

Competitive Advantage of Small and Medium Enterprises in Nigeria: The Predicting Role of Innovative Service Delivery

Cyril, Yiltsen Tsenyil

Office of the Accountant General, JD Gomwalk Secretariat, Jos-Nigeria

Reuel Johnmark Dakung

Faculty of Management Sciences, Department of Business Administration, University of Jos-Nigeria

Meshach Gomam Goyit

Faculty of Management Sciences, Department of Business Administration, University of Jos-Nigeria

Abstract

The growth and development of both developed and developing economies depends on the activities of Small and Medium Enterprises (SMEs). Giving this fact, in spite of the significant role played by such businesses in the country's economic development, their growth and survival rates are seen to be low. Most of them fail to celebrate their first birth dates. Hence this study sought to investigate the predicting role of innovative service delivery on competitive advantage of Small and Medium Enterprises in Nigeria. The study followed a descriptive survey where quantitative approach were employed. About 368 questionnaires were distributed to owners of SMEs. Analysis of data involved the use of statistical package for social sciences (SPSS version 22.0). Hypothesis was tested using linear regression. Result revealed that innovative service delivery significantly and positively predicted competitive advantage of Small and Medium Enterprises in Nigeria.

Keywords: Competition, Competitive Advantage, Innovative Service Delivery, Small and Medium Enterprises.

1.1 Introduction

The growth and development of both developed and developing economies depends on the activities of Small and Medium Enterprises (SMEs). Instance is given where Small businesses in the United Kingdom accounted for 99.3% of all private sector businesses at the start of 2015, with a combined annual turnover of £1.8 trillion (N513 trillion). Likewise in Germany, United States of America and emergent economies such as South Korea, SMEs account for as high as 64% of industrial employment. (Dakung, Munene, Laura & Balunywa, 2017; Kritikos, 2014; Valliere & Peterson, 2009; Department for Business Innovation & Skills, 2015). However, a comparative figure in Nigeria is placed around 31%, less than half of those in developed countries (NBS/SMEDAN, 2014; Oluyinka, Shamshuddin & Wahab, 2013). Giving this fact, in spite of the significant role played by such businesses in the country's economic development, their growth and survival rates are seen to be low. Most of them fail to celebrate their first birth dates. Adding to that, they are also failing to improve their service capacities due to lack of competitiveness (Yoshino & Taghizadeh-Hesary, 2016).

In an effort to arrest the SMEs' situation, successive administrations in Nigeria have made concerted efforts to assist SMEs move from dwindling operation levels as well as their failure rates. These efforts include the establishment of Bank of Industries, Microfinance banks and National Directorate for Employment (NDE). Other efforts include the establishment of Peoples Banks, Agricultural Development Bank, Small and Medium Enterprise Development Agency of Nigeria (SMEDAN), National Economic Empowerment Development Strategy (NEEDS) SURE-P and even the introduction of National Poverty Eradication Programme (NAPEP). However, these efforts put in by the government through various programmes and policies to revive and establish a relevant foundation for SME's in Nigeria, are yet to achieve the desired goal of competing favourably.

Continuous competition in the SMEs' sector have forced firms to devise various means of survival. Today, owners of SMEs in Nigeria have realised intangible resources as crucial key success for their operations. In view of that, they are becoming more efficient in resource utilisation by emphasising on new procedures to stay ahead of competitors (Serravallo, 2015; Troacă & Bodislav, 2012). As a result, superior performance reached by these firms through competitive advantage offers them market leadership (Barney & Hesterly 2010; Porter, Delgado-Garcia, Ketels & Stern, 2008; Porter, 1985). In view of that, achieving competitiveness requires that SMEs have control over their unique resources in a manner which offers desired unique advantage. Basing on that, Philip (2011) observed that the most important factors that influence the competitive advantage of SMEs is innovation.

According to Neneh and van Zyl (2017), innovativeness entails the introduction of new ideas that allows a firm to improve its product or service offering in order to outsmart rivals. Today, service firms rely on innovation to competitive favourably (Sambharya & Lee, 2014; Lopez, Forestry & Vazquez, 2013; Bell, 2009). The innovative service delivery is associated with inputs that firms must identify and understand how they relate. Also, innovation contributes to the organization by creating value which is significant potential for organizational competitive advantage (Leal-Rodriguez et al., 2014; Castro et al., 2013; Montes, Moreno &

Morales, 2005). Huang (2016) corroborated that innovation must be aimed at bringing benefit to the firm. Indeed Roth and Fishbin (2014) observed that firms (e.g. hotels) across the globe use the ideas of strategic management theory as well as best practices based on industry-specific experience with trends focusing on innovation. Regardless of the source of innovativeness, the goal is to improve operations, service and revenue that translates into competitive advantage. For instance, Chic and Basic have developed hotels in Spain that feature hip design and unusual amenities for customers. Runtz Hotel has used a wifi-enabled touch screen application to allow guests to efficiently enjoy upscale hotel services. In an attempt to isolate the best strategic management practices common to the leading hotels in the hospitality industry, it has been observed that the main focus is on the customers in terms of creating value, while others are located within the people and processes of the hotel, which contribute towards competitive advantage (Dakung & Maimako, 2016). Their argument hinges on the fact that SMEs owners generally have innovative entrepreneurial character and are innately entrepreneurial. So, depending on the triggering factors (whether personality-traits, contextual, motivational or personal background), they would eventually compete favourably anyway.

Thus, this study sheds more light and overcomes the weaknesses of previous studies by anchoring our arguments on the Dynamic Capability Theory to establish the predicting role of innovative service delivery on competitive advantage of SMEs in Nigeria.

Statement of the Problem

In the current global competition age, SMEs are seen to be faced with the challenges of how to increase competitiveness (Ada, Kazancoglu & Sagnak, 2013). They continue to experience stiff competition especially from the giant firms as indicated by the persistent low growth and survival rates. In Nigeria, SMEs continue to experience low productive capacity (31%) and most of them are failing to celebrate their first birth date due to lack of competitiveness. This is indicated by their persistent failure to improve their service delivery, poor market timing, inability to imitate success, increase in operating costs and lack of flexibility gain (Yoshino & Taghizadeh-Hesary, 2016; NBS/SMEDAN, 2014). What explains this phenomenon has not been adequately addressed.

It is upon this backdrop that this paper seeks to investigate the predicting role of innovative service delivery on competitive advantage of SMEs in Nigeria.

1.2 Research Questions

The following research question is to be addressed in this study:

- i. To what extent does innovative service delivery predict competitive advantage of SMEs in Nigeria?

1.3 Research Objectives

This study intends to:

- i. Examine how innovative service delivery predicts competitive advantage of SMEs in Nigeria.

1.4 Theoretical Background

For investigating innovative service delivery in predicting e competitive advantage of SMEs in Nigeria, this study invokes Dynamic Capability Theory

The Dynamic Capabilities View

The dynamic capabilities framework builds on the fundamental understanding of the resource-based perspective in which competitive advantage stems from the exploitation of firm specific resource and capability bundles (Barney, 1991; Penrose, 1995; Wernerfelt, 1984). It also expands this perspective to the question of how firms first develop firm-specific resource and capability bundles and how they renew their resource and capability configurations in order to respond to shifts in their environment (Teece et al., 1997). Further, the dynamic capabilities framework borrows some insights from the behavioral theory of the firm, transaction cost theory, and evolutionary theory (Augier & Teece, 2009). The dynamic capabilities framework incorporates managerial decisions regarding resource allocations for capability development or innovation activities. Further, the dynamic capabilities framework acknowledges the existence of transaction and switching costs in the case of resource/capability transfer. Moreover, the dynamic capabilities framework recognises the attempt of firms to build valuable knowledge assets.

The dynamic capabilities framework additionally incorporates the perspective of innovation-based competition and the 'creative destruction' of existing competences through 'entrepreneurial' actions (Schumpeter, 1934), and thus, does not solely focus on reactive adaptation and change, but also on the potential of organisations to actively shape their environments (Teece, Pisano & Shuen, 2007). Dynamic capabilities focuses on firm-level abilities and mechanisms that drive the development of novel resource and capability combinations and in consequence enable adaptation or market making by the firm.

1.5 Literature Review and Hypothesized Relationships

Concept of Competitive Advantage

Competitiveness of a firm is its capacity to achieve targets. A firm has competitive advantage when it is able to create more economic value than its rivals do. Competitive advantages are those factors that a firm needs to have in order to succeed in business (Barney & Hesterly, 2010). There are three types of competitive advantage; the cost of leadership, differentiation and focus (Porter, 1985). Similarly, Lynch (2006) observed that each of these three strategic options represents an area that every business and many not-for-profit organizations can usefully explore and as well choose in order to compete in the marketplace and gain sustainable competitive advantage. He also stated that the general principles can perhaps be applied to public service and not-for-profit organizations where they compete for resources, such as government funding of SMEs. Consequently, some strategic management researchers are advocating the importance of competitive advantage or the understanding of firms' market positions from a dynamic theoretical perspective (Lei et al., 1996; Porter, 1991).

Unique competencies help a firm stand out in its markets when its competencies are superior to its competitors (Andrew, 1971). Unique resources are those resources that can create sustained competitive advantage for a firm. These resources are distinctive or unique capabilities specific to particular organizations and cannot be imitated. Core competencies and distinctive competence are two main factors that induce SMEs to have a competitive advantage. Core Competences are the skills and abilities by which resources are deployed through the organization's activities and processes in such a way as to achieve competitive advantage in ways that cannot be imitated or obtained by others. (Johnson et al., 2010). Competitive advantage is important for businesses. Only the firms with superior performance skills are bestowed with core competencies while another firm needs to acquire them in order to stand in the competition. Not all businesses have a competitive advantage and so it is important for SMEs to find a way of obtaining, maintaining and increasing their competitiveness in order to outsmart their rivals.

Concept of Innovative Service Delivery

The capacity for a firm to innovate involves the integration of resources and skills in the business including technology, strategy, knowledge, processes and organisation (Li & Chen, 2010). This then implies that innovative service delivery essentially is a measure to the extent to which the service delivered meets service users' or clients' expectations. Since innovative service process leads to an outcome in which the customer/client can be either satisfied or dissatisfied with the service experience, it is of great importance that the provider pays attention to designing the system that the service concepts are produced and delivered to clients (Mayer et al., 2003; Brown et al., 1994). It is therefore the role of delivery to ensure that the expected service outcome is received by the client (Goldstein et al., 2002). An innovative service delivery system is made up of multiple, interdependent service processes. Such process involves a sequence of activities and steps, the flows and interactions between these activities, and the resources required for producing and delivering the service outcome (Slack et al., 2004). It involves defining the roles of people, technology, facilities, equipment, layout and processes that generate the service outcome.

The theory of innovation in services developed by Gallouj and Weinstein (1997) has been widely discussed in service innovation literature (Drejer, 2004; Windahl et al., 2004; DeVries, 2006; Tether & Howells, 2007). Their model constitutes an early attempt to bring together research on product and service innovations which contributes to the "synthesising" stream of service innovation literature. Service innovation can be found in one or several of the following elements: service outcome characteristics (e.g. new ingredient in a dish, new design of final report in consultancy), service provider competencies (new knowledge and new skills), service provider technology (new IT systems, new machines and new procedures), and client competencies (e.g. customer provides information on stock level to supplier). Meaning that for an effective innovative service delivery, the business ought to understand the expectations of clients/customers develop an inclusive service design and service delivery system (Goldstein et al., 2002; Gouillart & Sturdivant, 1994; Roth & Menor, 2003). Effective design must therefore ensure that both the service outcome and the process of innovative service delivery are perceived as being of good quality by the clients so as to generate their client satisfaction (Dabholkar & Overby, 2005). This will in turns ensure customer retention and give the businesses leverage to gain and maintain a competitive edge (Verma et al., 2002; (Cronin & Taylor, 1992).

Further, a distinction can therefore be made between quality as the intrinsic value associated with an innovative service product and quality as meeting needs and requirements of the client. This is precisely so since innovative delivery of services is a process based on broadly accepted normative and ethical values and guidelines, emanating from politics, community and social values, as well as other prescribed guidelines (Cloete, 1998). Monitoring quality assurance is a popular tool used to track, evaluate and review innovative service delivery performance. In service delivery reviews, the terms of reference for quality assurance often tend to reflect the service quality and customer satisfaction model and the commodity notion of service delivery. In this way, employees' roles and responsibilities should be clarified and monthly or quarterly workplace plans should relate to the goals and performance standards set for the individuals or teams in the department and the

organisation as a whole.

Innovative service delivery and Competitive Advantage

The most important characteristics of innovations include: strong relationship between market performance and new products, new products help maintain market shares and improve profitability, growth also by means of non-price factors (design, quality, individualisation, etc.), ability to substitute outdated products (shortening product lifecycles) and innovation of processes that lead to production time shortening and speed up new product development in comparison to competitors. This then suggests that innovation contributes to achieving a competitive advantage in several aspects (Tidd et al., 2007). Innovation capacity contributes to the organisation by creating value (Leal-Rodriguez et al., 2014). Innovation, for instance, is one of the most important sources of sustainable competitive advantage, because it leads to product improvements that increase the value of its product portfolio (Castro et al., 2013). These values created through innovation by providing new or unique products and services (Montes, Moreno & Morales, 2005) are significant potential for organisational performance because of the characteristic of rare, valuable and inimitability (Hulery and Hult, 1998). Literature supports the idea that innovation positively affects the performance widely (Montes et al., 2005; Jimenez-Jimenez & Sanz-Valle, 2011; Laforet, 2013).

If an Organisation desires to achieve a competitive advantage, one of the best ways to do this comes directly from continuous technological innovation. Moreover, as a dynamic capability, the ability of an Organization to renovate their products and knowledge assets is required for future success (Castro et al., 2013). In particular, taking into consideration the constantly changing environment, innovation ensures an organisation change and flexibility which are essential to survive and succeed (Liao et al., 2008). This flexibility helps organizations to overcome environmental complexity and uncertainty and therefore is the key factor for long-term future success related to business (Balkin, Markman and Gomez-Mejia, 2000). Although innovation refers to the high degree of initial and continuous investment, risk, and uncertainty, it differentiates the organisations from others because of responding customer demands quickly, customer loyalty, price premiums for new or improved products, and creating entry barriers for potential imitators (Rosenbusch, Brinckmann & Bausch, 2011). Martín-de Castro et al. (2013) validated that developing successful technological innovations is essential for creating and sustaining an organisation's competitive advantage. According to Zemplerová (2010) the expenditures on research, development and introduction of innovations are the determining characteristics for gaining a dominant part of the market. Supporting this position, Autant-Bernard, Fadaïro & Massard (2013) in their survey found the importance of innovation in promoting competitive advantage of a firm. This is supported by results of Noruzy et al. (2012) and Autant-Bernard (2001) that the innovative activity of organisations significantly influences competitiveness which is based on inimitable skills and abilities. Achieving a higher competitiveness by means of innovations means producing less costly products of better quality compared to those manufactured by competitors.

If an Organisation is not capable of introducing innovations, it will lag behind and the initiative will be taken over by other entities. Schumpeter (in Tidd et al., 2007) asserts that entrepreneurs attempt to use technological innovation by firms will enable them gain a strategic competitive advantage. This creates competition that does not attack profit margins or the outputs of existing organisations, but their essence and their existence as such. Similarly, Continuous improvement in technology will provide sustainable competitive advantage. For example the use of customer relationship management software gives comprehensive information about customer choice and preference and provides market intelligence. Moreover, SMEs that use information on customers most intelligently and innovatively will serve customers' needs best and, consequently, gain competitive advantage (Zemplerová, 2010; Noorani, 2014; Wilford, 2000). Hence, stemming from Dynamic Capability Theory and the empirical studies, we set down our hypothesis as thus:

H1: *Innovative service delivery positively and significantly predicts competitive advantage of SMEs in Nigeria.*

1.6 Methodology

Data Collection and Operational Measurement

The data for the study were collated primarily through the use of the questionnaire, which according to Osuala (1998), helps to generate quantitative data where the researcher is inclined to a positive approach for conducting research. They were handed directly to the owners of SMEs operating in Plateau State through stratified random sampling approach. The sample was drawn from the population. The population which has 2070 owners of SMEs gave a sample size of 368 as prescribed using Krejcie and Morgan (1970) sample size table.

Competitive Advantage: Items related to competitive advantage were adapted based on Gilley et al. 2004, Argote & Ingram (2000). To determine each firm's nonfinancial performance, respondents are asked to rate their firm's research and development (R&D) outlays, stability/growth of employment, product/process innovations, employee morale/job satisfaction, customer relations, and supplier relations relative to their competitors. Responses are coded on a 6 point likert scale ranging from 1= at the very bottom of similar firms in the sector to 6= at the very top of similar firms in the sector.

Innovative Service Delivery: Innovative service delivery is measured by examining the implementation of a new method in SMEs’ practices or external relations (OECD, 2005). An adapted measure based on those previously employed by Tierney, Farmer, and Graen (1999) was utilised. The measurement items were adapted from the literature with minor modifications and rewording to ensure contextual consistency. Example of the items are: "our business generates novel ways of operations", "Innovation is supported and rewarded in our business", "our business has new ideas of marketing to customers", "our business always serves as a good role model for doing new things." The respondents were required to indicate their degree of agreement or disagreement with the items generated, anchored on a 6 point likert scale ranging from 1=strongly disagree to 6=strongly agree.

Validity and Reliability

The validity and reliability of constructs were tested to assess the accuracy of their measurement power. Validity of the variables was already confirmed in previous studies relating to innovative service delivery and firm competitiveness but we reconfirmed their applicability by taking up a pilot survey of 26 subjects, whereupon the questionnaire was tested to correct ambiguities of concepts before the actual survey. The reliability of constructs was measured by ensuring all respondents answered the same questions and scientifically by Cronbach Alpha (α). The reliability assessment of innovative service delivery and competitiveness stood at 0.87 and 0.79 respectively. These results are adequate, according to Nunnally’s (1978), benchmark of 0.7.

Confirmatory Test

Table 1 reveals exploratory factor analysis used to explore the common variance-covariance characteristics of the study variables. This acknowledged core factors that represent the relationship amongst the variables. Principal component analysis with eigenvalue, greater than one was used to extract factors. Since the study variables were both uni-dimensional, varimax rotation was not used to facilitate the factor matrix. The Bartlett Test of sphericity and the Kaiser-Meyer-Olkin (KMO) were used to validate the use of factor analysis (see table 1). The set of items that represent innovative service delivery all have factor loadings above 0.67. The KMO measure was 0.879 and the factor accounted for 63 percent of the variance in the data, indicating that it was sufficient to represent the data.

Further, the set of practices that represent competitive advantage all have factor loading 0.62. The KMO measures was 0.818 the factor accounted for 71 percent of the variance in the data, which implies that it was sufficient to represent the data. The implication of the exploratory factor analysis result is that, while it is important to identify and understand the influence of innovative service delivery, it is also critical to understand how it correlates to influence competitiveness of SMEs.

Table 1: Descriptive Statistical Outcome and Confirmatory Test of Results of Study Variables

Factors	Percent of Variance	Code	Scale items	Factor Loadings	Mean	Std. Dev.
Innovative Service Delivery		ISD1	Our firm generates novel ways of doing business	0.823	3.67	0.99
		ISD2	Our business innovation is supported/ rewarded	0.699	4.22	0.78
		ISD3	Our business always has better ideas of marketing to customers	0.831	3.18	1.4
		ISD4	Our firm serves as a good role model for innovation	0.777	3.15	1.5
		ISD5	Pricing of our products is entirely unique	0.764	4.02	0.34
		ISD6	Our firm employs modern way of training employees	0.851	3.56	1.1
		ISD7	Novel ways of getting business resources is always our priority	0.699	3.44	.053
Note: Based on the rotation sums of squared loadings, total variance explained = 67.17 percent, Kaiser-Meyer – Olkin measure of sampling adequacy = 0.879; Bartlett test of sphericity = 286.45, significance = 0.000.						
Competitive Advantage			How would you rate your firm’s..... relative to your competitors?	Factor Loadings	Mean	Std. Dev.
		CA1	....research and development (R&D) outlays	0.732	4.04	0.98
		CA2	....return on investment	0.645	4.28	0.72
		CA3	....operating profit margin	0.852	3.95	0.89
		CA4	....return on equity	0.786	4.20	0.83
		CA5	...Customer relation/retention	0.811	4.54	0.69
		CA6	...stability/growth of employment	0.843	3.20	1.15
Note: Based on the rotation sums of squared loadings, total variance explained = 71.33 percent, Kaiser-Meyer – Olkin measure of sampling adequacy =0.818; Bartlett test of sphericity = 341.39, significance = 0.000.						

1.7 Results/Findings

As stated earlier, the study targeted 368 owners SMEs in Plateau State who were randomly sampled to provide responses. Thus, from the study, the results revealed that 302 (82%) response rate was achieved. This was possible because data collection was carried out through research assistants. They were recruited from the

particular areas where the study was carried out in order to solve the problem of non-responses. Similarly, a list of registered SMEs with their contacts was obtained from SMEDAN (2013). This helped the data collection team to easily follow-up on none responses at the end of the study. The demographic characteristics of the sample are indicated in Table 2 below.

Table 2: Sample characteristics of respondents

		Frequency	Percentage %
Age Group	18-28	43	21.2
	29-38	77	37.9
	39-49	65	32
	50 & Above	18	8.9
	Total	203	100
Gender	Male	123	60.6
	Female	80	39.4
	Total	203	100
Marital Status	Single	85	41.9
	Married	89	43.8
	Widowed	19	9.4
	Divorced	10	4.0
	Total	203	100
Period of Operation	1-2 Years	46	22.7
	3-5 Years	73	36
	6-9 Years	45	22.2
	10 Years & Above	39	19.2
	Total	203	100
Educational Qualification	Primary	12	5.9
	O' Level	25	12.3
	A' Level	40	19.7
	Diploma	57	28.1
	Bachelor's Degree	44	21.7
	Masters	25	13.3
Total	203	100	

Source: Field Survey, 2018

The sample characteristics reveal that 43(21.2%) fell within the age bracket of 18-28 years, 77(37.9%) fell within the age bracket of 29-39 years, 65(32%) fell within the age bracket of 39-49 years of age, while 18(8.9%) fell within the age bracket of 50 years and above. This implies that majority of the respondents fall within the age bracket of 29-39 years. Also, males were more 123 (60.6%) than females 80 (39.4). Similarly, 85(41.9%) were single, 89(43.8%) were married, 19(9.4%) were widowed, while 10(4.9%) were divorced. This implies that majority of the respondents are married. With regards to the period of operation, 46(22.7%) have operated between 1-2years, 73(36.0%) 3-5years, while 45(22.2%) operated between 6-9 years, while 39(19.2%) from 10years and above. This implies that majority of the respondents have been operating their businesses between 3 and 5years. Finally, 12(5.9%) were primary school holders 25(12.3%) were O' Level holders 40(19.7) were A' Level holders, 57(28.1%) were Diploma holders, 44(21.7%) had Bachelor's Degree, 17(8.4%) had Master's Degree, while 8(3.8%) for other qualification. This implies that majority of the respondents hold Diploma certificate as their qualification.

Test of Hypothesis

Restatement of Hypothesis

H1: Innovative service delivery positively and significantly predicts competitive advantage of SMEs in Nigeria.

Table 3. Results of Hypothesis testing

Hypotheses	Estimate	P-Value	Remark
H1: Innovative service delivery positively and significantly predicts competitive advantage of SMEs in Nigeria.	2.36**	0.00	Accepted

*Significant at 10%; *Significant at 5%; **Significant at 1%*

1.8 Discussion and Conclusions

Table 3 provides the hypothesis result of the influence of innovative service delivery on competitive advantage of SMEs. Innovative service delivery is positively related ($B = 2.36, p < 0.01$) to competitive advantage. This finding confirms our hypothesis 1 that innovative service delivery positively and significantly predicts competitive advantage of SMEs in Nigeria. The result supports the findings of Tidd et al. (2007) that innovation

contributes to achieving a competitive advantage in several aspects. This links well with the findings of other scholars (Montes, Moreno & Morales, 2005) that values created through innovation by providing new or unique products and services are significant potential for organisational performance. This then means that if SME desires to achieve a competitive advantage, one of the best ways to do this comes directly from continuous technological innovation. Particularly, taking into consideration the constantly changing environment, innovation ensures an organisation change and flexibility which are essential to survive and succeed. This is further supported by results of Noruzy et al. (2012) and Autant-Bernard (2001) who established that the innovative activity of organisations significantly influences competitiveness which is based on inimitable skills and abilities. Achieving a higher competitiveness by means of innovations means producing less costly products of better quality compared to those manufactured by competitors.

The sample characteristics revealed that majority are within the age bracket of 29-39 years. Also, majority of the respondents are married. With regards to the period of operation, majority of the respondents have been operating their businesses between 3 and 5 years. Finally, majority of the respondents hold Diploma certificate as their qualification.

Stemming from the hypothesis developed in this study, the following are the conclusion. The findings from the study revealed that innovative service delivery positively and significantly predicts competitive advantage of SMEs in Nigeria. This is in line with hypothesis (H1) set under this study. This implies that if SME desires to achieve a competitive advantage, one of the best ways to do this comes directly from continuous innovative service delivery. By considering the constant changing environment, SMEs' owners ensure flexibility which are essential to survival and success.

1.9 Study Implications

Theoretical Implications

The study is based on the Dynamic Capability Theory that contributed to theory development in the field of strategic management and entrepreneurship by empirically investigating innovative service delivery as a predictor of competitive advantage of SMEs in Nigeria. The first notable theoretical implication of this study is its contribution to the ongoing strategic management and entrepreneurial debate. From the foregoing we assert that in order to understand how innovative service delivery predicts of competitive advantage of SMEs in Nigeria, SMEs owners must understand the changing environment.

Methodological Implications

The main methodological implication is the role of quantitative method approach in explaining how innovative service delivery predicts competitive advantage of SMEs in Nigeria. This study attempted to build upon prior work in the area of competitive advantage by utilizing the quantitative data to explain the study phenomenon. This will provide terminological and conceptual clarity and coherence.

Managerial and Policy Implications

This offers more insight on innovative service delivery to SMEs that are planning to implement innovativeness as the strategy for acquiring the competitive advantage. It will enable the business community to hinge on the findings of this study to develop strategies that will be successful upon implementation and reduce failure rate of SMEs in Nigeria. Also, the study contributes in providing insight to policy makers understand the role of innovative service delivery in SMEs sector. The findings will also enlighten the policy makers on how to develop policies and programmes on innovativeness for the SMEs' sector. Moreover, the study will assist to unearth problems for regulators when enforcing and developing relevant regulations aimed at defending SMEs and other stakeholders from the problems associated with their innovative operations.

1.10 Limitations of the Study

The study is only restricted to SMEs in Plateau State-Nigeria. Further research could be conducted to cover all the States in the North-Central region of Nigeria. Also, this study employed the cross-sectional approach. A longitudinal approach should be employed to study the trend over a period of at least two years. Finally, the one (1) factor identified as predictor of competitive advantage of SMEs may not be sufficient enough in explaining the phenomenon. Hence, there are other factors that may contribute in influencing SMEs competitiveness that were not part of this study.

References

- Ada, E., Kazancoglu, Y. and Sagnak, M. (2013). Improving Competitiveness of Small and Medium-Sized Enterprises (SMEs) in Agriproduct Export Business through ANP: The Turkey Case, *Agribusiness*, 29(4), 524–537.
- Andrews, K. R. (1971). *The Concept of Corporate Strategy*, Dow Jones-Irwin, Homewood, IL.
- Argote, L. and Ingram, P. (2000). "Knowledge transfer: a basis for competitive advantage in firms", *Organizational Behavior and Human Decision Processes*, 82(1), 150-69.

- Augier M, and Teece, J. (2009) Dynamic Capabilities and the Role of Managers in Business Strategy and Economic Performance, *Organization Science*, 20(2), 410–421.
- Autant-Bernard, C., Fadaïro, M. and Massard, N. (2013). Knowledge diffusion and innovation policies within the European regions: Challenges based on recent empirical evidence. *Research Policy*, 42 (1), 196-210.
- Balkin, D. B., Markman, G.D. and Gomez-Mejia, L.R. (2000). Is CEO pay in high-technology firms related to innovation? *Academy of Management Journal*, 43(6), 1118-1129.
- Barney, J. (1991). Firm Resources and Sustained Competitive Advantage, *Journal of Management*, 17(7).
- Barney, J. B. and Hesterly, W. S. (2010). *Strategic Management and Competitive Advantage Concepts*. Upper Saddle River, NJ: Pearson Prentice Hall.
- Bell, M. (2009) Innovation Statistics and Innovation System Models: Policy Tools and Policy-making in Developing Countries, STEPS Working Paper 34, Brighton: STEPS Centre.
- Brown, D. (1994) Engaging SMEs in e-business: the role of intermediaries within eClusters. EM: *Electronic Markets*, 11(1), 52–58.
- Castro, G. M., Delgado-Verde, D., Navas-López, J. and Cruz-González, J., (2013) The moderating role of innovation culture in the relationship between knowledge assets and product innovation, *Technological Forecasting & Social Change*, 80, 351–363.
- Cloete, J. J. N. (1998). *South African public administration and management*. Pretoria: Van Schaik Publishers.
- Cronin, J. J. and Taylor, S. A. (1992). Measuring service quality: A re-examination and extension, *Journal of Marketing*, 56(3), 55.
- Dabholkar, P. A. and Overby, J. W. (2005). Linking process and outcome to service quality and customer satisfaction evaluations: An investigation of real estate agent service, *International Journal of Service Industry Management*, 16, 10-27.
- Dakung, R. J., Orobia, L., Munene, J. C. and Balunywa, W. (2017). The Role of Entrepreneurship Education in Shaping Entrepreneurial Action of Disabled students, *Journal of Small Business & Entrepreneurship*, 29(4).
- Dakung, R. J. and Maimako, S. S. (2015). An Assessment of Intellectual Research and Innovation Management Practices in Nigerian Hospitality Industry: A study of selected Hotels in Jos Plateau State, *West African Journal of Research and Innovation Management (WAJORIM)*, 1(1): 66-81
- De Vries, E. I. (2006). “Innovation in services in networks of organizations and in the distribution of services”, *Research Policy*, 35, 1037-51.
- Department for Business Innovation and Skills (2015). Report on Expenditure and Performance of the Department for Business, Innovation and Skills. [perhttps://www.gov.uk/government/organisations/department-for-business-innovation-skills/about](https://www.gov.uk/government/organisations/department-for-business-innovation-skills/about).
- Drejer, I. (2004). “Identifying innovation in surveys of services: a Schumpeterian perspective”, *Research Policy*, 33, 551-62.
- Gallouj, F. and Weinstein, O. (1997). “Innovation in services”, *Research Policy*, 26, 537-56.
- Gilley, K. M., McGee, J. E. and Rasheed, A. A. (2004). Perceived environmental dynamism and managerial risk aversion as antecedents of manufacturing outsourcing: the moderating effect of firm maturity”, *Journal of small business management*, 42(2), 117-33.
- Goldstein, S. M., Johnston, R., Duffy, J. and Rao, J. (2002). "The service concept: the missing link in service design research?" *Journal of Operations Management*, 20(2), 121-134.
- Gouillart, F.J. and Sturdivant, F. D. (1994). Spend a Day in the Life of Your Customers, *Harvard Business Review*, 72(1), 116.
- Hurley, R.F. and Hult, G.T. M. (1998), Innovation, market orientation, and organizational learning: an integration and empirical examination, *Journal of Marketing*, 62(3), 42-54.
- Jimenez-Jimenez, D. and Sanz-Valle, R. (2011). Innovation, organizational learning, and performance, *Journal of Business Research*, 64(4), 408-417.
- Johnson, S. G., Webber, D. J. and Thomas, W. (2010). Which SMEs use External Business Advice? A multivariate sub-regional study, *Environment and Planning A*, 39(8), 1981-1997.
- Krejcie, R. V. and Morgan, D. W. (1980). Determining sample size for research activities, *Educational & Psychological Measurement*, 30, 607-610.
- Kritikos, A. S (2014). Entrepreneurs and their impact on jobs and economic growth: Productive entrepreneurs can invigorate the economy by creating jobs and new technologies, and increasing productivity: DIW Berlin, University of Potsdam, and IZA, Germany.
- Laforet, S. (2013). Organizational innovation outcomes in SMEs: Effects of age, size and sector, *Journal of Business World*, 48(4), 490-502.
- Leal-Rodriguez, A., Ariza-Montes, J.A., Roldan, J.L. and Leal-Millan, A.G.L. (2014). Absorptive capacity, innovation and cultural barriers: A conditional mediation model, *Journal of Business Research*, 67(5), 763-768.
- Lei, D., Hitt, M.A. and Bettis, R. (1996). Dynamic Core Competences through Meta-Learning and Strategic

- Context, *Journal of Management*, 22, 549-569.
- Li and Chen. (2010). *The effects of Innovation Capacity on New Product Development Performance: the evidence of Zhejiang Province' SMEs*. Management and Service Science (MASS), International Conference, 1, 5, 24-26.
- Liao, S., Fei, W. and Liu, C. (2008). Relationship between knowledge inertia, *organizational learning and organization innovation*, *Technovation*, 28(4), 183-195.
- López, Forestry and Vazquez (2013). What a company needs to innovate? Research, experience and persistence, *European Journal of Management and Business Economics*, 266-281.
- Lynch, R. (2006). *Corporate strategy* (2nd ed.). Harlow: Pearson Education.
- Martín-de Castro, G., Delgado-Verde, M., Navas-López, J. E. and Cruz-González, J. (2013). The moderating role of innovation culture in the relationship between knowledge assets and product innovation. *Technological Forecasting and Social Change*, 80(2).
- Mayer, K. J., Bowen, J. T. and Moulton, M. R. (2003). "A proposed model of the descriptors of service process", *Journal of Services Marketing*, 17(6), 621-639.
- Montes, F. J. L., Moreno, A. R. and Morales, V. G. (2005), Influence of support leadership and teamwork cohesion on organizational learning, innovation and performance: an empirical examination, *Technovation*, 25(10), 1159-1172.
- Neneh, B. N. and Van Zyl, J. (2017). Entrepreneurial orientation and its impact on firm growth amongst SMEs in South Africa. *Problems and Perspectives in Management*, Vol. 15(3).
- Noorani, I. (2014). Service Innovation and Competitive Advantage, *European Journal of Business and Innovation Research*, 2(1), 12-38.
- Noruzi, A., Dalfard, V. M., Azhdari, B., Nazari-Shirkouhi, S. and Rezazadeh, A. (2012), Relations between transformational leadership, Organizational learning, knowledge management, organizational innovation, and organizational performance: An empirical investigation of manufacturing firms, *International Journal of Advanced Manufacturing Technology*, 64, 1073-1085.
- Nunnally, J.C. (1978). *Psychometric theory*. New York: McGraw-Hill.
- OECD (2005). Forthcoming, *Innovation in Public Services: Context, Solutions and Challenges*, OECD, Paris.
- Oluoyinka, S., Shamsuddin, A. and Wahab, E. (2013). A study of electronic commerce adoption factors in Nigeria, *International journal of Information Systems and Change Management*, 6(4): 2013.
- Penrose, E. T. (1995). *The theory of the growth of the firm twenty-five years after*. Uppsala: Universitetet.
- Philip, M. (2011). Factors affecting business success of small & medium enterprises (SMEs), *Amity Global Business Review*, 6, 118-136.
- Porter, M. (1985). *Competitive advantage*. New York: The Free Press.
- Porter, M. E. (Ed.). (1991b). *Strategy: Seeking and securing competitive advantage*. Boston: Harvard Business School Press
- Porter, M. E., Delgado-Garcia, M., Ketels, C. H. M. and Stern, S. (2008) Moving to a New Global Competitiveness Index. In M. E. Porter and K. Schwab (eds.) *Global Competitiveness Report 2008/2009*, pp. 43–63. Geneva: World Economic Forum.
- Rosenbusch, N., Brinckmann, J. and Bausch, A. (2011). Is innovation always beneficial? A meta-analysis of the relationship between innovation and performance in SMEs, *Journal of Business Venturing*, 26(4), 441-457.
- Roth, A. V. and Menor, L. J. (2003). Insights into service operations management: a research agenda, *Production & Operations Management*, 12(2): 145-16.
- Sambharya, R. B. and Lee, J. (2014) Renewing Dynamic Capabilities Globally: An Empirical Study of the World's Largest MNCs. *Management International Review* 54(2), 137-169.
- Schumpeter J A (1934). "Creative Destruction" From Capitalism, Socialism and Democracy (New York: Harper, 82-85.
- Serravallo, J. (2015). *Reading Strategies Book: Your Everyday Guide to Developing Skilled Readers*.
- Slack, N., Chambers, S. and Johnston, R. (2004). *Operations Management* (4th Edition), Harlow: Pearson Education.
- SMEDAN. (2005). Small and medium enterprises performance in Nigeria: A report presented at African entrepreneurship seminar organized in collaboration with the Scientific Committee on Entrepreneurship of the University of Essex. United Kingdom on the 5th of June.
- Teece, D. J., Pisano, G. and Shuen, A. (1997). "Dynamic Capabilities and Strategic Management," *Strategic Management Journal* 18, 509-534.
- Teece, D. Pisano, G. and Shuen, A. (2007). Dynamic capabilities and Strategic Management, *Strategic Management Journal*, 18 (7), 509-534.
- Tether, B. and Howells, J. (2007). Changing understanding of innovation in services, DTI Occasional Paper No. 9: Innovation in Services, Department of Trade and Industry, Manchester.
- Tidd, J., Bessant, J. and Pavitt, K. (2007). *Řízení inovací – zavádění technologických, tržních a organizačních*

- změn. Brno: Computer Press.
- Tierney, P., Farmer, S. M. and Graen, G. B. (1999). An examination of leadership and employee creativity: The relevance of traits and relations, *Personnel Psychology*, 52, 591-620.
- Troacă, V. A. and Bodislav, D.-A. (2012). Outsourcing. The Concept. *Theoretical and Applied Economics*, 19(6):51–58.
- Valliere, D. and R. Peterson (2009). “Entrepreneurship and economic growth: Evidence from emerging and developed countries.” *Entrepreneurship & Regional Development*, 21 (5–6):459–480.
- Verma, R., Fitzsimmons, J., Heineke, J. and Davis, M. (2002). New issues and opportunities in service design research, *Journal of Operations Management*, 20(2), 117-120.
- Wernerfelt, B. (1984). “A Resource-based View of the Firm,” *Strategic Management*.
- Wilford, D. (2000). What is CRM? Customer Relationship Management, *The Times Newspaper*, 25 April.
- Windahl, C., Andersson, P., Berggren, C. and Nehler, C. (2004). “Manufacturing firms and integrated solutions: characteristics and implications”, *European Journal of Innovation Management*, 7(3), 218-28.
- Yoshino, N. and Taghizadeh-Hesary, F. (2016). Major Challenges Facing Small and Medium-sized Enterprises in Asia and Solutions for Mitigating Them. ADBI Working Paper 564. Tokyo: Asian Development Bank Institute.
- Zemplerinová, A. (2010). Inovační aktivita firem a konkurence. *Politická ekonomie*, 58(6):747-760.