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Strategic Capabilities and Competitive Advantage of Selected Manufacturing Companies in Lagos State, Nigeria

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Abstract

The competitive advantage of manufacturing companies worldwide has continued to raise concerns despite the sector's critical role in economic development. The persistent challenges confronting these companies have prompted scholarly inquiry into whether dimensions of strategic capabilities, specifically managerial, innovation, technological, marketing, and human resource capabilities, significantly influence their ability to achieve and sustain competitive advantage. A research survey design was adopted. The population was 12,391 top, middle, and low-level management staff of selected manufacturing companies in Nigeria. A sample size of 485 was determined using the Raosoft online calculator. The sample was proportionately distributed and simple random sampling techniques was adopted. An adapted and structured questionnaire was used. The Cronbach's Alpha reliability for the coefficients ranges from 0.892 to 0.939. Hypothesis was tested using multiple regression analysis. The finding revealed that strategic capability dimensions had a significant effect on the competitive advantage ($Adj.\ R^2 = 0.994$, $F(5, 426) = 13679.458$, $p < 0.05$) of selected manufacturing companies in Lagos State, Nigeria. It was therefore recommended that the management of manufacturing companies leverage on strategic capabilities in order to enhance competitive advantage.

Keywords: *Competitive advantage, Innovation capability, Strategic capabilities, Manufacturing companies, Nigeria*.

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Background to the Study

Global industrial output recorded only a modest growth rate of 2 to 3% in 2022, with manufacturing's contribution remaining highly uneven. Low-income countries continue to lag significantly, while many regions experience deceleration, leaving substantial segments of global manufacturing with limited competitive advantage (UNIDO, 2023). Moreover, a considerable proportion of small and medium-sized manufacturing enterprises (SMEs) struggle to adopt advanced digital and automation technologies. International assessments indicate that many SMEs are "fighting for survival," constrained by inadequate digital infrastructure and limited technology uptake, thereby undermining their competitiveness (World Economic Forum, 2023).

In North America, the number of manufacturing firms in the United States expanded by more than 11% between the first quarter of 2019 and the second quarter of 2023, approaching 393,000 by the conclusion of the period (Deloitte, 2024). However, many of these US manufacturing firms in 2023 fear they will be faced with underperformance (National Association of Manufacturers (NAM), 2023; 2024). In 2024, manufacturers are expected to encounter poor competitive advantage, and new problems caused by the requirement for product innovation to meet company-set net-zero emissions goals. Furthermore, Deloitte's study of Purchasing Managers' Index (PMI) data suggests that the manufacturing sector was in recession for most of 2023. Factors which are connected to the lack of strategic capabilities have lowered operating efficiency and profits (Deloitte, 2024).

In Asia, the rise of other emerging markets has intensified competition. Countries like Vietnam and India are becoming more attractive for manufacturing due to their lower labour costs and improving infrastructure, which diminishes the competitive edge previously held by traditional manufacturing hubs in East Asia (Economic and Social Commission for Asia and the Pacific (ESCAP), 2024; Source of Asia, 2025). In Indonesia, the performance of manufacturing companies has shown significant signs of distress, due to a combination of challenges related to declined competitive advantage. Research indicates that the Indonesian manufacturing industry has a low level of competition, with the structure of the market contributing significantly to this phenomenon. The competition index, which assesses market dynamics, shows that the structure dimension has the highest impact on competition levels, suggesting that many firms operate with limited market power (Setiawan, 2023). Productivity in the manufacturing sector has been relatively low compared to other Southeast Asian nations. This has affected the competitiveness of Indonesian firms, making it challenging for them to grow and attract foreign investment, especially when neighbouring countries like Vietnam and Thailand are seen as more favorable destinations for manufacturing investments (Association of Southeast Asian Nations (ASEAN), 2024; OECD. 2020; Yoong & Sander, 2020).

In Africa, according to the Kenya Association of Manufacturers (2021) report, a drop in the competitive advantage of ceramic manufacturers, for instance, results in diminished profitability, competitiveness in the market, and long-term sustainability, potentially leading to a loss of market position and decreased revenue streams (KAM, 2021; Mutende & Mutua,

2024). Nigeria was rated 97 out of 153 nations in the 2023 worldwide competitiveness report issued by the World Economic Forum. The index is different in 2019, where Nigeria received 48.33 points out of 100 on the Global Competitiveness Report for 2019. This invariably indicates the country's low position in terms of competitive advantage and its impacts, especially on manufacturing firms in Nigeria (World Economic Forum, 2023). The problem of low competitive advantage has forced several corporations to discontinue operations in Nigeria (KPMG, 2023; MAN, 2023).

The manufacturing sector is dependent on the ability to optimise key strategic resources for competitive advantage. Despite the importance of strategic capabilities as a source of innovation and growth strategies, achieving competitive advantage has become a global concern for manufacturing industries. However, the literature on the impact of strategic capabilities on competitive advantage in the Nigerian manufacturing sector has not been thoroughly researched (Ebegbetale & Okon, 2022; Hagoug & Abdalla, 2021; Imbambi et al., 2019; Khattak et al., 2021; Kimani & Otinga, 2019; Widianto et al., 2020; Lovely et al., 2021). This study therefore investigated how strategic capabilities dimensions (managerial capability, technological capability, innovation capability, marketing capability, and human resources capability) affect the competitive advantage of selected manufacturing companies in Lagos State, Nigeria, based on this background discussion.

Statement of the Problem

Studies have linked strategic capabilities to competitive advantage, yet key gaps persist in the literature as identified by Adeoye et al. (2019); Ebegbetale and Okon (2022); Hagoug and Abdalla (2021); Imbambi et al. (2019); Khattak et al. (2021); Kimani and Otinga (2019); Widianto et al. (2020); Lovely et al. (2021); Nafiu et al. (2020); Permana et al. (2019); and Puspita et al. (2020). There has been decline in competitive advantage of companies operating in many areas of the manufacturing industry, thereby attracting research interest with respect to strategic capabilities (Alao et al., 2020). A decline in competitive advantage has been observed in the Nigerian manufacturing sector (Makinde et al., 2023). Furthermore, in the context of organisations as a whole, attracting competent human resources serves as a competitive advantage because it enables businesses to surpass their competitors. Furthermore, failure is still possible for a business or organisation that lacks the most skilled and proficient personnel, despite possessing the most advanced strategic capabilities combinations (Aremu et al., 2023). Competitive advantage remains a serious challenge for the food and beverage business in Nigeria. Despite its expansion and contribution to the economy, the industry faces the issue of Nigerian customers' preference for imported products over domestically produced ones (Makinde et al., 2023).

Literature Review

Competitive Advantage

Competitive advantage is the capacity to win market competition by utilising unique capabilities (or methods) that other participants in the same market do not possess (Permana et al., 2019). Competitive advantage will only come when the resources and capabilities deployed are valuable, rare, non-imitable, and non-substitutable (VRIN) (Ebegbetale & Okon,

2022). Competitive advantage is defined as positioning excellence based on excellent client lifetime value and/or the achievement of cheaper cost structures than competitors, a bigger market share in market segments, and business success (Wongsansukcharoen & Thaweepaiboonwong, 2023). Competitive advantage is defined as superior differentiation and lower costs realised by an organisation in comparison to rivals' marginal breakeven points in the product market. The notion underlines the firm's ability to acquire a competitive advantage by creating economic value that differentiates its brands and leads to higher market acceptability than competitors. Economic value is supplying items and services and achieving a difference in the perceived advantages acquired by consumers and the economic cost of the value (Alao et al., 2020). Competitive advantage refers to higher differentiation and/or cheaper costs as compared to the marginal (break-even) rival in the product market (Jardon & Martinez-Cobas, 2022). Competitive advantage is the extent to which an organisation can establish and sustain a position ahead of its competitors (Lovely et al., 2021).

Competitive advantage can be attained through four elements or features: reducing entry barriers to competition, supplier strengths, buyer strengths, and decision-making precision in the face of market competition. RBV pioneer Porter (1981) indicated that competitive advantage element was the most important component in winning the competition (Widianto et al., 2020). However, other studies see competitive advantage through the lens of three main characteristics: exploiting market possibilities, mitigating risks, and lowering costs. Such components appear acceptable because they provide a clear and practical measure of competitive advantage that can help executives understand the concept and its basic representations (Awamleh & Bustami, 2022). A company can achieve a competitive advantage and enhance its performance quickly if its own resources and capabilities are valuable and rare, whereas it can gain a sustained competitive advantage if its resources and capabilities cannot be reproduced or duplicated and have no substitutes (Puspita et al., 2020).

Another characteristic sees competitive advantage in terms of magnitudes such as differentiation, the latest technical knowledge, brand, and uniqueness (Permana et al., 2019). In the same vein, Farida & Setiawan (2022) see competitive advantage as being characterised by differentiation, cost leadership, and outreach level. However, Imbambi et al. (2019) see a competitive advantage in terms of sales/market share, profit, and production costs. Few studies on the competitive advantage of a given product may include factors such as price and cost, quality, delivery reliability, product innovation, and time for market to create positive effects on organisational success, while others will include management skills, organisational processes and skills, information, and knowledge (Alao et al., 2020).

The primary advantage of competitive advantage lies in its ability to enable firms to achieve superior performance relative to their industry peers (Agustian et al., 2023). Organizations with a strong competitive advantage can attract more customers, command higher profit margins, and maintain market leadership over time. This advantage often leads to increased brand loyalty, enhanced customer satisfaction, and improved stakeholder trust, all of which are essential for long-term business sustainability (Heskett, 2022). Moreover, competitive advantage allows firms to better withstand external shocks, such as economic downturns or

industry disruptions, by leveraging unique capabilities and resources that are difficult for competitors to replicate (Ahmed, 2023). In highly competitive markets, it also serves as a barrier to entry, discouraging new entrants and preserving market share (Armentano, 2023). Therefore, cultivating and sustaining competitive advantage is vital not only for growth and profitability but also for the strategic positioning and long-term resilience of the organization (Jiang et al., 2024).

A number of scholars have demonstrated some flaws in the competitive advantage ideologies (Goyal 2020; Imbambi et al., 2019). The early (Penrose, 1959) understanding of competitive advantage was lacking a dimension in that she neglected to address the question of how businesses develop sustainable superior competitive advantage, instead implicitly adopting a profit-seeking framework. This has been criticised from the perspective of modern strategic management (Imbambi et al., 2019). Aside from the competitive advantage framework, the VRIN (valuable, rare, inimitable & non-substitutable) framework has roots in Porter's model. Porter's model is not one that focusses on the sustainability of competitive advantage. This model has its roots in the industry-based perspective of contemporary strategic theory, and some may even argue that it is its origin. However, similar to many other models of this perspective, the five forces model only helps a company gain a competitive advantage, it does not help it maintain one (Goyal 2020). In light of the numerous discussions surrounding competitive advantage, this study defined competitive advantage as organisational superiority and positional excellence that make a firm perform better than another firm.

Strategic Capabilities

The concept of strategic capabilities is associated with the resource-based view (RBV), where both approaches focus on establishing the core competencies that cannot be duplicated by competitors. Besides, it necessitates the optimal use of tangible and intangible organisational resources (Abazeed, 2020). Strategic capabilities are a sophisticated and collected set of skills and knowledge that allow an organisation or business unit to coordinate activities and leverage its assets to generate economic value and a sustainable competitive edge (Abazeed, 2020; Runtu & Ellitan, 2021). Strategic capabilities are defined as the organisation's unique internal talents and operations that are not available to competitors. Furthermore, strategic capabilities are those specific organisational resources and competencies that assist in creating relevant strategies for achieving better organisational performance (Abazeed, 2020). Strategic capability is defined as the adequacy and suitability of an organisation's resources and competencies for survival and prosperity. Resources are an organisation's assets, while competences are the effective manner in which those assets are employed, or 'what the organisation does well' (Imbambi et al., 2019).

Strategic capabilities have features such as technological capability, marketing capability, and managerial capability (Wulaningrum et al., 2020). Strategic capabilities, in the eyes of entrepreneurial competencies, have features such as managerial capability, marketing capability, networking capability, and innovation capability, among others (Cheruon et al., 2023). Another study sees organisational capabilities as consisting of three elements such as strategic management capability, external stakeholder relations capability, and operational

capability (Olowoporoku et al., 2021). To determine the strategic capabilities in the organisations, studies have suggested some dimensions; these dimensions are marketing capability, market linking capability, information technology capability, and management capability (Abazeed, 2020), and another firm's strategic capability could include innovation capabilities (Mostafiz et al., 2021). Bianchi and Stoian (2022) posited that organisational capabilities are characterised by networking, marketing, technology, and innovation. A firm will enhance, develop, and offer products and services to its customers by exploiting its capabilities and resources, which include human, physical, and organisational resources (Hagoug & Abdalla, 2021).

Strategic capabilities have some merits and limitations that should be noted. The advantage of strategic capabilities is demonstrated by an organisation's ability to perceive existing market possibilities while also utilising the necessary resources to seize these opportunities from rivals. Furthermore, knowledge management can help improve the exploitation and exploration of knowledge, which leads to the development of new products and services (Abazeed, 2020). Furthermore, strategic capabilities contribute to the development of an intensive knowledge environment by recognising and obtaining the appropriate knowledge from the external environment and transferring it into the internal organisational environment for application in the production of innovative products and services (Abazeed, 2020; Yoshikuni et al., 2024). Strategic capabilities constitute a fundamental component of resources that provide the framework for achieving an organisation's competitive advantage (Runtu & Ellitan, 2021). The resource-based view and strategic capability stressed that the creation of distinctive features enables organisations to defy competitive imitation (Abazeed, 2020). Strategic capabilities enable a company to convert its technical expertise into results, which is a company's capacity to run its day-to-day operations while also growing, adapting, and seeking a competitive advantage in its industry (Olowoporoku et al., 2021).

In accordance with the aforementioned thoughts and opinions of scholars, this study defined strategic capabilities as the set of capabilities and resources that make an organisation achieve positional excellence and competitive advantage in the industry. Strategic capability is a complex and accumulated set of skills and knowledge that enables an organisation or business unit to coordinate activities and use its assets to create economic value and sustainable competitive advantage.

Hypothesis Development

It has been shown that a firm's performance is usually dependent on their ability to develop a competitive advantage. For instance, competitive advantage, as investigated by Wongsansukcharoen and Thaweepaiboonwong (2023), shows that firms can achieve organisational performance by generating competitive advantage. Nafiu et al. (2020) demonstrated that innovative activities have a strong, significant effect on competitive advantage. Adeoye et al. (2019) found that intrapreneurial culture, technological capability, innovative culture, and financial capability have a positive effect on competitive advantage. Puspita et al. (2020) found that innovation capability affects competitive advantage. Alao et al. (2020) revealed that strategic marketing had a positive and significant effect on competitive advantage.

Several studies have revealed the possibilities around technological capabilities greatly influencing or affecting competitive advantage. Awamleh and Bustami (2022) have observed that IT capabilities had a positive significant effect on competitive advantages. Jardon and Martinez-Cobas (2022) observed that transformational leadership generates a competitive advantage among small-scale businesses. Qosasi et al. (2019) revealed in their studies that ICT capability, entrepreneurial orientation, and organisational agility affect competitive advantage. Lovely et al. (2021) identified that organisational agility and IT capabilities influence competitive advantage. Permana et al. (2019) further confirmed in their studies that digital capability as well as business strategy have an impact on competitive advantage. Imbambi et al. (2019) reported that there is a statistically significant relationship between human resource capability and competitive advantage. Nnodim et al. (2020) indicated that marketing innovation capability has a significant and positive effect on firm competitiveness in terms of sales growth. Olowoporoku et al. (2021) discovered that corporate culture, managerial knowledge, and innovation management have a positive and significant effect on competitiveness.

On the other hand, studies have shown that strategic capabilities have no significant impact on competitive advantage. Wongsansukcharoen and Thaweepaiboonwong (2023) posited that innovations in human resources did not affect competitive advantage positively. Olowoporoku et al. (2021) established that human capacity does have a negative and significant effect on competitiveness. Bogers et al. (2023) found that for in industries with weak intellectual property protection, innovation capabilities do not guarantee competitive advantage due to rapid imitation. Nyberg and Wright (2022) found that superior HR practices (training, engagement) do not lead to competitive advantage because labour is easily replaceable. Benitez et al. (2021) discovered that advanced IT/ERP systems do not create competitive advantage as they become industry standards rather than differentiators. Based on the need to fill the lacunae in literature from the Nigerian purview, the study hypothesised that:

$H_0$1: Strategic capabilities have no significant effect on competitive advantage.

Researchers Model

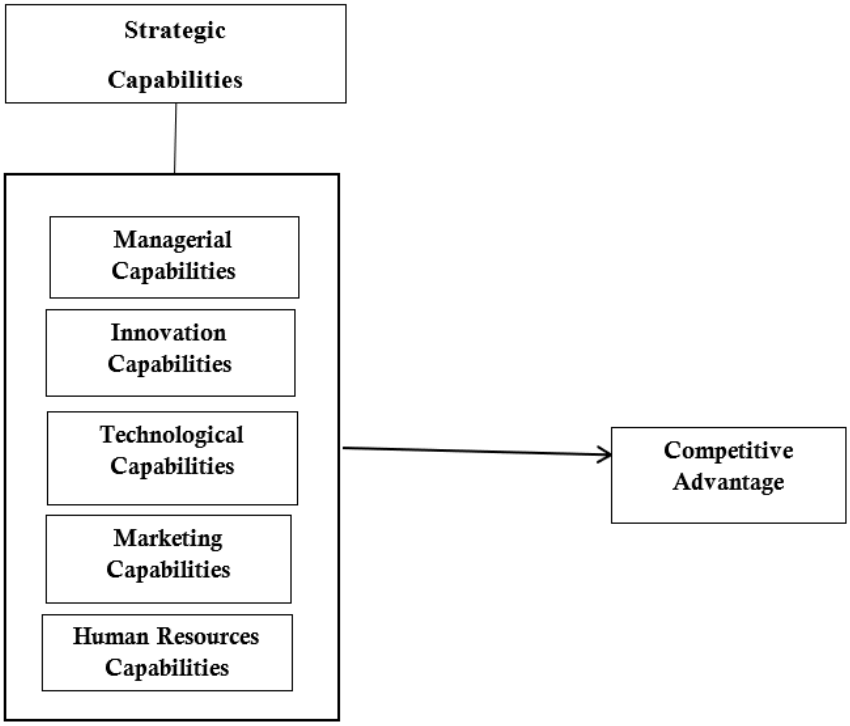

Fig. 1

Theoretical Review

Dynamic Capabilities Theory

The dynamic capability theory (DCT) was originally introduced by David Teece and Gary Pisano in 1994 (Adeoye et al., 2019; Ebegbetale & Okon, 2022; Kiende et al., 2019). Some scholars believe the dynamic capability theory emanates from two classic traditions within the strategy field: the resource-based view of the firm (RBV) by Wernerfelt (1984) and market positioning by Porter (1996) (Collis & Anand, 2019). However, the dynamic capability theory was proposed as a theory to overcome the limitations of the resource-based theory (RBV) and to explain the discrepancies in performance between organisations with similar resource levels (Al-Sharif et al., 2023; Kiende et al., 2019; Yi et al., 2023). For instance, the RBV provides a set of requirements for achieving a competitive advantage, but it is silent on how firms could do so in an environment that is dynamic (Zhang & Bang, 2023).

DCT is of the assumptions that firms operate in rapidly changing and uncertain environments, where merely possessing valuable resources isn't sufficient. Instead, firms need to sense, seize, and transform resources to maintain competitiveness (Zhang et al., 2023; Zehir et al., 2024). Dynamic capability is connected to the notion of change or motion, which transforms the nature of the ordinary capabilities of organisations into higher-level capabilities (Teece et al., 1997). Another key assumption is that managers' skills, including human capital, cognition, and social networks, are integral to dynamic capabilities. While

these components might not work in isolation, research demonstrates that combinations of these managerial capabilities contribute significantly to innovation and adaptation (Heubeck & Meckl, 2022). The dynamic capabilities complement, not replace, ordinary capabilities. A balance between efficient day-to-day operability and the ability to reconfigure resources for strategic shifts is fundamental (Brock & Hitt, 2024).

Earlier critique of the theory includes Teece, Pisano, and Shuen (1997), Zahra, Sapienza, and Davidsson (2006), among others. Critics believe that while dynamic capabilities can be valuable, they are not the principal source of long-term competitive advantage. Although it is necessary to develop such capabilities, their effectiveness is severely limited (Collis & Anand, 2019; Liu, 2022). Another critique levelled at dynamic capability theory is its lack of specificity or context-insensitivity (Adeoye et al., 2019; Arndt et al., 2022; Chatterjeea et al., 2023). This indicates that DCV is unable to determine the ideal circumstances in which organisational performance will be most valuable and effective (Chatterjeea et al., 2023). Due to its insufficiency in providing practical application, some scholars refer to the DCV as a black box (Bağış et al., 2022). Additionally, the DC framework has also been criticised for various conceptual shortcomings, most significantly concerning the lucidity of its main constructs (Arndt et al., 2022). The lack of consensus among scholars of dynamic capability studies on which mechanisms dynamic capabilities best impact a firm's competitive advantage is still inconclusive (Ebegbetale & Okon, 2022; Liu, 2022), and not to mention that there exist two intellectual camps in DCV, one building on the framework of Teece and the second on Eisenhardt's diverging framework, which further intricate the theory's supposed lucidity (Arndt et al., 2022). DC has been critiqued due to inconsistent research on the construct of dynamic capability (Wang & Liu, 2023).

The dynamic capability theory has received support from a large number of researchers (Asihkia et al., 2020; Ma et al., 2021; Nnodim et al., 2020; Ochie et al., 2022; Salisu, 2020; Zahoor & Lew, 2023; Zhang & Bang, 2023). Dynamic capabilities allow a firm to utilise its resources and capabilities to identify opportunities or threats and to exploit or neutralise them in an adequate and proactive way (Ebegbetale & Okon, 2022). Despite the critics on dynamic capability theory, its placements in strategic capabilities dimensions cannot be overlooked. The dynamisms around the business environment make strategic capabilities a veritable tool for sustainable survival in the business world. Hypercompetition and business volatility have closed down many firms, especially the Nigerian manufacturing sector. The survival strategy is to be dynamic around the whole dimensions of strategic capabilities used in this study (Mainardes et al., 2022; Oganda & Terizla 2024). Empirical findings from SMEs during the pandemic confirm that firms deploying dynamic capabilities (DCs) enjoy superior performance both before and during crises achieving resilience via enhanced resource adaptation and market responsiveness (Dejardin et al., 2023; Rao et al., 2024).

Dynamic capability theory is relevant to the study of strategic capabilities as it offers a valuable theoretical lens through which the significant effects of strategic capabilities on competitive advantage can be understood, particularly within volatile and rapidly evolving business environments (Fernandes et al., 2025). Unlike traditional resource-based

perspectives that emphasize the possession of valuable resources, DCT focuses on the firm's ability to dynamically integrate, build, and reconfigure both internal and external competencies to respond to environmental changes (Cavusgil & Deligonul, 2025). Strategic capabilities encompassing managerial, technological, innovation, marketing, and human resource capacities are considered essential drivers of competitive advantage (Avedi & Anyieni, 2023; Ogolla & Kisingu, 2023; Wanyama et al., 2024). However, their effectiveness is contingent upon the firm's dynamic capabilities to adapt these strategic assets to contextual demands. DCT thus posits that competitive advantage is not merely a function of what resources the firm possesses, but how effectively it can deploy and renew these resources in response to shifting market conditions (Leonidou et al., 2025; Pundziene et al., 2022).

Methodology

This study adopted quantitative research method, utilising the deductive aspect of the method. The cross-sectional survey research design by way of collecting primary data using adapted questionnaires. The study maintained a positivist ideology of research. Lagos is chosen for this study. Lagos state is considered the home of all major manufacturing companies in Nigeria. This position is corroborated by the Manufacturers Association of Nigeria report (2022). The target population for this study comprised management staff of nine selected manufacturing companies in Lagos State, Nigeria. The sample size of 485 was determined using the Taro Yamane formula. The initial computation produced 373 respondents; however, to account for potential non-response, an additional 30% was incorporated, thereby increasing the final sample size to 485.

A pilot study was conducted to assess the clarity, relevance, and comprehensibility of the research questions prior to administering the instrument in the study area. This pilot was undertaken in a manufacturing company in Lagos State that was not included in the main study. A total of fifty (50) copies of the questionnaire were distributed to employees of the company. The validity and reliability of the research instrument were evaluated using the returned questionnaires and analysed with the Statistical Package for the Social Sciences (SPSS), version 25.

Table 1: Construct Validity of Instrument

Construct	Number of Items	Number of Items Retained or Added	KMO	Bartlett's Test of Sphericity	Sig.	AVE
Strategic Capabilities						
Managerial Capabilities	5	5	0.773	173.883	0.000	0.769
Innovation Capabilities	5	5	0.745	172.245	0.000	0.755
Technological Capabilities	5	5	0.766	188.014	0.000	0.772
Marketing Capabilities	5	5	0.782	266.081	0.000	0.831
Human Resources Capabilities	5	5	0.755	236.848	0.000	0.789
Competitive Advantage	5	5	0.733	176.935	0.000	0.717

Source: Author's Computation (2025)

From the results in Table 1, the KMO value for all the variables was greater than the 0.5 threshold, and the significance level of the Bartlett test of sphericity result was less than 0.05, indicating that the items that comprised the research instruments of each variable actually measured what was intended. Therefore, the findings are considered valid and suitable for factor analysis. Moreover, the table revealed the result of the average variance extracted (AVE) for each of the constructs was greater than 0.5 (Fornell & Lacker, 1981). All constructs have AVE values ranging from 0.717 to 0.831, which exceeds the endorsed threshold value of 0.5, implying that they have satisfying convergent validity.

Table 2: Discriminant Validity of Strategic Capabilities

Construct	Managerial Capabilities	Innovation Capabilities	Technological Capabilities	Marketing Capabilities	Human Resources Capabilities
Managerial Capabilities	**0.877**				
Innovation Capabilities	0.74	**0.869**			
Technological Capabilities	0.616	0.686	**0.878**		
Marketing Capabilities	0.801	0.521	0.695	**0.911**	
Human Resources Capabilities	0.760	0.700	0.750	0.865	**0.888**

Source: Author's Computation (2025)

The table 2 shows the results of the discriminant validity analysis of the constructs used in this study. Along the diagonal, the table shows square roots of AVE for all the constructs indicating a higher square root of AVE. Nevertheless, all the square roots of AVE for the constructs are greater than the off-diagonal coefficients or elements in the corresponding rows and columns, thus, establishing evidence of discriminant validity.

Table 3: Reliability Test Results

Construct	Number of Items	Number of Items Retained or Added	Cronbach's Alpha	Composite Reliability	Comment
Strategic Capabilities					
Managerial Capabilities	5	5	0.920	0.990	Reliable
Innovation Capabilities	5	5	0.912	0.991	Reliable
Technological Capabilities	5	5	0.919	0.992	Reliable
Marketing Capabilities	5	5	0.939	0.994	Reliable
Human Resources Capabilities	5	5	0.925	0.995	Reliable
Competitive Advantage	5	5	0.892	0.984	Reliable

Source: Author's Computation (2025).

A reliability analysis was carried out to determine the internal consistency level of the questionnaire to be used in the study. The reliability for each of these variables was determined using Cronbach alpha coefficient and composite reliability and the values exceed the benchmark of 0.7.

Data Analysis

The study used regression analysis. The assumption of regression analysis which are normality, multicollinearity, linearity, and homogeneity of variance were tested and assumptions met. The multiple analysis results are displayed on the table below.

Table 4: Summary of the multiple regression analysis result for the effect of strategic capabilities on competitive advantage**.**

N	Model	B	Sig.	T	ANOVA (Sig.)	R	Adjusted R^2	F (5,426)
432	(Constant)	-0.160	0.000	-5.440	0.000[b]	0.997[a]	0.994	13679.458
	Managerial Capabilities	-0.048	0.000	-8.057				
	Innovation Capabilities	0.020	0.000	4.205				
	Technological Capabilities	0.022	0.000	4.055				
	Marketing Capabilities	0.810	0.000	199.779				
	Human Resources Capabilities	0.222	0.000	44.405				
	Predictors: (Constant), Managerial Capabilities, Innovation Capabilities, Technological Capabilities, Marketing Capabilities, Human Resources Capabilities							
	Dependent Variable: Competitive Advantage							

Source: Researcher's Findings, 2025

Interpretation

Table 4 shows the multiple regression analysis results for the effect of strategic capabilities dimensions on competitive advantage of selected manufacturing companies in Lagos State, Nigeria. The results revealed that innovation capabilities (β= 0.020, t= 4.205, p<0.05), technological capabilities (β= 0.022, t= 4.055, p<0.05), marketing capabilities (β= 0.810, t= 199.779, p<0.05) and human resources capabilities (β= 0.222, t= 44.405, p<0.05) all have positive and significant effect on competitive advantage of selected manufacturing companies in Lagos State, Nigeria while managerial capabilities (β = -0.048, t = -8.057, p< 0.05) have a negative and significant effect on competitive advantage of selected manufacturing companies in Lagos State, Nigeria. This implies that managerial capabilities, innovation capabilities, technological capabilities, marketing capabilities and human resources capabilities are statistically significant determinants of competitive advantage in the selected manufacturing companies in Lagos State, Nigeria.

The regression *R* value of 0.997indicates that strategic capabilities components have a strong positive relationship with competitive advantage of selected manufacturing companies in

Nigeria. Implying that increase in the strategic capabilities dimensions will result to an increase in the competitive advantage. The coefficient of multiple determination *Adj* R^2 = 0.994 revealed that about 99.4% variation that occurs in the competitive advantage of the selected manufacturing companies could be accounted for by the components of strategic capabilities while the remaining 0.06% changes that occurs is accounted for by other variables not captured in the model. Accordingly, the predictive and prescriptive multiple regression models are presented below, as all the included variables were found to be statistically significant, thereby resulting in models with similar structural patterns:

$CA = -0.160 - 0.048MC + 0.020IC + 0.022TC + 0.810MktC + 0.222\ HRC + U_i$ ---Eqn(i) (Predictive Model)

$CA = -0.160 - 0.048MC + 0.020IC + 0.022TC + 0.810MktC + 0.222\ HRC + U_i$ --- Eqn(ii) (Prescriptive Model)

Where:

CA = Competitive Advantage
MC = Managerial Capabilities
IC = Innovation Capabilities
TC = Technological Capabilities
MktC = Marketing Capabilities
HRC = Human Resources Capabilities

The regression model demonstrates that if all strategic capabilities dimensions were set to zero, competitive advantage in the selected manufacturing companies in Nigeria would be -0.160, which is negative, demonstrating that other factors outside strategic capabilities contribute to competitive advantage. In the predictive model it is seen that all the variables are positive and significant so the management of the companies can emphasize on these variables and that is why it is included in the prescriptive model. The results of the multiple regression analysis as seen in the prescriptive (innovation capabilities, technological capabilities, marketing capabilities and human resources capabilities) are improved by one-unit competitive advantage would also increase by 0.020, 0.22, 0.810 and 0.222 respectively and vice-versa. This implies that an increase in innovation capabilities, technological capabilities, marketing capabilities and human resources capabilities would lead to an increase in the rate of competitive advantage of selected manufacturing companies in Lagos State, Nigeria. However, for managerial capabilities, the result is negative and significant implying that a unit increase will lead to a decrease in competitive advantage and vice versa.

The F-statistics ($df = 5, 426$) = 13679.458 at $p = 0.000$ ($p<0.05$) indicates that the overall model is significant in predicting the effect of strategic capabilities component on competitive advantage which implies that components (innovation capabilities, technological capabilities, marketing capabilities and human resources capabilities) are core determinants in the competitive advantage rate of selected manufacturing companies in Lagos State, Nigeria. The result suggests that manufacturing companies should pay more attention towards developing

the components of the strategic capabilities especially innovation capabilities, technological capabilities, marketing capabilities and human resources capabilities to increase competitive advantage. Therefore, the null hypothesis ($H_0$1) which states that strategic capabilities have no significant effect on competitive advantage was not accepted.

Discussion of Findings

This finding supports empirical studies by Hattab et al. (2023) which found that strategic capabilities have significant effects on competitive advantage. Nafiu et al. (2020) align with this study's findings that innovative activities have a strong, significant effect on competitive advantage. In addition, Adeoye et al. (2019) findings are consistent with this study's findings that technological capability, innovative culture, and financial capability (components of strategic capabilities) have a positive effect on competitive advantage. In a similar study, Puspita et al. (2020) found that strategic orientation, supply chain capability, and innovation capability affect competitive advantage. In a similar study, Awamleh and Bustami (2022) agreed with this study that IT capabilities have a positive association with competitive advantages. Qosasi et al. (2019) revealed in their studies that ICT capability affects competitive advantage. Lovely et al. (2021) identified that organisational agility and IT capabilities influence competitive advantage. Imbambi et al. (2019) reported that there is a statistically significant relationship between human resource capability and competitive advantage.

The findings contradict the argument by Wongsansukcharoen and Thaweepaiboonwong (2023) who posited that innovations in human resources did not affect competitive advantage positively. Olowoporoku et al. (2021) established that human capacity does have a negative and significant effect on competitiveness. Bogers et al. (2023) found that for industries with weak intellectual property protection, innovation capabilities do not guarantee competitive advantage due to rapid imitation. Nyberg and Wright (2022) found that superior HR practices (training, engagement) do not lead to competitive advantage because labour is easily replaceable. Benitez et al. (2021) discovered that advanced IT/ERP systems do not create competitive advantage as they become industry standards rather than differentiators.

The findings of this study support the theoretical assumptions of the resource-based view theory (RBV) and dynamic capabilities theory (DCT). RBVs provide visibility for effective resource allocation within resource pools, allowing managers to plan ahead and allocate resources in accordance with the demands, scope, and schedule of the project (Gupta, 2023; Utami & Alamanos, 2023). DCT theory emphasised that employing an organisation's unique capabilities effectively would result in performance attainment and a sustainable competitive advantage (Teece et al., 1997). Thus, looking at the aggregated multiple regression results for hypothesis one, strategic capabilities components have an overall positive significant effect on the competitive advantage of selected manufacturing companies in Lagos State, Nigeria.

In conclusion, the study's results show that the strategic capabilities dimensions used in this research significantly and favourably impact the competitive advantage of the selected manufacturing companies in Lagos State, Nigeria. These results are consistent with other

studies and further validate the dynamic capacity theory (DCT) and resource base view (RBV) theories in cultivating competitive advantage. Consequently, this study offers useful information for managers and policymakers who want to achieve competitive advantage and demonstrates how strategic capabilities are essential to boosting the Nigerian manufacturing sector through competitive advantage.

Implication of the Study

The study outcome has several implications. First, the conceptual model developed in this study implies that the relationship between strategic capability dimensions and competitive advantage extends beyond simple association to demonstrate a causal effect. This suggests that managerial, innovation, technological, marketing, and human resource capabilities collectively drive the attainment of competitive advantage among manufacturing firms in Lagos State, Nigeria. Secondly, the study's clarification of the concepts of strategic capabilities and competitive advantage implies that managers and policymakers can adopt these definitions and dimensions as operational frameworks when designing strategic interventions aimed at improving competitiveness. Thirdly, the theoretical implication of the study lies in its validation of the Dynamic Capabilities Theory within the Nigerian manufacturing context. This finding reinforces the relevance of these theories in explaining how internal resources and dynamic capabilities can be leveraged to build and sustain competitive advantage in emerging economies. In conclusion, the empirical results imply that enhancing the various dimensions of strategic capabilities, has a significant and positive effect on competitive advantage. Consequently, managers should prioritize the development of these strategic capability areas as pathways to achieving long-term competitiveness.

Conclusion and Recommendation

The findings revealed that strategic capabilities dimensions have significant effect on competitive advantage of selected manufacturing companies in Lagos State, Nigeria. Based on the finding, the study recommended that the management of selected manufacturing companies in Lagos State, Nigeria should develop a policy to connect strategic capabilities to competitive advantage. To gain a competitive advantage using strategic capabilities, companies should identify their unique core competencies, leverage them to create differentiated products or services, continuously innovate and adapt to market changes, invest in building strong customer relationships, and foster a culture of strategic thinking across the organization.

Limitation and Suggestion for Further Studies

The investigation focused on five specific dimensions of strategic capabilities, namely managerial, innovation, technological, marketing, and human resource capabilities. Other dimensions of strategic capabilities not examined within the scope of this study may be explored in subsequent research. In addition, this study employed a cross-sectional survey design within the manufacturing sector. Longitudinal research across different sectors is therefore recommended to provide deeper insights into the extent of acceptance and utilization of strategic capabilities by organizations.

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