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INNOVATION POLICIES AND COMPETITIVE ADVANTAGE OF MANUFACTURING FIRMS IN RIVERS STATE, NIGERIA

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Abstract:

This study explored the relationship between innovation policies and competitive advantage of manufacturing firms in Rivers state, Nigeria. It is believed that manufacturing firms in Rivers State struggles to achieve competitive advantage due to infrastructural deficit, inconsistent policy implementation and limited access to technologies and skills. More so, workers bureaucratic inefficiencies and corruption had also hindered the utilization of innovative policies which had led to suboptimal performance. To solve these problems, this research posited seven research objectives and its corresponding seven research hypotheses which were tested. It also examined how three dimensions of innovation policies (mission-oriented policies, innovation-oriented policies, and systems-oriented policies) influence two measures of competitive advantage (customer loyalty, and brand reputation), considering the moderating effect of firm's size. A structured questionnaire was employed to collect primary data from 152 respondents across 7 manufacturing firms in Port Harcourt. Data was analysed using spearman rank order correlation coefficient. Out of the 152 study elements that constituted the population, 138 respondents were actually used. The study confirmed significant positive relationships between all three innovation policies dimensions and all two competitive advantage measures. Additionally, firm's size was found to significantly moderate the relationship between innovation policies and competitive advantage. Innovation policies significantly enhance competitive advantage in Nigerian manufacturing firms. However, the strength of this relationship depended on the prevailing firm's size. The study offered seven actionable recommendations for manufacturing firms to enable the implementation of mission-oriented policies, innovation-oriented policies, and systems-oriented policies, for the achievement of competitive advantage.

Keywords

Innovation-oriented policies, mission-oriented policies, systems-oriented policies, brand reputation, competitive advantage, customer loyalty, firm's size, policies.

Introduction

The globalisation factor and technical innovation have diminished entry barriers, thereby improving market dynamics and strengthening the competitiveness of the manufacturing sector. Given the heightened rivalry, it is essential for organisations to consistently invest

in innovation and development to maintain efficiency and competitiveness. Akingbade (2014) asserts that the essential elements for surpassing competitors and achieving above-average profits stem from the efficient implementation of an appropriate company plan. The corporation must pursue a competitive edge by differentiating its products and services to enhance consumer loyalty and increase market share. Harry and Barinua, (2022). Harry and Ejo-Orusa (2020) assert that competitive advantage enables a corporation to achieve enhanced profitability, cost reduction, and maximised efficiency. The sustainability of long-term success and survival in a volatile market is secured by a robust competitive advantage that promotes adaptability and innovation Onuoha and Olori, (2017). Therefore, organisations operate in every industry sector with the objective of increasing their capital, gaining market power, and ultimately capturing a dominant position and governing the largest portion of the sector. As explained by Abayomi and Akinmadelo (2014), the formulation of these objectives as specific targets typically encourages a company to implement all strategic measures that are morally sound, lawful, and beneficial in order to achieve these objectives.

In order to mitigate risks and outperform rivals, manufacturing firms in the industry employ competitive strategies such as cost leadership, differentiation, and innovation (Distanont & Khongmalai, 2018). By implementing lean manufacturing techniques and investing in state-of-the-art technology, firms can gain a competitive edge by lowering production costs and enhancing efficiency (McKinsey, 2022). Furthermore, companies can distinguish their products, attract a loyal customer base, and achieve a competitive advantage by focussing on unique product characteristics and continuous improvements in quality (Deloitte, 2023). Irrespective of their scale, enterprises in the twenty-first century are integral members of the worldwide business community and are thus influenced by global events, societal transformations, and external forces. This can be attributed to the dynamic, chaotic, discontinuous, highly competitive, and constantly evolving characteristics of the corporate environment (Olanipekun, 2014). A significant transformation has transpired in the business-society interaction recently. Proposals for change have emerged from several critical domains, including the globalisation of commerce, economic growth, the augmented influence of corporate entities, governmental reconstruction, and the heightened strategic importance of stakeholder relationships, expertise, and brand identification. Innovation policies are essential in the transition of competitive advantage, as they foster an environment conducive to research and development, facilitating the creation of new technologies and processes that empower enterprises to surpass their competitors. Such regulations expedite the commercialisation of ideas, enabling enterprises to sustain a competitive edge in the international market by fostering collaboration between educational institutions and industries. Government and organisational policies that are innovative could bolster economic growth, competitiveness, and societal well-being by stimulating, supporting, and regulating innovation processes to promote the development, acceptance, and dissemination of new ideas, technologies, and practices Smith, (2018).

Innovative policies significantly enhance competitive advantage by fostering research and development, leading to the creation of products and processes that differentiate organisations from their rivals. Furthermore, these measures enhance the nation's overall innovation capacity, consequently increasing productivity and technological advancement, which subsequently improves worldwide market competitiveness. The correlation between innovative policies and competitive advantage has been a primary focus of the strategic management field. The innovative policy interaction has been a primary focus of study for the past thirty years. This study aims to evaluate the degree to which an innovative strategy may impact competitive advantage in the industrial sector of Rivers State, Nigeria. It also seeks to find out the relationship between the application of each of the policies to contribute to and improve competitiveness in the manufacturing industry, Rivers state, Nigeria.

Statement of the Problem

In an ideal situation, manufacturing firms in Rivers State consistently utilise new strategies to enhance operational effectiveness and efficiency, ensure product excellence, respond to market demands, accomplish sustained growth, and attain industry leadership under optimal conditions. Typical characteristics include a robust industrial environment supported by advantageous government policies; extensive integration of advanced technology; a trained workforce; and convenient access to financial and infrastructural resources (Adebayo, 2020). Poor infrastructure, unequal policy implementation, and restricted access to advanced technology and a qualified workforce render competitive advantages unattainable for manufacturing firms (Oluwadare, 2019). Inadequate bureaucratic procedures and unscrupulous practices hinder the effective implementation of innovative programs, resulting in subpar industrial performance in the state. This has consequently positioned them such that they are unable to sustain their market shares and achieve growth due to intense competition at both domestic and international levels (Egbetokun et al., 2017). Prior measures aimed at enhancing competitiveness among manufacturing companies have focused on infrastructural development and industrialisation policies that enhance efficiency. The administration used initiatives such as the establishment of industrial parks and tax incentives to attract investment and stimulate economic growth. Access to financing for small and medium-sized firms was enhanced through the implementation of specialised financial programs (Okonjo-Iweala, 2018). Persistent infrastructural challenges, including unreliable power supply and insufficient transportation networks, have hindered manufacturing firms in Rivers State from achieving a competitive advantage, despite previous efforts to address these concerns. Moreover, the persistent administrative processes and elevated corruption levels persistently hinder policy efficacy and restrict access to essential services Akinwale et al., (2018). The unresolved difficulties have impeded the companies' ability to fully capitalise on growth prospects and enhance their competitiveness. The restricted competitive

advantage attained by manufacturing firms results in a decline in market share and profitability, thereby constraining their capacity to engage in innovation and expansion (Egbetokun et al., 2017). This economic stagnation intensifies social and economic issues, since it leads to rising unemployment rates and impedes regional economic development (Adebayo, 2020). This incapacity to compete effectively at both national and global levels exposes them to market volatility and external competitive forces (Asiedu, 2021). Although innovation has been the subject of several studies, there is a lack of research demonstrating the correlation between innovative policies and competitive advantage, particularly in manufacturing industries in rivers state.

Aim of the study

The aim of this study was to investigate the correlation between innovative policies and the competitive advantage of manufacturing Companies in Rivers State, Nigeria.

Objectives of the study; the objectives of the study included the following:

1. To determine the correlation between mission-oriented policies and customer loyalty in manufacturing companies located in Rivers state, Nigeria.
The objective is to establish the correlation between mission-oriented policies and the brand reputation of manufacturing companies in Rivers state, Nigeria.
3. To examine the correlation between policies focused on innovation and customer loyalty in manufacturing companies located in Rivers state, Nigeria.
4. To analyse the correlation between policies focused on innovation and the brand reputation of manufacturing companies in Rivers state, Nigeria.
5. To determine the correlation between systems-oriented practices and customer loyalty in manufacturing companies located in Rivers state, Nigeria.
6. To determine the correlation between policies focused on systems and the brand reputation of manufacturing companies in Rivers state, Nigeria.
This study aims to investigate the moderating effect of business size on creative policies and competitive advantage among manufacturing enterprises in Rivers state, Nigeria.

Research Hypothesis

Ho_1: There is no significant relationship between mission-oriented policies and customer loyalty of manufacturing firms in Rivers state, Nigeria.

Ho_2: There is no significant relationship between mission-oriented policies and brand reputation of manufacturing firms in Rivers state, Nigeria.

Ho_3: There is no significant relationship between invention -oriented policies and customer loyalty of manufacturing firms in Rivers state, Nigeria.

Ho_4: There is no significant relationship between invention-oriented policies and brand reputation of manufacturing firms in Rivers state, Nigeria.

Ho_5: There is no significant relationship between systems-oriented policies and customer loyalty of manufacturing firms in Rivers state, Nigeria.

Ho_6: There is no significant relationship between systems-oriented policies and brand reputation of manufacturing firms in Rivers state, Nigeria.

Ho_7: Firm's size does not moderate the relationship between innovative policies and competitive advantage of manufacturing firms in Rivers state, Nigeria.

2. Literature Review

2.1 Conceptual Review

2.1.1 Innovation Oriented Policies

Innovation policy refers to the systematic measures and strategies implemented by governments to foster innovation within economies. It encompasses a wide array of interventions aimed at nurturing an environment conducive to research, development, technology adoption, entrepreneurship, and the commercialization of innovative ideas (Fagerberg 2017). The overarching goal is to enhance national competitiveness, spur economic growth, and tackle societal challenges. Historically, the roots of innovation policy can be traced to the recognition, particularly post-World War II, of the pivotal role played by technology and innovation in driving economic prosperity and national advancement. Schumpeter (1942) emphasized the transformative impact of entrepreneurial innovation on economic development, setting the stage for policy interventions aimed at propelling innovation-led growth.

Governments deploy various instruments to support different facets of the innovation process. These include substantial funding for research and development (R&D) initiatives, tax incentives to encourage private sector investment in innovation, robust intellectual property rights (IPR) protections to safeguard the rights of innovators, and mechanisms to facilitate the transfer of technology from research institutions to the marketplace Florida, (2002). Additionally, investment in education and skills development ensures a pipeline of talent equipped with the necessary knowledge and competencies to drive technological advancements. While innovation policies have yielded substantial benefits, they face challenges such as the risk of market distortions, concerns regarding inequality and inclusivity, and the need for global collaboration and competition Mowery, & Nelson, (2010). Addressing these challenges requires careful policy design, international cooperation, and a keen focus on ensuring equitable distribution of the benefits of innovation across society.

2.1.2 Invention-oriented Policies

Invention-oriented policies have a more focused approach, primarily targeting the research and development (R&D) and invention phases of the innovation process. These policies typically emphasize government support for scientific research and technological advancements, with the expectation that the market will subsequently handle the

exploitation and diffusion of resulting inventions. The popularity of invention-oriented policies surged in the post-Second World War period, driven by policymakers' optimism about the potential societal benefits of scientific and technological progress. Vannevar Bush's influential report "Science, The Endless Frontier" (1945) epitomized this belief, advocating for increased federal investment in scientific research to fuel innovation and economic growth.

During the 1960s and onwards, many countries established new public organizations, such as research councils, to administer and allocate support for R&D activities. These organizations played a crucial role in channeling government funding to both private firms and public research institutions, fostering a culture of innovation and technological advancement. Traditionally, this type of support was viewed as part of R&D or science policy. However, in contemporary discourse, it is often categorized under the broader umbrella of innovation policy. This reflects a shift in focus from purely scientific research towards a more holistic approach that encompasses the entire innovation ecosystem, including technology transfer, commercialization, and market uptake. While invention-oriented policies have been instrumental in driving scientific discoveries and technological breakthroughs, critics argue that they may overlook the challenges associated with translating inventions into marketable products or services. Therefore, there is a growing recognition of the importance of integrating invention-focused initiatives with broader innovation strategies that address the entire innovation lifecycle.

2.1.3 Mission-oriented Policies

Mission-oriented policies, as described by Ergas (1986), are focused on providing practical solutions to specific challenges that are prominent on the political agenda. These policies require tangible outcomes that address real-world problems, necessitating a comprehensive approach that considers all phases of the innovation process during policy design and implementation. Governments have a long history of employing mission-oriented policies, often for defense purposes, even before the formal recognition of innovation policy. These policies, although labeled differently, have been instrumental in driving significant innovations with substantial economic impact. For example, innovations like the internet, which have revolutionized modern society, have emerged as a result of such mission-oriented approaches (Mowery, 2011; Mazzucato, 2013; Mazzucato and Semieniuk, 2017). In the contemporary context, as the global population grapples with the urgent threat of climate change, mission-oriented policies remain highly relevant. Scholars like Fagerberg et al., (2015, 2016) argue that these policies are crucial for addressing pressing environmental challenges and fostering sustainable development. By focusing on specific goals and mobilizing resources towards achieving them, mission-oriented policies provide a framework for tackling complex societal issues. They encourage collaboration between government, industry, and academia, fostering innovation ecosystems that are conducive to addressing grand challenges. Mission-oriented policies, which focus on particular

problems and offer an organised method of solving them, are essential for fostering innovation. Such regulations are necessary to direct innovation efforts towards the development of significant and lasting solutions as societies confront more complicated and pressing problems

2.1.4 System-oriented policies

System-oriented policies represent a more recent evolution in innovation policy, focusing on the systemic features of innovation ecosystems rather than solely on individual components or stages of the innovation process. These policies recognize the interconnectedness and interdependencies among various actors, organizations, and institutions within the innovation system. The emergence of system-oriented policies is closely linked to the development of the concept of the 'national innovation system' (NIS) in the early 1990s. Scholars such as Richard Nelson and Christopher Freeman pioneered the NIS approach, which emphasizes the importance of systemic interactions, knowledge flows, and institutional arrangements in shaping a country's innovation performance. This approach gained prominence with its adoption by international organizations like the Organization for Economic Cooperation and Development (OECD), which incorporated it into policy advice and evaluations.

System-oriented policies address factors such as the degree of collaboration and interaction between different stakeholders in the innovation ecosystem, the identification of key components requiring improvement, and the assessment of actors' capabilities to drive innovation. By adopting a systemic perspective, policymakers can better understand the dynamics and bottlenecks within the innovation system and design targeted interventions to enhance its overall effectiveness. The evolution of innovation policy has been characterized by terminological shifts and overlaps with other policy domains. Many policies that are now categorized under innovation policy were previously known by different labels, such as industrial policy, science policy, research policy, or technology policy. This reflects not only changes in terminology but also the broader recognition of the multifaceted nature of innovation and the need for integrated policy approaches. For example, initiatives aimed at promoting R&D or supporting technology transfer may have previously been viewed primarily through the lens of science or technology policy. However, in the contemporary context, they are often recognized as integral components of innovation policy, reflecting a more holistic understanding of the innovation process and its systemic implications

2.5 Concept of Competitive Advantage

Competitive advantage can be seen as the characteristic that permits business to surpass its competitors. A competitive advantage may involve availability of assets, for example inexpensive capability origin, exceedingly experienced worker, topographical region, tremendous access through obstacles, and entry to new scientific techniques. Porter, (1985)

ascertains two techniques in which a business can enhance competitive advantage over its competitors. These are price advantage and distinctive advantage. Price advantage occurs when an organization supplies the same commodities and services as its rivals, although at a lower price. Differentiation or Distinctive advantage on the other hand occurs in a situation where an organization supplies more attractive, appealing, effective, useful and high quality commodities and labour as its rivalries. Competitive advantage tries to handle certain reviews of comparative advantage. Competitive advantage depends on the notion that low-cost service is widespread and raw materials are not important for a better nation. The comparative advantage theory concentrates on specific area of exporting essential commodities and natural resources that lure societies into poor-income economies as a result of buying and selling. Stutz and Warf, (2009) affirms that competitive advantage tries to perfect this matter by emphasizing on boosting proportion economies in commodities and labours that accumulate exceptional costs. Favorably enforced plans of action will boost a business to high accomplishment by aiding the business with competitive advantage to defeat contemporary or potential competitors (Passemard and Calantone 2000).

To attain competitive advantage, an industry plan of action maneuvers the different assets on which it has direct authority and these assets have the capability to create competitive advantage (Reed, and DeFillippi, 1990 cited by Rijamampianina 2003). More skilful accomplishment consequence and dominance in the manufacturing of raw materials indicates competitive advantage (Day and Wesley 1988 cited by Lau 2002). Looking more closely at what it means to have a competitive advantage, an advantage over the competition might be beneficial to start. The question of why should the customer purchase from this operation rather than the competition? is essentially addressed by a competitive advantage. This question can be challenging for certain businesses, especially those operating in areas where there is less differentiation in the goods or services offered. It's important to realize that a business that has clients has them for a purpose. Effectively expanding a firm typically requires a competitive advantage that steadily cultivates a core of devoted clients that can be added to over time (Ehmke, 2008).

2.1.6 Customer's Loyalty

At its core, customer loyalty is built upon a foundation of trust, satisfaction, and perceived value. According to Reichheld and Sasser (1990), loyal customers are those who repeatedly purchase from a brand, advocate for it among their peers, and are less sensitive to price changes or competitive offerings. This steadfast allegiance often stems from positive experiences with the brand, consistent quality, and exceptional customer service. One of the primary benefits of cultivating customer loyalty is the potential for increased profitability. Repeat customers tend to spend more than new customers and are often less price-sensitive, resulting in higher average transaction values and increased revenue (Reichheld, 1996). Furthermore, loyal customers are more likely to become brand advocates, promoting the brand through word-of-mouth recommendations and social

media, thereby attracting new customers at a lower acquisition cost (Hennig-Thurau et al., 2002). Moreover, fostering customer loyalty can lead to enhanced resilience against competitive pressures. In saturated markets where numerous brands vie for consumers' attention, maintaining a base of loyal customers can provide a crucial competitive advantage. Loyal customers are less susceptible to competitor promotions and marketing efforts, as they have already established a strong affinity for the brand (Jones & Sasser, 1995).

However, building and maintaining customer loyalty is not a straightforward task. It requires a concerted effort to consistently meet and exceed customer expectations across all touchpoints of the customer journey. This entails delivering exceptional products or services, providing personalized experiences, and promptly addressing any issues or concerns that may arise (Oliver, 1999). Furthermore, in today's digital age, where consumers have access to a wealth of information and options at their fingertips, brands must adapt their strategies to cultivate and nurture customer loyalty effectively. This may involve leveraging data and technology to personalize interactions, implementing loyalty programs to incentivize repeat purchases, and actively engaging with customers through social media and other digital channels (Verhoef et al., 2009).

2.1.6 Brand Reputation

Brand reputation is a vital asset for any company, encompassing perceptions, beliefs, and attitudes consumers hold towards a brand. It's the collective result of a company's actions, communications, and interactions with stakeholders over time. A strong brand reputation can yield numerous benefits for a company. It fosters trust and loyalty among consumers, leading to repeat purchases and positive word-of-mouth recommendations. A study by Nielsen found that 59% of consumers prefer to buy products from brands they know, indicating the influence of brand reputation on purchase decisions Nielsen, (2015). Moreover, a positive reputation can serve as a buffer during crises. Companies with a well-established reputation are better equipped to weather negative publicity or setbacks, as consumers are more likely to give them the benefit of the doubt and forgive occasional missteps. This was exemplified in Johnson & Johnson's response to the Tylenol crisis in 1982, where the company's swift and transparent actions helped preserve its reputation and regain consumer trust Fombrun (1996). Conversely, a tarnished reputation can have severe consequences for a brand. From financial losses to long-term damage, the repercussions of a negative reputation can be devastating. Maintaining and managing brand reputation requires a proactive approach. It involves consistently delivering on brand promises, engaging with customers, and actively monitoring online sentiment

2.1.7 The relationship between innovation policies and competitive advantage

Innovation policies and competitive advantage are intricately linked, as innovation is often a key driver of competitiveness in today's global economy. Innovation policies refer to the

strategies, regulations, and incentives put in place by governments or organizations to promote and support innovation within a country or industry. Competitive advantage, on the other hand, is the ability of a company or nation to outperform its rivals in the market and achieve superior performance. One of the fundamental ways in which innovation policies contribute to competitive advantage is by fostering a conducive environment for creativity, research, and development.

Innovation policies can enhance the competitiveness of a country by promoting collaboration between industry, academia, and government. By facilitating knowledge exchange and technology transfer, governments can help businesses gain access to cutting-edge research and expertise, thereby accelerating the pace of innovation. Initiatives such as innovation clusters or technology parks create ecosystems where firms can interact with academic institutions and startups, fostering a culture of innovation and entrepreneurship Feldman, (2001). Furthermore, innovation policies can strengthen a nation's competitive advantage by addressing market failures and promoting inclusive growth. Government intervention may be necessary to overcome barriers to entry in high-risk, high-reward industries such as biotechnology or clean energy. By providing grants, subsidies, or low-interest loans to startups and small businesses, policymakers can mitigate the financial risks associated with innovation and encourage investment in emerging technologies Mazzucato, (2013). However, it is essential to recognize that the effectiveness of innovation policies in driving competitive advantage depends on various factors, including the regulatory environment, institutional capacity, and cultural attitudes towards risk-taking and entrepreneurship. Overly stringent intellectual property laws or bureaucratic red tape can stifle innovation and hinder firms' ability to compete globally Maskus, (2000). Similarly, a lack of skilled labor or inadequate infrastructure can undermine the impact of innovation policies on competitiveness World Economic Forum, (2019).

2.2 Theoretical Review

This study underpins two theories. The Resource-Based View Measures adopted from nd the Porter's Five Forces Framework

2.1.9 The Resource-Based View

The Resource-Based View (RBV) is an approach of strategic management that places emphasis on a firm's internal resources and skills as the main sources of superior performance and competitive advantage. The Resource-Based View (RBV) theory was developed by Wernerfelt (1984) and Barney (1991). It suggests that companies can gain a stable competitive edge by obtaining, enhancing, and utilising resources and capabilities that are valuable, uncommon, unique, and non-replaceable (VRIN). The idea that not all resources are created equal is fundamental to resource-based rivalry (RBV). Rather, competitive advantage is derived from having special resources and competencies that are difficult for rivals to imitate. These resources might be intangible (such as organisational

culture, brand reputation, or knowledge capital) or tangible (such as production facilities, proprietary technology, or distribution networks). According to RBV, which highlights the dynamic aspect of competitive advantage, businesses must constantly update and reorganise their resource base in order to take advantage of new opportunities and adjust to shifting market conditions Priem and Butler (2001). This could entail making strategic alliances, investing in innovation, or developing the company's human capital in order to improve its resource portfolio and maintain its competitive position over time.

Despite its strengths, RBV has faced criticism for its lack of prescriptive guidance on how firms should identify and develop competitive resources and capabilities. Critics argue that RBV's focus on internal factors may overlook the role of external market dynamics, industry structure, and government policies in shaping competitive advantage Helfat and Peteraf (2003). The Resource-Based View provides a valuable theoretical framework for understanding the sources of competitive advantage within firms and guiding strategic decision-making. By identifying and leveraging their unique resources and capabilities, firms can enhance their competitive position and achieve superior performance in the marketplace.

2.1.10 Porter's Five Forces Framework

This is a tool for figuring out how competitive a company is. It takes inspiration from technological, mechanical, and contemporary businesses to create five strategies that control a firm's competitive strength and, consequently, its attractiveness for mutual benefit. A company that has an adverse effect on the five forces and reduces long-term profitability is considered unattractive. The most odious company would be one that is about to face actual competition, which would enable gains for all businesses aiming for regular profit targets. Porter connects these forces to the more widely used term for the huge surrounding by referring to them as the little surrounding. These include forces near to a firm that influence its strength to provide its clients and make more profit. A transformation in any of these forces usually would require a firm to re-examine the marketplace given the general change in organizational information. The comprehensive organization enticement does not indicate that every department in the organization will bring similar return. Businesses are able to implement their bottom line proficiency, firm ideal or grid to accomplish a return higher than the firm’s standard.

Porter's five forces contain three forces from parallel competition namely: the danger of alternative commodities, the danger of entrenched competitors, and the danger of current rivals. The other two forces are derived from erect competition - the ability to deal with distributors and the ability to deal with purchaser/end users. Porter advanced his five forces structure in response to the then well-known Strength, Weakness, Opportunity and Threat (SWOT) investigation, which he established deficiency in strictness and ad hoc. Porter's five forces framework is founded on the structure administration accomplishment model in organizational economics. It has been enforced by trying to address various aspects of

challenges ranging from assisting firms to increase their earnings to assisting government to sustain organizations. Other Porter's plan of action devices are the financial worth string and common competitive approaches.

2.1.11 Empirical Review

Onuoha & Olori (2017) investigated the relationship between business strategies and sustainable competitive advantage with dimensions such as product differentiation, cost leadership and focus/niche strategy on measures such as brand reputation and customer loyalty. Their study used the cross-sectional overview, while simple random technique was adopted. Data were collected through the questionnaire and analysis was done using spearman rank correlation order via statistical package for social sciences (SPSS) version 21. The respondents comprised of 131 participants drawn from 15 banks in Rivers State. It was revealed that a significant relationship exists between both variables (business strategies and sustainable competitive advantage), this is as a result of seven (7) null hypotheses that were all rejected based on insufficient evidence for acceptance. Based on the revelation, the study recommends therefore that Organizations are advised to take into cognizance the cost of production in which they should try to produce their products at the lowest cost possible, while still producing the required quality desired by their consumers, and further engaging in high technological changes and improvement so as to ensure that they remain competitive and also gain a competitive advantage over others.

Wogwu & Hamilton (2018) examined the reality of reconfiguration capability and competitive advantage is their effects and general usefulness in the Nigeria Public Health Sector. The study reveals some of the critical challenges faced in the public health sector in Nigeria that led to poor health care delivery and high mortality rate. Consequently, individuals and government personnel were compelled to seek medical attention outside the country, thereby promoting and improving the economy, particularly the health sectors of other countries as funds that would have been used in the country were deployed to other countries. The paper underpins the knowledge-based theory and the Porter's five forces framework as well as the relationship between reconfiguration capability and competitive advantage, and the dimensions of reconfiguration capability. Owhorji & Olomi (2023) studied the relationship between employee creativity and competitive advantage of hotels Port Harcourt. The study focused on employee creativity as the predictor variable and competitive advantage in terms of differentiation and innovation, as the criterion variable. The study adopted a descriptive research design. The population of the study comprised of six 5-Star star hotels in Port Harcourt, with a huge working space, connectivity and strong financial base. The study collected primary data using structured questionnaire, and analyzed same using the independent t-test. The result of the study showed that there is a positive and statistically significant association between employee creativity and competitive advantage. Distanont, & Khongmalai (2018) examined the innovation that leads to a competitive advantage in the frozen food business in the context of small-sized

and medium-sized enterprises (SMEs). The findings showed that innovation enhanced the advantages in competition via external factors. These external factors were divided into two groups: micro-oriented factors and macro-oriented factors. The external factors at the micro level had more influence on the innovation development of the frozen food businesses than those at the macro level. The results showed that entrepreneurs, especially SME entrepreneurs, need to adapt and readily prepare themselves to face upcoming economic changes, which are about to occur not only at the global level but also at the regional and the country levels.

3.0 Research Methodology

3.1 Research design the research design employed in this study was a cross-sectional survey research approach. An empirical study was conducted to evaluate the influence of innovation policies and competitive advantage of manufacturing firms in Port Harcourt, Rivers state.

3.2 Population for the study- the population for the study comprised of 152 managers and supervisors drawn from seven manufacturing firms in Rivers State. This sample size of 152 respondents was determined using the Krejcie and Morgan's (1970) sample size determination method. The response rate for the study was 85%, with a total of 138 managers and supervisors that participated.

3.3 Sampling method- the sampling method adopted in the research was the purposeful sampling technique who were randomly selected from the pool of managers and supervisors with the aim of achieving the objective s of the study

3.4 Method of data collection- the data collection method adopted was through the administration of structured questionnaire which were designed using the five-point Likert Scale.

3.5 Data analysis method- The collected responses were then subjected to analysis utilising the Spearman rank order correlation method using SPSS version 20, which is a statistical software often used in social sciences research.

3.6 Validity and Reliability- The measurement of the dependent variable in the study concept was conducted using two (2) items, each of which was validated by various authors documented in existing literature. The assessment of content validity for the survey questionnaire was conducted. The dependability of the research instrument was assessed using the Cronbach Alpha coefficient.

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Table 1: Name of Organization and Numbers of Managers/Supervisors.

S/N	Selected Organization	Population
	Indorama	29
	Dufil Prima Foods Ltd	23
	International Breweries Plc.	38
	Bigi Foods	14
	Nigerian Bottling Company Plc	18
	Fort-Ress Global Resources	19
	Demcok Paints Limited	11
	Total	152

Source: Field Survey, 2024

4.0 Result and Discussion

In this section of the chapter, the result for the primary level of analysis on the distribution of the variables of the study was presented. The tools adopted in the assessment of this distribution were descriptive in nature as they are utilized in the assessment of the demographic characteristics of the sample and also the distribution for the variables. Out of the 152 copies of questionnaire distributed for the study, 138 copies were valid.

Mission-oriented policies and Competitive advantage

Table 2:Correlation between mission-oriented policies and competitive advantage

			Mission-oriented Policies	Customer Loyalty	Brand Reputation
Spearman's rho	Mission-oriented Policies	Correlation Coefficient	1.000	.634**	.666**
		Sig. (2-tailed)	.	.000	.000
		N	138	138	138
	Customer Loyalty	Correlation Coefficient	.634**	1.000	.607**
		Sig. (2-tailed)	.000	.	.000
		N	138	138	138
	Brand Reputation	Correlation Coefficient	.666**	.607**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	138	138	138

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data, 2024

Table 2 shows the relationship between mission-oriented policies influence and the measures of competitive advantage (customer loyalty and brand reputation).

Ho_1: There is no significant relationship between mission-oriented policies and customer loyalty of manufacturing firms in Rivers State, Nigeria.

Mission-Oriented Policies and Customer Loyalty: The result of the data analysis reveals that at a significant level $p < 0.05$ ($0.000 < 0.05$), rho = 0.634^{**} this means that there is a

significant relationship between mission-oriented policies and customer loyalty. The null hypothesis, Ho_1, was therefore rejected and the alternate accepted.

Ho_2: There is no significant relationship between mission-oriented policies and brand reputation of manufacturing firms in Rivers State, Nigeria.

Mission-Oriented Policies and Brand Reputation: The result of the data analysis reveals that at a significant level $p < 0.05$ ($0.000 < 0.05$), rho = 0.666^{**}. This means that there is a significant link between mission-oriented policies and brand reputation. The null hypothesis, Ho_2, was rejected and the alternate accepted.

Invention-oriented policies and competitive advantage

Table 3:Correlation between Invention-oriented policies and competitive advantage

			Invention-oriented Polices	Customer Loyalty	Brand Reputation
Spearman's rho	Invention-oriented Polices	Correlation Coefficient	1.000	.589**	.673**
		Sig. (2-tailed)	.	.000	.000
		N	138	138	138
	Customer Loyalty	Correlation Coefficient	.589**	1.000	.607**
		Sig. (2-tailed)	.000	.	.000
		N	138	138	138
	Brand Reputation	Correlation Coefficient	.673**	.607**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	138	138	138

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data Output, 2024.

Table 3 shows that invention-oriented policies influence the measures of competitive advantage (customer loyalty and brand reputation).

Ho_3: There is no significant relationship between invention-oriented policies and customer loyalty of manufacturing firms in Rivers State, Nigeria.

Invention-Oriented Policies and Customer Loyalty: The result of the data analysis reveals that at a significant level $p < 0.05$ ($0.000 < 0.05$), rho = 0.589^{*}. This means that there is a significant relationship between invention-oriented policies and customer loyalty. The null hypothesis, Ho_3, was therefore rejected and the alternate accepted.

Ho_4: There is no significant relationship between invention-oriented policies and brand reputation of manufacturing firms in Rivers State, Nigeria

Invention-Oriented Policies and Brand Reputation: The result of the data analysis reveals that at a significant level $p < 0.05$ (0.000 < 0.05), rho = 0.673**. This means that there is a significant link between invention-oriented policies and brand reputation. The null hypothesis, Ho_4, was rejected and the alternate accepted.

System-oriented Policies and Competitive Advantage

Table 4 Correlation between system-oriented policies and competition advantage

			System-Oriented Policies	Customer Loyalty	Brand Reputation
Spearman's rho	System-Oriented Policies	Correlation Coefficient	1.000	.503**	.519**
		Sig. (2-tailed)	.	.000	.000
		N	138	138	138
	Customer Loyalty	Correlation Coefficient	.503**	1.000	.607**
		Sig. (2-tailed)	.000	.	.000
		N	138	138	138
	Brand Reputation	Correlation Coefficient	.519**	.607**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	138	138	138

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Research Data Output, 2024.

Table 4 shows that system-oriented policies influence the measures of competitive advantage (customer loyalty and brand reputation).

> **Ho_5:** There is no significant relationship between system-oriented policies and customer loyalty of manufacturing firms in Rivers State, Nigeria.

System-Oriented Policies and Customer Loyalty: The result of the data analysis reveals that at a significant level $p < 0.05$ (0.000 < 0.05), rho = 0. 503** This means that there is a significant relationship between system-oriented policies and customer loyalty. The null hypothesis, Ho_5, was therefore rejected and the alternate accepted.

> **Ho_6:** There is no significant relationship between system-oriented policies and brand reputation of manufacturing firms in Rivers State, Nigeria.

System-Oriented Policies and Brand Reputation: The result of the data analysis reveals that at a significant level $p < 0.05$ (0.000 < 0.05), rho = 0.519**. This means that there is a significant link between system-oriented policies and brand reputation. The null hypothesis, Ho_6, was rejected and the alternate accepted.

Table 5: Correlations of firm's size on the relationship between innovation policies and competitive advantage

Control Variables			Innovation Policies	Competitive Advantage
-none-[a]	Innovation Policies	Correlation	1.000	.807
		Significance (2-tailed)	.	.000
		Df	0	136
	Competitive Advantage	Correlation	.807	1.000
		Significance (2-tailed)	.000	.
		Df	136	0
Firm's Size	Innovation Policies	Correlation	1.000	.659
		Significance (2-tailed)	.	.000
		Df	0	135
	Competitive Advantage	Correlation	.659	1.000
		Significance (2-tailed)	.000	.
		Df	135	0

Source: Research Data Output, 2024.

Table 5 above shows the relationship between the independent and the dependent variables. Without a control variable p-value is less than 0.05 (0.000 < 0.05) and rho = 0.807. With the moderating effect of firm's size the relationship between innovation policies and competitive advantage. The partial correlation analysis shows that the firm's size significantly moderates the relationship between the two variables. A $p < 0.05$ (0.000 < 0.05) and rho= 0. 659 shows that the firm's size moderates the relationship between innovation policies and competitive advantage and a positive relationship exists. Therefore, the null hypothesis was rejected and restates that the firm's size significantly moderates the relationship between innovation policies and competitive advantage.

5.0 Conclusion

The study examines the relationship between innovation policies and competitive advantage of manufacturing firms in Rivers State. The independent variable (innovation policies was examined on three variables namely mission-oriented policies, innovation-oriented policies and system-oriented policies, while competitive advantage of manufacturing firms in the state was primarily assessed through customer loyalty and brand reputation. The dynamic and ever-changing business environment demands manufacturing firms to cultivate innovative policies in other to gain competitive advantage as integral elements of their operational framework. The examination of innovation policies and their impact on the competitive advantage of manufacturing firms in Rivers State, Nigeria, reveals a relationship that underscores the importance of strategic policy frameworks in driving sustainable growth and market leadership. Through the lens of mission-oriented policies, which align governmental objectives with industrial innovation goals, manufacturing firms have the opportunity to leverage state-sponsored initiatives to enhance research and development, foster technology transfer, and stimulate industry-academic

collaborations. These policies serve as catalysts for innovation-driven growth, enabling firms to create differentiated products and services that resonate with evolving market demands. Innovation-oriented policies provide a regulatory environment conducive to experimentation and adaptation, encouraging firms to embrace disruptive technologies, streamline processes, and cultivate a culture of continuous improvement. By incentivizing risk-taking and entrepreneurial behavior, these policies empower manufacturing firms to respond nimbly to market dynamics, seize emerging opportunities, and preempt competitive threats.

5.1 Recommendations

In agreement with the ascertained relationship between the mission-oriented policies, innovation-oriented policies, and system-oriented policies and competitive advantage, the following recommendations were made:

1. Manufacturing firms should strengthen the company's commitment to its mission by integrating customer-centric values and goals. Also, they should regularly assess customer feedback to align the mission with customer expectations and needs, fostering loyalty.
2. Manufacturing firms should use the mission statement as a cornerstone for brand-building activities. This consistency can enhance the brand's reputation by portraying a reliable and value-driven image to the public.
3. Manufacturing firms should prioritize R&D to develop new products and services that meet emerging customer needs and preferences. Involving customers in the innovation process through feedback and beta testing can also boost loyalty.
4. Manufacturing firms should publicize the company’s innovative milestones and the benefits they bring to customers and the industry.
5. Manufacturing firms should continually refine systems-oriented policies. Focus on enhancing operational efficiency, customer service processes, and supply chain management to indirectly improve customer satisfaction and loyalty.
6. Manufacturing firms should develop and maintain robust systems for quality control, customer service, and feedback management. Demonstrating a commitment to high operational standards can strengthen the brand’s reputation as reliable and professional.
7. Manufacturing firms should recognize that firm size can influence the impact of innovative policies. For smaller firms, focus on agility and niche innovations that offer competitive advantages. For larger firms, leverage extensive resources to undertake significant R&D projects and achieve economies of scale.

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