

CHAPTER 5

RECOMMENDATIONS & OPPORTUNITIES FOR FUTURE RESEARCH

1. INTRODUCTION

The literature research and the resulting empirical survey, could both assist business managers and marketing practitioners in finding and employing sources of competitive advantage to create and/or maintain competitive advantage(s) for the business enterprise they are responsible or co-responsible for. The study's primary aim is to assist business leaders and marketers in finding ways to achieve SCAs in a global marketplace. An important objective is to supply the busy executive with a tool, model or set of guidelines, which could/would assist him/her in doing strategic planning, to establish SCA(s) for his/her SBU, enterprise, firm or group., without having to scan literature across a wide variety of authors and subject categories. Further emphasis is placed on quantifying the opinion of current business executives with regards to the importance or priority rating of such sources and to show how the identified sources of SCA are ranked by the selected sample group of business executives. The theoretical overview, presented in Chapter 2, provides the basis for the SCA Wheel presented to the reader in Chapter 3.

The theoretical overview provided the basis for the design of the SCA Wheel, and pointed the researcher towards concepts and constructs that may need further investigation or expansion of the available secondary information. Interviews with business executives and academics in preparation of the questionnaire, as well as the results of the empirical study, were used as input to adapt and finalize the SCA Wheel. The literature overview also clearly indicated a commonality of opinion among marketing guru's regarding the two major sources of CA: superior competencies and superior resources. For the purposes of clarity and for the specialized audience envisaged for this study - plus a number of reasons set out in chapter 2 - the sources was divided and categorized into four main domains:

SHORTCOMINGS OF THE RESEARCH

Preferred Positioning (PP)

Superior Finite Resources (FR)

Superior Infinite Resources (IR)

Distinctive Capabilities and Competencies (CC).

These domains are not mutually exclusive and a concept that was allocated to a certain domain could, arguably, resort under one or more of the other domains. Leadership skills and experience could, for example, quite naturally resort under the domain Finite Resources, or Distinctive Capabilities and Competencies. Similarly Technologically Embodied Competencies could be allocated to the domains CC or FR.

Empirical research provided additional insights ways to combine certain constructs, as well as insights into some concepts that did not receive the necessary attention in the original model. This led to the expansion of the original model based on the literature review, resulting in the final SCA wheel that included all appropriate concepts, constructs and domains. Most researchers will agree that the same theory can be represented in a variety of ways, resulting in a wide selection of possible graphical displays and models. The specific representation, i.e. the SCA Wheel was selected for three important reasons:

- a) Linear models normally inherently imply a certain level of importance to factors mentioned at the top of the list, which is not the case for the circular model.
- b) Visual layout often affects the relative importance perceived to have been allocated to each construct. Equal width segments would ensure perception of equal weight for all concepts under each domain.
- c) The circular model also illustrates the fundamental idea that issues that are of critical importance to the competitive advantage(s) for the business's environment today, may not be that important tomorrow or further into the future.

2. SHORTCOMINGS OF THE RESEARCH

2.1 SAMPLE SIZE

The two greatest shortcomings of this research was a) the size of the sample and b) the fact that there was no indication whether respondents come from successful enterprises or unsuccessful or not very successful firms. Different business people will define business success and long-term competitive advantages differently. Although business success was defined early in the questionnaire, there was no link made between the reported level of experience and whether this experience was gained in an industry or business they perceive as successful, or not.

Although a sample group of 60 respondents were originally selected and 57 respondents were contacted and surveyed, the resulting subgroups or segments in terms of industry categories, overall business experience levels and marketing experience, were still too small. In evaluating the results of the survey, the sample size proved to be limiting at best and insufficient at worst.

Most difficulty was experienced with the subgroup marketing experience, since only two subcategories (one with very low levels of marketing experience (N= 42) and one with a diversity of higher levels of experience (N=15)), were found. A third shortcoming, therefore, which did not have such a major impact on the study, was the inability of the researcher to establish the definition of “marketing experience” in the mind of the respondents, before asking them to complete a section where they had to record their level of marketing experience.

2.2 SELECTION OF RESPONDENTS

The vast majority of respondents have gained their marketing and business experience in industries and firms operating in and from the United States of America. Although there is no indication that this specific selection would have any impact on the results of the survey, we recommend that researchers select respondents from a wider variety of industries, with multinational business units, for similar projects in the future. The researcher suggests that executives from business operating in and/or from other continents are included in future research projects of this nature.

2.3 ALTERNATIVE INTERPRETATIONS OF TERMINOLOGY

The research questionnaire stated quite noticeably and clearly - on the front cover of the questionnaire - the importance of statements and responses based on practical experience, rather than on book-knowledge or mere opinion, but there is obviously no guarantee that this is the case. In-depth interviews might have assisted in probing to determine answers based on perceptions and answers or responses based on real business experience. In a similar vein, interviews might have assisted the researcher to determine why the huge shifts in opinion from unprompted perceptions to prompted responses occurred. The cause of this shift may be as important as the size of the shift itself.

Open-ended questions, by its very nature, result in a wide variety of responses, with phrases and word-selections based on the experiences and paradigms of the user. To manipulate data and statistics, responses are grouped and categorized by researchers and human analysis experts with different experiences and paradigms to those of the respondents. Incorrect interpretation of phrases used by respondents, could lead to incorrect categorization, which in turn could lead to altered response rates, rankings and ultimately leading the researcher to incorrect or misleading results.

3. FINDINGS AND CONCLUSIONS

The study is clearly divided into two phases with different objectives for each section or phase.

3.1 PHASE 1: LITERATURE REVIEW

The primary objective of the literature review was to establish concepts and constructs to include in the SCA model. This objective was achieved to a high level through the literature review, but it was expanded and enhanced by the results from the primary research.

3.2 PHASE 2: EMPIRICAL RESEARCH

The objective to confirm and expand on perceived sources of competitive advantage was achieved through the use of content analysis during the first phase of the research project. Open-ended questions provided the researcher with over 100 constructs to be used in the comparison between unprompted sources of SCA and the prompted concepts listed in the later sections of the survey.

The respondents recorded one hundred and six different possible factors (sources of SCAs). These listed sources were used as input to identify 42 categories or constructs to represent or categorize all 160 factors. These constructs were then further reduced to the 20 concepts, which corresponded exactly with the 20 constructs used in section B and section C of the questionnaire. This satisfied *Goal 1* (Set out in Chapter 3): *To establish the factors/sources of SCA business executives are likely to include in an unprompted list of SCA factors and (ii) in a prompted list of contributing factors/sources.*

Goal 2: To establish the frequency with which certain constructs are mentioned and to establish whether certain experience levels affect the results.

It was established that the concepts captured in the domains Distinctive Competencies and Capabilities (CC) and the factors listed under the domain Finite Resources (FR),

were mentioned more often than concepts under the domains Preferred Positioning (PP) and Infinite Resources (IR). It was also found that experience levels (either in management, or in marketing, or both) did affect the results, but since the sample groups were so small, further research will be required in this regard.

Goal 3: To establish a priority rating in the current market place for the major constructs identified through the secondary research and literature studies.

Priority ratings for all major constructs were established and the sample mean and sample median for the different constructs were recorded. Experience in different industry sectors, business units, level of business and marketing experience had a significant impact on the results and further research in this regard is required.

It was also found that, although the factors under the domains Finite Resources (FR) were mentioned with a higher frequency, respondents gave a lower priority rating to them. Similarly, once respondents were grouped into different subgroups of business or marketing experience, or industry categories, a significantly different picture emerged. Respondents with more than 3 years marketing experience rated concepts under the domain Preferred Positioning (PP) and Infinite Resources (IR), on average higher than concepts under the other two domains. Respondents with fewer than 3 years marketing experience, on the other hand, rated Capabilities and Competencies (CC) of the highest priority, whilst Preferred Positioning (PP) received the lowest sample mean. Priority ratings allocated by respondents in different subgroups of overall business experience, significantly differed from subgroup to subgroup. Respondents with lower experience levels, on average, gave higher ratings to all domains except Finite Resources (FR). Respondents with the highest level of business experience, gave the highest mean priority rating to PP and the lowest rating to FR.

Subdividing the sample of 57 respondents into the 7 industry clusters, resulted in too few respondents per subgroup to be of relevance, so future research is required with a greater emphasis on the impact on the priority rating by respondents with different experience levels in different industry sectors.

Goal 4: To establish whether all constructs were covered by the model and whether any additional factors are mentioned by the participants that should result in the adaptation or expansion of the original SCA Wheel as designed after the literature review.

All the objectives set for the survey, as indicated in Chapter 3, were achieved. The primary objective, namely to test if the model encompassed all concepts and included the most important domains, was achieved successfully. The final model contains the distilled concepts and represents ALL prompted and unprompted sources of competitive advantage

4. RECOMMENDATIONS FOR FUTURE RESEARCH

The following recommendations are suggested with regards to the in-depth analysis of concepts and constructs and the expansion of the SCA model or SCA Wheel.

4.1 THE IN-DEPTH ANALYSIS OF CONCEPTS AND CONSTRUCTS

- Further investigation into the reasons why ability/inability ratings vary across experience levels by selecting larger response groups and larger clusters of subgroups in terms of marketing experience, strategic decision-making experience and industry subgroups.
- An instrument to measure and test the validity and completeness of the 27 sources represented in the SCA Wheel could be developed.
- Investigation into the reasons why priority ratings of unprompted concepts and prompted concepts differ.

- Priority ratings or weightings of specific sources of sustainable competitive advantage (SCA) could be very different for different industries or industry sectors and should be investigated in depth.
- Experience levels of respondents in different functions or roles within a specific firm within a specific industry could have an impact on the priority and ability ratings assigned to sources of SCA.
- Currently respondents rate certain unprompted sources highly, but when prompted, other sources receive the highest priority ratings. Studying the theories of researchers and more specifically the resulting model of this study, may result in totally altered perceptions. This should be investigated in depth.
- The product or business life cycle or the developmental status of the business may have an impact on the perceptions of employees in that firm. This could may result in “snapshot” responses, thus providing time-related lists of sources, priority and ability ratings.

4.2 THE EXPANSION OF THE SCA MODEL

The graphical model (SCA Wheel) resulting from this study includes two definite layers, (i) the 4 domains, and (ii) the 27 sources or constructs expanding upon the four domains. It has become quite clear that the concepts would have different priority ratings in different industries and for different development phases of a firm within a certain industry. Future research in specific industries could provide the necessary insights and details to expand the model to third and even fourth layer concepts or factors. Such expanded models could be industry-specific and could provide users (marketing practitioners and strategic planners) with an improved/enhanced tool to use when considering all sources of competitive advantages for a firm with their specific set of unique industry realities and circumstances. Such an extended model should be able to

provide SBUs within a firm with more ways to identify the unique function and role each SBU has in building, and enhancing the overall strategy of the firm. Such questions as: “Which sources are within my circle of influence and control?” and “What can our SBU do to generate or contribute to the SCA(s) of our firm?”, could be answered by such an enhanced model.

5. IMPLICATIONS FOR MANAGEMENT

The graphical model of Sustainable Competitive Advantage (or the SCA Wheel as it was called throughout this document), could be used as a thinking, planning and guidance tool by marketing practitioners and strategic managers alike. The graphical model provides an at-a-glance overview of the sources of sustainable competitive advantages, and the four domains (PP, CC, FR and IR) under which all sources was classified. The format and design of the model should facilitate the un-biased thinking of managers - without having the position or size of the source segments affect their judgment or thinking.

Marketers should prioritize the sources by considering environmental factors, their own customer's needs, their current situation as well as their future direction and vision. It is suggested that marketers should do audits and benchmark their practices and plans with high performance firms and adapt theirs in order to enhance their CA(s) to achieve an improved competitive position in the marketplace.

Current development status of a business, and the business's growth or decline, should affect the way in which managers select the sources of SCA, they wish to focus their attention upon.

The model provides the “skeleton” onto which the marketing strategy and tactical plans could be hung. It should ensure that ALL possible sources are at least considered, even if discarded after consideration. It should also provide less experienced marketers and managers with a “suitcase” to unpack. For example: should a construct represented on the model be of great importance to a firm, the manager (supported by other appropriate

parties) could “unpack” that segment by adding all factors in that firm which contributes to that construct.

An aspect highlighted by the research and therefore of importance for the users of the model, is the effect experience in different industry subgroups has on the interpretation of terminology and the implication for the application of the concepts on the business. The researcher suggests that that managers should accept the wheel as a generic model for all industries and that it should be adapted suit their unique set of circumstances, environment and industry. Prudent managers and marketing practitioners are advised to invest some of their valuable finite and infinite resources to expand the concepts in the SCA Wheel, with the aim to develop a unique model for their unique set of circumstances and the unique internal and external environmental factors impacting upon their business.

6. CONCLUSION

In this final chapter the findings of the research, based on the original objectives and goals, were summarized in an attempt to highlight the main areas of focus and the resulting benefits of the study. Despite some of the shortcomings of the research, valuable conclusions were drawn and suggestions for further research were offered. The final paragraph in this chapter highlighted the implications for management and warned prudent managers to use the model as a starting-point to develop their own model, in line with their unique set of circumstances and the current status of their businesses.