Investigating the Key Determinants of Competitive Advantage in Saudi Arabian Enterprises

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Abstract

Competitive advantage has become a strategic goal of each enterprise in order to beat its competitors and win new markets and customers. However, the purpose of this paper is to examine the predetermined determinants of competitive advantage in the context of Saudi Arabian enterprises. A quantitative method was used to explore the determinants of competitive advantage. The primary data were obtained through a questionnaire survey that was conducted in enterprises in Saudi Arabia which obtained 436 useable responses. The key determinants which the research put under investigation were price, quality, delivery dependability, and time to market. The researcher used SPSS tool to analyze the data. The results showed that price, quality, delivery, and time to market are statistically significant determinants of competitive advantage. It has also been found that time to market is a stronger indicator of competitive advantage than other indicators. This study contributes to the literature by investigating determinants of competitive advantage and discuss the impact of these determinants on achieving competitive advantage. This study is one of few studies that investigate these determinants in the context of Saudi Arabia. Finally, this paper recommends that enterprises be aware of these determinants and effectively manage them to remain competitive and obtain a competitive advantage.

**Keywords:** Competitive Advantage, Enterprises, Competitive Determinants, Saudi Arabia.
1. Introduction

Seeking a competitive advantage is the main goal for an enterprise to grow and maintain its position in the markets and this is achieved by formulating and implementing its strategic plan. Although much has been written on competitive advantage, little has been discovered about the determinants of business’s competitive advantage. Competitive advantage is an important factor for a business to retain long-term success, therefore, many enterprises are focused on gaining competitive advantage. It is suggested that competitive advantage can be created through the internal and external environments of an organization (Diab, 2014). Previous studies attempted to determine indicators of competitive advantage, however, most of these studies were limited to specific industries. For example, Urbancova (2013) studied competitive advantage from small and medium enterprises’ perspective. Many studies have explored determinants of competitive advantage (Ong, Ismail, & Goh, 2010; Urbancova, 2013; Bokhari & Chowdhury, 2014; Mboya & Kazungu, 2015). The main determinants include company image, lower product price (Sipa et al., 2015), innovation (Urbancova, 2013), quality, delivery dependability, time to market (Sachitra, 2016) and flexibility (M. Diab, 2014). According to Bratić (2011), the measures of competitive advantage are price and cost, quality, delivery dependability, product innovation, and time to market. Additionally, it was reported by Agha, Alrubaiee, & Jamhour (2011) that competitive advantage (responsiveness and flexibility) positively affects organizational performance.

Strategic management is not only about long-term objectives but also concerns achieving competitive advantage in order to grow and expand. Competitive advantage is the core issue of strategic management (Wu, 2013). According to Porter (1998), competitive advantage is the measure of a firm’s success. He argued that competitive advantage can be accomplished by applying a lower cost or differentiation strategy. Hence, this study will examine main predetermined determinates of competitive advantage in the context of Saudi Arabian enterprises.
2. Literature review and theoretical background

2.1 Competitive advantage (CA)

Many theories, such as industrial organization model (IO) (Porter, 1985, 1998), the resource-based view (Barney, 1991) and dynamic capabilities theory (Teece et al., 1997), aim to explain competitive advantage of firms. Competitive advantage has become a goal for many firms, however, achieving a competitive advantage is not simple and requires special assets and plans. Competitive advantage is defined as “the capability of an organization to create a defensible position over its competitors” (Vanathi and Swamynathan, 2014). Porter (1990) defines competitive advantage at the firm level as “productivity growth that is reflected in either lower costs or differentiated products that charged premium prices”. Newbert (2008) defines competitive advantage as “the degree to which a firm explores its opportunities, neutralizes threats and reduces cost”. Moreover, Sachitra & Chong (2015) suggest an operational definition of competitive advantage as “a specific way of using the resources available and other precise activities to keep the firm separate from its competitors as well as to keep it active and growing”. From the given definitions, it is obvious that there is no common definition of competitive advantage. However, it can be concluded that competitive advantage is about a firm’s position in its industry. Thus, competitive advantage is a measure of the firm’s performance and success relative to its competitors (Porter, 1985, 1998).

Some scholars (Porter, 1985, 1998; Peteraf & Barney, 2003) measured competitive advantage from an economic value point of view. Therefore, one competitive advantage for a firm is to create economic value only. Other scholars point out that there are additional indicators used to measure competitiveness in different sectors or industries (Sachitra and Chong, 2015). These indicators, for example, are price, quality, productivity, market share, and delivery. Thus, businesses have to focus on factors that create a competitive advantage that puts them in a better position than their rivals.

2.2 Dimensions of competitive advantage

Many studies have concentrated on two dimensions of competitive advantage (Agha et al., 2011), namely flexibility and responsiveness.
Therefore, this study will use these dimensions as a measure of enterprises’ competitive advantage.

2.2.1 Flexibility

It has been stated that flexibility is one of the dimensions of competitive advantage and has a positive effect on an organization’s performance (Agha et al., 2011). Flexibility is represented as “the ability to deploy and/or re-deploy resources in response to changes in contractual agreements which are initiated primarily by customers” (Awwad et al., 2013). Flexibility has been defined as “the firm’s intent and capabilities to generate firm-specific real options for the configuration and reconfiguration of appreciably superior customer value propositions” (Johnson et al., 2003). Ong et al. (2010) confirmed that flexibility in operations and adaptability to changes may result in an unexpected gain. Moreover, there is a positive effect of flexibility on the creation of competitive advantage (Awwad et al., 2013). To respond to changes in customer demand, flexibility is important for competition (Diab, 2014). Indeed, flexibility is a source of sustainable advantage (D’Aveni et al., 2010).

2.2.2 Responsiveness

Responsiveness is one of the measures of competitive advantage (Agha et al., 2011; Sachitra, 2016). Responsiveness refers to “the firm’s ability to respond quickly to customer needs and wants” (Sousa et al., 2010). Responsiveness may also refer to organizational responsiveness. It refers to “the inter-individual knowledge exchanges which, in turn, influence the ability of the organization to respond to a changing environment in a particular style” (Konsynski et al., 2007). This indicates that responsiveness is not only limited to customer needs but also to changes in the external environment. Firms have to quickly adapt and respond to any changes in their environment and their strategic position results from their responsiveness to changes in both customer needs and the environment.

2.3 Determinants of Competitive advantage

Prior studies have explored some of competitive advantage determinants and indicators. These studies have studied competitive advantage concerning different sectors, industries, and countries.
However, none of the previous studies have addressed the determinants of competitive advantage in the context of Saudi Arabian firms. For example, Awwad, Khattab, & Anchor (2013) explored the relationship between competitive priorities and competitive advantage in the Jordanian manufacturing sector. This study concluded that quality, cost, flexibility, and delivery are essential to achieve a competitive advantage. A study by Sipa et al. (2015) indicated that company image and lower product prices are the main factors of shaping market position. Furthermore, another study by Agha et al. (2011) reported that these indicators influence businesses’ competitive advantage, however, the effects of these indicators vary. For instance, Bratić (2011) indicated that price, quality and time to market are more significant indicators of competitive advantage than delivery dependability and product innovation.

To summarize, the main determinants include company image, lower product price (Sipa et al., 2015), innovation (Urbancova, 2013), quality, delivery dependability, time to market (Sachitra, 2016) and flexibility (Diab, 2014). Based on the previous literature, this study will focus on examining key determinants of competitive advantage which include price, quality, delivery, and time-to-market.

2.3.1 Price/cost
Price/cost is one of the determinants of competitive advantage. Firms can be competitive when they lower their products’ prices and production costs. Changing costs and prices is one of the main factors of competitiveness (Dupeyras and Maccallum, 2013). The operational definition of price is “an organization is capable of competing against major competitors based on the low price” (Bratić, 2011). Additionally, Sachitra (2016) defined price/cost as “the ability of a firm to compete against major rivals based on low cost/price”.

Companies have two options in this regard. They can increase customers’ value with the same cost or provide the same level of value at a lower cost (Wu, 2013). It was suggested by Urbancova (2013) that innovation can lead to less costly and better quality products which will improve a firm’s competitiveness. It is argued that firms cannot achieve competitive advantage if they charge the market price and that the value for the customer has to be mirrored in the price (McWilliams and Siegel, 2011). According to Porter (1985, 1998), lower cost and differentiation strategy can assist in achieving competitive advantage. Therefore, a lower-cost strategy where firms can operate more efficiently and
effectively than their competitors will be reflected in the prices of goods. On the other hand, the differentiation strategy may lead to a premium price. It has been indicated that lower product price is one of the most important factors of competitive advantage; however, it provides a short term advantage (Sipa et al., 2015).

2.3.2 Quality

Customers are concerned about product quality which is a key factor for improving company competitive advantage (Dupeyras and Maccallum, 2013). Bratić (2011) identified quality as “an organization is capable of offering product quality and performance that creates higher value for customers.” Additionally, it is defined as “The ability of a firm to offer product quality and performance that creates higher value for customers” (Sachitra, 2016). Product quality is a driver of competitive advantage (Sachitra, 2016). Customers are sensitive to quality; hence, firms have to improve product quality (Mboya and Kazungu, 2015). It has been stated that product quality is the second factor in increasing industry competitiveness (Bezić et al., 2011). This increased competitiveness has encouraged firms to focus on quality (Khare et al., 2012) and they must consider all aspects of the supply chain (Bratić, 2011). However, firms have to look at product quality as a factor for satisfying customers and remaining competitive (Diab, 2014).

2.3.3 Delivery dependability

One of the most important indicators that can positively affect the competitive advantage of a firm is delivery. A firm needs to be capable of delivering its product to customers on-time as described by Bratić (2011), “an organization is capable of providing on-time the type and volume of products required by customers. Moreover, Sachitra (2016) suggested that delivery dependability is “the ability of a firm to provide on-time the type and volume of product requested by customers”. The delivery of products has to meet customers’ demands and needs. Firms should assure that their products are also available on time. A study by Awwad et al. (2013) reported delivery has a positive relationship with competitive advantage creation. Delivery and availability are some of the reasons for buying products (Agha et al., 2011). The speed of delivering service and response to customer demand is one of the dimensions of being competitive among competitors (Diab, 2014).
Therefore, prior studies agreed that delivery is an important indicator of competitive advantage. In contrast, a study by Bratić (2011) showed that delivery and innovation are less strong indicators to competitive advantage than price, quality and time to market.

2.3.4 Time-to-market

Customers’ needs have to be satisfied to maintain and improve a firm’s competitive position. Thus, firms that can launch new products for customers faster than their competitors will gain a better position and create a competitive advantage. Bratić (2011) stated that time-to-market is “an organization is capable of introducing new products faster than major competitors.” Furthermore, it was mentioned by Sachitra (2016) that time to market is “the ability of a firm to introduce new products faster than major competitors”. Time to market is a strong indicator of competitive advantage (Bratić, 2011).

3. Conceptual model and hypotheses

Based on previous literature, the purpose of this research concerning a firm’s competitiveness is to test and to measure the effects of the predetermined factors on achieving and maintaining a competitive advantage in the context of Saudi Arabian enterprises. Therefore, a conceptual model was developed that consists of variables of competitive advantage, namely price/cost, quality, delivery dependability, time to market (Fig. 1).

3.1 Research hypotheses

To examine the relationships between determinants and competitive advantage, four hypotheses were developed:

\[ H1. \] Price is a statistically significant determinant of competitive advantage.

\[ H2. \] Quality is a statistically significant determinant of competitive advantage.
**H3.** Delivery dependability is a statistically significant determinant of competitive advantage.

**H4.** Time to market is a statistically significant determinant of competitive advantage.

![Conceptual Framework](diagram.png)

**Figure 1:** The research conceptual framework

### 4. Research Methodology

This research focuses on testing the proposed hypotheses that determine the competitive advantage indicators. To meet the goal of this article, a quantitative methodology was used to test the research hypotheses and instruments that measure competitive advantage determinants were adapted from previous studies. The data were gathered by means of a questionnaire survey of Saudi Arabian enterprises. The constructs for price/cost, quality, delivery dependability, time to market and innovation were adopted from (Zhang, 2001), while the constructs for flexibility and responsiveness were adopted from (Agha et al., 2011).

#### 4.1 Data collection

The data were collected from questionnaires that were distributed and collected from 504 respondents. The process of collecting and gathering the data took approximately five months. The questions for the survey were originally constructed and adopted in the English language and...
thereafter translated to the Arabic language as this was the official language of respondents. Furthermore, the survey was designed in three parts: demographic information, business information, and the constructs part. The constructs part is divided into two parts: independent variables, which are the determinants of competitive advantage (price, quality, delivery and time to market), and dependent variable which is a competitive advantage (flexibility and responsiveness). The questionnaire included two types of questions; firstly, category questions where the respondent’s answers could only fit into one category. Secondly, the Likert scale of five levels was used. The instruments that measure competitive advantage were adopted from Agha et al. (2011) while the instruments that measure the determinants of competitive advantage were adopted from Bratić (2011). A pilot survey was conducted among experts, colleagues, and enterprises to enhance the quality, reliability, and validity of the survey. The feedback from the pilot survey was very helpful in revising and developing some questions. The reliability of the survey was measured using Cronbach’s alpha. The alpha coefficient showed that the internal consistency was 0.92 which is acceptable.

4.2 Sample size

The purpose of this research is to examine the effects of competitive advantage determinants in the context of Saudi Arabian enterprises. Therefore, the study focused on surveying within Saudi Arabia and included all types of businesses. It was stated by the Saudi Ministry of Commerce (2019) that the number of registered businesses had reached 1.54 million in 2018. A total of 600 questionnaires were distributed electronically and personally to participants and 444 questionnaires were retrieved, showing 74 percent as the recovery rate. 436 valid questionnaires were obtained and examined while 8 defect questionnaires were excluded.

5. Data analysis and findings

A descriptive analysis and multiple regression were used to explore the indicators of competitive advantage and its determinants. Analysis of the data tested the proposed hypotheses and revealed the effects of these determinants on competitive advantage. As mentioned above, the dependent variable is a competitive advantage and the independent variables are price, quality, delivery, and time-to-market. The data
analysis showed that the independent variables have a strong impact on the dependent variable.

5.1 Profile of respondents

The data collected show that 59 percent of respondents were male while 41 percent were female. Owners, managers, and employees represented 23, 28 and 42 percent of participants respectively. Regarding the respondents’ age, that the majority of participants (62 percent) were under 40 years old. Moreover, the respondents were found to be well educated, with 69 percent of participants having a Bachelor’s or Master’s degree (Tables I, II and III).

<table>
<thead>
<tr>
<th>Position</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner</td>
<td>81</td>
<td>19</td>
<td>100</td>
<td>23%</td>
</tr>
<tr>
<td>Manager</td>
<td>82</td>
<td>41</td>
<td>123</td>
<td>28%</td>
</tr>
<tr>
<td>Employee</td>
<td>96</td>
<td>87</td>
<td>183</td>
<td>42%</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>30</td>
<td>30</td>
<td>7%</td>
</tr>
<tr>
<td>Total</td>
<td>259</td>
<td>177</td>
<td>436</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>259</td>
<td>59%</td>
</tr>
<tr>
<td>Female</td>
<td>177</td>
<td>41%</td>
</tr>
<tr>
<td>Total</td>
<td>436</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table I. Frequency and percentage by participants’ position

Table II. Frequency and percentage by participants' gender
Table III. Educational level frequency and percentage by participants' age

<table>
<thead>
<tr>
<th>Age</th>
<th>High school</th>
<th>Bachelor</th>
<th>Master</th>
<th>Doctorate</th>
<th>Total</th>
<th>( % )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 30 yrs</td>
<td>49</td>
<td>81</td>
<td>-</td>
<td>-</td>
<td>130</td>
<td>30</td>
</tr>
<tr>
<td>30-40 yrs</td>
<td>6</td>
<td>110</td>
<td>22</td>
<td>-</td>
<td>138</td>
<td>32</td>
</tr>
<tr>
<td>40-50 yrs</td>
<td>33</td>
<td>52</td>
<td>35</td>
<td>-</td>
<td>120</td>
<td>28</td>
</tr>
<tr>
<td>More than 50 yrs</td>
<td>19</td>
<td>2</td>
<td>-</td>
<td>27</td>
<td>48</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>107</td>
<td>245</td>
<td>57</td>
<td>27</td>
<td>436</td>
<td>100</td>
</tr>
</tbody>
</table>

5.2 General classification of businesses

As shown in Table IV most of the respondents (82 percent) were from commercial enterprises, while 22 percent were from manufacturing enterprises. The majority of commercial businesses were from health care, food and accommodation, and real estate which represent 14 percent, 14 percent, and 11 percent respectively.

Table IV. Frequency and percentage by business type

<table>
<thead>
<tr>
<th>Business classification</th>
<th>Frequency</th>
<th>( % )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education and training</td>
<td>32</td>
<td>7%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>20</td>
<td>5%</td>
</tr>
<tr>
<td>Health</td>
<td>60</td>
<td>14%</td>
</tr>
<tr>
<td>Transformative industry</td>
<td>94</td>
<td>22%</td>
</tr>
<tr>
<td>Real estates</td>
<td>48</td>
<td>11%</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>40</td>
<td>9%</td>
</tr>
<tr>
<td>Construction</td>
<td>26</td>
<td>6%</td>
</tr>
<tr>
<td>Retails and wholesale</td>
<td>40</td>
<td>9%</td>
</tr>
<tr>
<td>Food and accommodation</td>
<td>61</td>
<td>14%</td>
</tr>
<tr>
<td>Others</td>
<td>15</td>
<td>4%</td>
</tr>
<tr>
<td>Total</td>
<td>436</td>
<td>100</td>
</tr>
</tbody>
</table>
5.3 Research hypotheses testing

The respondents agreed that delivery was ranked as the most important indicator of competitive advantage with an average of 3.93. The second most significant indicator was quality with an average of 3.94. Price and time to market were ranked with an average of 3.76 and 3.26 respectively (Table V). It was noted that all variables have an average mean score above 3 which indicated that they are all very effective indicator for competitive advantage in Saudi Arabia. Additionally, data analysis revealed that kurtosis and skewness fall within an acceptable range.

Table V. Mean, standard deviation, kurtosis, and skewness of independent variables

<table>
<thead>
<tr>
<th></th>
<th>Price</th>
<th>Quality</th>
<th>Delivery</th>
<th>Time to Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>3.76</td>
<td>3.93</td>
<td>3.94</td>
<td>3.29</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>0.85</td>
<td>0.47</td>
<td>0.55</td>
<td>0.88</td>
</tr>
<tr>
<td>Kurtosis</td>
<td>1.00</td>
<td>0.95</td>
<td>0.26</td>
<td>-0.42</td>
</tr>
<tr>
<td>Skewness</td>
<td>-0.53</td>
<td>0.71</td>
<td>-0.05</td>
<td>0.19</td>
</tr>
</tbody>
</table>

Multiple regression was conducted to investigate the relationship between variables. The four independent variables (price, quality, delivery, time to market) are identified as a predictor of the dependent variable (competitive advantage). The results from multiple regression analyses in Table VI showed that the value of $R^2$ is 0.679. This predicts the relationship between independent variables and the dependent variable and shows the variance or change of dependent variable (competitive advantage) according to the change in the independent variable (price, quality, delivery, time to market).

Table VI. Model summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>$R^2$</th>
<th>Adjusted R-Squared</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.</td>
<td>0.825</td>
<td>0.679</td>
<td>0.677</td>
</tr>
</tbody>
</table>

a Predictors: (Constant), Price, Quality, Delivery, Time to Market
Table VII shows that $p < 0.01$ which indicates that the model is significantly able to predict dependent variable (competitive advantage), therefore, the model is acceptable to predict the relationship between the independent variable and the dependent variable.

<table>
<thead>
<tr>
<th>Model</th>
<th>d.f.</th>
<th>SS</th>
<th>MS</th>
<th>F</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Regression</td>
<td>4</td>
<td>142.856</td>
<td>35.713</td>
<td>228.962</td>
<td>0.00000</td>
</tr>
<tr>
<td>Residual</td>
<td>431</td>
<td>67.228</td>
<td>0.1556</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>435</td>
<td>210.084</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Price, Quality, Delivery, Time to Market
b. Dependent Variable: Competitive Advantage

The regression analysis presented in Table VIII reveals that the independent variables (price, quality, delivery and time to market) are indicators of the dependent variable (competitive advantage). The independent variables explain 68 percent of the variation in dependent variable. The coefficients of the independent variables (price, quality, delivery and time to market) are 0.082, 0.266, 0.145 and 0.487 respectively with $p$-value < 0.01. Moreover, the data analysis showed that all the proposed hypotheses are accepted, thus, the equation for the proposed model is:

$$\text{Competitive Advantage} = 0.143 + 0.082 \text{ Price} + 0.267 \text{ Quality} + 0.145 \text{ Delivery} + 0.487 \text{ Time to Market}$$

Table VIII. Coefficients for independent variables

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients</th>
<th>Std Err</th>
<th>t Stat</th>
<th>p-value</th>
<th>H0 (5%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Intercept</td>
<td>0.143</td>
<td>0.183</td>
<td>0.784</td>
<td>0.433</td>
<td>Accepted</td>
</tr>
<tr>
<td>Price</td>
<td>0.082</td>
<td>0.026</td>
<td>3.113</td>
<td>0.002</td>
<td>Rejected</td>
</tr>
<tr>
<td>Quality</td>
<td>0.267</td>
<td>0.058</td>
<td>4.602</td>
<td>0.000</td>
<td>Rejected</td>
</tr>
<tr>
<td>Delivery</td>
<td>0.145</td>
<td>0.043</td>
<td>3.390</td>
<td>0.001</td>
<td>Rejected</td>
</tr>
<tr>
<td>Time to Market</td>
<td>0.487</td>
<td>0.030</td>
<td>16.142</td>
<td>0.000</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Competitive Advantage
H1 which postulates that price is a statistically significant determinant of competitive advantage, is accepted.

H2 which postulates that quality is a statistically significant determinant of competitive advantage, is accepted.

H3 which postulates that delivery dependability is a statistically significant determinant of competitive advantage, is accepted.

H4 which postulates that time to market is a statistically significant determinant of competitive advantage, is accepted.

In summary, data analysis showed price, quality, delivery and time to market are statistically significant determinants of competitive advantage. Therefore, the proposed hypotheses are accepted.

6. Discussion

The purpose of this study is to examine the key determinants of competitive advantage in the context of Saudi Arabian businesses. The independent variables include the possible determinants of competitive advantage (price, quality, delivery and time to market) while the competitive advantage is the dependent variable.

![Figure 2. The relationship between determinants and competitive advantage.](image-url)
The analysis of the data strongly supports the research framework that the independent variables explain about $R^2 = 0.679$ of variation of competitive advantage. All the four hypotheses are accepted with $p<0.01$ and $p<0.05$. Data analysis has shown that time to market is the strongest determinant of competitive advantage with $\beta = 0.487$ while price is lowest with $\beta = 0.082$ as shown in Figure 2. Data analysis showed the most significant indicators of competitive advantage are: time to market, quality, delivery and price with $\beta$s (0.487, 0.267, 0.145 and 0.082) respectively.

Overall these findings are in accordance with findings reported by Bratić (2011), Awwad, Khattab, & Anchor (2013), Sipa et al. (2015) and Sachitra (2016). For example, a study by Bratić (2011) concludes that price, quality and time to market are the main indicators of competitive advantage. This study also indicates that delivery and innovation are indicators, albeit weaker ones, of competitive advantage. On the other hand, our study shows that time to market, quality, and delivery are stronger indicators of competitive advantage than price.

Studies by Awwad et al. (2013) and Diab (2014) concluded that quality, cost, delivery and flexibility have a positive relationship with a competitive advantage. However, our study considered flexibility as a measure of competitive advantage and it is not an indicator. Similar findings were suggested by Sachitra (2016) that price/cost, quality, delivery dependability, product innovation and time to market are indicators and factors of competitive advantage at the firm level. Moreover, Vanathi & Swamynathan (2014) stated that competitive advantage is represented by five indicators: price, quality, delivery dependability, lead time and product innovation. Many studies’ findings are consistent with our findings.

In contrast, Urbancova (2013) reported that innovation and knowledge are key sources of competitive advantage in the present environment. In markets with high levels of competition, incremental innovation may not help a firm maintain a competitive advantage in the long-term but may help in the short-term. Thus, firms have to produce novel innovations (Sirmon et al., 2011). In addition, (Agha et al., 2011) indicated that core competency (shared vision, cooperation and empowerment) has a positive relationship with a competitive advantage. This shows that there might be other factors which determine competitive advantage at the firms’ level. However, the indicators explored in this study explain about 0.68 of competitive advantage.
variation. Strategically, this can assist businesses to acknowledge their position in the market and choose a suitable strategy.

It was confirmed that price, quality, delivery and time to market are major determinants of a firm’s competitive advantage.

7. Implications of the study

7.1 Theoretical implication

Most previous studies have focused on theories of strategic management and competitive advantage; however, this study is unique by examining the determinants of competitive advantage. This study contributes to the literature review by discussing empirical findings of competitive advantage and its indicators in the context of Saudi Arabia. This study contributes to improving the knowledge of strategic management and competitive advantage. It confirms that price, quality, delivery and time to market are strong indicators of competitive advantage. These findings are consistent with some previous studies. Our study is one of only a few studies in Saudi Arabia that adds more knowledge to the field of competitive advantage, therefore, it provides a comprehensive understanding of the determinants of competitive advantage. This will increase the knowledge and literature of competitive advantage as well as strategic management concepts.

This study has tested the proposed hypotheses. Thus, the findings have contributed to this area of knowledge by identifying the indicators of competitive advantage. Moreover, the research is focused on enterprises in Saudi Arabia which might be helpful for businesses in other countries that have similar characteristics as Saudi Arabia.

7.2 Practical implications

The findings of this study will benefit enterprise owners, managers and employees to understand and acknowledge the strongest indicators of competitive advantage and this will assist them in strategic planning. Therefore, this study presents unique information that can be used by owners, managers and employees to successfully seek a competitive advantage to maintain their firms’ current position in the market. The results of the study will assist businesses to shape their position in the market and maintain competitive advantage by focusing on these
indicators. Additionally, these findings will help managers when planning strategies that will enhance their enterprise’s position. As economic value is one of the main goals of businesses, implementing the findings of this study will improve enterprises’ profits.

8. Conclusion and limitations

Many enterprises in Saudi Arabia and around the world are challenged with seeking competitive advantage. However, this study may assist enterprises to accomplish a sustainable competitive advantage by focusing on these determinants of competitive advantage. This study, by exploring and examining the determinants of a competitive advantage which include price, quality, delivery and time to market, has confirmed that a competitive advantage can be improved by understanding its determinants. The study recommends enterprises to invest and focus on these determinants to achieve competitive advantage. Acknowledging determinants highlighted in this study can help to create road map for formulating a successful’ strategy and achieve competitive advantage over rivals.

This study may have some possible limitations. First, it is focused on Saudi Arabian enterprises, therefore, the findings of this study can be generalized only in the countries and enterprises that are similar to Saudi Arabia. The second limitation is that there might be other determinants of competitive advantage that have not been discussed in this study. Consequently, future research needs to focus on other determinants of competitive advantage.
References


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