



ENHANCED CAPABILITY AND COMPETITIVE ADVANTAGE OF BOTTLED WATER MANUFACTURING COMPANIES IN RIVERS STATE, NIGERIA

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ABSTRACT

This study examined the relationship between enhanced capability and competitive advantage of bottled water manufacturing companies in Rivers State, Nigeria. Enhanced capability was conceptualized as the independent variable while service quality, innovativeness and market focus were used as measures of the competitive advantage. The study was anchored on system theory and resource-based theory. In pursuance to the objectives of the study, the cross-sectional survey method was adopted. The study population consisted of 51 managerial staff drawn from 15 bottled water manufacturing companies in Rivers State, Nigeria. The research instrument was tested for validity and reliability with Cronbach's alpha coefficient. Data were collected using structured questionnaire. Spearman Rank Order Correlation Coefficient was used to determine the bivariate correlation at two-tailed 95% confidence interval with the aid of SPSS version 23. The study revealed that enhanced capability has positive and significant effects that translate to competitive advantage. It was recommended that management should promote policies on enhanced capability with a view to improving service quality, innovativeness and market focus in organization.

Keywords: *Enhanced Capability, Competitive Advantage, Service Quality, Innovativeness, Market Focus*

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INTRODUCTION

The dynamic nature of every business environment all over the world invariably plunges organizations into rigorous competition in order to foster production of quality goods and services to the potential customers and consumers in the society. However, it is evident that the existence and sustainability of every business organization is tied to the capability of its resources to implement strategies capable of engendering competitive advantage and performance.

The term competitive advantage refers to the leverage that a business has over its competitors (Porter, 1985). A firm is said to have a competitive advantage when it is implementing a value creating strategy that has not being implemented by any current or potential player(Clulow & Barry, 2003). Competitive advantage refers to the ability gained through attributes and resources to perform at a higher level than others in the same industry or market (Chacarbaghi & Lynch, 1999). Seemingly, competitive advantage is the uncommon advantage embedded in the resources of organizations. Competitive advantage distinguishes the brand identities from rival organizations. The importance of competitive advantage in organizations cannot be over emphasized. Portable water, especially bottled water invariably indulges in rigorous outsourcing and strategic plans in order to achieve competitive advantage. Corporate competitive advantage is a product of corporate strategy because it creates opportunity for culture and consistency in the growth of the organization. Organizational growth and performance emanate as a result of management commitment on corporate strategy which of course has an in-depth correlation with enhanced capability.

Organizational capability is a firm's capacity to deploy its assets (tangible & intangible) to perform a task activity to improve performance and include the capacity of the firm to offer excellent customer service or to develop new products and innovation (Amit and Schoemaker, 1993).Enhanced capability is the proportion of the organizational shared

knowledge and strategies capable of converting the previous process model to a global benchmark process model aimed at fostering competitive advantage.

In Nigeria, over the years several organizations (including bottled water manufacturing companies) have collapsed as a result of poor performance. This has also propagated certain ripple effects in the national economy in terms of loss of jobs by workers which in turn increases unemployment rate and insecurity society.

Seemingly, the aforementioned problems occur as a result of poor corporate strategic policy implementation in terms of revamping and redesigning of certain processes in the organizations. This couldbe attributed to management's complacency and inefficiency in the formulation and implementation of policies.

Strategic implementation is a critical success factor of an organization which affects the overall efficiency and effectiveness. Good policy implementation will help a firm guard against environmental shocks. For instance, an organization with a well-structured system of management for policy implementation will achieve better and more successful performance (Slater and Hutt, 2001). However, any organizations that lacks efficiency improvement strategies invariably will have no means of achieving service quality, innovativeness, market focus. This is the rationale why some organizations do not survive for long periods of time because the attributes that will engender competitive advantage are deficient. This conforms to the view of Akam, Okeke, Kekeocha, & Onuorah (2018) which opined that for organizations to gain competitive advantage over others, they should hold better resources than their competitors. Carlson (2004) drawing from a resource-based view contended, that organizations acquires competitive advantage through internally controlled resources. Organizations gain an advantage over its rivals or competitors based on how they ensure that resources are used responsibly and correctly.

The purpose of this study is to examine the extent of the relationship between enhanced capability and corporate competitive advantage of Bottled water manufacturing companies in Rivers State, Nigeria.

The objectives of the Study include:

- To ascertain the extent of the relationship between enhanced capability and service quality.
- To find out the extent of the relationship between enhanced capability and innovativeness.
- To ascertain the extent of the relationship between enhanced capability and market focus.

In order to accomplish the purpose and objectives of this study, certain relevant questions were formulated:

- How does Enhanced Capability relate with Service Quality of bottled water manufacturing companies in Rivers State?
- How does Enhanced Capability relate with Innovativeness of bottled water manufacturing companies in Rivers State?
- How does Enhanced Capability relate with Market Focus of bottled water manufacturing companies in Rivers State?

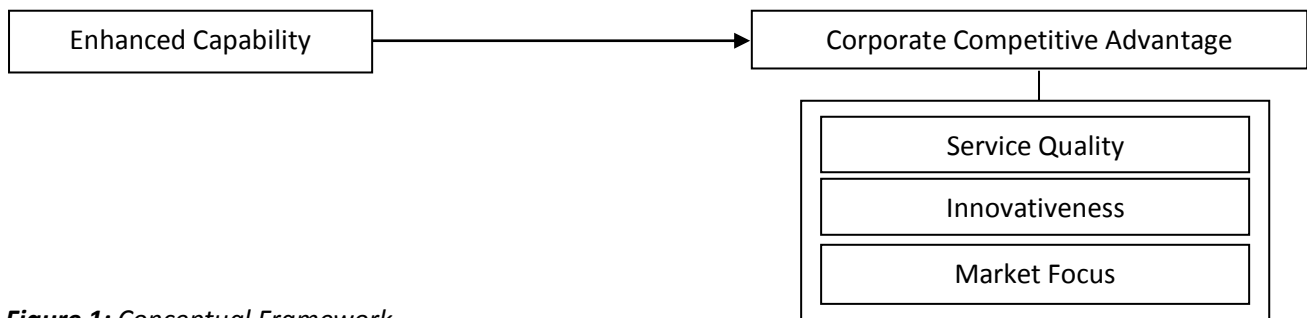


Figure 1: Conceptual Framework

Source: Desk Research, 2019

LITERATURE REVIEW

Theoretical Foundation

This study is anchored on systems theory and resource-based theory. An organization as a system is composed of; Input (Material and or human resources), Transformation processes (technological and managerial processes), Output (products and or services) and feedback (reactions from the environment). Systems theory is based on the idea that variables are in some way related to one another and in turn interact with one another on the basis of certain identifiable processes (Anderson, 1975).

Resources consist of a bundle of assets, capabilities, organizational processes, firm attributes, information and knowledge (Barney, 1991). Organizations are not internally self-sufficient and

they cannot generate all the resources they need. They therefore depend on their environment for resources, in order to survive and operate well. The resource-based theory argues that the organization’s resources and capabilities generate the competitive advantage instead of the activities of the product market thereby bringing about different organizational performance which are not explained by the factors of the industry (Onuoha, & Olori, 2017).

The Concept of Enhanced Capability

Organizational capability is a firm’s capacity to deploy its assets (tangible & intangible) to perform a task to improve performance and include the capacity of the firm to offer excellent customer service or to develop new products and innovation, (Amit and Schoemaker, 1993). In order words, to gain competitive advantage over rival organizations,

organizational assets must be fully employed and exploited. Organization capabilities are anything a company does well that improves business and differentiates the business in the market. It help business to gain an advantage in a competitive environment by focusing on an area where they excel. Kelchner (2016) defines the organizational capability as the company's ability to manage resources effectively in order to gain advantage over competitors. This ability of an organization is expressed in terms of human resources, information resources, physical resources, financial resources, and intellectual resources.

Knowledgeable and skilled employees as an organizations capability, provides the organization with ability to respond to customers' demands and remain flexible to the changes in a competitive environment. In order to maintain/improve the capability, organizations should ensure that employees have the resources available to improve continuously through training programmes, effective recruiting and hiring programmes, and education assistance programmes. Also, talented employees should be well managed in order for the organization to gain competitive advantage. Enhanced capability is the proportion of the organizational shared knowledge and strategies capable of converting the previous process model to a global benchmark process model aimed at fostering competitive advantage. The relationship between an organization and its customers is on the organizational capability to ensure the sustained growth and competitiveness in the business environment. A good customer relationship ensures increased sales, reputation and loyalty for future businesses. On the other hand, maintaining good relationship with existing customers as well as the new ones helps the organization to grow and thrive in the future. Thus, as an organization continues to create new capabilities and develop the existing ones, it will improve/maintain the advantage over its rivals.

Concept of Competitive Advantage

The concept competitive advantage refers to the leverage that a business has over its competitors (Porter, 1985). A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential player (Clulow and Barry, 2003). Similarly, competitive advantage is the uncommon advantage embedded in the resources of organizations. However, since the study acknowledges service quality as one of the measures, it is evident that the organizational missions are tied to the organizational resource capabilities at the respective operational unit where the knowledge is shared for the achievement of the competitive advantage. Seemingly, the respective measures of competitive advantage in this study which entails; service quality, innovativeness, and market focus are very significant variables that invariably determines the success of any manufacturing firm all over the world.

Service Quality

Service quality is the degree and direction of discrepancy between customers' service perceptions and expectations (Parasuramam, Zeithaml and Berry, 1988). According to (Brady and Cronin, 2001; Gronroos, 1994), it has been posits that service quality is a multidimensional constructs. The dimensions are technical quality and functional quality. The technical quality involves how the customer perceives the service rendered by the service provider. On the hand, functional quality is how the service provider is able to deliver service to its customer. The service quality construct was later modified to have five attributes namely: tangible, reliability, responsiveness, assurance and empathy (Ismail, Rose and Foboy, 2016; Parasuraman, Berry, and Zeithaml, 1994; Wan Edura and Jusoh, 2009).

Service quality emanates from the resource capability because human resource intelligence creates opportunity for innovation to prevail, whereby transforming the nature of services rendered to customers in the organizations.

Customers' satisfaction in the firm is invariably achieved through service quality and of course this has to do with the market focus and innovativeness. However, it is evident that quality service determines the customers preference and equally attracting more potential customers and investors whereby enhancing the liquidity, performance and market share which are indices of competitive advantage.

Innovativeness

Management is constantly involved in the process of idea generation, technology development, manufacturing and marketing of new and improve product/service, (Trott, 2012). However, innovation is a marked departure from traditional management principles, processes and practices or a departure from customary organizational forms that significantly alters the way the work of management is performed, (Hamel, 2016). Innovation has over the years facilitated the manufacturing processes due to the dynamism of the sector and the economy. Davenport, (1993) described process innovation to be generally a discrete initiative and it also implies the use of specific change tools and technology for organization engineering and transformation of business process. The systematic innovation refers to performing the activities of organizational business in a new way in order to gain competitive advantage. Hence, for an organization to continue to be in business, innovation must be part of them.

Market Focus

The third strategy to be adopted in order to achieve competitive advantage is the market focus strategy which is also known as the niche strategy or the focus strategy. In the focus strategy, an organization aim at a particular segment of the market (Porter, 1996). The organization can decide to focus on a target customer group, product range, geographical area, or service line (Martin, 1999). The focus strategy is on two variants; the cost advantage and the differentiation advantage. The cost advantage strategy aim to attain the status of being the producer with the lowest cost in the

industry. On the other hands, the differentiation advantage strategy differentiates the product or service that an organization offers or produces to something unique. Porter, (1998) suggested the following ways in which to effect differentiation in an organization and its competitors in same industry and these are; dealer network, marketing promotions, features, technology, design or brand image, etc.

Enhanced Capability and Competitive Advantage

For better part of a decade, strategy has been a business buzzword (Gluck, Kaufman, and Walleck, 1980). Top executives ponder strategic objectives and missions. Managers down the line rough out product/market strategies invariably attend to specific and diverse areas in the organization. Specifically it touches the facets of product content improvement and product context improvement. The continuous implementation of these strategies will invariably lead to the realization of corporate competitive advantage. Product content improvement is components that have the capability of enhancing market share in an organization. However, product content and context improvement emanate from corporate strategies which purpose is to accomplish corporate competitive advantage in terms of marketing effectiveness in engendering customers' satisfaction innovatively more than their rival organizations. Competitive advantage is the key to business success (Peskett, 2018). It is the force that enables a business to have greater focus, more sales, better profit margins and higher customer and staff retention than competitors (Peskett, 2018). Kelchner (2016) defines the organizational capability as the organization's ability to manage resources effectively in order to gain advantage over competitors. Hence, organizational missions are tied to the organizational resource capabilities at the respective operational units where the knowledge is shared for the achievement of competitive advantage.

From the foregoing, the following hypotheses were therefore stated as follows:

Ho₁: There is no significant relationship between enhanced capability and service quality of bottled water manufacturing companies in Rivers State, Nigeria.

Ho₂: There is no significant relationship between enhanced capability and innovativeness of bottled water manufacturing companies in Rivers State, Nigeria.

Ho₃: There is no significant relationship between enhanced capability and market focus of bottled water manufacturing companies in Rivers State, Nigeria.

METHODOLOGY

In pursuance of the objectives of the study, the cross-sectional survey design was adopted. This design was chosen by the researcher because the data were collected directly from the respondents.

Table 1: Reliability Statistics for the instrument

Variables	Cronbach's Alpha	No. of Items
Enhanced Capability	.741	3
Service Quality	.702	3
Innovativeness	.700	3
Market Focus	.714	3

Source: Research Data, 2019

ANALYSIS AND RESULTS

Bivariate Result

This section presented the bivariate analysis which was the interplay between the dimensions of the predictor variable (Enhanced Capability) and measures of the criterion variable (Corporate competitive advantage). In this study, three (3) hypotheses were postulated. These hypotheses presented tentative answer to our research questions. The research question examined the various relationships between the dimensions of

Therefore, the method was seen as the most suitable design given the intent of this work. The study population consisted of 51 managerial staff drawn from 15 bottled water manufacturing companies in Rivers State. The selected bottled water manufacturing companies had been in operation from seven years and above; with valid/functional NAFDAC registration numbers, valid/functional factory address and their Headquarters in Rivers State.

The study adopted the structural questionnaire as the research instrument for primary data generation. The research instrument was validated by senior academics and the reliability of the research instrument was tested with Cronbach's alpha (Table 1). Spearman rank order correlation coefficient was used to determine the bivariate correlation with the aid of SPSS version 23.

the predictor's variable (Enhanced Capability) and the measures of the criterion variable (corporate competitive advantage).

The study analysis, accepted a 95% confidence interval thus a significance level of 0.05 in the acceptance or rejection of previously stated hypotheses. Hence, the analysis was carried out to test previously hypothesized relationships and bivariate correlations. The SPSS windows output version 22.0 was used to test the hypotheses.

Table 1: hypothesis testing for 1, 2 and 3

		Correlations				
			Enhanced Capability	Service Quality	Innovativeness	Market Focus
Spearman's rho	Enhanced Capability	Correlation Coefficient	1.000	.947**	.935**	.865**
		Sig. (2-tailed)	.	.000	.000	.000
		N	49	49	49	49
	Service Quality	Correlation Coefficient	.947**	1.000	.981**	.923**
		Sig. (2-tailed)	.000	.	.000	.000
		N	49	49	49	49
	Innovative ness	Correlation Coefficient	.935**	.981**	1.000	.901**
		Sig. (2-tailed)	.000	.000	.	.000
		N	49	49	49	49
	Market Focus	Correlation Coefficient	.865**	.923**	.901**	1.000
		Sig. (2-tailed)	.000	.000	.000	.
		N	49	49	49	49

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

Source: SPSS output

Table 1 revealed that the impact of enhanced capability on corporate competitive advantage with respect to service quality, innovativeness and market focus.

The result revealed that at a significance of $p < 0.05$; enhanced capability influences service quality (.947); innovativeness (.935); and market focus (.865). This showed that the relationship between enhanced capability and service quality is the strongest. Although all the three relationships were very positively strong and significant (where $P < 0.01$). Based on the result of the analysis, all the previous tentative statement of no relationship was thus rejected.

DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATION

The study empirically studied at the relationship between enhanced capability and corporate competitive advantage of bottled water manufacturing companies in Rivers State. The study findings revealed that enhancing of organizational capability practices positively influences service

quality, innovativeness and market focus respectively, with analysis carried out using Spearman's rank order correlation techniques and at a 95% confidence interval. These findings supported previous statement of Kelchner (2016) which posit that the organizational capability is the organization's ability to manage resources effectively in order to gain advantage over competitors. It would be also theoretically and practically consistent to assert that manufacturing firms can gain competitiveness by adopting and practicing the principles of enhanced organizational capability.

In conclusion, the study revealed that organizational capability enhancement has positive and significant effects that translate to corporate competitive advantage. And as such, it was recommended that organizational management should indulge in strategic policies as regards enhanced capability, and be effectively managed and utilized in such a way that allows for service quality, innovativeness and market focus in organization for the growth of Nigerian economy.

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