RELATIONSHIP BETWEEN COMPETITIVE ADVANTAGE AND VALUE CREATION AND PROFITABILITY IN THE FIRM

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ABSTRACT: This study examined the impact of competitive advantage on value creation and profitability of the firm. For organizations to be successful in the current business environment it needs to have visible competitive advantages, a copy of questionnaire made up of three separate scales were used to collect data from 264 employees of Zenith Bank Plc. Three constructs of organizational resources, dynamic capabilities and distinctive competencies were used to examine competitive advantage. Simple linear regression analysis and descriptive statistical analysis used to analyze the data collected for the study. Findings revealed that significant relationships exist between organizational resources, dynamic capabilities, distinctive competencies and value creation and profitability, which means positive relationships exist between organizational resources, dynamic capabilities, distinctive competencies and value creation and profitability. The study concludes that firms could build a constant high performance when they have higher assets and competitive environments to operate. Zenith Bank Plc can rely on the resources that are worthy and erratic for a sustainable competitive advantage for high performance because such advantage can be sustained over a long period, the study recommends that managers seeking to maximize profit should first gain sustainable competitive advantage in order to stay ahead of competitors.

Keyword: Competitive advantage, Distinctive Competencies, Dynamic Capabilities, Organizational Resources and Value Creation and Profitability

INTRODUCTION

The world economy has become more dynamic because of increasing globalization. A company that seeks to survive in the highly competitive environment of today must at least temporarily achieve a competitive advantage. Barney (2002) stated that a firm experiences competitive advantage when its actions in an industry or market create economic value and when few competing firms are engaging in similar actions. He went on to tie competitive advantage to performance, arguing, "a firm obtains above-normal performance when it generates greater-than-expected value from the resources it employs. There are many ways for a firm to achieve this advantage and two generic ones are – price leadership and differentiation. Price leadership is simply when a company creates a distinctive position in the market through product functionality, service, or quality (Donelan & Kaplan, 1998). If either of these two management strategies were chosen to be implemented by a company, value chain analysis can help the firm focus its plan and thus achieve a competitive advantage (Hansen & Mowen, 2000). According to

Drury (2008), the value chain analysis is a means of increasing customer satisfaction and managing costs more effectively.

Value creation is a concept from strategic management, which was first described by Michael Porter in his 1985 bestseller "Competitive Advantage: creating and sustaining superior performance". According to Ikwouria and Gate (2008) in Akenbor *et al.*, (2011), value chain is the sequence of activities required to make a product or provide a service. It is a related set of value creating activities from basic raw materials sources of components suppliers to the ultimate end-user product or service delivered to the customer. Value chains shape market access since it identifies key players and lead firms within the chain and enables clear understanding of the rules of the game (Porter, 1985).

Problem Statement

Most businesses operate in a competitive environment, it becomes necessary for them to adopt strategies that will enable them stay ahead of competitors in order to survive. One major challenge of most firms is the inability to develop a competitive fit that leads to competitive advantage, most firms fail to acquire the right competencies, capabilities and resources required to improve value creation and increase profitability in their organisations. For a firm to have competitive advantage over other competitors in any business environment, it must necessarily acquire and develop the right capabilities for intense competition and sustainability to stay ahead of others. Therefore, the study seeks to examine the relationship between competitive advantage and value creation and profitability using Zenith Banks Plc Asaba, Delta State as a case study.

Objectives of the Study

1. To ascertain the relationship between distinctive competencies and organization value creation and profitability

2. To determine the relationship between dynamic capabilities and organization value creation and profitability

3. To determine the relationship between organizational resources and organization value creation and profitability

Research Questions

1. What is the relationship between distinctive competencies and value creation and profitability?

2. What is the relationship creation between dynamic capabilities and value creation and profitability?

3. What is the relationship between organizational resources and value creation and profitability?

Research Hypotheses

1. There is no significant relationship between distinctive competencies and value creation and profitability.

2. There is no significant relationship between dynamic capabilities and value creation and profitability.

3. There is no significant relationship between organizational resources and value creation and profitability.

Review of Related Literature

Competitive Advantage and Value Creation and Profitability

In order to be able to keep pace with change, the marketing strategy of the firm should be continuously monitored and reviewed to take care of new economic, technological, political and social realities. The effect of these forces in different geographic areas makes it more complex as market configurations evolves, challenging the ability of the firm to handle the widespread and diverse operations. Another challenge, which firms face in global markets, is the increasing intensity and accelerated speed of competition, with competitors' actions also accelerating change and increasing the degree of complexity. In addition, growing awareness and concern with social responsibility and ethical issues, such as environmental protection and conservation, or consumer rights, requires that the firm develops a social conscience, and takes care of this while shaping its global marketing strategy.

Thus, for a firm to be successful in the current business environment, it needs to have visible competitive advantages. One of the key objectives of any business strategy is to achieve competitive advantage that is sustainable (Stonehouse *et al*., 2004 in Dash, 2013). This implies that a strategy will result in better performance in the industry that is sustainable over a period. As the turbulence in the external environment increased post the liberalization era in the early 1990s, the significance of industry forces on profitability was on a decline (McGahan & Porter, 1997). It was established that nearly 80% of intra-industry variation in profit was not explained by the industry factors. This led to the focus of scholars and managers on the internal firm specific factors as drivers of profitability. This in turn led to the resource based view (RBV) of firms (Barney, 1991). There has been a growing interest in the role of resource-based capabilities as sources of profitability (Collis & Montgomery, 2008). Resource-based theory of competitive advantage became a popular basis for strategy formulation (Grant, 1991). Unique resources-based capabilities that are valuable, rare, imperfectly tradable and imperfectly inimitable become the basis of superior profit (Kraatz & Zajac, 2001).

A firm is said to have competitive advantage when its profit rate is higher than the average rate of the related industry and has sustained competitive advantage when it retains the high profit rate for several years. Competition issues first entered the literature when Adam Smith published his famous book entitled The Wealth of Nations. Until the late 1980s, there was no theoretical framework for the analysis, retention, and improvement of competition for a country or an industry, and thus, economic analyses were made for competition using various criteria. Throughout the 1980s, strategy books compiled by Porter were very popular in the field of competitive analysis. These books included Competitive Strategy, The Competitive Advantage of Nations, and Competitive Advantage, all of which were pressed by The Free Press in 1980, 1985 and 1989; respectively, Akram *et al*. (2018). In today's dynamic environment, competitiveness is an important issue in business. Numerous perspectives on the determinants of competitive advantage have been proposed.

The main goal of an organization in creation of competitive advantage, based on its resources and abilities, is to gain competitiveness and achieve a distinctive position regarding performance in the business market. The key for achieving competitiveness is sustainability of competitive advantages based on identification and perception of customers' demands, concentration on customer, and improvement of the process from customers' perspectives. Sustainable competitive advantage is a kind of competitive advantage, which exploits organizational competences- valuable for customers, which is not easily imitated and copied by competitors, and which provides competence and competitiveness for the organization. According to most of the political, liberal, and classical economists who follow Adam Smith, the logical superiority of one's own profits over those of individual competitors, and which maximizes the profit at the same time, results in promotion of general profits and the underlying reason (i.e., invisible market hand principle) is the provision of the best product. The key factor for sustaining profitability in the modern competitive market is the possession of competitive advantage, and the necessary requirement for competitive advantage is to possess an appropriate strategy.

In regards to the competitive advantage, the major concern is the creation or acquisition of competitive advantage through effective integration of environmental and organizational resources using the intellectual capacities of the organization—the so-called "organizational intelligence". In the real business world, products and services sold by different sellers are not of the same quality. Firms try to create distinctiveness, however slight, in their products and services in this tight competition and offer them with a higher price; however, achieving profitability this way is not very easy. Organizational intelligence is defined as utilizing the intellectual capacity of an organization to achieve its mission in a competitive environment, Albrecht, (2010) in Akram *et al*. (2018).In the literature, there is no agreement on the definition of competitive advantage (Ghemawat, 1991; Pellicelli, 2014; Pivato *et al.*, 2004). According to some management scholars, competitive advantage is the ability to stand out positively, when compared to competitors, in the buyer perception (Pellicelli, 2014). Concretely, from an economic point of view, a company obtains a competitive advantage when it reaches a higher profitability than the sector average (Kay, 1993); this profitability is defined by two indices, Return on Assets (ROA) and Return on Sales (ROS).

Value Creation and Profitability

The leading corporate finance scholars agree that the goal of a company is to maximize value (Brealey *et al.*, 2015; Damodaran, 2015; Jensen, 2001 in Marina *et al.* 2018). Porter (1985) stated that every firm is a collection of activities that are performed to design, produce, and market, deliver, and support its products. He stated very effectively the cohesion of primary and support activities of an organization emphasizing that the scope of every organization is to survive in the long-term horizon. Consequently, the responsibility of every organization is to maximize its profits. The role of every activity is to contribute to the profitability of the company. Every activity of the company has to play its significant role to the success of an organization. Thus, the successful activities performed to design, produce, market, deliver, and support the company's products will contribute to the gaining of competitive advantage. Porter (1985) represented primary and support activities using a value chain model.

Value creation is a very important subject in management sciences. The cognitive approach was a change in how to design this concept by placing more emphasis on cognitive levers such as learning skills and innovation. As such, the resource-based view provides an appropriate framework for linking the resources available to the organization with value creation. Understanding how firms create and maintain competitive advantage is fundamental in the strategic management field (Zott, 2003). Although many theories have been advanced regarding the sources of competitive advantage, Teece, Pisano and Shuen (1997) have grouped them into three existing paradigms and then describe aspects of a new paradigm that they label 'dynamic capabilities'. These paradigms are the competitive forces approach; the strategic conflict approach; the resource-based view; and the dynamic capabilities approach.

The first two approaches are closely related because they appear to share the view that rents flow from privileged product market positions. The competitive forces approach, developed by Porter (1980), sees the strategic problem in terms of industry structure, entry deterrence and positioning. This approach emphasizes the actions a firm can take to create defensible positions against competitive forces. In the strategic conflict approach, developed by Shapiro (1989), the strategic problem is viewed as a problem of interaction between rivals with certain expectations about how each other will behave.

On the other hand, the other two approaches view firm-specific capabilities and resources from inside the firm as the source of competitive advantage. The resource-based view (RBV) was developed by Barney (1991), Peteraf (1993) and Wernerfelt (1984) and expanded by Helfat and Peteraf (2003) and Mahoney and Pandian (1992), among others. The essence of the RBV is its emphasis on resources and capabilities as the origin of competitive advantage. We must first, therefore, define the terms 'resource' and 'capability'. Resources are 'stocks of available factors owned or controlled by the firm', whereas capabilities refer to 'a firm's capacity to deploy resources, usually in combination, using organizational processes, to effect a desired end' (Amit and Schoemaker, 1993). According to Amit and Schoemaker (1993), capabilities can be thought of abstractly, as 'intermediate goods' generated by the firm to provide enhanced productivity of its resources, as well as strategic flexibility and protection for its final product or service. Makadok (2001) identifies two key features that distinguish a capability from other types of resources.

Firstly, a capability is firm specific, since it is embedded in the firm and its processes, whereas an ordinary resource is not. Because of this ownership of a capability cannot easily be transferred from one firm to another without also transferring ownership of the firm itself, or some subunit of the firm. As Teece *et al*. (1997) contend, 'that which is distinctive cannot be bought or sold short of buying the whole firm itself, or one or more of its subunits'. If the firm were to be completely dissolved its capabilities would also disappear, but its resources might survive in the hands of a new owner. Secondly, the primary purpose of a capability is to enhance the productivity of the firm's other resources.

Wernefelt (1984) stated that the Resource-Based View (RBV) of a firm is a business management tool used to determine the strategic resources available to a company. The significance and value of RBV depend on strategic managers. As a strategic management tool, RBV depends on how well the strategic managers will assess the company's resources. The effective assessment will lead to the adoption of effective strategic plan. Efficient and effective utilization of strategic resources will lead to competitive advantage of the company.

The RBV regards the firm as a bundle of resources and capabilities, and assumes that these resources and capabilities are heterogeneously distributed across firms and that this heterogeneity persists over time (Ambrosini & Bowman, 2009; Amit & Schoemaker, 1993; Barney, 1991) Based on this assumption, academics suggest that when firms have resources and capabilities which are valuable, rare, inimitable and non-substitutable (VRIN), they can use them to implement value creation strategies that can provide a sustainable competitive advantage (Barney, 1991; Conner and Prahalad, 1996; Nelson, 1991; Peteraf, 1993; Peteraf and Barney, 2003; Prahalad and Hamel, 1990; Wernerfelt, 1984, 1995). During the 1990s, the highly dynamic business environment challenged the original assumptions of the RBV, which are static and do not take account of market dynamism (Eisenhardt & Martin, 2000; Priem & Butler, 2001a, 2001b). Consequently, Teece *et al*. (1997) posited the dynamic capabilities approach to address that gap.

Dynamic capabilities focus on the firm's ability to face rapidly changing environments, in order to create and renew resources, and change the resources mix (Ambrosini & Bowman, 2009; Bowman & Ambrosini, 2003; Teece *et al*., 1997).

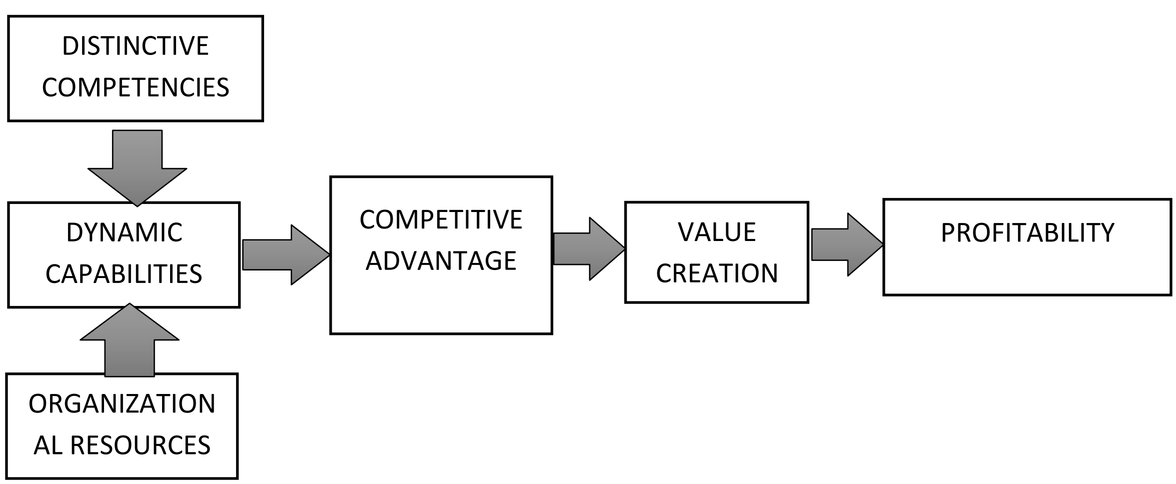

Figure 1: Conceptualizing Competitive Advantage.

Distinctive Competencies and Value Creation and Profitability

A distinctive competency is a competency unique to a business organization, a competency superior in some aspect than the competencies of other organizations, which enables the production of a unique value proposition in the function of the business. A distinctive competency is the basis for the development of an unassailable competitive advantage. The uniqueness differentiates this competency from all others, whether a core competency or simply a competency.

Distinctive competencies, the basis for competitive advantage, can come from technology, industry position, market relations, cost, business processes, manufacturing processes, people, customer satisfaction, or just being first. In a dynamic environment, ultimately distinctive competencies, or the uniqueness of the value proposition produced using them, becomes less distinct or less unique. Therefore, in order to sustain advantage, competencies must be dynamic, evolving to forms that are more favourable in order to sustain advantage over the long haul.

Selznik (1957) and Penrose (1959) are among the first to identify and label a distinctive competence as a particularly valuable resource for organizations. They believe that a key role for organizational leaders is to identify, invest in, and protect such competences and the resources that underlie them. The Resource Based View (Barney, 1986, 1991; Peteraf, 1993; Rumelt, 1984; Sanchez & Heene, 2004; Wernerfelt, 1984) focuses on the crucial importance of competences, assets, and resources for organizational survival, growth, and overall effectiveness. One of the key insights of the Resource Based View is that scarce, valuable, imperfectly imitable resources are the only factors capable of creating sustained performance differences among competing firms, and that these resources should figure prominently in strategy making (Kraatz & Zajac, 2001).

Distinctive competences are regarded as one such resource. Thus, a necessary part of strategy making for any management team in any type of organization – not-for-profit as well as for-profit – is to reflect upon organizational competences that are distinctive. For example, Collis (1991) argues that the resources the firm possesses must still be evaluated against those held by competitors, because only a competitively unique and superior competence can be a source of economic value.According to Kay, (1999), the success of corporations is based on those of their capabilities that are distinctive. Companies with distinctive competencies have attributes, which others cannot replicate, and which others cannot replicate even after they realize the benefit they offer to the company, which originally possesses them.

Dynamic Capabilities and Value Creation and Profitability

Studies have shown that there is a significant relationship between capabilities and competitive advantage (Prahalad & Hamel, 1990; Grant, 1996; Mascarenhas, Baveja, & Jamil, 1998; Ma, 1999b; Barney, 2001a; 2001b; Colotla, Shi, & Gregory, 2003) Capabilities are conceptualized and categorized as, organizational skills and collective learning, core competencies, resource development competence, organizational integration, strategic decision making and alliance-building, product development, relationship-building and informational and technological capabilities (Prahalad & Hamel, 1990; Stalk, Evans, & Shulman, 1992; Cockburn, Henderson, & Stern, 2000; Eisenhardt & Martin, 2000; Morgan et al., 2004; Mayer & Salomon, 2006 in Valentina & Giovanna, 2012).With excellent strategic manufacturing practices and strategic integration, deployment of resources and capabilities, firms can attain competitive advantage and better performance (Schroeder, Bates, & Junttila, 2002; Ketokivi & Schroeder, 2004; Congden, 2005; McEvily & Marcus, 2005)Organizational capabilities are indeed an important element in a firm’s strategy and a firm's knowledge is one of the vital ingredients in attaining competitive advantage and good performance (Kogut & Zander, 1992; Grandori & Kogut, 2002; Van de Ven & Johnson, 2006; Felin & Hesterly, 2007 in Valentina & Giovanna, 2012).

For this research, capabilities was seen from the perspective of knowledge, skill and ability, the main elements of which are informational, product-development and relationship building. Previous studies have illustrated that there is a significant relationship between informational capabilities and competitive advantage in organizations, where informational capabilities are measured in terms of human resource training programs, contact and job rotation among employees (Morgan *et al.*, 2004; Ray *et al.*, 2004).

However, research has also shown that there is a significant relationship between product development capabilities and competitive advantage in organizations, where product-development capabilities are measured in terms of the research and development capacity, adoption of new methods in the manufacturing process and product promotional and marketing activity (Morgan *et al.*, 2004; Ray *et al.*, 2004).Indeed, studies have also shown that there is a significant relationship between organizations’ relationship-building capabilities and competitive advantage (Morgan *et al.*, 2004; Ray *et al.*, 2004; Ainuddin *et al.*, 2007).

Organizational Resources and Value Creation and Profitability

The resource-based view (RBV) of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage, which eventually leads to superior organizational performance. (Wernerfelt, 1984; 1995; Dierickx & Cool, 1989; Barney, 1991), Barney (1986; 1991), examined resources and categorised them as tangible resources, (namely human, physical, organisational and financial), and intangible resources, (namely reputational, regulatory, positional, functional, social and cultural). Out of the categories of resources cited above, human resources (Adner & Helfat, 2003)

Datta, Guthrie, & Wright, 2005; Abdullah, Rose, & Kumar, 2007a; 2007b; Rose & Kumar, 2007) and intangible resources are deemed to be the more important and critical ones in attaining and sustaining a competitive advantage position because of their natures, which are not only valuable but also hard-to-copy relative to the other types of tangible resources (namely physical and financial). In short, conceptually and empirically, resources are the foundation for attaining and sustaining competitive advantage and eventually superior organizational performance.

In this study, particular attention will be paid to resources from the tangible and intangible perspective, the main elements of which are physical, financial, and experiential and human resources. The RBV of the firm predicts that certain types of resources it owns and controls have the potential and promise to generate competitive advantage, which eventually leads to superior organizational performance. Physical resources such as the plant, machinery, equipment, production technology and capacity contribute positively towards organizational competitive advantage and eventually result in superior organizational performance (Morgan et al., 2004; Ainuddin *et al.*, 2007).

In addition, financial resources such as cash-in-hand, bank deposits and/or savings and financial capital (e.g., stocks and shares) also help explain the level of organizational competitive advantage and performance (Morgan *et al.*, 2004; Ainuddin *et al.*, 2007). Furthermore, experiential resources such as product reputation, manufacturing experience and brand name can account for the variation in organizational competitive advantage and performance (Morgan et al., 2004; Ainuddin et al., 2007). Human resources such as top and middle management, and administrative and production employees were also able to elucidate the extent of organizational competitive advantage and the resulting organizational performance (Adner & Helfat, 2003; Morgan *et al.*, 2004; Datta *et al.*, 2005; Ainuddin *et al.*, 2007; Abdullah *et al.*, 2007a; Rose & Kumar, 2007).

Methodology

A cross sectional design was used for research, Data for this research were collected with the aid of a research instrument, the study surveyed four branches of Zenith Bank Plc Asaba, the population of the study consisted of 365 employees drawn from the four branches of Zenith Bank, Asaba branch using a combination of purposive and simple random sampling techniques. Primary data were collected for the study; the research utilized a five - point Likert scale to show the respondents' level of agreement with the questions asked in the questionnaire. Response choices ranges from (1) strongly disagree to (5) strongly agree. The data collected was analyzed using the simple linear regression technique with the aid of Statistical Package for the Social Sciences (SPSS) Software.

Results and Discussion

The decision rule for the test of hypotheses stated that if the p (probability) value calculated is greater than the critical level of significance set at 0.05 (5%), the null hypothesis will be accepted but where the p (probability) value of 0.000is less than the critical value at ($0.000 < 0.05$)the null hypothesis will be rejected in favour of the alternate given that there is a statistical significance (Gujarati & Porter, 2009) in the given parameter.

Hypothesis 1 (H_{o1}): There is no significant relationship between distinctive competencies and value creation and profitability

Table 1.1: Showing the Result for the Test of Hypothesis one

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	68.954	1.467		62.323	.000
	Distinctive competences	2.600	.060	.963	53.682	.000

a. Dependent Variable: Value Creation and Profitability

Source: SPSS Analysis of Field Survey, 2021.

Table 4.1 shows that the exact level of significance (0.000) is less than the critical value of 0.05. Therefore, the null hypothesis, which stated that no significant relationship exists between distinctive competencies and value creation and profitability, was rejected. This is because the beta value of 0.963 that is close to 1 indicates that a statistically significant relationship exists between distinctive competencies and value creation and profitability.

Hypothesis 2 (H_{o2}): There is no significant relationship between capabilities and value creation and profitability

Table 1.2: Showing the Result for the Test of Hypothesis Two

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3.073	.795		-3.866	.000
	Dynamic Capabilities	3.363	.080	.933	41.861	.000

a. Dependent Variable: Value Creation and profitability

Source: SPSS Analysis of Field Survey, 2021.

Table 1.2 shows that the exact level of significance (0.000) is less than the critical value of 0.05. The beta value of 0.933 led to a rejection of the null hypothesis, which stated that there is no significant relationship between capabilities and value creation and profitability in favour of the alternate hypothesis. This therefore means that a statistical significant relationship exists between capabilities and value creation and profitability (β 0.933, $P<0.01$).

Hypothesis 3 (Ho3): There is no significant relationship between organizational resources and value creation and profitability.

Table 1.3: Showing the Result for the Test of Hypothesis Three

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	87.955	1.367		64.333	.000
	Organizational Resources	2.606	.060	.938	43.680	.000

b. Dependent Variable: Value Creation and Profitability

Source: SPSS Analysis of Field Survey, 2021.

Table 4.3 shows that the exact level of significance (0.000) is less than the critical value (0.05). Since, the beta value is 0.938; it means a significant relationship exists. Therefore, the null hypothesis was rejected because a significant relationship exists between Organizational Resources and Value Creation and Profitability.

Discussion of findings

Hypothesis one, which states that no significant relationship exists between distinctive competencies and value creation and profitability, the finding from the relationship that exists between distinctive competencies and value creation and profitability, reveals positivity between both variables. The beta value ($\beta = .963 < 0.01$) also supports the result of the descriptive statistics showing that distinctive competencies and value creation have a positive relationship. The descriptive analysis shows that majority of the respondents exhibited distinctive competencies as indicated in their agreement with the questionnaire items. This supports the findings of Barney, 1986, 1991; Peteraf, 1993; Rumelt, 1984; Sanchez and Heene, 2004; Wernerfelt, 1984 that competences, assets, and resources are necessary for organizational survival, growth, and overall effectiveness.

Hypothesis two states that there is no significant relationship between dynamic capabilities and value creation and profitability. Consistent with the alternate hypothesis and with previous research, dynamic capabilities demonstrated a significant positive relationship value creation and profitability (β 0.933, $P<0.01$). Kay, 1999 proved that the successes of corporations are based on those of their capabilities that are distinctive. Companies with distinctive capabilities have attributes that others cannot replicate, and which others cannot replicate even after they realize the benefit they offer to the company that originally possesses them.

Other researchers have also found that when employees possess dynamic capabilities, they create superior value to the organization which in turn is reflected in the organization's profitability (Schroeder, Bates, & Junttila, 2002; Ketokivi & Schroeder, 2004)

The findings from this study indicate that dynamic capabilities predicts value creation and profitability lending support to the finding of previous researches in this field. The inference that can be made here is that when employee's capabilities are developed, they will be create more value to the organization and increase profitability.

Hypothesis 3 states that there is no significant relationship between organizational resources and value creation and profitability. In line with the alternate hypothesis and previous research, organizational resources were found to be positively related to employee commitment (β 0.938, $P<0.01$). This supports Harrison et al. (2001) which states that firm's strategy acts as a support in the organization of firm properties in the competitive environment with the intention to cause sustained competitive advantage. It also supports more existing literatures such as (Powell, 2003; Porter & Kramer, 2006) which states that a well-formulated and instigated strategy of a firm can utilize a significant influence on attaining a level of competitive advantage.

The results of the present study are in line with previous research (Wernerfelt, 1984; 1995; Dierickx & Cool, 1989; Barney, 1991; 1995; Peteraf, 1993; Chaharbaghi & Lynch, 1999) and provide evidence for generalization. The study demonstrated that a sustainable competitive advantage is positively related to value creation and organizational profitability. This result does not support the argument of (Ma, 2000) which states that competitive advantage and firm's performance are two different constructs and their relationship appears to be complicated.

Many studies of different researchers support the relationship between the competitive advantage and firm performance positively. However, the nature and effects of firm's competence empirically suggests a productive chance for taking the advantage on competitors, along with a contribution to further studies for searching the approaches of increasing firm performance.

Overall, the results of this study provide empirical support for other studies (Barney, 2001; 2001; 2007; Priem & Butler, 2001; 2001; King, 2007; Sirmon et al., 2007) based on the notion of the significant positive relationship between organizational resources, capabilities, distinctive competencies and value creation and profitability.

Conclusion

From the findings, it showed that there is significant positive effect of distinctive competencies, dynamic capabilities and organizational resources, on value creation and profitability. The findings of the study strengthened the theoretical discourse on the Resource Based View of competitive advantage, in particular by empirically illustrating the relationships among the distinctive competencies, dynamic capabilities organizational resources, and value creation and profitability as perceived by employees of Zenith Bank Plc. In other words, this study shows the relative effects of competitive advantage on value creation and profitability using the constructs of distinctive competencies, dynamic capabilities and organizational resources. From the practical aspect, the findings from this research have contributed to organizational management in terms of providing valuable input to and awareness of the factors or variables to consider with regard to attaining value creation and profitability. The inference that can be drawn from this study is that firms could build a constant high performance when they have higher assets and competitive environments to operate. Firms can rely on the resources that are worthy and erratic for sustainable competitive advantage for higher performance because this advantage can be sustained over a long period.

Recommendations

i. The research illustrates, with empirical evidence, that it is vital for organizations to have sound work systems to organize both their internal capabilities and their resources to achieve competitive advantage.
ii. To attain competitive advantage, firms must improve their research and development (R&D) and product promotion capabilities and enhance their competencies. In addition, organizations need to further enhance their aggregate resources, especially physical and human resources.
iii. Firms should encourage healthy teamwork among their employees and adopt key performance indicators (KPI) in their operations.
iv. Strengthening the organizations' networking or interactions with their suppliers and distributors is also important. In terms of the firm's "policy", the findings from this study could help policy makers in making decisions concerning internal attributes that should be given more attention or priority relative to others. Furthermore, firms also need to strengthen their R&D policy and public relations to attain a better competitive advantage position over their business rivals.

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