

# Differential Advantage as a Correlate of Organizational Competitiveness: A Study of Selected Small-Scale Enterprises in Aba, Abia State of Nigeria

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**Received:** 23 August 2020; **Accepted:** 22 October 2020; **Published:** 1 December 2020

## Abstract:

This study sought to ascertain if there is correlation between differential advantage and organizational competitiveness. A cross sectional survey research design was adopted in the study to determine the nature of the situation under investigation. All small-scale enterprises operating in Aba, Abia State of Nigeria formed the area of this study. However, because there are too many of them and the difficulty in accessing all, the researcher purposely selected the four dominant types for investigation. They are: Tailoring, shoe making, Leather bag and Hat producers. For the fact that the population is known, a proportional and systematic random sampling technique was employed to select representatives from each group and this gave a sample frame of 260. Questionnaire served as the instrument for data collection. The questionnaire was validated and tested for reliability before administration to respondents. Out of the 260 copies of questionnaire distributed to respondents, only 240 were properly completed and retrieved. Both descriptive and inferential statistics were employed in this study. Data were presented in frequency and simple percentage tables, which formed the basis for the analysis. The three null formulated hypotheses were tested with Pearson's Product Moment Correlation statistical tool aided by the Statistical Package for Social Sciences (SPSS). Results from test of the three hypotheses shows that competitiveness of selected small-scale enterprises correlates significantly with low cost of production ( $R = 0.517$ ), high skilled labor ( $R = 0.665$ ) and new technology ( $R = 0.634$ ) at 0.01 level (2-tailed). The results informed the rejection of the null Hypotheses 1, 2 and 3 in favor of the alternatives. This result shows that differential advantage correlates significantly with competitiveness of small-scale enterprises. The study recommends that business organizations should take advantage of high skilled labour, low cost of production and new technology to rise above competition. They should as well understand that differential advantage as a strategy should be durable, neither imitable or transferable nor transparent or easily replicable. It should be flexible to accommodate changes and sustained over time for it to be effective.

## **Keywords:**

Differential Advantage, Competitiveness, Skilled Labour, Low Cost Of Production And New Technology

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## **1. Introduction**

When companies look to expand their customer or client base, one of the first things they analyze is their competitors and how to chip away at their market share. Very often, this analysis focuses on the type of strategies they employ like a lower price for goods and services bearing on competition pressures. This is one of the strategies to move on but not enough to be effective. Companies are expected to set themselves distinctively apart from others in the way they do things. This view is supported by [13] who said that organizations transform their working practices by deploying competitive strategies to meet these specific goals and general organizational objectives. It means that companies should develop distinctive or differential advantage in order to do well against competition as a business strategy.

Differential advantage can be any activity that creates superior value by keeping the organization above its rivals. Today, business activities and strategies are changing; firms compete with each other for market share. Business survival heavily depends on the following factors: availability of skilled manpower, low cost of production and adaptation to new technology. [24] encapsulate this saying, “the ability of a firm to outperform competitors and to achieve above average profits lies in the pursuit and execution of an appropriate business strategy”.

## **2. Statement of the Problem**

Every company wants the gap between perceived value and cost of the product to widen whereas consumers want perceived value to be greater than the cost of the product. In this case, every company wants to woo and win their customers and the customers wants to win their companies. This creates a “woo and win scenario”.

Many firms strive for competitive advantage, but few truly understand what it is or how to achieve and keep it. The strongest and best tool to achieve competitive advantage in an organization is a game plan (differential advantage) which is hardly imitated by other competitors or rivals. But in real practice many organizations do not do this rather they tend to join the ovation; bandwagon, doing what others are doing hook and sinker, “a copy and paste practice”. Unfortunately, however, they do not understand or consider that organizations differ in the way they operate because they have different opportunities, threats, strengths and weaknesses.

It makes sense to say that organizations operating in the same industry, enveloped by the same environment are not affected in the manner by prevailing environmental factors. Those of them that differentiate themselves in the way they operate may make the difference and are not "stuck in the middle", in developing necessary capacity to gain competitive advantage. Perhaps those of them that lose focus of this game plan find it difficult to cope because they took for granted the need to maintain skilled labour, low cost of operation and introduction of new technology. It is because of the foregoing issues that this study was designed.

### **2.1. Objectives of the Study**

This study mainly examines the relationship between differential advantage and attainment of competitiveness in Organizations. The specific objectives are:

To determine if skilled labour influences the competitiveness of small-scale enterprises

To ascertain if low cost of production influences the competitiveness of small-scale enterprises.

To find out if new technology influences the competitiveness of small-scale enterprises

## ***2.2. Research Questions***

To achieve the specific objectives of this study, the following research questions were designed.

To what extent does skilled labour influence the competitiveness of small-scale enterprises?

To what extent does cost of production influence the competitiveness of small-scale enterprises?

To what extent does new technology influence the competitiveness of small-scale enterprises?

## ***2.3. Research Hypotheses***

To guide this study, three Null hypotheses were formulated. They are:

Ho<sub>1</sub>: Skilled labour does not significantly influence the competitiveness of small-scale enterprises

Ho<sub>2</sub>: Low cost of production does not significantly influence the competitiveness of small-scale enterprises

Ho<sub>3</sub>: New technology does not significantly influence the competitiveness of small-scale enterprises

## ***2.4. Justification of the Study***

Every research finding is expected to provide solution to an identified problem. This study is not an exception. Thus, the findings of this study will be useful to business operators, the government and the larger society. The outcome of this study will create awareness to business operators/owners on the need to develop competitive capacity and how to go about it. The government and larger society will benefit from the multiplier effect of the successful performance of business in terms of income generation and employment creation. This study will as well add to the academic literature and help advance future research.

## ***2.5. Scope of the Study***

This study delimits itself to issues relating to differential advantage and achievement of competitiveness in Organizations. Small scale enterprises operating in Aba, Abia State formed the area of study. Small scale enterprises are very ubiquitous in Aba and for the fact that the researcher does not have the capacity to access all of them; four groups with different product offerings were studied.

### 3. Literature Review

#### 3.1. Concept of Differential Advantage

Differential advantage otherwise called distinctive advantage or differentiation advantage is the leverage a business has over its competitors. It refers to a set of unique features, benefits or characteristics of a firm or a business which sets it apart from its competitors for its target market. This may be viewed from the perspective that every differential advantage is distinctive and gives a firm competitive advantage.

Michael Porter identified cost advantage and differentiation advantage as the two ways in which an organization can achieve competitive advantage over its rivals. Cost advantage is when a business provides the same products and services as its competitors, albeit at a lesser cost. Differentiation advantage is when a business provides better products and services as its competitors. A differentiation advantage requires that the firm possess a “non-price” attribute that distinguishes the firm as superior to its peers. It is a benefit or cluster of benefits that customers value and believe, the unique benefits, characteristics, element or factor in a firm's product or strategy or program which makes it superior to that of a competitor.

Differentiation advantage is like a trade secret which is treasured and protected always. It is the reason behind brand loyalty, and why one prefers a product or service over another. In fact, differential advantages allow companies to charge a premium for products or services when customers not only recognize the advantage but deem it valuable enough to pay higher prices [12].

Wikipedia, the free encyclopedia views differential advantage as the attribute that allows an organization to outperform its competitors. This advantage includes access to natural, physical, human and material resources, such as high-yield agricultural products, high grade solid or liquid minerals, geographic location, vast land for expansion, a low-cost power source, highly skilled labor, high entry barriers, easy access to credit facility, access to raw materials and new technology.

A differential advantage is gained when a company's products are seen as unique and of higher quality, relative to those of a competitor or when a firm's products or services differ from its competitors' offerings and are seen as superior. Advanced technology, patent-protected products or processes, superior personnel, and strong brand identity are all drivers of differential advantage. These factors support wide margins and large market shares. It is what makes an entity's products or services more desirable to customers than that of any other rival [5].

For example, Apple is famous for creating innovative products, such as the iPhone, and supporting its economic moat is a type of sustainable advantage that makes it difficult for a business' rivals to erode its market share. Economic moat is a distinct advantage a company has over its competitors that allow it to protect its market share and profitability.

Michael Porter says that in making goods or services attractive to stand out from their competitors' business will need strong research, development and design thinking to create innovative ideas. These improvements to the goods or service could include delivering high quality to customers. When businesses find a perfect balance between price and quality, it usually leads to a successful product or service. A product or service must offer value through price or quality to ensure the business is successful in the market.

To succeed, is not enough to be “just as good as” another business. Success comes to firms that can deliver a product or service in a manner that is different, meaningful, and based on their customers’ needs and desires. Deciding on the appropriate price and quality depends on the business's brand image and what they hope to achieve in relation to their competition [11].

### ***3.2. Importance of Differential Advantage***

The most effective differential advantages are those more related to customer experience. Here are some examples.

- It makes business distinct from others
- It places business on the firing line for competition
- It helps to provide faster and/or more thorough customer service
- It helps to make more accessible products or services
- It encourages more expertise
- It gives room for the provision of nicer facility
- It fosters friendlier staff
- It gives room for pleasant purchase experience
- It places business and the customers on a win-win position

### ***3.3. How to Create a Differential Advantage***

[20] and [15], puts forward various ways an organization can achieve differentiation. These include the following:

**Cost advantage resulting from efficiency:** Efficiency is the ratio of inputs to outputs. Inputs can be any materials, overhead, or labor that is assigned to the product or service. The outputs can be measured as the number of products produced or services performed. The firm that can achieve the highest efficiency for the same service or product can widen the gap between cost and perceived value and may have greater profit margins.

There are many ways a company can increase efficiency. Efficiency is enhanced if, holding outputs constant, inputs are reduced; or if holding inputs constant, outputs are increased. Inputs can be reduced in many ways. Labor inputs can be reduced if employees are better trained so that time spent on each individual output is decreased.

Decreasing waste can decrease materials needed. If a method can be devised to decrease waste, it would increase efficiency. For instance, a bottling plant might determine that 10 gallons of liquid are spilled every day as a result of the bottling process. If the amount of lost liquid can be reduced, efficiency will increase.

Outputs can be increased by increasing the number of units a machine can produce in given period of time. Decreasing downtime can also increase outputs. For example, if a machine regularly breaks down and is out of order for two hours a day, finding a way to eliminate this downtime would increase the number of outputs.

**Product Differentiation:** Product is anything that can be offered to the market to satisfy a want or a need including physical goods, services, experience, events, persons, places, properties, organization, information and ideas. Form the definition,

two types of products are identified, namely; goods and services. Goods are physical or tangible products or items that can be touched, seen or felt. While service in contrast is intangible; it is the result of the application of human and mechanical efforts to people or objects.

Product differentiation is achieved by offering a valued variation of the physical product or its performance. Product performance can be enhanced by such devices as raising speed, comfort, safety levels, capacity and ease of use or improving taste or smell. Durability, reliability, styling, capacity to upgrade, provision of guarantee, giving technical assistance, helping in installation etc. can help in differentiating a product from that of the competitor's.

The ability to differentiate a product varies greatly along a continuum depending on the specific product. There are some products that do not lend themselves to much differentiation, such as beef, lumber, and notebook paper. Some products, on the other hand, can be highly differentiated. Appliances, restaurants, automobiles, etc., can all be customized and highly differentiated to meet various consumer needs.

[3] note that differentiation can occur by manipulating many characteristics, including features, performance, style, design, consistency, durability, reliability, or reparability. Differentiation allows a company to target specific populations.

**Service Differentiation:** Companies can also differentiate the services that accompany the physical product. Two companies can offer a similar physical product, but the company that offers additional services can charge a premium for the product. Mary Kay cosmetics offers skin-care and glamour cosmetics that are very similar to those offered by many other cosmetic companies; but these products are usually accompanied with an informational, instructional training session provided by the consultant. This additional service allows Mary Kay to charge more for their product than if they sold the product through more traditional channels.

**People Differentiation:** This human resource-based advantage is difficult for a competitor to imitate because the source of the advantage may not be very apparent to an outsider. As a Money magazine article reported, Herb Kelleher, CEO of Southwest Airlines, explains that the culture, attitudes, beliefs, and actions of his employees constitute his strongest competitive advantage: "The intangibles are more important than the tangibles because you can always imitate the tangibles; you can buy the airplane, you can rent the ticket counter space. But the hardest thing for someone to emulate is the spirit of your people."

A well-trained and skilled production staff will generate a better-quality product. Yet, a competitor may not be able to distinguish if the advantage is due to superior materials, equipment or employees. People differentiation is important when consumers deal directly with employees. Employees are the frontline defense against waning customer satisfaction. The consumer knows that the staff will be helpful and courteous, and this is very important to the consumer who may be trying a new home improvement technique with limited knowledge on the subject.

Another way a company can differentiate itself through people is by having a recognizable person at the top of the company. A recognizable Chief Executive Officers (CEOs) can make a company stand out. Some CEOs are such charismatic public figures that to the consumer, the CEO is the company. If the CEO is considered reputable and is well-liked, it speaks very well for the company, and consumers pay attention.

**Image Differentiation:** [3] pointed out in Principles of Marketing that when competing products or services are similar, buyers may perceive a difference based on company or brand image. Thus, companies should work to establish images that differentiate them from competitors. A favorable brand image takes a significant amount of time to build. Unfortunately, one negative impression can kill the image practically overnight. Everything that a company does must support their image.

**Quality Differentiation:** Quality is the idea that something is reliable in the sense that it does the job it is designed to do. When considering competitive advantage, one cannot just view quality as it relates to the product. The quality of the material going into the product and the quality of production operations should also be scrutinized. Materials quality is very important. The manufacturer that can get the best material at a given price will widen the gap between perceived quality and cost. Greater quality materials decrease the number of returns, reworks, and repairs necessary. Quality labor also reduces the costs associated with these three expenses.

**Innovation differentiation:** Innovation means doing new or novel things. It entails new ways of operating or doing things. Some process innovations can completely revolutionize the way a product is produced. When the assembly line was first gaining popularity in the early twentieth century, it was an innovation that significantly reduced costs. Today automation is reducing the cost of business operation.

**Distribution Differentiation:** Wide distribution coverage and careful selection of distributor locations can provide convenient purchasing points for customers. Quick and reliable delivery, providing distribution with support in the form of training and financial help, computerized recording helps in differentiating a company's offerings from those of competitor. Building exclusive channel partnerships and entering into long term contracts with these partners can also prove to be beneficial to the company in getting better customer feedback.

**Promotion Differentiation:** A differential advantage can be created by the creative use of advertising; spending more on advertising can aid differentiation by creating a stronger brand personally than competitive brands. Similarly using more creative sales promotional methods or simply spending more on sales incentives can give direct added value to customers. By engaging in cooperative promotions with distributors, producers can lower their costs and build goodwill.

**Price Differentiation:** Using low price as a means of gaining differential advantage can fail unless the firm enjoy a cost advantage and has the resources to fight a price war. A less obvious means of lowering the effective price to the customer is to offer credit facilities or low interest loans, both serve to lower the cost of purchase and improve cash flow for customers. A high price can be used to do premium positioning. Where a brand has distinct product, promotional and distribution advantage, a premium price provides consistency with the marketing mix. These are salient metrics for differential advantage.

Although skills and resources are the sources of competitive advantage, they are translated into a differential advantage only when the customer perceives that the firm is providing value above that of the competitor. For a differential advantage to be realized, a firm needs to provide not only customer value but also value that is distinct and superior to that offered by the competition. The creation of a differential advantage comes with marrying of skills and resources with the key attributes that customers are looking for in a product offering.

### ***3.4. Determinants of Differential Advantage***

In the words of [14] to create a differential advantage one need to consider these three determinants.

a. **Benefit:** What is the real benefit your product provides? It must be something that your customers truly need. It must also offer real value. You must know your product's features, its advantages, and how they benefit your customers. You must stay up to date on the new trends that affect your product. This includes new technology. For example, newspapers were slow to respond to the availability of free news on the internet. They thought people were willing to pay for news delivered on a piece of paper once a day.

b. **Target market:** Who are your customers? What are their needs? You need to know exactly who buys from you and how you can make their life better. That is how you create demand, the driver of all economic growth. Newspapers' target market shrank to those older people who were not comfortable getting their news online.

c. **Competition:** Have you identified your real competitors? They are not just similar companies or products. They also include anything else your customer could do to meet the need you can fulfill. Newspapers thought their competition was other newspapers until they realized it was the internet. They didn't know how to compete with a news provider that was instant and free.

### ***3.5. Sustainability of an Advantage***

Differential advantage does not make real sense except it is sustainable. It is only when an advantage is sustained that one can over time compete effectively. Sustainability is the ability of an organization to operate successfully over a period of time. It involves a lot of concerns, issues and tradeoffs, such as: satisfaction of all of its economic, legal, ethical and discretionary responsibilities [7]. [18] says that sustainable competitive advantage refers to maintaining a favorable position over the long term, which can help boost a company's image in the marketplace, its valuation and its future earning potential.

That a firm is able to use its resources, capabilities and competencies to develop a competitive advantage does not mean it will be able to sustain it. Two characteristics determine the sustainability of a firm's distinctive competency (ies): durability and imitability [22]. To be effective, a competitive advantage must be difficult to mimic [6], applicable to multiple situations, unique, sustainable, and superior to the competition [16]; the outcomes of which include improved sales, market share, profit contribution, growth rates and customer satisfaction [6].

Strategic management expert Jay B. Barney published an article in 1991 that took Porter's ideas and expanded upon them, adding an element for sustaining a competitive advantage over time. Barney's article, entitled "Firm Resources and Sustained Competitive Advantage," suggested that instead of just looking at outside influences when analyzing the competitive landscape, companies should also look inward to achieve sustainable competitive advantage. Some of the common factors that determine the sustainability of an advantage according to [24,5] are:

**Durability:** This is the rate at which a firm's underlying resources, capabilities and core competencies depreciate or become obsolete. New technology can make a company's core competency obsolete or irrelevant.

**Imitability:** This is the rate at which a firm's resources, capabilities and core competencies can be duplicated by other. To the extent that a firm's distinctive competency gives it competitive advantage in the marketplace, competitors will do what they can to learn and imitate that set of skills and capabilities. A core competence can be easily imitated to the extent that it is transparent, transferable and replicable.

**Transparency:** This is the speed with which other firms can understand the relationship of resources and capabilities supporting a successful firm's strategy. This could be the design of machines.

**Transferability:** It is the ability of competitor to gather the resources and capabilities necessary to support a competitive challenge. For example, it may be very difficult for a wine maker to duplicate a French winery's key resources of land and climate, especially if the imitator is located in Iowa.

**Replicability:** This is the ability of competitors to duplicate resources and capabilities to imitate the other firm's success. For example, even though many companies have tried to imitate Procter and Gamble's success with brand management by hiring brand managers away from Procter and Gamble, they have often failed to duplicate Procter and Gamble success. The competitors failed to identify less visible Procter and Gamble coordination mechanisms or to realize that Procter and Gamble's brand management style conflict with the competitor's own corporate culture.

**Flexibility:** A company's distinctive competence should be flexible although consistence over some time to accommodate changes.

#### 4. Concept of Competitiveness

The term competitiveness may mean different things to different people depending on their perception. Competitiveness simply means the possession of a strong desire to be more successful than others. It is the quality of being as good as or better than others of a comparable nature. On the other hand competitiveness could be viewed as being able to compete successfully with other companies, countries, organizations, etc., or to win or be more successful than other people under the same environment condition.

Competitiveness is developed using competitiveness strategy. Competitive strategy comprises of all those moves that a firm has and is taking to attract buyers, withstand competitive pressure and improve its market position [21]. A good example of a competitive strategy is the one developed by Michael Porter which involves taking offensive or defensive actions to create a defendable position in the industry. [17] stated that the goal of competitive strategy for a business unit in an industry is to find a position in the industry where the company can best defend itself against industry competitive forces or can influence such forces in its favor. This means that, for a firm to develop a competitive advantage within the industry it must analyze and understand the five forces that shape the industry competitive environment as was defined by Michael Porter.

Apart from the above competitive strategies of cost leadership, differentiation and focus as identified by [18] are other forms of competitive strategies businesses can use to over-run or outdo their competitors. They include: A strong brand, big pockets, network effect, barriers to entry and competition.

**Brand:** Brand loyalty is one of the biggest competitive advantages any business can capitalize on. An effective brand image and positioning strategy leads to customers becoming loyal to the brand and even paying more than usual to own the brand's product. Apple is a perfect example when it comes to brand-related competitive advantage.

**Big Pockets:** Some companies enter the market with huge funding and disrupt the ecosystem by providing some really enticing offers or providing the products at really low prices. This acts as a competitive advantage as other companies often fail to respond to such tactics.

**Network Effect:** The network effect makes the good or service more valuable when more people use it. For example, Whatsapp enjoys a competitive advantage over other players because its users are reluctant to try other applications as most of their contacts use Whatsapp.

**Barriers to Entry and Competition:** Businesses often make use of natural and artificial barriers to entry like Government policies, access to suppliers, patents, trademarks, etc. to stop others from becoming a close competition.

**Facebook:** With its biggest competitor, Google plus, not even being close to it, Facebook surely enjoys a competitive advantage over its competitors. One of the biggest reasons is the network effect, but other reasons which led to this success are constant innovation, the advertisement (free) business model, and the personalized content.

**Linkedin:** LinkedIn is not a conventional social media network. It is focused on the business professionals and enjoys a competitive advantage for being a niche social media network.

Another good example of organization that has competitive advantage is Associated Bus Transport Company (ABC): This Company made its mark in land transport business because of its unique services; prompt departure, comfort and passenger care.

## 5. Theoretical Framework

This study is rooted on the VRIN framework otherwise called the Resource-Based View (RBV) or Barney framework. This theory explains the combination of skills and resources that make a company unique compared to the competition. Barney identified four qualities resources should possess to hold potential as sources of sustainable competitive advantage. They are valuable, rare, inimitable and non-substitutable (VRIN), [24].

**Valuable** - The resource should have greater value, in terms of costs and benefits, than similar resources in competing companies.

**Rare** - The resource should be scarce when compared to the relative demand for its use or what it produces.

**Inimitable** - The resource should not be imitated or copied easily.

**Non-substitutable** – It should be difficult to replace the resource with a substitute.

To leverage their core competencies, companies can start by identifying their key resources and then use the VRIN framework to determine if the resource is robust enough to provide sustainable competitive advantage [23].

## 6. Review of Empirical Literature

Milles and Snow cited by [2] researched on the link between success in performance of organization and type of adaptive strategies that management choose to engage. Since each has its own competitive strategy for responding to the environment, and each has a particular configuration of technology, structure and processes that is consistent with its strategy. They found out that the ability of a company to outperform its competitors depends on ability to take advantage of market activity trends, ability to capture and protect 'unfair share' of markets; ability to capture premium pricing; prudent creation and introduction of new products.

[10], in research and experience with clients, found that what distinguishes high performers from their competitors is the consistent way they construct and maintain this competitive essence.

In another study, [17] found that the goal of competitive strategy for a business unit in an industry is to find a position in the industry where the company can best defend itself against industry competitive forces or can influence such forces in its favor. This means that, for a firm to develop a competitive advantage within the industry it must analyze and understand the five forces that shape the industry competitive environment as was defined by Michael Porter.

[8], found out that adequate employment opportunities are available to those who are engaging themselves to leverage competitive advantage of others to the degree that they can optimize their own potential. Similarly, it assumes that resources will move to where they find their best employment opportunities irrespective of socio-cultural differences (water will find its level if there's no man-made obstruction).

[19] carried out a study on competitive advantage: the known unknown concept. The purpose of that study was to investigate empirically managers' awareness regarding the concept of competitive advantage. Managers' awareness regarding the concept of competitive advantage was explored by applying a cross-sectional, self-administered, e-mail survey. The results of quantitative and qualitative data analyses provide empirical evidence that senior managers, who are heavily involved in the strategic management process of their firms, seem to confuse the concept of competitive advantage with the concept of sources of competitive advantage, especially those pertaining to resource-based theory. Research limitations/implications were that the findings establish the hypothesis that senior managers are not aware of the concept of competitive advantage. At the same time, future researchers are encouraged to continue testing the above hypothesis. The practical implications of the findings as well as the provision of a conceptually clear stipulating definition of competitive advantage from literature could increase practicing managers' awareness relating to the conceptual nature as well as the latent expressions of competitive advantage.

In a related study undertaken by [4] on sustainability and competitive advantage: An empirical study of value creation sought to fill a gap in existing literature by testing whether sustainable companies are able to compete effectively in terms of financial performance and attractiveness to investors. The sample of this consists of firms appearing in the Innovest 'Global 100' rankings released annually at the World Economic Forum in Davos, Switzerland. Empirical results indicate that sustainable companies do not significantly underperform the stock market as a whole, and are viewed as highly competitive within their industries. A theoretical basis for this result

was provided by linking classic corporate strategy and competitive advantage theories to the performance of sustainable enterprises.

[9] conducted a study on development of a measure of competitive advantage. The purpose of this paper was to develop a measure of competitive advantage by identifying a stipulative definition, composing an operational definition and constructing a measurement variable. Design/methodology/approach - The paper undertook critical literature review, cognitive interviews as well as a pilot and full study, which were carried out by applying a cross-sectional, self-administered e-mail survey with questionnaire in a fillable text-processing file, in order to develop a valid and reliable measure of competitive advantage. The results led to the identification of a conceptually robust definition, the composition of a comprehensive operational definition and the construction of a qualified variable, making the development of a valid and reliable measure of competitive advantage possible.

## 7. Methodology

### 7.1. Research Design

A cross-sectional survey research design was adopted in this study to determine the nature of the situation under investigation. This design was employed because the target population is very large and members have similar characteristics.

### 7.2. Area of the Study

All small-scale enterprises operating in Aba, Abia State of Nigeria formed the area of this study. Because the small-scale enterprises operating in Aba are too many, and it will be very difficult to access all of them, the researcher purposely selected the following four dominant ones for inclusion in study. They are: Tailoring, shoe making, Leather bag and Hat producing.

### 7.3. Population of the Study

The population of this study comprised of all the owners of tailoring enterprises, shoe making, Leather bag and Hat producers. The researcher was able to reach to [1] who supplied us with the population of these enterprises registered with them. The entire population is given as 710 and the distribution is presented in Table 1.

*Table 1. Distribution of Population of Small-Scale Enterprises (SSEs).*

SSE Type	Population	Percent
Tailoring	250	35.21
Shoe making	176	24.78
Leather bag	150	21.13
Hat producers	134	18.87
Total	710	99.99

Table 1 above shows the population distribution of Small-Scale Enterprises (SSEs) under this study. According to the table, Tailoring has a population of 250 (35.21 percent), Shoe making 176 (24.78 percent), Leather bag producers 150 (21.13 percent) and Hat producers 134 representing 18.87 percent.

### 7.4. Sampling Technique and Sample Size

Because the population is known, a proportional but systematic random sampling technique was employed for each group to be represented. This gave a sample size of 240 as presented on Table 3.

**Table 2.** *Distribution of Sample Size of Small-Scale Enterprises (SSEs).*

SSE Type	Population	Sample	Percentage
Tailoring	250	100	40
Shoe making	176	76	43
Leather bag	150	50	33
Hat producers	134	34	25
Total	710	260	

Table 2 above shows the sample size distribution of Small-Scale Enterprises (SSEs) under this study. According to the table, Tailoring has a sample size of 100, Shoe making 76, Leather bag producers 50 and Hat producers 34. This sample size (36.62percent) obeys the normality rule of at least ten percent of population figure.

### 7.5. Sources and Type of Data Collection Instrument

The study employed primary source of data collection and a five-point scale structured questionnaire was used as the instrument for data collection.

### 7.6. Validity and Reliability of Data Collection Instrument

The questionnaire was content and construct validated to ensure that it accurately measured what it is intended to measure. A test retest method was employed to ascertain the reliability of the test instrument. Data collected from two different tests were correlated which gave a correlation value of 0.78. This indicated that the instrument is reliable. The questionnaires were distributed to the 260 respondents and after collection only 240 copies were properly completed and retrieved.

### 7.7. Analytical Technique

Both descriptive and inferential statistics were employed in this study. Data were presented in frequency simple percentage table and measures of central tendency which formed the basis for the analysis. The formulated hypotheses were tested with Pearson's Product Moment Correlation statistical tool aided by the Statistical Package for Social Sciences (SPSS).

### 7.8. Data Presentation and Analysis

#### Measures of Skilled labour and Competitiveness of Small-Scale Enterprises:

**Table 3.** *Quality Products by Skilled Labour and Competitiveness.*

Measure	Response Options	Frequency	Percent
Do you think your enterprise is significantly responding to competition because of the quality products produced by her skilled labour?	Strongly Agree	116	48.33
	Agree	104	43.33
	Undecided	4	1.67
	Disagree	6	2.5
	Strongly Disagree	10	4.17
	Total	240	100.0

**Source:** *Field Survey, 2019.*

Table 3 above shows respondents' views on the measured dimension 116 respondents (48.33%) strongly agreed, 104 respondents (43.33%) agreed, 4

respondents (1.67%) were indecisive, 6 respondents (2.5%) disagreed and 10 respondents (4.17%) strongly disagreed. It shows that majority of the respondents agreed that quality products by skilled labour significantly help small scale enterprises to achieve competitiveness.

**Table 4.** Prompt Service Provision by Skilled Labour and Competitiveness.

Measure	Response Options	Frequency	Percent
Do you think the competition your enterprise was able to with-stand is to a large extent as a result of the prompt service provided by her skilled labour?	Strongly Agree	134	55.83
	Agree	71	29.58
	Undecided	8	3.33
	Disagree	22	9.17
	Strongly Disagree	5	2.08
	Total	240	99.99

Source: Field Survey, 2019.

Table 4 above indicates respondents' opinion on the measured indicator 134 respondents (55.83%) strongly agreed, 71 respondents (29.58%) agreed, 8 respondents (3.33%) were indecisive, 22 respondents (9.17%) disagreed and 5 respondents (2.08%) strongly disagree. This result indicates that prompt service provision by skilled labour to a large extent help organization to develop competitive ability.

### Measures of Low cost of production and Competitiveness of Small-Scale Enterprises.

**Table 5.** Reduction in Material Cost and Competitiveness.

Measure	Response Options	Frequency	Percent
Does your enterprise significantly achieve competitiveness because of the reduction in material cost?	Strongly Agree	134	55.83
	Agree	87	36.25
	Undecided	8	3.33
	Disagree	5	2.08
	Strongly Disagree	6	2.5
	Total	240	99.99

Source: Field Survey, 2019.

Table 5 above shows respondents' views on the measured dimension. 134 respondents (55.83%) strongly agreed, 87 respondents (36.25%) agreed, 8 respondents (3.33%) were indecisive, 5 respondents (2.08%) disagreed and 6 respondents (2.5%) strongly disagreed. This result infers that reduction in material cost significantly help organization to achieve competitiveness.

**Table 6.** Reduction in Labour Cost and Competitiveness.

Measure	Response Options	Frequency	Percent
Do you think your enterprise significantly achieve competitiveness because of the reduction in labour cost?	Strongly Agree	111	46.25
	Agree	87	36.25
	Undecided	18	7.5
	Disagree	11	4.58
	Strongly Disagree	13	5.42
	Total	240	100.0

Source: Field Survey, 2019.

Table 6 above shows the responses of respondents on the measured indicator. 111 respondents (46.25%) strongly agreed, 87 respondents (36.25%) agreed, 18 respondents (7.5%) were indecisive, 11 respondents (4.58%) disagreed and 13

respondents (5.42%) strongly disagree. The result indicates that enterprises significantly achieve competitiveness because of the reduction in labour cost.

**Measures of New Technology and Competitiveness of Small-Scale Enterprises.**

*Table 7. Improved Customer Relationship Programme and Competitiveness.*

Measure	Response Options	Frequency	Percent
Customer patronage has significantly improved because your enterprise improved her customer relationship programme?	Strongly Agree	129	53.75
	Agree	92	38.33
	Undecided	4	1.66
	Disagree	9	3.75
	Strongly Disagree	6	2.5
	Total	240	99.99

Source: Field Survey, 2019.

Table 7 above shows the opinion of respondents on the measured dimension. 129 respondents (53.75%) strongly agreed, 92 respondents (38.33%) agreed, 4 respondents (1.66%) were indecisive, 9 respondents (3.75%) disagreed and 6 respondents (2.5%) strongly disagreed. This result shows that improved customer relationship programme on the other hand significantly improves customer patronage.

*Table 8. Research and Development Scheme and Competitiveness.*

Measure	Response Options	Frequency	Percent
Do you think the customer satisfaction your enterprise has significantly achieved is as a result of her research and development scheme?	Strongly Agree	122	50.83
	Agree	92	38.33
	Undecided	14	5.83
	Disagree	3	1.25
	Strongly Disagree	9	3.75
	Total	240	99.99

Source: Field Survey, 2019.

Table 8 shows responses by respondent on the measured indicator. 122 respondents (50.83%) strongly agreed, 92 respondents (38.33%) agreed, 14 respondents (5.83%) were indecisive, 3 respondents (1.25%) disagreed and 9 respondents (3.75%) strongly disagreed. This result infers that research and development significantly help organizations to achieve customer satisfaction.

*Table 9. Correlation Result for Measures of Central Tendency.*

Descriptive Statistics (Measures of Central Tendency)			
Measure	Mean	Std. Deviation	N
Skilled Labor	3.32	1.564	240
New Technology	3.29	1.721	240
Competitiveness of Selected Small-Scale Enterprises	3.05	1.730	240

Table 9 shows the correlation result of measures of central tendency of the proxies (indicators) of the independent variable of this study. The outcome of this test shows that the standard deviations are lesser (smaller) than the mean which means that the mean is an adequate representation of the whole data; data are normally distributed (not scattered or varied).

**Table 10.** Test of Hypotheses (Pearson's Product Moment) Correlation Results.

		Low Cost of Production	Skilled Labor	New Technology	Competitiveness of Selected Small-Scale Enterprises
Low Cost of Production	Pearson Correlation	1	.531**	.407**	.517**
	Sig. (2-tailed)		.000	.000	.000
	N	240	240	240	240
Skilled Labour	Pearson Correlation	.531**	1	.728**	.665**
	Sig. (2-tailed)	.000		.000	.000
	N	240	240	240	240
New Technology	Pearson Correlation	.407**	.728**	1	.634**
	Sig. (2-tailed)	.000	.000		.000
	N	240	240	240	240
Competitiveness of Selected Small-Scale Enterprises	Pearson Correlation	.517**	.665**	.634**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	240	240	240	240

\*\* . Correlation is significant at 0.01 level (2-tailed).

## 8. Discussion of Findings

Results from test of the three hypotheses shows that competitiveness of selected small-scale enterprises correlates significantly with low cost of production ( $R = 0.517$ ), skilled labour ( $R = 0.665$ ) and new technology ( $R = 0.634$ ) at 0.01 level (2-tailed). This indicates that the null Hypotheses 1, 2 and 3 are all rejected in favor of the alternative.

From the test of hypotheses one, it was found that skilled labour significantly influences the competitiveness of small-scale enterprises. This result aligns with the findings of [20].

Hypothesis two shows that low cost of production significantly influences the competitiveness of small-scale enterprises. The outcome of this test is in consonance with that of [16,21]

Hypothesis three indicates that new technology significantly influences the competitiveness of small-scale enterprises. The findings from the test of the third hypothesis concur with that of [24]. Generally, the outcome of this study has bearing with the works of [2,10].

## 9. Conclusion

In this study differential advantage which served as the independent variable was tested against competitiveness, the dependent variable. Differential advantage was measured with the following indicators: high skilled labour, low cost of production and new technology. Descriptive (central tendency) and inferential (Pearson's Product Moment Correlation) statistics were used to establish the relationship between the variables. Result shows that there is correlation between the two variables, which means that differential advantage significantly influences organizational competitiveness.

Based on the findings of this study, it is concluded that differential advantage is a correlate of competitiveness. It means that differential advantage is an important competitive tool to achieve organizational competitiveness. This is to say that organizations can compete well in their industry if they have differential advantage over their rivalries.

## 10. Recommendation

This study proposes that business organizations should take advantage of skilled labour, low cost of production and new technology to rise above their competitors. They should as well understand that differential advantage as a strategy should be durable, neither imitable or transferable nor transparent or easily replicable but flexible to accommodate changes, but should be sustained over time for it to be effective.

## Conflicts of Interest

The authors declare that there is no conflict of interest regarding the publication of this article.

## Funding

This research received no specific grant from any funding agency in the public, commercial or not-for-profit sectors.

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