



ARTICLE CRITIQUE

COMPETITIVE ADVANTAGE: A CRITIQUE OF 3 JOURNAL ARTICLES

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ABSTRACT: *The article analyses and criticizes three journal articles on competitive advantage. The paper looks at the broad literature in relation to competitive advantage and strategies that companies employ to attain a competitive edge in the market against its competitors. This involved reviews, critiques, and synthesis of representative literature on the topic in an integrated way for generating new perspectives on competitor analysis, advantages and strategies. My research found out that gaining competitive advantage and employing proper strategies is important if a firm wants to be successful in its business.*

INTRODUCTION

With globalization, fierce competition in industries, as well as economic entities, has surfaced. Thus, many multinational corporations, firms, as well as local players have been forced to reexamine their competitive strategy and establish, renew, and sustain their competitive advantages in the global market place. What factors determine competitive advantage? What strategies can a firm employ to attain global competitive advantage? These queries demand serious attention from both strategy and international management researchers. For the most part, gaining competitive advantage is essential for companies if they want to gain success in the market. Competitive advantage generally exists when firms are able to deliver similar benefits as competitors. However, such companies deliver benefits at a lower cost. Therefore, they are able to stay ahead of current or potential competitors. As a result, superior performance is attained via competitive advantage. The primary aim of this paper is to critique 3 journal articles on competitive advantage. This



critique is crucial as it will offer valuable insights that other companies and interested parties can adopt.

A Critique Of

Competitive Advantage in Global Market: Theoretical Assumptions and Assessment Options

In the article, "Competitive Advantage in Global Market: Theoretical Assumptions and Assessment Options," Liučvaitienė, Peleckis, Slavinskaitė, and Limba (2013) examine the building of competitive advantage in the global market. They do so by providing practical methodologies for competitive assessment. While this article has provided significant information showing that assessing competitive advantage is essential for economic entities, there are limitations as well which will be discussed below.

Firstly, as suggested by Liučvaitienė et al. (2013), it is indeed true that competitive advantage should include both comparative and absolute advantage. In other words, competitive advantage is ensured by the interaction of both comparative and absolute advantage. For a country's industry to attain a competitive advantage, it must demonstrate its prosperity in terms of sustained and substantial exports or foreign investment. It should be noted that exports and foreign investment are also determined by a company's absolute and comparative advantage as well. Thus, pursuing the forces related to competitive advantage in those goods and services in which an economic entity already has some absolute and comparative advantage provides a better promise for prosperity in achieving competitive advantage for the economic entity.

Liučvaitienė et al. (2013) assert that the concept of competitiveness in economic terms is a pivotal part of the political, historical, geographical, as well as the cultural context



of globalization. By using information from Bradley (1996), Hardwick (1990), Pitts (1998), Vollrath (1991), Aakers (1989), and Ferguson (1994) as cited by Liučvaitienė et al. (2013), the article concludes that competitiveness is the ability of a business to operate with a competitive advantage. Nevertheless, the article fails to provide a summary of what the previously mentioned authors talked about competitiveness of economic entities. The article makes merely a conclusion without giving the facts as to why it reached that conclusion. Thus, the believability of this specific information is adversely affected. More so, for a reader to understand why the article came up with that conclusion, one has to search for the works of the specific authors mentioned in order to read their work and understand how competitiveness is the ability to operate with a competitive advantage. This process, however, can be time consuming and tasking. Thus, in most cases, readers are likely to ignore the information.

In addition, the article merely mentions how the representatives of the classic school, A. Smith and D. Ricardo, claimed in their theories that absolute and relative advantage constitute the basis of competitiveness. Nevertheless, it fails to provide a short summary of both Smith's and Ricardo's theory about the relationship between competitiveness, absolute advantage, and relative advantage. In my opinion, summarizing the theories is essential for the readers to understand them. By merely stating one fact about the theories, the article assumes that the readers have read both Smith's and Ricardo's theory. However, there might be readers who have not even heard of the theories. Therefore, summarizing the theories is essential for enlightenment purposes.

While Liučvaitienė et al. (2013) conclude that the determinants of competitiveness of a country include the structure of a manufacturing entity, market behavior, as well as



adaptation to changing competitive environment conditions, the article, at the same time, fails to mention that specific policies need to be formulated to make a country more international competitive. For example, Mehdi (2014) argues that administrative and legal policies should be clear to attract foreign direct investment and minimize domestic corruption. Secondly, a state should have the efficient infrastructure to mitigate the cost of business. Thirdly, there should be consistent and stable macro-economic policies to dwindle uncertainty for investment. Finally, an efficient health system is essential to produce a healthy workforce which is crucial to a country's competitiveness as well as productivity.

Further, the article provides crucial information on assessing competitiveness according to numerous indicators. For instance, it mentions that M Porter's "diamond" model and SWOT analysis methods which can be utilized to solve the issues at the theoretical level and to find the best solutions. However, the article does not describe and explain the "diamond" model. Rather, it just states that the model can be employed to assess competitiveness. This presents a challenge as this lack of detail would make it difficult for researchers to use the "diamond" model. This is because they lack significant information on the model; thus, applying it may pose difficulties.

A Critique of Types of Competitive Analysis and Advantage

In the article "Types of Competitive Advantage and Analysis," Wang Wen-Cheng, Lin Chien-Hung, and Chu Ying-Chien(2011) argue that a company's internal factors are vital in gaining competitive advantage primarily in terms of technology and innovation, human resources and organizational structure resources. Technology and innovation is certainly crucial for competitive advantage. Wen-Cheng, Chien-Hung & Ying-Chien (2011) argue that innovation includes service or product and process innovations. Innovation is essential and



vital in promoting productivity. A highly productive company is able to use its resources efficiently. It is indeed true that innovative companies attain competitive advantage. This is because they are able to achieve products with improved quality characteristics, services with superior quality, new, more efficient and cleaner production processes. Also, according to various studies, such companies have enhanced business management system models, modern methods of work force management and many others. Apple, for example, is one of the most innovative companies in the world. As such, it has gained competitive advantage, thus, increasing its market share. Wen-Cheng, Chien-Hung & Ying-Chien (2011), however, fail to mention that focused innovation is paramount in business. Successful innovators focus on what matters most instead of spreading their resources and effort on capabilities that are less vital (Urbancova, 2013). Better focus and alignment enables innovative companies to innovate more effectively, bring their innovations to market more efficiently, boost top-line growth as well as minimize relative costs, at the same time.

The article focused on an imperative topic in competitive advantage which is the relationship between human resources and competitive advantage. Wen-Cheng, Chien-Hung & Ying-Chien (2011) shared that human resource policies and practice can lead to competitive advantage. Strategic Human Resource Management practice involves internal career opportunities, training opportunities for employees, performance appraisals, employment security, employee participation, job description, as well as profit sharing. Nonetheless, the article fails to profoundly expound on the mentioned Human Resource Management practices. They simply provide mere descriptions of practice which can result in a lesser understanding of how human resources are an important source of comparative advantage. Also, Wen-Cheng, Chien-Hung & Ying-Chien (2011) note that traditional sources



of competitive advantage such as natural and financial resources, technology and economies of scale are less significant for competitive advantage. However, the article fails to provide vast information on traditional sources and fails to demonstrate how these sources may not necessarily result in competitive advantage. Instead, the article focuses primarily on stressing the importance of human resources in achieving competitive advantage without providing evidence of why traditional sources may not be significant. Because of this, the article is demonstrating some sort of bias.

While the article claims that an effective organizational structure will, in most cases, facilitate working relationships between organizational entities and may enhance working efficiency within the organizational units, it fails to provide key suggestions on organizational structure that companies may adopt to gain competitive advantage. For instance, some vital suggestions may include organizations opting for a flexible structure. Secondly, organizations should focus on empowering decision making. Thirdly, organizations should share its vision with employees. Finally, organizations should be more reluctant towards the reengineering of process to enhance the productivity of the organization to achieve competitive advantage (Mathur & Nair, 2015). Providing such paramount suggestions will aid businesses and students better understand the importance of organizational structure. Also, businesses may be able to design efficient organizational structures based on such suggestions.

Although the article mentions strategies such as differentiation, cost leadership, differentiation focus, as well as cost focus to be critical strategies for competitive advantage, the article fails to carry out a qualitative and quantitative research study that further explore these strategies. Carrying out a research study rather than simply stating facts about



the strategies is essential in providing real life evidence on the value of these strategies. Also, carrying out a study on a company that has employed these strategies will increase the believability and authenticity of the facts of the article.

A Critique of Competitor Analysis in Strategic Management

The article by Adom, Nyarko&Som (2016) informs us that studying competitors' behavior and actions is crucial. In doing so, managers are not only able to tackle industry problems that can adversely affect their firms but also they are able to learn from competitors. Zahra and Chaples (1993) define competitive analysis as "the process by which a company attempts to define and understand its industry, identify its competitors, determine the strengths and weaknesses of its rivals, and anticipate their moves". Companies that focus on their competitors' actions are able to attain better business performance. For this reason, conducting competitor analysis as well as competitive analysis is paramount for organizations. Managers need competitive information to understand the industry and its competitors and to identify areas in which the competitors are weak and to evaluate the impact of strategic action on competitors. Studying the actions and behavior of close competitors is essential. Unless a company pays attention to what competitors are doing, it ends up operating blindly in its market. A firm cannot outmaneuver its rivals without monitoring their actions and anticipating what moves they are likely to make next. There are generally four types of competitors: brand competitors, industry competitors, form competitors as well as generic competitors. Moreover, competition can be categorized as indirect, direct, and future competitors. Competitors should be analyzed along numerous dimensions such as size, reputation, growth and profitability, objectives, cost structure, culture, strengths and weaknesses, exit barriers, business strategies, and many others. The



technique of competitor analysis include Competitor Profile Matrix (CPM), media scanning, developing a competitor array, and competitor profiling.

However, as much as the article has clearly outlined the various steps needed to be taken to understand competitors, it does not clearly state how managers will be able to gather data on their competitors in an ethical and legal manner. Also, strategy has only been analyzed as a plan. That is, some sort of consciously intended course of action. Inherent in this statement are two characteristics of strategy (1) they are made in advance to the conditions to which they apply and (2) they are developed consciously and purposefully. The article fails to analyze strategy in other forms such as strategy as a ploy. Here in, strategy is developed to act as a deterrent or a threat and not as a deliberate action (Fleisher & Bensoussan, 2003). For instance, an organization may threaten to expand its current production capacity by expanding its own plant in an effort to discourage a competitor from building its new plant first.

CONCLUSION

A business can outperform competitors only if it can create a difference that it can preserve. A company's probability of prosperity is dependent on its business strengths. That is, whether its strengths not only match the crucial success requirements for operating in the targeting market, but also exceeds those of its competitors. As such, companies strive to develop effective competitive strategies to attain a competitive edge in the market. Gaining competitive advantage is, thus, essential for firms as competitive advantage inherently translates to the success of a firm. In this regard, offering a thorough critique of the 3 articles concerning competitive advantage is beneficial to humanity. This is because the valuable insights provided can be adopted by companies in their quest for establishing



effective competitive strategies in order to attain success. Also, researchers and scholars can learn some critical information pertinent to competitive advantage and analysis. They can use this article as a relevant source when writing their own literature review on the subject. This article is further useful for students. Students can acquire vital information on competitive advantage. They may employ this information when working for various organizations in the future. Also, those students interested in establishing their own businesses can utilize this information to design effective competitive strategies for their companies.

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