ability to manage operational processes efficiently. Furthermore, Vial (2019) emphasized that operational digitalization plays an important role in improving the efficiency and effectiveness of organizational performance, although its impact is highly dependent on the company's internal readiness. In the context of internal capabilities, Kane et al. (2019) show that organizational capacity, especially in the aspects of human resources and digital leadership, is a determinant of the success of digitalization implementation. Other research emphasizes that structured and digitized internal process management is able to improve cross-functional coordination and reduce operational inefficiencies (Sousa-Zomer et al., 2020). Meanwhile, Nambisan et al. (2019) highlight the role of innovation as a key factor that enables organizations to create new value through the use of digital technology. However, most of these studies still examine the direct relationship between variables and focus on large companies or the manufacturing sector, so studies that integrate organizational capacity, internal process management, and innovation into operational performance through operational digitalization, especially in interior contractor start-ups, are still relatively limited.

The novelty of this research lies in the development of an empirical model that explains the operational performance of interior contractor start-ups through the integration of internal organizational factors and operational digitalization. In contrast to previous research that generally examines the direct influence of organizational capabilities, internal processes, or innovation on performance, this study places operational digitalization as a mediating variable that bridges the influence of organizational capacity, internal process management, and innovation on operational performance. This approach provides a more comprehensive understanding of the mechanisms by which an organization's internal factors are converted into improved operational performance in the digital age.

In addition, the novelty of this research also lies in the empirical context of the research, namely the startup business of interior contractors, which until now is still relatively rarely the focus of studies in the literature on digital transformation and operational management. Most previous research has focused on large companies or the manufacturing sector, so it has not fully captured the unique characteristics of project-based startups that have limited resources, high levels of uncertainty, and demands for operational flexibility. Thus, this study enriches the literature with empirical evidence that is contextual and relevant to the interior services sector.

PT Juan Sinergi Abadi is a start-up company engaged in interior and architectural contractor services with *project-based firm* characteristics. The company handles a wide range of services ranging from interior design planning, project management, to the implementation of interior works for the commercial, institutional, and public facilities segments. As a start-up in the interior industry, PT Juan Sinergi Abadi is faced with high operational performance demands, such as timeliness of project completion, cost efficiency, quality of work results, and complex cross-functional coordination. On the other hand, companies also face limited organizational resources, increasingly dynamic internal process management needs, and the demands for innovation in design and work methods. This condition encourages the importance of implementing operational digitalization as a means to improve the effectiveness of work processes, project management

transparency, and data-driven decision-making, thus making PT Juan Sinergi Abadi a relevant empirical context to examine the influence of organizational capacity, internal process management, and innovation on operational performance through operational digitalization.

Organizational capacity refers to an organization's ability to manage the resources, structures, and processes necessary to achieve its strategic goals. According to Mollah et al. (2025), organizational capacity includes the ability to respond to environmental changes, utilize new technologies, and improve the competence of human resources. This view emphasizes the importance of organizational flexibility and adaptability in the face of the dynamics of the ever-changing business environment, especially in the context of digital transformation and the demands of operational efficiency.

Brocke et al. (2021) state that internal process management includes the organization's ability to document, evaluate, and make continuous improvements to work processes. This approach focuses not only on short-term efficiency, but also on the sustainability of performance through organizational learning and the use of technology as a process supporter. In the modern context, internal process management is increasingly closely related to the implementation of digital systems to improve transparency and process control. The relevance of internal process management in interior contractor startups is critical to ensure projects can be completed on time and within budget. The application of efficient process management can increase competitiveness and provide added value for customers (Hammer, 2010). Thus, good internal process management will be the foundation for the operational success of a startup.

Innovation refers to the process of creating and implementing new ideas that provide added value to the organization. According to Abbas et al. (2023), innovation includes the development of products, processes, and business models that are able to improve organizational performance. Innovation is not only understood as the creation of something completely new, but also as an effort to improve existing ways of working to become more efficient, effective, and relevant to market needs. Research by Radicic & Petković (2023) also shows that digitalization plays an important role in encouraging technological innovation in small and medium-sized businesses through increasing absorptive capacity and knowledge integration. Organizations that are able to make optimal use of digital technology tend to produce product and process innovations that are faster and in line with market needs, which ultimately has a positive impact on operational performance.

Digitalization operations refer to the application of digital technology in organizational operational processes to increase the efficiency, effectiveness, and speed of business activities. According to INDEF (2024), digitalization includes the use of digital tools, systems, and platforms to support various business functions, ranging from administration, internal coordination, to interactions with customers and partners. Digitalization is not only changing the way organizations run their operations, but it is also shaping more data-driven work and decision-making patterns. The operational functions and roles of digitalization are significant in improving efficiency, data accuracy, and accelerating decision-making. Digitalization also allows for better collaboration between teams and increases transparency in business processes (Samuelson & Stehn, 2023). For example, the use of digital collaboration platforms can speed up communication between design and production teams, reduce errors and increase project completion speed. Recent research results (Dias *et al.*, 2025; Cosa & Torelli, 2024) emphasizes the importance of digitalization in improving sustainable performance that has a multidimensional impact on sustainable business performance, including improving operational efficiency, continuous innovation, and

organizational adaptability to technological dynamics. These findings strengthen the operational relevance of digitalization as a link between organizational capacity and operational performance results in the construction and interior services sectors.

Neely et al. (2018) define operational performance as the result of a measurement process that describes the effectiveness and efficiency of organizational actions in achieving strategic goals. They emphasized that operational performance measurement serves as a managerial evaluation and control tool to ensure that internal processes run according to the set targets. Thus, operational performance not only shows the final results, but also the quality of the implementation of the work process.

Slack et al. (2020) state that operational performance includes key dimensions such as cost, quality, speed, reliability, and flexibility. These dimensions describe the organization's ability to respond to customer needs while maintaining internal efficiency. Organizations with good operational performance are able to balance the demands of cost efficiency and improving the quality of services or products. According to Mollah et al. (2025), improved operational performance through digitalization is characterized by time efficiency, increased productivity, and the ability of organizations to manage cross-functional projects effectively. Their study shows that organizations with strong digital leadership and human capital development have higher operational performance than organizations that have not yet digitally transformed.

Previous research shows that organizational capacity, internal process management (BPM), innovation, and digitalization are important determinants in improving organizational performance. Studies such as Mladenova (2024) and Cao et al. (2025) affirm the role of organizational capacity and digital capabilities in driving performance. Meanwhile, Rosemann & de Bruin (2022) and Trkman (2022) highlight the importance of internal process management in improving operational efficiency. Research by Abbas et al. (2023) and Radicic & Petković (2023) shows that digitalization and innovation contribute significantly to performance, especially in the SME sector. On the other hand, Kraus et al. (2023), Dias et al. (2025), and Cosa & Torelli (2024) through a literature approach affirm the importance of digital transformation in improving organizational competitiveness. However, most of the research is still partial, conceptual, or does not integrate all variables simultaneously, and has not specifically placed operational digitalization as an intervening variable in the context of project-based construction services business.

The novelty of this research lies in the comprehensive integration of organizational capacity, internal process management, and innovation in one empirical model that is tested simultaneously on operational performance with digitalization operations as an intervening variable. In contrast to previous research, this study not only highlights the digitalization aspect in general, but focuses on the end-to-end operational digitalization in the project process. In addition, this study has a specific context on interior contractor start-ups in Indonesia, which is still rarely studied in the literature. The mixed methods approach that combines SEM-PLS and strategic analysis (SWOT, IFE-EFE, IE Matrix, QSPM) also strengthens practical and academic contributions, so as to be able to provide a more applicable strategic model in improving operational performance based on integrated digitalization.

METHODS

This study uses *a mixed methods* approach with *a sequential explanatory design*, which begins with the quantitative stage and continues with the qualitative stage. The quantitative approach is used

to test the causal relationships between variables and validate conceptual models, while the qualitative approach serves to deepen the interpretation of results and formulate strategic implications according to the empirical conditions of interior contractor start-ups. This design was chosen to produce a comprehensive understanding through the integration of statistical and contextual analysis. The research population is all employees of PT. Juan Sinergi Abadi who is directly involved in operational activities, totaling 60 people, covers the managerial, administrative, and operational functions of the project. This study uses a saturated sample technique (census), where all members of the population are made respondents because the number is relatively small. The use of this technique aims to obtain more representative, accurate, and minimizing potential bias in sampling, so as to be able to describe the company's empirical condition as a whole.

The data analysis technique in this study was carried out with an integrated quantitative and qualitative approach. At the quantitative stage, the analysis was carried out using the Structural Equation Modeling–Partial Least Squares (SEM-PLS) method with the help of SmartPLS 3.2.9 software. This analysis is used to test the relationships between latent variables, including measurement model tests (*outer models*) to assess validity and reliability, and structural model tests (*inner models*) to test hypotheses and causal relationships between variables. The qualitative stage is carried out through strategic analysis using a SWOT approach strengthened with IFE (Internal Factor Evaluation) and EFE (External Factor Evaluation) matrices to identify the company's strengths, weaknesses, opportunities, and threats. The results of the analysis are then mapped in the IE Matrix to determine the company's strategic position, and continued with the Quantitative Strategic Planning Matrix (QSPM) to formulate the most optimal strategy priorities. This approach aims to deepen quantitative results while producing practical strategic recommendations in improving the company's operational performance.

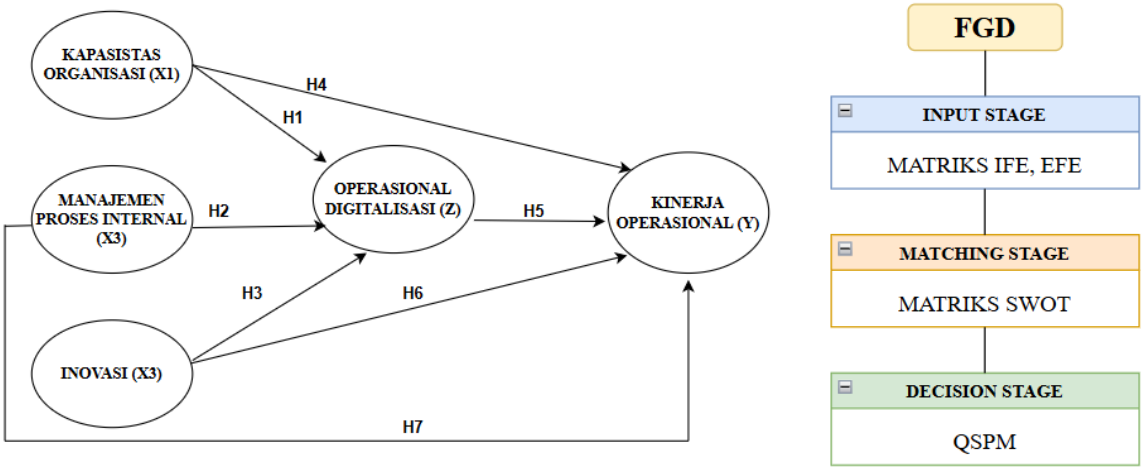

Figure 1 Research Framework
Source: Processed Researcher, 2026

RESULTS AND DISCUSSION

Quantitative Analysis

Test Outer Model

Table 3 Outer Model Test

Variable	Indicator	*Outer Loading*	Remarks
	X1.1	0,818	Valid

Variable	Indicator	*Outer Loading*	Remarks
Organizational Capacity (X1)	X1.2	0,884	Valid
	X1.3	0,854	Valid
Internal Process Management (X2)	X2.1	0,781	Valid
	X2.2	0,874	Valid
	X2.3	0,870	Valid
Innovation (X3)	X3.1	0,709	Valid
	X3.2	0,875	Valid
	X3.3	0,881	Valid
Digitalization Operations (Z)	Z1.1	0,851	Valid
	Z1.2	0,779	Valid
	Z1.3	0,857	Valid
	Z1.4	0,725	Valid
Operational Performance (Y)	Y1.1	0,825	Valid
	Y1.2	0,806	Valid
	Y1.3	0,852	Valid
	Y1.4	0,793	Valid

Source: Data Processing Results, 2026

The results of *the outer loading* test showed that all indicators on each variable had a value above 0.70, so that it met *the convergent validity* criteria and was declared valid. This means that all indicators are able to reflect latent constructs well, both in organizational capacity variables, internal process management, innovation, digitalization operations, and operational performance, so that the measurement model is suitable for further analysis on structural models.

Table 4 AVE Test

Variable	AVE	Remarks
ORGANIZATIONAL CAPACITY (X1)	0,73	Valid
M INTERNAL PROCESS (X2)	0,71	Valid
INNOVATION (X3)	0,68	Valid
OPERATIONAL PERFORMANCE (Y)	0,67	Valid
OPS DIGITIZATION (Z)	0,65	Valid

Source: Data Processing Results, 2026

The results of the *convergent validity* construct test in the table above, it can be seen that each construct has met the criteria with *an Average Variance Extracted* (AVE) value above 0.50.

Table 5 Reliability Test

	Cronbach's Alpha	*Composite Reliability*	Remarks
ORGANIZATIONAL CAPACITY (X1)	0,814	0,889	Reliable

M INTERNAL PROCESS (X2)	0,794	0,880	Reliable
INNOVATION (X3)	0,764	0,864	Reliable
OPERATIONAL PERFORMANCE (Y)	0,836	0,891	Reliable
OPS DIGITIZATION (Z)	0,818	0,880	Reliable

Source: Data Processing Results, 2026

Based on the table above, it can be seen that the results of the *composite reliability* test show that all latent variable values have a *composite reliability* value of ≥ 0.7. And the results *of Cronbach's alpha* testing also show that all latent variable values have *a Cronbach's alpha* value ≥ 0.7 so that it can be concluded that the construct has good reliability or that the questionnaire used as a tool in this study is reliable or consistent.

Test Inner Model

Table 6 R2 Test

	R *Square*	**R *Square Adjusted***
OPERATIONAL PERFORMANCE (Y)	0,772	**0,755**
OPS DIGITIZATION (Z)	0,694	**0,678**

Source: Data Processing Results, 2026

The *value of Adjusted R-Square* (R2) or the determination coefficient of the Operational Performance construct (Y) is 0.755. These results show that the endogenous variables of Operational Performance can be explained by exogenous variables that affect them (Organizational Capacity, Internal Process Management, Innovation, and Digitalization Operations) by 75.5% while the remaining 24.5% are explained by other exogenous variables outside this research model. Then the value *of Adjusted R-Square* (R2) or the coefficient of determination of the Digitization Operational construct (Z) is 0.678. These results show that the endogenous variables of Digitalization Operations can be explained by exogenous variables, namely Organizational Capacity, Internal Process Management, and Innovation by 67.8% while the remaining 32.2% are explained by other exogenous variables.

Hypothesis Test

Table 7 Hypothesis Test

Hypothesis	**Relationships**	***Original Sample* (O)**	**t *Statistics***	**P *Values***	**Remarks**
H1	Organizational Capacity (X1) -> Digitalization Ops (Z)	0,395	4,099	**0,000**	Influential

Hypothesis	Relationships	*Original Sample* (O)	t *Statistics*	P *Values*	Remarks
H2	M Internal Processes (X2) -> Digitization Ops (Z)	0,309	2,880	**0,006**	Influential
H3	Innovation (X3) -> Digitalization Ops (Z)	0,261	2,449	**0,017**	Influential
H4	Organizational Capacity (X1) -> Operational Performance (Y)	0,246	2,858	**0,006**	Influential
H5	Digitization Ops (Z) -> Operational Performance (Y)	0,295	2,188	**0,033**	Influential
H6	Innovation (X3) -> Operational Performance (Y)	0,286	2,502	**0,015**	Influential
H7	M Internal Processes (X2) -> Operational Performance (Y)	0,178	2,518	**0,015**	Influential

Source: Data Processing Results, 2026

The results of the hypothesis test showed that all relationships between variables had *t-statistics* values of > 1.96 and *p-values* < 0.05, so that all hypotheses (H1–H7) were accepted. Organizational capacity, internal process management, and innovation have proven to have a positive and significant effect on digitalization operations. Furthermore, organizational capacity, innovation, internal process management, and digitalization operations also have a significant effect on operational performance. These findings indicate that the improvement of operational performance is not only directly influenced by internal organizational factors, but also through the role of digitalization operational mediation as a connecting mechanism that strengthens the relationship.

Qualitative Analysis
SWOT Matrix

Table 7 SWOT Matrix

Yes	***Strengths***
1	The high and consistent quality of interior work results is reflected in the excellent level of customer satisfaction.
2	Flexible and adaptive work team to change, including in the use of operational digital technology.
3	High speed of response and decision-making due to the relatively lean organizational structure.
4	An open culture of innovation, where management supports new ideas from the design, workshop, and field teams.

Yes	***Strengths***
5	Project team's strong practical and technical experience in handling different types of project-based interior work.
	Weaknesses
6	Internal process management has not been fully documented in written and standardized SOPs between projects.
7	Controlling operational costs still depends on individual experience and is not yet supported by an integrated digital system.
8	Operational digitalization is still partial and has not been integrated between functions (design, production, field).
9	The division of work roles still has the potential to overlap as the volume of projects increases.
10	Work process innovations have not been documented and have not been used as a company operational standard.
	Opportunities
11	The growth in demand for interior services for the commercial and residential segments continues to increase.
12	The development of digital technology (design applications, project management, and online collaboration) is increasingly affordable.
13	Dynamic interior design trends open up opportunities for innovation-based differentiation of products and services.
14	Increasing customer preference for fast, flexible, and responsive interior contractors.
15	Opportunities for the development of modular and system-based interior services to improve project efficiency.
	Threats
16	Competition is increasingly fierce with other interior contractors who have already implemented integrated digital systems.
17	Price pressure from customers who compare many service providers with relatively similar quality standards.
18	Rapid changes in interior design trends that risk making products or services obsolete quickly.
19	Fluctuations in the price of interior materials that can affect project cost control.
20	Reliance on manual coordination that has the potential to degrade operational performance as project volumes increase.

Source: Data Processing Results, 2026

The results of the SWOT analysis show that PT. Juan Sinergi Abadi has a strong strategic position with advantages in the quality of work, customer satisfaction, competent team, and flexible organizational structure. However, companies still face weaknesses in the suboptimal process standardization (SOPs), cost control, and operational digitalization integration. Externally, there are great opportunities through the increasing demand for interior services and the development of digital technology, despite the threat of fierce competition, price pressures, and material fluctuations. Therefore, the right strategy is to harness strengths to seize opportunities (SO), improve weaknesses through process strengthening and digitalization (WO), use quality as a differentiator against competition (ST), and improve internal efficiency to anticipate risks (WT). Overall, improving operational performance depends on a more systematic integration between organizational capacity, internal processes, innovation, and digitalization.

IFE Matrix

Table 8 IFE Matrix

Internal Factors	Weight	Rating	Weight Score
Strengths			
High quality of interior work results and good customer satisfaction	0,15	4	0,6
Flexible and adaptive work teams to change and technology	0,1	4	0,4
Speed of decision-making due to lean organizational structure	0,1	3	0,3
Culture of open innovation and management's support for team ideas	0,1	3	0,3
Technical experience of project, workshop, and field teams	0,1	4	0,4
Weaknesses			
SOPs and work processes have not been documented in a standard manner	0,15	2	0,3
Project cost control has not been integrated with a digital system	0,1	2	0,2
Operational digitalization is still partial	0,1	2	0,2
Potentially overlapping division of work roles	0,1	2	0,2
Total	**1**		**2,9**

Source: Data Processing Results, 2026

The results of the IFE Matrix analysis showed a score of 2.90 (>2.50), which indicates the internal condition of PT. Juan Synergy Abadi is relatively strong, with strength able to cover weaknesses. The main advantage lies in the quality of the team's work and technical experience, supported by flexibility and speed of decision-making. However, companies still have weaknesses in the lack of standardization of SOPs, unsystematic cost control, and digitalization that has not been integrated, so that it has the potential to cause inefficiencies if not immediately corrected.

EFE Matrix

Table 9 EFE Matrix

External Factors	Weight	Rating	Weight Score
Opportunities			
Increasing demand for commercial and residential interior services	0,15	4	0,6
The development of digital technology that is increasingly affordable	0,15	4	0,6
Dynamic and diverse interior design trends	0,1	3	0,3
Customer preference for fast and flexible contractors	0,1	3	0,3
Threats			
Fierce competition with digitized interior contractors	0,2	2	0,4
Price pressures and fluctuations in material costs	0,15	2	0,3
Rapid change in design trends	0,15	2	0,3
Total	**1**		**2,8**

Source: Data Processing Results, 2026

The results of the EFE Matrix analysis showed a score of 2.80 (>2.50), which indicates that the company is quite capable of taking advantage of opportunities and facing external threats. The main opportunities come from the increasing demand for interior services and the development of digital technology, while the biggest threats are fierce competition and price pressures due to fluctuations in material costs. Therefore, companies need to improve cost efficiency and service differentiation to remain competitive.

QSPM Matrix

Table 10 QSPM Matrix

Source: Data Processing Results, 2026

Internal Factors	Weight	AS (S1)	TAS (S1)	AS (S2)	TAS (S2)
High quality of work results	0,15	3	0,45	4	0,6
Flexibility and adaptability of the team	0,1	3	0,3	4	0,4
Speed of decision-making	0,1	3	0,3	3	0,3
Open culture of innovation	0,1	3	0,3	4	0,4
Technical experience of the team	0,1	3	0,3	4	0,4
SOPs have not been standardized	0,15	4	0,6	2	0,3
Weak cost control	0,1	4	0,4	2	0,2
Digitalization is not yet integrated	0,1	4	0,4	2	0,2
Subtotal Internal	**1**		**3,05**		**2,8**
External Factors	**Weight**	**AS (S1)**	**TAS (S1)**	**AS (S2)**	**TAS (S2)**
Demand for interior services increases	0,15	3	0,45	4	0,6
Digital technology is getting more affordable	0,15	4	0,6	3	0,45
Dynamic design trends	0,1	2	0,2	4	0,4
Market preference on flexibility	0,1	3	0,3	4	0,4
Fierce competition	0,2	4	0,8	3	0,6
Price pressures & material costs	0,15	4	0,6	2	0,3
External Subtotals	**1**		**2,95**		**2,75**

Source: Data Processing Results, 2026

The QSPM results show that Strategy 1 (Operational Efficiency and Internal System Strengthening) is the top priority with a TAS score of 6.00, higher than Strategy 2 of 5.55. This strategy is considered the most appropriate because it is able to overcome internal weaknesses such as suboptimal SOPs, cost control, and digitalization that have not been integrated, while facing competition and cost pressures. Meanwhile, market penetration strategies remain relevant, but they are more effectively implemented once the company's internal foundations are strengthened. Thus, the company is advised to focus on a *hold and maintain strategy* through strengthening internal systems before further expansion.

Discussion

The results of the study show that organizational capacity, internal process management, and innovation have a positive and significant effect on digitalization operations. Organizational capacity plays a key role as the main foundation through the readiness of human resources, digital competence, and the ability to adapt to change. Structured internal process management has also proven to make it easier to implement digitalization because a clear workflow allows technology integration to run more effectively. Meanwhile, innovation encourages organizations to be more

open to the use of digital technology as a means of increasing speed, flexibility, and accuracy in operations.

Furthermore, the results of the study show that organizational capacity, digitalization operations, innovation, and internal process management have a positive and significant effect on operational performance. Organizational capacity allows companies to manage projects more responsively and efficiently, while innovation contributes to creating added value through quality improvement and service differentiation. Good internal process management ensures that each stage of work runs systematically, so that it is able to reduce errors and improve the consistency of results. On the other hand, digitalization operations play a role in increasing work effectiveness through accelerating information flows, improving data accuracy, and more integrated coordination.

These findings confirm that the improvement of operational performance is not only directly influenced by internal organizational factors, but also through the operational role of digitalization as an intervening variable that strengthens these relationships. Digitalization is a connecting mechanism that is able to integrate organizational capacity, internal processes, and innovation into a more efficient and data-based work system. Thus, companies that are able to optimize these three internal factors through digitalization will have an advantage in increasing productivity and operational quality.

From the strategic side, the results of the analysis show that PT. Juan Sinergi Abadi is in a *hold and maintain position*, which emphasizes on maintaining performance and internal strengthening. The resulting priority strategies are operational efficiency and strengthening internal systems, which are focused on standardizing work processes (SOPs), improving project cost control, and integrating operational digitalization as a whole. This strategy was chosen because it is considered the most able to respond to internal weaknesses while facing external pressures, so that the company can increase competitiveness and build a strong foundation for sustainable growth in the future.

CONCLUSION

Based on the results of the research, it can be concluded that organizational capacity, internal process management, innovation, and digitalization operations are the main factors that are integrated with each other in improving the operational performance of PT. Juan Sinergi Abadi. Organizational capacity supported by human resource competence, adaptability, and management support has proven to be an important foundation in encouraging the implementation of operational digitalization. On the other hand, structured internal process management and a growing culture of innovation are able to strengthen the effectiveness of digitalization implementation, so that technology is not only a tool, but also part of an efficient and coordinated work system. Digitalization operations further play a significant role in improving operational performance through accelerating workflows, improving data accuracy, and improving coordination and information-based decision-making.

Overall, this study emphasizes that improving operational performance cannot be achieved partially, but requires an integrated approach between strengthening organizational capacity, structuring internal processes, developing innovations, and implementing digitalization systematically. Therefore, companies are advised to prioritize strengthening internal operational systems through standardization of SOPs, increasing the capacity of human resources, especially in digital competencies, and developing digital systems that are simple and integrated in core processes. In addition, strengthening the culture of innovation and data-based project cost and time control systems also needs to be carried out on an ongoing basis so that companies are able to improve efficiency, maintain quality, and maintain competitiveness in the midst of industry dynamics.

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