Exploring the Effects of Intangible Resources on Competitive Advantage and Performance of Listed Firms in Nigeria

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Abstract

The purpose of this paper is to examine the effect of intangible resources on competitive advantage and performance of firms in Nigeria. The study follows a quantitative research design using survey methods with statistical treatment. Regression and correlation tests were used to ascertain whether relationships exist between intangible resources, competitive advantage, and organizational performance. Results show that relationships exist between organizational resources, competitive advantage, and performance. The findings are consistent with the proposed resource-based view (RBV) model and in line with previous studies conducted in developed countries. Implications of the study are discussed.

Keywords: Nigeria, competitive advantage, intangible resources, organization performance

Introduction

The resource-based view (RBV) of a firm is a concept that has been used in strategic management literature as a means of explaining competitive advantage and superior performance of firms (Barry, Clulow, & Gerstman 2005). According to the RBV, resources are defined as stocks of available factors such as knowledge, physical assets, human capital, and other tangible and intangible items that are owned or controlled by a firm, which can be converted into final products or services (Abu Bakar & Ahmad 2010; Amit & Schoemaker 1993; Capron & Hulland 1999; Michalisin, Smith & Kline 1997). According to Barney and Hesterly (2006), resources can be classified as tangible and intangible resources. Tangible resources include things like capital, buildings, warehouses, and other facilities, while intangible resources consist of knowledge, skills, and reputation (Hitt et al. 2012). According to Hitt et al. (2012), intangible resources contribute more to firms’ resources than tangible assets in creating values to organizations. In general, the conceptual and empirical analyses within the RBV have focused on firms’ perspective key resources and the value of these key resources in creating superior performance and competitive advantage. Several studies using the RBV theory have strongly supported it.
However, most of the work has been based on the data pertaining to developed countries (Abu Bakar & Ahmad 2010; Barney 1991; Barry, Clulow & Gerstman 2005, 2007; Collis & Montgomery 1995; Fahy 2000, 2002). Although these studies are useful in improving our understanding of the subject, there is still a knowledge gap about developing countries, and attempting to generalize on the basis of findings from developed economies may be misleading. To our knowledge, very little research on RBV has been conducted in Africa in general, and in Nigeria in particular. As many African nations have opened up their economies for global trade and investment and are now actively engaged in international business and globalization, it is imperative that management theories developed in Western industrialized cultures be tested in non-Western cultures, like Nigeria.

The purpose of this research is to examine the influence of intangible resources among Nigerian firms. Since, to the best of our knowledge, no research has been done on this topic in Nigeria, this study is significant, and its findings will increase our understanding of this topic in the context of a developing country. This study makes three major contributions to the literature. First, it provides insights to the effect of the resource-based view model from a non-Western perspective. Second, it examines the issue in previously untested locations—as an oil rich country in Africa and home for several multinational corporations, Nigeria provides a highly interesting setting in which to refine and test existing management theories developed in the West. Third, this study lays the foundation for future studies on this topic in Africa and helps to bridge the knowledge gap in the literature, and to a great extent, it will also assist managers when making strategic decisions about competitive advantage and superior performance.

**Theoretical background**
The RBV theory argues that firms have resources which enable them to achieve competitive advantage and superior performance. Resources that are valuable and rare can lead to the creation of competitive advantage. That advantage can be sustained over longer time periods to the extent that a firm becomes able to protect against resource imitation, transfer, or substitution (Barney 1991). Researchers have argued that internal resources are more important than external factors for a firm in achieving and sustaining competitive advantage (David 2011). Some researchers have also argued that a firm’s performance will mainly be determined by internal resources of the firm, such as employees, training, experience, intelligence, knowledge, skills,
abilities, information systems, patents, trademarks, copyrights, databases, and so forth (Barney 1991; David 2011). In sum, RBV theory asserts that resources are basically what help a firm to exploit opportunities and neutralize threats. David (2011) asserts that the basic premise of RBV is that the mix and type of a firm’s internal resources should be considered first and foremost in devising strategies that can lead to sustainable competitive advantage. Figure 1 below shows the theoretical relationship between intangible resources, competitive advantage and performance (see figure 1).

**Figure 1: Conceptual framework of the study**

<table>
<thead>
<tr>
<th>Intangible Resources</th>
<th>Competitive Advantage</th>
<th>Superior Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reputation</td>
<td>Value to Customers</td>
<td>Sales Performance</td>
</tr>
<tr>
<td>Knowledge</td>
<td></td>
<td>Market Performance</td>
</tr>
<tr>
<td>Culture</td>
<td></td>
<td>Profitability</td>
</tr>
</tbody>
</table>

**Literature review and hypotheses**

Resources are productive assets through which a firm can achieve its objectives (Amit & Schoemaker 1993; Capron & Hulland 1999; Michalisin, Smith & Kline 1997). RBV posits that a firm does not achieve competitiveness because of its resources but because of its competence in making better use of those resources, whereby the productive services of resources must be discovered over time as its management interacts with its resources and makes subjective decisions about resource allocation, deployment, and maintenance (Powell 1995). Intangible
assets are said to be more likely to influence competitive advantage and performance than tangible assets because they are more likely to meet Barney’s (Barney 1991) four conditions.

According to the resource-based view (RBV), assets, skills, and capabilities create value for a firm that leads to a sustainable competitive advantage and superior performance (Barney 1991). Resources used to create a competitive advantage are categorized as tangible (financial assets, capital, and production capability) or intangible (intellectual property, trade secrets, corporate reputation, culture, and employee know-how) (Hall 1993). These resources create value and meet the following conditions: it is valuable due to its ability to add financial value to the firm; it is rare (only some firms have it); it is imperfectly imitable by other organizations; and there are no substitutes (Barney 1986, 1991; Rindova, Williamson, Petkova & Sever, 2005). Culture and reputation are considered intangible assets because each adds value through differentiation, is rare, difficult to imitate, and without substitution (Barney 1991; Fombrun 1996; Hall 1993; Kay 1993; Rao 1994; Runyan, Huddleston & Swinney 2006). In a survey of executives, corporate reputation was rated as the most important intangible asset contributing to business success because it is the “product of years of demonstrated superior competence, and is a fragile resource; it takes time to create, it cannot be bought, and it can be damaged easily” (Hall 1993). In the same study, Hall (1993) found that culture was rated as the fourth most important intangible asset, after product reputation (rated number 2) and employee know-how (rated number 3).

**Management Influence**

Management plays a significant role in the process of converting resources into something of value to customers. This process involves resource identification, development, protection, and deployment. Management skill in these activities has been identified as a source of sustainable competitive advantage (Amit & Schoemaker 1993; Castanias & Helfat 1991). The RBV theory views management as the key to the process of recognizing, developing and deploying resources into valuable activity for the firm (Clulow, Barry & Gerstam 2007). In their research, Clulow, Barry, and Gerstam (2007), argued that in the RBV model, management is the glue that bonds and strengthens the firm. Kotter & Heskett (1992) considered a resource to be a source of competitive advantage when applied to an industry or brought to a market. Consequently,
Williams (1992) described the managerial role as transforming resources into something of value to customers. This involves identifying, developing, protecting, and deploying the firm's resource base (Amit & Schoemaker 1993). It has been argued that good quality management is a potential source of sustainable competitive advantage (Castanias & Helfat 1991). The associations of RBV with resources, sustainable competitive advantage, and superior performance have been demonstrated by the works of Fahy (2003), and Bharadwaj, Varadarajan, and Fahy (2003, 1993), Day and Wensley (1988), and Hunt and Morgan (1996). These researchers have argued that management plays a significant role in the process of achieving competitive advantage and superior performance. In view of the above arguments, we posit that the ability of management to identify, protect, and deploy the firm’s resources efficiently would help a firm to achieve sustainable competitive advantage and superior performance. As a result we propose the following hypotheses:

**Hypothesis 1a:** There will be a positive relationship between a firm’s management and its performance.

**Hypothesis 1b:** There will be a positive relationship between a firm’s management and its competitive advantage.

**Relationship between Reputation and Performance**

Corporate reputation is an important intangible asset firms use to create a competitive advantage and enhance performance (Cannelli & Tishler 2004; Flatt & Kowalczyk 2008). Reputation is borne out by the energy and effort that often goes into creating, developing and sustaining a reputation (Hall 1992; Barney 1986). Reputation affects performance and is, at the same time, a result of that performance. A firm may possess an excellent reputation and the publicity surrounding its reputation may feed the initial value of the strategic resource since the firm is perceived by its stakeholders to have an excellent reputation. In the management literature, it is possible to find empirical studies that assume reputation to be either a dependent or an independent variable (De La Fuente & De Quevedo 2003a). Fombrun and Shanley (1990) found a positive relationship between past performance and reputation, and between past accounting profit and reputation. Mathews (2006) also found positive relationships between past return and reputation and between reputation and future return. Brown and Perry (1994) used Fortune’s database and obtained a direct relationship between past return and reputation.
Deephouse, and Ferguson (2000) showed that strategic groups with higher reputations have superior performance. Runyan, Huddleston, and Swinney (2006) found a positive relationship between reputation and sustainable performance. In their research, Szwajkowski and Figlewicz (1999) concluded that it is the ability to develop and exploit reputation that dictates a company’s dominance in an industry. Rodriguez, Dorrego, and Jardon (2010) contend in their research that the organizational reputation of business schools has a positive impact on performance (measured as salaries of recent MBA graduates). Deephouse (2000) concluded that a positive evaluation of a firm presented in the media (media reputation) increases the performance of commercial banks. In a similar study but with a different sample, Brammer and Pavelin (2006) found that reputation is determined by a firm’s social performance, financial performance, market risk, and the extent of long-term institutional ownership and the nature of its business activities.

Empirical evidence confirms that a positive corporate reputation leads to higher financial performance and strategic advantage, such as reducing competitive rivalry and mobility barriers to deter market entry (Caves & Porter 1977; Penrose 1959), charging premium prices (Benjamin & Podolny 1999), creating superior stability in stock prices (Weigelt & Camerer 1988), reducing operating costs, and attracting talented workers to a firm (Fombrun 1996). Firms with good reputations are also more likely to sustain a superior financial performance over time (Runyan, Huddleston & Swinney 2006). Other research findings also suggest that reputation has a positive influence on capital gain (Weigelt & Camerer 1988), on the stock market (Kaplan & Norton 2004), and market value (Black, Carnes & Richardson 2000). In order to remove financial bias from the reputation rating, Runyan, Huddleston, and Swinney (2006) decomposed reputation into financial reputation and residual reputation and also demonstrated that corporate reputation contributes significantly towards firm profitability. According to Flatt and Kowalczyk (2008), reputation creates value because it enables the firm to gain business from rivals and attract high quality people to work for the firm. From the foregoing, one may therefore surmise that successful development and deployment of key intangible assets may facilitate the acquisition of tangible resources, such as high quality people, which enable the firm to compete more effectively in a highly competitive market. These studies document that reputation is an essential intangible resource that can enhance a firm's ability to gain a competitive advantage and achieve superior performance. This leads to hypotheses 2a and 2b:
Hypothesis 2a: There will be a positive relationship between reputation and performance.

Hypothesis 2a: There will be a positive relationship between reputation and competitive advantage.

Corporate Culture and Performance

Culture is considered an intangible asset because it adds value through differentiation, is rare, difficult to imitate, and non-substitutable (Barney 1991; Fombrun 1996; Hall 1993; Kay 1993; Rao 1994; Runyan, Huddleston & Swinney 2006). In a survey of executives, corporate culture was rated as one of the most important intangible assets contributing to business success because it allows firms to manage change and develop values, beliefs, and norms shared by members of an organization. It also helps firms to define a system of shared values and norms that may lead to higher performance and productivity. A strong corporate culture can influence a firm’s performance by increasing the behavioral consistency of its employees. This allows the firm to enhance coordination and control, improve goal alignment, and increase employee effort (Vergin & Qoronfleh 1998). A strong corporate culture can also enhance a firm’s performance because consensus of values, beliefs, and norms facilitates social control in the firm, which is more effective than formal control for any deviations from the norm. Employees also tend to have greater clarity about goal attainment and can make appropriate decisions relating to their jobs, which enhances coordination, motivation, and performance because they are involved in the decision-making process (Vergin & Qoronfleh 1998). A strong culture can lead to above-average return on investment, net income growth, and higher performance (Denison 1990; Dension, Haaland & Goelzer 2004; Gordon & Ditomaso 1992; Knott 2009). A firm with a strong culture would therefore tend to use it as a strategic advantage to achieve superior performance. We thus, propose the following hypotheses:

Hypothesis 3a: There will be a positive relationship between a firm’s culture and its performance.

Hypothesis 3b: There will be a positive relationship between a firm’s culture and its competitive advantage.
Knowledge and Performance

The resource-based view of the firm theory (Rao 1994) and the knowledge-based view of the firm (Grant 1996) provide the foundations for the claim that knowledge serves as a resource that influences competitive advantage and superior performance. Researchers have argued that knowledge is an intangible resource (Milgrom & Roberts 1982). Bollinger and Smith (2001) argued that employee know-how possesses the characteristics of strategic assets. According to De Hoog and van der Spek (1997), employee know-how is a component of knowledge and a crucial strategic resource. Bollinger and Smith (2001) posited that knowledge meets the characteristics of a strategic asset because: (1) it is inimitable, each individual in the organization contributes knowledge based on personal interpretation of information; (2) it is rare, organizational knowledge is the sum of employee know-how, know-what, and know-why; (3) it is valuable, new organizational knowledge results in improved products, processes, technologies, or services, and enables organizations to remain competitive and viable; and (4) it is non-substitutable, the synergy of specific groups cannot be replicated. Thus the group represents distinctive competence which is non-substitutable. Based on the logic of the preceding paragraphs, we posit that knowledge is a resource that results from the following hypotheses:

Hypothesis 4a: There will be a positive relationship between a firm’s organizational knowledge and its performance.

Hypothesis 4b: There will be a positive relationship between a firm’s organizational knowledge and its competitive advantage.

Methodology

Sample and Procedures

Survey questionnaires were administered to a random sample of 200 senior managers. The managers were selected from 30 listed companies in Nigerian Stock Market and Equity Security. To enhance the response rate, the questionnaires were delivered by hand and collected by hand
on a scheduled pick-up date. Six trained assistants and two field supervisors were responsible for the questionnaire distribution and collection. The distribution was done in this way to avoid problems with the local communications system and to fit with local cultural issues, such as the background of the researcher and purpose of the research. A total of 200 questionnaires were distributed and 148 were returned, representing a 74% response rate.

**Measures**

The measures used for the present study were developed based on prior studies (Bakar & Ahmad 2010; Rao 1994; Clulow, Barry & Gerstam 2007; Fahy 2000; Lawler, Mohrman & Ledford 1998). The measures consisted of six areas related to the RBV theory based on the literature. The areas include: performance, competitive advantage, reputation, corporate culture, knowledge, and management role.

**Organizational Performance**

Performance was measured by using six items adapted from Leitner and Warden (2004). The organizational performance construct includes the change in the company market share, profit and sales revenue to their largest competitor. The survey items of performance have been used by Delaney and Huselid (1996). The Cronbach alpha on their research was .86 and .88, respectively. Respondents were asked to indicate their levels of agreement with the description using a five-point Likert-type scale (1 = strongly agree to 5 = strongly disagree).

**Competitive Advantage**

A seven-item scale was adapted from Delaney and Huselid (1996) and Roberts and Dowling (2002). Sample items included: (1) “During the past three years, the competitive advantage relative to your largest competitor has markedly improved”, and (2) “During the past three years, change in market share relative to your largest competitor has markedly improved”, and The Cronbach alpha is 0.78. Respondents were asked to indicate their levels of agreement with the items’ descriptions using a five-point Likert-type scale (1 = strongly agree to 5 = strongly disagree).
Management Role

A six-item scale was developed based on the works of Clulow, Barry, and Gerstam (2007) and Amit and Schoemaker (1993). Sample items included: (1) “Management has been successful at identifying the company’s resources”, (2) “Management is successful at developing the company’s resources”, and (3) “Management is successful at protecting the company’s resources,” Cronbach alpha is 0.85. Respondents were asked to indicate their levels of agreement with the items’ descriptions using a five-point Likert-type scale (1 = strongly agree to 5 = strongly disagree).

Company Reputation

A six-item scale modified from Flatt and Kowalczyk (2008), Hammond and Slocum (1996), Weigelt and Camerer (1988), and Runyan, Huddleston, and Swinney (2006) was used to assess reputation. Sample items included: (1) “Our Company is recognized for its innovativeness”, (2) “Our company is recognized for its quality management”, and (3) “Our company is recognized for its ability to attract and develop talented workers.” The Cronbach alpha is 0.82. Respondents were asked to indicate their levels of agreement with the items’ descriptions using a five-point Likert-type scale (1 = strongly agree to 5 = strongly disagree).

Corporate Culture

Seven items modified from Knott (2009) measured corporate culture, based on the degree to which managers’ decision making was influenced by the firm’s strong corporate culture. Sample items included: (1) “Managers in competing firms usually talk positively about our management style and the way we do things”, (2) “Company values are known through our vision, mission, creed, and credo”, and (3) “Employees are encouraged to follow the company’s creed and credo.” The Cronbach alpha is 0.86. Respondents were asked to indicate their levels of agreement with the items’ descriptions using a five-point Likert-type scale (1 = strongly agree to 5 = strongly disagree).
Organizational Knowledge

A ten-item scale was developed from RBV theory and literature. Sample items included: (1) “Our culture encourages sharing of knowledge”, (2) “Top management encourages regular meetings to share knowledge”, and (3) “We have qualified and knowledgeable workers.” Cronbach alpha is 0.82. Respondents were asked to indicate their levels of agreement with the items’ descriptions using a five-point Likert-type scale (1 = strongly agree to 5 = strongly disagree).

Pilot Test of the Instrument

A pilot study was conducted to test the questionnaire’s construct validity. The instruments were submitted to a panel of six management professors who teach and conduct research in the area of strategic management, and six chief executive officers of multinational corporations in Nigeria, the United Kingdom, and the United States for validation. The experts were asked to review the items in each of the instruments and determine whether these items were appropriate for the study. They were also asked to eliminate items they found to be irrelevant, and make suggestions about how to simplify the items they found to be relevant. After some minor revisions and modifications were made, instruments were resubmitted to the experts for another review. They recommended the use of the instruments for the study. To establish reliability, the validated instruments were pre-tested on a small sample (n = 40) randomly selected from the larger sample. The correlation of random split-halves for internal consistency ranged from 0.80 to 0.85, the step-up formula ranged from 0.88 to 0.90 and the Cronbach alpha for the judgmental questions relating to performance and competitive advantage were 0.80 and 0.85 respectively.

Factor Analysis

A confirmatory factor analysis of the items in the questionnaire was performed to ascertain whether items measure the concepts developed for the study. To be included in a factor, an item must have had at least a 0.50 factor loading. Four factors explaining management role, corporate culture, organizational knowledge, company reputation, competitive advantage, and performance emerged from the analysis (see Table 1). To test the reliability of the factors, alpha coefficients were computed for each of them, with the resulting reliability of 0.82, 0.87, 0.84, 0.80, 0.85, and
0.83 for management role, corporate culture, organizational knowledge, company reputation, competitive advantage, and performance. Table 1 includes the eigenvalues of each factor as well as the percentage of variance explained. The result of each factor analysis was a single factor, which was used to answer the research questions.

Prior to carrying out factor analyses tests, reliability analyses for each scale were run through Cronbach alpha. As shown in Table 1, management was measured through a 4-item scale that proved to be very reliable (alpha = 0.82). Corporate culture was measured by a factor that summarizes the information about four areas of corporate culture. This four-item scale proved to be extremely reliable (alpha = 0.87). Organizational knowledge was measured through a four-item scale that also proved to be reliable (alpha = 0.84). It summarized organizational knowledge as a tangible resource for a corporation. Competitive advantage, too, was measured by a four-item scale which was reliable (alpha = 0.85). Finally, performance was also measured by a four-item scale which was reliable (alpha = 0.83) (see table 1).
Table 1: Results of Factor Analysis

<table>
<thead>
<tr>
<th>Item</th>
<th>Factor Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Management Role (alpha = 82)</strong></td>
<td></td>
</tr>
<tr>
<td>Management has been successful at identifying and developing resources</td>
<td>0.75</td>
</tr>
<tr>
<td>Management has been successful at protecting and deploying resources</td>
<td>0.77</td>
</tr>
<tr>
<td><strong>Corporate culture (alpha = 87)</strong></td>
<td>0.80</td>
</tr>
<tr>
<td>Managers in competing firms usually talk positively about the way we do things</td>
<td>0.78</td>
</tr>
<tr>
<td>Our company is managed according to longstanding policies and practices</td>
<td></td>
</tr>
<tr>
<td><strong>Organizational knowledge (alpha = 84)</strong></td>
<td></td>
</tr>
<tr>
<td>We have knowledgeable workers</td>
<td>0.74</td>
</tr>
<tr>
<td>We have innovative workers</td>
<td>0.77</td>
</tr>
<tr>
<td>Training and development are available for our workers</td>
<td>0.79</td>
</tr>
<tr>
<td><strong>Company reputation (alpha = 80)</strong></td>
<td>0.85</td>
</tr>
<tr>
<td>Our company is recognized for its customer service</td>
<td>0.82</td>
</tr>
<tr>
<td>Our company is recognized for its quality of products and services</td>
<td>0.86</td>
</tr>
<tr>
<td>Our company is recognized as an ethical organization</td>
<td></td>
</tr>
<tr>
<td><strong>Competitive advantage (alpha = 0.85)</strong></td>
<td>0.79</td>
</tr>
<tr>
<td>In the past three years, profit relative to our largest competitor has improved</td>
<td>0.83</td>
</tr>
<tr>
<td>In the past three years, sales relative to our largest competitor has improved</td>
<td>0.85</td>
</tr>
<tr>
<td>In the past three years, our customer base has improved</td>
<td></td>
</tr>
<tr>
<td><strong>Performance (alpha = 0.83)</strong></td>
<td>0.83</td>
</tr>
<tr>
<td>In the past three years, profit relative to our largest competitor has improved</td>
<td>0.83</td>
</tr>
<tr>
<td>In the past three years, sales revenue has improved</td>
<td>0.86</td>
</tr>
<tr>
<td>In the past three years, customer satisfaction level has improved</td>
<td>0.85</td>
</tr>
</tbody>
</table>

Response range: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree.

Results

Correlation and multiple regression analysis were used to assess the influence of intangible resources and capabilities on performance and competitive advantage. The acceptable level of significance was set at p < 0.05. A total of six regression runs were performed for management role, corporate reputation, corporate culture, and organizational knowledge and performance as well as competitive advantage with management role, corporate reputation, corporate culture, and organizational knowledge. The correlations and multiple regression results are summarized.
in Table 1. With regard to hypotheses 1a and 1b, the data in Table 1 shows that significant correlation was found between management role and performance (r = .56, p < .01), and management role and competitive advantage (r = .54, p < .01). With regard to research questions 2a and 2b, the data in Table 2 also show that a firm’s reputation is positively and significantly correlated to performance and competitive advantage (r = .59, p < .01, r = .57, p < .01 respectively) (see table 2). For research questions 3a and 3b, our analysis in Table 2 shows that culture is positively and significantly correlated to performance and competitive advantage (r = 0.65, p < .01, r = 0.57, p < .01, respectively) (see table 3). With regard to research questions 4a and 4b, the results shown in Table 3 indicate organizational knowledge is related to performance and competitive advantage.

Table 2: Means and Correlations of Study Variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std. D</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Management Role</td>
<td>3.20</td>
<td>0.70</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Reputation</td>
<td>3.42</td>
<td>0.72</td>
<td>0.50**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Culture</td>
<td>3.25</td>
<td>0.66</td>
<td>0.53**</td>
<td>0.44*</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Knowledge</td>
<td>3.38</td>
<td>0.68</td>
<td>0.49**</td>
<td>0.35</td>
<td>0.34</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Competitive Advantage</td>
<td>3.41</td>
<td>0.64</td>
<td>0.54**</td>
<td>0.57**</td>
<td>0.57**</td>
<td>0.53*</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>6. Overall Performance</td>
<td>3.48</td>
<td>0.60</td>
<td>0.56**</td>
<td>0.59**</td>
<td>0.65**</td>
<td>0.59*</td>
<td>65**</td>
<td>1.00</td>
</tr>
</tbody>
</table>

*p < 0.05; **p < .01

Regression analyses were conducted to provide additional information regarding the research questions. As shown in Table 2, management role, reputation, culture, and knowledge combined contributed significantly to a company performance (R² = 0.68), indicating that 68 percent of the variance in a company performance could be accounted for by management role, reputation, culture, and knowledge. The data in Tables 3 and 4 also show that the variables of management role, reputation, culture, and knowledge contributed significantly to competitive advantage (R² = 0.71; F = 56.30), indicating that 71 percent of the variance in a company’s competitive advantage could be accounted for by management role, reputation, culture, and knowledge (see tables 3 and 4). These findings suggest that intangible resources such as management role,
reputation, culture, and knowledge are important variables that could influence a company’s performance and competitive advantage.

**Table 3 Regression analysis on Performance**

<table>
<thead>
<tr>
<th>Variables</th>
<th>$\beta$</th>
<th>$r$</th>
<th>p-value$^*$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Role</td>
<td>0.32</td>
<td>0.50</td>
<td>0.005**</td>
</tr>
<tr>
<td>Reputation</td>
<td>0.30</td>
<td>0.55</td>
<td>0.000**</td>
</tr>
<tr>
<td>Culture</td>
<td>0.353</td>
<td>0.59</td>
<td>0.001**</td>
</tr>
<tr>
<td>Knowledge</td>
<td>0.347</td>
<td>0.56</td>
<td>0.004**</td>
</tr>
</tbody>
</table>

(R$^2 = 0.68$; F = 50.23)

Notes: *p < 0.05, and **p < 0.01

**Table 4: Regression Analysis on Competitive Advantage**

<table>
<thead>
<tr>
<th>Variables</th>
<th>$\beta$</th>
<th>$r$</th>
<th>p-value$^*$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Role</td>
<td>0.40</td>
<td>0.60</td>
<td>0.000**</td>
</tr>
<tr>
<td>Reputation</td>
<td>0.38</td>
<td>0.58</td>
<td>0.005**</td>
</tr>
<tr>
<td>Culture</td>
<td>0.353</td>
<td>0.54</td>
<td>0.007*</td>
</tr>
<tr>
<td>Knowledge</td>
<td>0.347</td>
<td>0.56</td>
<td>0.006*</td>
</tr>
</tbody>
</table>

(R$^2 = 0.71$; F = 56.30)

Notes: *p < 0.05, and **p < 0.01

**Discussion**

Results of this study lend support to the theoretical claim that management plays a significant role in a firm’s competitive advantage and performance. Results also confirm previous research findings that management, reputation, culture, and knowledge are intangible resources and capabilities that can influence a firm’s sustainable competitive advantage and performance (Apintalisayon 2008; Barney 1991; David 2009; Hall 1992; Hitt, Ireland, Camp & Sexton 2001; Kay 1993). The main findings of this study were that company performance could be predicted from the intangible resources such as management role, reputation, culture, and knowledge variables. Our results are also similar to some findings of the earlier studies conducted in other countries (Hunt & Morgan 1996; Hall 1993; Fahy 2000; Day & Wensley 1988; Bharadwaj, Varadarajan & Fahy 1993). The RBV positions management as the key driver of the process of
recognizing, developing, and deploying resources into valuable activity (Clulow, Barry & Gerstam 2007). The respondents confirmed the RBV perspective that management is critical for a firm’s competitive advantage and performance. This is true for Nigeria, where poor management characterizes most organizations in the public and private sectors. Most organizations in Nigeria that have achieved some measure of success have attributed their success to their top management team. This study also found that organizational reputation had a significant impact on competitive advantage and performance. The reason for this may be because of the cultural disposition of the country. Most business transactions in Nigeria are still based on trust. Reputation is based upon things like good performance record over a long period of time, and it is closely tied in with basic things like trust, honesty, and decency. In Nigeria, people are more likely to do business with companies and people they trust and who have built a reputation. Additionally, people in Nigeria will lend money to reputable organizations, business owners, and individuals without a contract, and trust that the borrower will pay back the money when they have it.

Results of our data analysis show that corporate culture influences performance and competitive advantage. This finding is consistent with Nigerian culture. Nigeria is a collectivist country, which is described as having a set of values, beliefs, and norms shared by the people. These shared values, beliefs, and norms are transmitted into the organizations and can influence a firm’s performance and competitive advantage by their ability to increase behavioral consistency of the firm’s employees to enhance coordination and control, improve goal alignment, and increase employee effort and satisfaction. This consensus of values, beliefs, and norms can also enhance a firm’s performance because they facilitate social control in the firm, which is more effective than formal control when it comes to any deviations from the norm. Most Nigerian workers would prefer a structured work environment where they know exactly what to do. When Nigerian employees know what to do, they tend to make the right decisions relating to their jobs. Making the right decisions enhances their motivation and performance because they are involved in the decision-making process, thus making them feel as if they are an integral part of the organization. Our findings are therefore consistent with previous studies (Denison 1990; Dension, Haaland & Goelzer 2004; Gordon & Ditomaso 1992; Knott 2009).

With regard to organizational knowledge, we find that as a strategic asset, organizational knowledge is related to performance and competitive advantage. This conclusion then suggests
that organizations that wish to remain competitive should develop mechanisms for capturing relevant knowledge and disseminating it accurately, consistently, concisely, and in a timely manner to all who need it. Since organizational knowledge is a strategic asset, then the method used to implement a knowledge management system is critical and should be pursued. First, management should pursue knowledge as a business strategy where the focus is on knowledge creation, capture, organization, renewal, sharing, and use at each point of the strategic management process. Second, management needs to focus on intellectual asset management such as patents, technologies, structural knowledge assets, customer relations, operations, and management practices. Third, emphasis should be placed on a personal knowledge asset accountability strategy. Here, each employee is responsible for his/her own knowledge-related investments, renewal of knowledge, and sharing of knowledge assets within the employee’s area of accountability. Fourth, knowledge creation strategy should focus on organizational learning, research and development, and employee motivation to innovate and learn. The fifth strategy is the knowledge transfer strategy. Here, the emphasis is on systemic approaches to transferring knowledge, such as acquisition and restructuring. The specific method selected by an organization differs based on the individual business and its unique needs. Finally, management should initiate governance structure of top-down monitoring of systems and processes to facilitate knowledge-related activities. This may include implementing incentives to encourage knowledge sharing, identification and management of knowledge assets, and restructuring departments and the entire organization if necessary.

Implications

We believe that, besides the theoretical implications, our empirical findings also provide some important practical implications for managers. Findings that intangible resources have significant influence on a company’s performance and competitive advantage indicate how important it is for managers to value and protect organizational resources. At the same time, however, the finding that culture has a much stronger influence on company performance than reputation and knowledge suggests that it might be wise for managers to emphasize strategies that would encourage a culture that reflects values, beliefs, and norms that are widely shared and internalized by all employees. Encouraging and developing a strong culture would influence a company’s performance by increasing behavioral consistency among its employees, which
would enhance coordination and control, improve goal alignment, and increase employee effort to deliver advantages in the form of superior products and services.

The management role was found to play a pivotal role in organizations in terms of achieving competitive advantage and performance. Thus, a company should strive to hire and develop competent managers who will be able to identify, develop, deploy, and protect the company’s resources as well as to build up its competitive advantages. This will help to improve company performance and give the company an advantage over competitors because intangible resources usually cannot be easily imitated. Because organizational knowledge was found to be related to performance and competitive advantage, it would be wise for organizations that wish to remain competitive to develop means of capturing relevant knowledge and disseminating it accurately in a timely manner to employees. Since organizational knowledge is a strategic resource of a firm, the method used to implement a knowledge management system is critical and should be pursued. The focus for knowledge management should be on knowledge development, renewal, sharing, and use at each point of the strategic management process. In sum, the implication of this study is clear: companies should look for synergies between their organizational intangible resources and capabilities such as culture, reputation, knowledge, and management roles in order to obtain superior performance and a competitive advantage.

**Limitations and Future Research**

Irrespective of the important findings of this research, its possible limitations should also be mentioned. The first limitation lies in the fact that real sources of performance and competitive advantage are usually well hidden, making it impossible for a researcher to measure them completely objectively. For this reason, we had to use senior managers’ relatively subjective assessments of their intangible resources as antecedents of their companies’ performance and competitive advantage. The second limitation was the need to use cross-sectional research design instead of longitudinal design. Because the development of intangible resources occurs over time, an optimal design would be longitudinal design. The third limitation was the use of the drop-off and pick-up method for data collection. However, we protected the confidentiality and anonymity of the respondents by using codes instead of names to identify individual responses. The fourth limitation was the fact that all data were collected using self-report questionnaires, raising the possibility of responses being affected by a common method. The fifth limitation was
that data were collected at one point in time, making it difficult to establish causal relationships. The sixth and final limitation was the fact that the findings of this study cannot be generalized to other sub-Saharan African countries or to people working in other companies that were not part of this study. Based on the limitations of the present study, future research should be replicated to validate or refute its findings. This would help to expand the literature and increase our understanding of this topic. This study should also be replicated in other sub-Saharan African countries. We used a survey method for data collection and analysis; future research should use qualitative methods focusing on one industrial sector to gain a better understanding of the nature of intangible resources on firms’ performance and competitive advantage. Future research should also use in-depth interviews to further refine the scales for measuring these constructs.

Conclusions
First, our findings agree with prior studies which concluded that management and possession of managerial skills and talents is a key capability for a firm aspiring to achieve a sustainable competitive advantage and deliver superior performance. Second, our results support theoretical claims that intangible resources, particularly reputation, culture, knowledge, and management are major drivers of performance and competitive advantage. Third, our findings suggest that reputation, culture, knowledge, and management role have a direct and indirect effect on performance and competitive advantage. This means that culture not only directly enhances financial performance, but also is able to indirectly influence financial performance through reputation. We therefore conclude that development of intangible assets and capabilities will create excellent opportunities for Nigerian firms to achieve superior performance and competitive advantage.

References


