

# **DEBRE BERHAN UNIVERSITY**



**COLLEGE OF BUSINESS AND ECONOMICS  
DEPARTMENT OF MANAGEMENT**

**DETERMINANTS OF COMPETITIVE ADVANTAGE,  
THE CASE OF DEBRE BERHAN BLANKET FACTORY**

**MASTERS OF BUSINESS ADMINISTRATION (MBA)**

**A Research report submitted to the College of Business and  
Economics in partial fulfillment of the requirements for the Masters  
of Business Administration (MBA) degree.**

**BY  
MOHAMMED YASIN**

**June /2021  
DEBRE BERHAN, ETHIOPIA**

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## **DECLARATION**

I, the undersigned, Mohammed Yasin declare that this study entitled Determinants of Competitive Advantage: the Case of DebreBerhanBlanket Factory. I have undertaken the research work independently with the guidance and support of my advisor. This study has not been submitted for any degree or diploma program in this or any other institutions and that all sources of materials used for the thesis have been duly accredited.

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**APPROVAL OF THE THESIS**  
**DEBRE BERHAN UNIVERSITY SCHOOL OF GRADUATE**  
**STUDIES**

This is to certify that the thesis prepared by Mohammed Yasin, entitled: Determinants of Competitive Advantage: The Case of Debre Berhan Blanket Factory and submitted in partial fulfillment of the requirements for the Degree of Master of Business Administration in Management complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

**Signed by the Examining Committee:**

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## **ABBREVIATIONS AND ACRONYMS**

PPESA = Privatization and Public Enterprises Supervising Agency

NICs = newly industrialized countries

LDCs = least developed countries

AGOA = African Growth and Opportunity Act

PDM = Porter's Diamond Model

FFM = Five Forces Model

VRIO = Value, Rare, Imitable, and Organization

HRM = Human Resource Management

SPSS = Statistical Package for Social Science

NGOs = Non- Governmental Organizations

USA = United States of America

EU = European Union

## **ABSTRACT**

*The Textile industry in the world as well as in Ethiopia is full of competition; this study evaluated the determinants of competitive advantage, the case of Debre Berhan Blanket Factory. The people those targeted by the study were respondents and functional leaders of Debre Berhan Blanket factory. The target population of the study was 300 subjects from which a sample of 25% was drawn by stratified sampling. Questionnaires were used to collect data after being pilot tested. The data was analyzed using statistical package. Qualitative data were analyzed using thematic and content analysis. The results The major findings in this study were in correlation statistics all independent variables positively correlated with competitive advantage where as in regression analysis, innovation, customer orientation, stakeholder involvement were positive effect on competitive advantage and staff training was negative and significant effect on competitive advantage . The researcher recommended competitive advantage, which are considered as the greatest asset of an organization, refer to people whose unique knowledge, skills, and abilities are utilized to create and deliver effective services. Effective staff training need and would attract the right quality and quantity of people, develops the knowledge, skills, and abilities of employees, and retains employees within the organization. The factory needs to have an effective training policy to promote the scientific skill development of prospective employees.*

**Key words:** *competitive advantage, determinants, innovation, customer orientation, stakeholder involvement, staff training.*

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1. Background of the Study**

A firm can only achieve a good performance if it provides services or goods/ products which customers can pay for at a price that is higher than it costs the firm to produce/ manufacture them. It is imperative that the firm must therefore create value to be able to achieve high performance and have a competitive edge. Value creation is at the centre of any successful strategy. However, value creation in itself is not enough. In order to prosper, the firm must be able to capture the value it creates. In order to create and capture value, the firm must have a sustainable competitive advantage.

In the creation of a strategy that will help deliver competitive advantage, change is a factor that cannot be ignored. This is the reason why many thinkers for centuries now, have made several declarations about change. For example, Della and Graf man (2013) in their article said, “Nothing endures but change”. In the same vein, the business environment is subject to change, the textile industry in Ethiopia being no exception. It is therefore critical that an organization is aware of these changes because it is only then that it can take deliberate steps to craft and execute strategies that will deliver competitive advantage.

Strategies that are masterful are as a result of doing things differently from competitors where it counts-out innovating them, being more efficient, being more imaginative, adapting faster-rather than running with the herd. Masterful strategies will help an organization to defeat competition and dominate the market.

A competitive advantage can only be achieved and sustained after careful examination of strategy and the strategic management process. A strategy is the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competencies with the aim of fulfilling stakeholder’s expectations. Managers prepare their future-oriented strategic plans for interacting with the competitive environment to achieve company objectives.

Although the strategic plan does not precisely detail all future deployments of people, finances and materials. It reflects a company’s awareness of how, when and where it should compete; against whom it should compete; and for what purposes it should

compete. A strategy is a compass, a guide, a plan, a course of action into the future, or generally a path to get from here to there (Patanakul and Shenhar, 2011). A focused organization therefore, requires a strategic plan a response that will seek to review how business is being conducted, existing business environment to ensure the adoption of appropriate strategies that will help to deliver sustainable competitive advantage.

Finally, a strategic management is a key to achieve and sustain a competitive advantage. It is the processes whereby managers establish an organization's long-term direction, set specific performance objectives, develop strategy to achieve those objectives in the light of all relevant internal and external circumstances and undertake to execute the chosen plans. It involves both long-range thinking and adaptation to changing conditions. However, each change carries a risk, whatever action plan/ response/ strategy to be adopted; it should be designed to generate a sustainable competitive advantage. When competitors ultimately learn how to copy the strategy, the firm should modify or re-formulate the strategy to stay ahead.

### **1 .1.1.Textile Industry in Ethiopia**

Ethiopia has a long history of traditional cottage textile sub-sector. Traditionally yarn from cotton fiber supplied by small hold cotton farmers is home spun using age old spinning drop wheel. The yarn is then converted into fabric using handlooms. This traditional cottage industry continues to grow even today making an important contribution to satisfy people's requirements for textiles and providing large scale employment to rural and urban households. The introduction of modern integrated textile mills in Ethiopia is a recent phenomenon initiated by Italians during the Second World War. Dire Dawa Textile Mill was the first integrated textile Mill established by foreign capital in 1939. This has marked the starting point of textile sub-sector in Ethiopia. During 1960's 5 large-scale integrated textile enterprises were established mainly by private capital. The socialist regime, which reigned from 1974 to 1991, nationalized private textile and apparel firms and at the same time established 4 more integrated textile mills to expand the sector in order to satisfy the domestic demand for regular textiles and substituting imported products. The dictator economy eventually took a toll on the sector. Because of neglect, lack of competition, and outdated technology, the sector could not

meet international market standards. As a result, the cotton farming and textile and apparel sectors were producing well below capacity. Since the overthrow of the Marxist dictatorship in 1991 the current Federal Democratic government has been transforming the economy from one based on a centrally planned structure to an economy based on free market principles. In 2002, the Ethiopian government has drafted “The Sustainable Development and Poverty Reduction Program”, in which it identified development and poverty reduction as the primary targets of the Government and “Agricultural Development-led Industrialization” as its principal strategy. Hence there is major focus on the development of the cotton/ textile/ garment sub-sectors in Ethiopia. Thus, Ethiopia has a short history of production of cotton, textiles and garments on industrial scale. (By Prof. R B Chavan Institute of Technology for Textile, Garment and Fashion Design Bahir Dar University)

#### **1.1.2 Synopsis of Debre Berhan Blanket Factory plc.**

Debre Berhan Blanket Factory plc is located at 130 kilo meters north of Addis Ababa. The factory was established in 1964 G.C. in Debr eBerhan town, with secondhand machines imported from Belgium. Its investment cost was Birr 2.8 million for fixed and working capital. Numbers of employees were 211 Ethiopian and 12 foreigners.

During location of the blanket factory, Debre Berhan town has been chosen for the reason that the area has traditionally been the center for the production of local wool and woolen articles like “Burnos” and "Bana".

The factory is the major producer of blankets in the country. The majority of raw materials are imported from abroad. It was administered and supervised by PPESA (Privatization and Public Enterprises Supervising Agency) under the Ethiopian Government. In April 25/2009 G.C. the factory was privatized and handed over to the Indian owners. An executive Director is responsible to the factory's owner.

At present the main product line is blanket, kuta and polyester bed cover, the factory is also producing mattress and pillow from its byproducts. The factory is working hard & diligently with the aim of satisfying the need of its customers and has the lion share in the local market.

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**The objectives of the factory are:**

- To manufacture Blankets, woolen clothes, kuta, acrylic yarn & bed cover from wool, synthetic, (acrylic) & cotton raw materials.
- To sell its products locally and abroad.
- To engage in any other trade or business conducive to the attainment of its purposes.
- To recycle or reuse the by-product.

**1.2. Statement of the Problem**

Textile Industry is providing one of the most basic needs of people and also endows with sustained growth for improving quality of life. It has a unique position as a self reliant industry from the production of raw to the delivery of finished products, with substantial value-addition at each stage of processing. Adhikari& Yamamoto (2008) assert that textiles and clothing is a unique industry in the global economy mainly for three reasons. First, most developed countries of today and newly industrialized countries (NICs) used this industry as the springboard for their development journey and even some least developed countries (LDCs) were able to step onto the development ladder on the basis of their textile and clothing industry. Millions of people, mostly women, are employed in this industry in these economies. Second, this industry has very low entry barriers; entry does not require huge capital outlay and factories can be set up with workers with relatively low skills. Therefore, this industry is characterized by high competition intensity. Third, this industry is the most protected of all manufacturing industries in the global economy, both in developed and developing countries.

It is important for firms in an industry to develop competitive advantage over its competitors. For some time now, Textile Industries seem to have developed this advantage over its rivals like Other Industries.

There are a number of opportunities that could be translated by textile industries into sources of competitive advantage. These include but are not limited to opportunities for online marketing, greater innovation, and possibility of developing new services, exploiting new technology, exploiting new markets, developing new products and venturing into new markets. Textile industries have the ability to do this because they have their own strengths, which include strong management, economies of scale,

customer loyalty among others. By tapping into these strengths, those industries will be setting itself on a continuous path of success hence maintaining a competitive edge over their competitors.

Moreover, there is a Proclamation to Provide for the Export of Textile and apparel products to the United states of America under the African Growth and Opportunity Act /AGOA/ Whereas, the Government of the United States of America has enacted the African Growth and Opportunity Act on 18 May, 2000; this Act enables selected Sub-Saharan African countries to export their products to the United States duty and quota-free. Ethiopia is one of the Sub-Saharan countries eligible to benefit from this Act; and Ethiopian Government has agreed to export textile and apparel products duty and quota-free to the United States of America.

Competitive advantage has been a subject of much investigation. There has been a growing interest among researchers, academicians and policy makers to study the determinants of competitive advantage. The major reason is that, firms and industries cannot sustain profitability and market share if they are not innovative and competitive. In spite of this significance, it is evident that there is major gap in competitiveness knowledge especially for developing countries (Rajiv and Doreen, 2002).

The existing theories of competitiveness relate to the experience of firms in developed countries; theories that relate specifically to experience of firms in least and developing countries remain undeveloped. This gap in knowledge is also noted by Porter (2008), who challenges that much is known about competitive advantage, but less is known about interrelations and linkages that are necessary to attain high competitiveness. In addition, little is known about what advantages that distinguish firm's competitive advantage and how these advantages or disadvantages are attained.

Taking an example, the PDM was developed to a large extent within the context of USA, Japan and EU; and therefore, a lot remain to be desired in showing its relevancy to small open economies, which are not part of the triad (Rugman and D'Cruz, 1993). All these examples points out on the need to develop a comprehensive competitive framework. The motivation for developing and testing such competitiveness framework arise from the fact that, there is an increasing concern among academicians, researchers and policy

makers alike on inadequate performance of Textile industries, in terms of low quality products, poor technologies and inadequate penetration of products in the global markets. More specifically, although much has been written on the significance of Porter's Diamond Model (PDM), Five Forces Model (FFM) and Resources Based View on firm's competitive advantage; relatively little is known on its relevancy to Ethiopia's industries, including the textiles industries. As a matter of fact, empirical studies shows that one set of theories have focused on the marketing positioning by looking outside the firm; while the other approach has focused on firms' resources and competencies by looking inside the firm. There is emerging gap in linking the two views (Williamson and Verdin, 1993); and the need to establish clear linkages between strategies, value adding activities and core competencies. This is an area that has not been empirically explored to contribute on competitive strategy (George and Brian, 2007).

Therefore, the rationales necessary to lay the groundwork for adopting and implementing strategies in the ever-changing environment should be developed to cope with globalization challenges (Kennedy *et al*, 2009). The justification for such a competitive framework is worthy to be considered. The pace and radical transformation has lead many theorists and practitioners to develop frameworks within which strategic management's choices can be based (Bernadette, 2013). The most successful countries in today's global economy invest in developing fundamentals of competitive advantage in terms of creating wealth by exporting complex products and services created by highly skilled people (World Bank, 2005).

As evidenced above, these previous studies have not investigated/ evaluated the reasons that could be making industries to have a continuous competitive edge over its rivals.

Based on this background, the purpose of this study was to find out the determinants of competitive advantage for DebreBerhan Blanket Factory. The problem of the study seeks to solve therefore is to provide an in-depth insight /understanding into the factors that are responsible for its success.

Therefore, given the low competitiveness of textile industry, there is a need to develop a relevant competitiveness framework to better understand how firms in the industry could create and sustain competitive advantage. The purpose of this study is therefore to develop a competitive advantage framework based on staff training, customer orientation,

the effect of stakeholder involvement, technology advancement and new product design for competitive advantage of Debre Berhan Blanket Factory.

### **1.3. Objectives of the Study**

#### **1.3.1 General Objective**

To investigate the determinants of competitive advantage for Debre Berhan Blanket Factory in Ethiopia.

##### **1.3.1.1. Specific Objectives**

1. To find out the effect of **innovation** on competitive advantage for Debre Berhan Blanket Factory in Ethiopia.
2. To establish how **staff training** is a determinant of competitive advantage for Debre Berhan Blanket Factory in Ethiopia.
3. To determine the extent to which **customer orientation** is a determinant of competitive Advantage for Debre Berhan Blanket Factory in Ethiopia.
4. To examine the effect of **stakeholder involvement** on competitive advantage for Debre Berhan Blanket Factory in Ethiopia.

#### **1.4. Research Questions**

This study sought information to answer the following questions:

1. What is the effect of innovation on competitive advantage for Blanket Factory plc?
2. How does staff training affect competitive advantage for Debre Berhan Blanket Factory plc?
3. To which extent is customer orientation a determinant of competitive advantage for Debre Berhan Blanket Factory plc?
4. What is the effect of stakeholder involvement on competitive advantage for Debre Berhan Blanket Factory plc?

#### **1.5. Significance of the Study**

The study will help to the top management of the factory to understand the factors that could be giving it an edge over its rivals. The management body can then use this information to develop strategic plans, policies and even make informed decisions that will help the organization to sustain this competitive advantage in the long run. The

study also will help for Scholars and Researchers as a basis for further research as well as have an in-depth understanding of competitive advantage and its sources. It will inform the Staff of the factory to focus and research further on and enable to sustain competitive advantage. Investors also will benefit directly, because it will enable the factory strategies that will ensure the competitive advantage is sustained and will translate to a high return on investment for the investors.

The study will help the government in the formulation of policies to regulate the conduct of players in the textile industry. Competitors can also learn from this study and try to get hold to some of those sources and apply some of the strategies will be used by the factory so as to better compete in the textile industry.

### **1.6.Scope of the Study**

This study was conducted in Ethiopia, particularly at Debre Berhan Blanket Factory Management; staff members of the factory which is located in Debre Berhan. It was mostly centered on the respondents and divisional leaders of Debre Berhan Blanket Factory plc.

### **1.7.Limitations of the Study**

The limitation of the study was a lack of commitment by some respondents in the pretext of being too busy in the course of their daily duties. However, I have tried to declare the purpose of the study and gave them enough time and behest for respondents to respond.

The sensitivity and confidentiality of the research made some respondents reluctant to fill the questionnaires for fear that the research findings may be used by a competitor as a competitive tool against the organization.

There was also a lack of access to all divisional and functional leaders due to their busy schedules. However, some heads of them were utilized instead, to respond to the questionnaires in cases where it became difficult to access the divisional and heads of departments.

## **1.8.Organization of the Study**

This study has been organized into five chapters: - chapter one is introduction and background of the study, chapter two the literature review, chapter three the research methodology, chapter four the data analysis, presentation and findings; and finally chapter five is summary, conclusion and recommendations.

## **1.9.Definition of Terms**

**Innovation:** is the process of translating an invention or idea into a service or good that creates value or for which customers will pay. It entails deliberate application of imagination, information, and initiative in deriving different or greater values from resources, and includes all processes by which new ideas are generated and converted into useful products or services. **Staff Training:** refers to the acquisition of skills, knowledge, and competencies. This is usually as a result of practical or vocational skills and knowledge that relates to specific useful skills.

**Customer orientation:** refers to a thorough understanding of customer's needs or wants, the competitive environment, and the nurture of the market used to formulate all the firm's plans and actions to create satisfied customers.

**Stakeholders' involvement:** refers to people/organizations with an interest in an organization's success, failure, or activities, and therefore a desire to influence its behavior.

**Competitive Advantage:** refers to what sets an organization apart, It is the distinct edge that gives it a superior performance.

**Strategy:** is a broad formula on how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals" and the "...combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter provides a framework to discuss competitive advantage. It focuses on the theories of competitive advantage and also looks into the definitions and meaning of the concepts of innovation, staff training, customer orientation, stakeholder involvement. It also briefly but critically reviews some of the major issues, gives a summary and the gaps to be filled by the study then ends with the conceptual framework.

#### **2.2 Competitive Advantage and its Sources**

The concept of competitive advantage is that which sets an organization apart, that is, its distinct edge. The distinct edge comes from the organization's core competencies, which might be in the form organizational capabilities-the organization does something that others cannot do or does it better than others can do it (Barney and Clark, 2007).

According to De wit and Meyer (2010), a firm has a competitive advantage when it has the means to edge out and outsmart rivals when contesting for the favor and following of customers. Schermerhorn et al. (2014) says a competitive advantage comes from operating in successful ways that are difficult to imitate.

A competitive advantage is actually defines in what ways the firm intends to achieve its long-term goals within the chosen scope. Since the firm faces actual and potential competitors, it must have a compelling reason to expect that it will be able to compete effectively against them (Porter, 1980). As the phrase "competitive advantage" suggests, a high performance firm must achieve advantage over its competitors. To be successful, a firm does not need to have an advantage over all of its competitors. This is because many markets have room for several firms that have parity to compete. However, a firm will genuinely do better if its source of competitive advantage is unique.

A firm that does something in a better manner than most of its actual or potential competitors has an advantage in that activity. However, this can be a competitive advantage only if being better at that activity contributes to the firm's ability to meet its long-term goals. For example, a firm that is best in its industry at filing documents has

an advantage in document filing. This will not provide it with a competitive advantage, however, unless document filing speed is somehow linked to the basis on which firms compete (Porter, 1980).

According to Porter (1980), there are different kinds of competitive advantages, and they can be divided into categories, that is, advantages based on the firm's position and advantages based on the firm's capabilities. A firm can have many specific kinds of positional advantage, but any positional advantage takes one of the three forms: positional advantage from an attractive industry structure e.g. a duopoly where both firms benefit from the attractive industry structure; positional advantage from heterogeneity within the industry e.g. a firm having a dominant position from a fragmented industry will do better than other industry incumbents; and positional advantage from a network of relationships e.g. with buyers, suppliers, or competitors. Examples of positional advantage include brand name (a strong brand commands premium), customer relationships, government protection and support (government intervention could favor a firm), status of the firm, distribution channels, geographic incumbency, and being a gate keeper in the flow of goods or information. A firm can also have a capabilities-based competitive advantage because firms possess many different kinds of capabilities. This could include a firm having specific knowledge or know-how that is related to a given process, special access to low-cost inputs hence produce at low cost, among others.

There are several sources/origins of competitive advantage. These include having lower production compared to one's competitors, products that are of higher quality, customers with greater loyalty and following, the capacity to innovate more quickly, a superior service capability, a better business location, an information technology system that enables a firm to replenish inventory more quickly and efficiently than rivals, among others. Another source of competitive advantage is creating a direct selling channel that is highly responsive to customers and perfectly fits their needs; having skills at giving customers what they want-quick, convenient, and fun service; or the organization having something that competitors do not have. Quality can also be a very serious source of competitive advantage if implemented carefully. By applying quality management concepts to the operations of an organization well, an organization can set

itself apart from its competitors thereby attracting a very loyal and repeat customer pool. Constant improvement in the quality and reliability of an organization's products or services may result in a competitive advantage that cannot be imitated or taken away. Product and service innovation can offer opportunity for competitive advantage; however, this could be short-lived because competitors could easily copy the same as soon as it hits the market. A firm's strategic resources can also be a source of competitive advantage. The empirical indicators of the capability of an organization's resources to generate sustained competitive advantage include value, rareness, limitability and substitutability (Barney, 1991).

## **2.3 Theoretical Literature Review**

### **2.3.1 Theories of Competitive Advantage**

There are various theories and models that have been advanced by various scholars and strategists that can be used by organizations to deliver a competitive advantage. These include:

#### **2.3.1.1 Michael Porters Five Forces Model**

Michael Porter addressed the issue of competitive strategy by developing a number of theories and models. He said, the first fundamental determinant of firm's profitability is industry attractiveness (De Wit and Meyer, 2004). He thus came up with the Michael Porters Five Forces Model. He identified these five factors that are the major threats because they affect how much profit organizations competing within the same industry can expect to make. Hulbert, Fitzroy and Ghobadian (2012) in their book Strategic Management, add weight to this argument by stating that "Changes in customer demand and technology, and blurring of industry boundaries can all lead to elimination of competitive advantage." These five competitive forces are the threat of new entrants coming into the industry, the threat of substitute products, the bargaining power of suppliers, the rivalry among existing competitors and the buying power of customers. The five forces determine industry profitability because they influence prices, costs, and required investment of firms in an industry- the elements of return on investment (De Wit and Meyer, 2004). Porter argued that it is the job of managers at the corporate, business and functional levels to formulate strategies to counter these threats so that an

organization can respond to its task and general environments so as to perform at high level, and generate high profits i.e. have a competitive edge over rivals. The choice of this theory is ideal because firms in the textile industry in Ethiopia needs to know the existing rivalry among themselves, the buying power of customers, data and other related products/services, the potential of new entrants in the market as well as the existence of substitute products/services.

### 2.3.1.2 Porter’s Generic Strategies: -

Michael Porter also developed the Porter’s generic strategies. He held that firms can only achieve high returns if their costs are lower than those of competitors, or if they can differentiate their products effectively. He identified three bases for competitive advantage (Haberg and Rieple, 2012). This is shown in the diagram below:

**Table 2. 1. Porter’s Generic Strategies**

		Competitive Advantage	
		Lower Cost	Differentiation
Competitive Scope	Broad Target	1. Cost leadership	2. Differentiation
	Narrow Target	3A. Cost Focus	3B.Differentiation Focus

Source: Haberg and Rieple (2012)

Strategic Management With a low cost strategy, managers tries to gain a competitive advantage by focusing the energy of all departments and functions on driving the organization’s costs down below the costs of its rivals (Jones, George, & Charles, 2000). According to Porter, organizations pursuing a low cost strategy can sell a product or service for less than their rivals sell it and yet make a profit because of their lower costs. According to Draft (2008), with a focus strategy, an organization concentrates on a specific regional market or buyer group. The company will use either a differentiation or

cost leadership approach, but only for a narrow target market. Harberg and Rieple, (2012), further allude that the focus strategy depends on there being significant differences between the focuser's target segment and the rest of the industry. If those differences are not pronounced enough, then a broadly based competitor can serve the segment as well and probably more cheaply.

With a differentiation strategy, managers try to gain a competitive advantage by focusing all the energies of the organizations, departments or functions on distinguishing the organizations product from those of competitors on one or more important dimensions, such as product design, quality or after-sales services and support ((Jones et al., 2000). Draft (2008) further expounds by saying that in an attempt to distinguish the firm's product or services from others in the industry, the organization may use creative advertising, distinctive product features, exceptional service or new technology to achieve a product perceived as unique.

Three ways in which a firm may get competitive advantage (Harberg and Rieple, 2012).

The first one is operational excellence; it involves structuring the value chain so as to be the industry leader on price and convenience. Firms with this strategy go to great lengths to minimize overheads and eliminate any activities that are not absolutely necessary. Their culture and belief system emphasizes the value of discipline in keeping costs low.

The second one is customer intimacy; this involves investing time and effort in tailoring products and services very closely to the needs of each individual customer, or customer segment, with a view to building loyalty and relationships. Firms follow their strategy in the expectation of recovering the investment from customers that make repeat purchases, and for whom low prices are not the main factor in choosing a supplier. This strategy has become increasingly common in financial services and for firms selling to business customers.

The third one is product leadership, which involves constantly striving to keep a head of competition with a stream of new and innovative products.

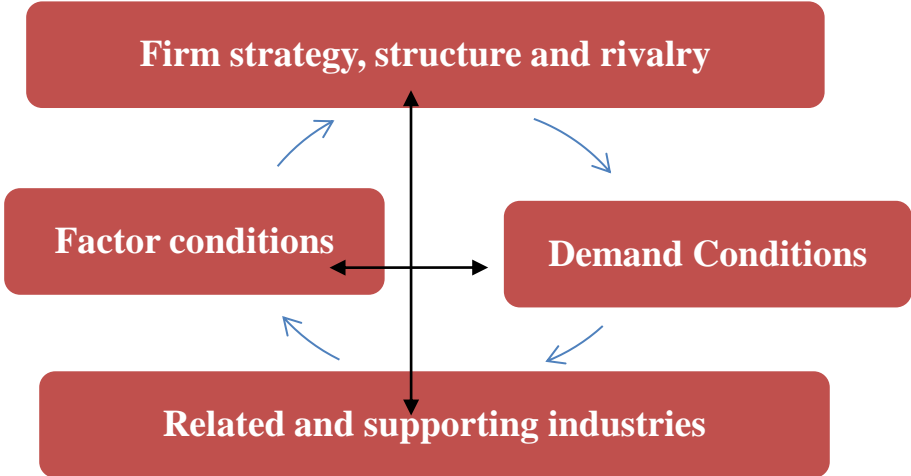
The choice of this theory helps this study by showing how firms in the textile industry can either leverage on innovation to drive their costs down below those of rivals, which will

translate into lower calling and data rates, or differentiate their products/services and orient them towards target markets.

### 2.3.1.3 Porter’s Diamond of Competitive Advantage

According to Johnson et al., (2008), Porter’s diamond suggests that there are inherent reasons why some nations are more competitive than others. The diamond helps to explain why some nations tend to produce firms with sustained competitive advantages in some industries more than others. Porter suggested that there are four interacting determinants of national or home base advantage industries. The home base determinants are factor conditions (the factors of production) that go into making a product or service factor condition advantages at a national level can translate into general competitive advantages for national firms in international markets; home demand conditions, the nature of the domestic customers can become a source of competitive advantage i.e. dealing with sophisticated and demanding customers at home helps train a company to be effective overseas; related and supporting industries local clusters of related and mutually supporting industries can be an important source of competitive advantage; and lastly, the firm strategy, industry structure and rivalry- the characteristic strategies, industry structures and rivalries in different countries can also be bases of advantage. This is illustrated is shown in the diagram below:

**Figure 2.1: The Competitive Advantage of Nations by Michael Poster**



Source: Johnson, Scholes, and Whittington (2008). Exploring Corporate Strategy

This theory, by demonstrating the inherent reasons that make some nations more competitive than others, helps this study by demonstrating how firms in the textile industry in Ethiopia could be enjoying a competitive edge over others because of the inherent factors like firm strategy and having readily available factors of production. This in turn improves stakeholder involvement and is a positive approach towards customer orientation.

#### **2.3.1.4 Resource Based View Theory**

Another theory of competitive advantage is the Resource Based View. This model sees resources as key to superior firm performance. If a resource exhibits VRIO (Value, Rare, Imitable, and Organization) attributes, the resource enables the firm to gain and sustain competitive advantage.

The competitive advantage and superior performance of an organization is explained by the distinctiveness of its capabilities i.e. the resources and competencies of an organization needed for it to survive and prosper (Johnson et al., 2008). According to Fitzroy et al. (2012), the Resource based view/perspective sees the firm as a collection of unique resources and competencies that are the basis of its strategy and success. This view focuses on the need to exploit differences between firms to establish unique positions of competitive advantage, a view aligned with the ideas of Porter, who notes that “competitive strategy is about being different...choosing a different set of activities to deliver a unique mix of value.”

This theory helps this study by demonstrating how the resources and competencies an organization in the textile industry in Ethiopia will help it have superior performance and a competitive edge over others. Firms could leverage on innovation as well as the competencies of its human resource to deliver a unique mix of value.

In conclusion, this study is therefore grounded on Porter’s generic strategies. This is because the theory is in support of my independent variables as well as the dependent variable. Debre Berhan Blanket Factory applies differentiation by focusing all the energies of the various divisions, departments and functions towards distinguishing its products and services from those of competitors through creative advertising,

exceptional customer service/orientation and innovation to create new products like MPESA that are perceived to be unique. This makes it possible for it to gain a competitive advantage over its rivals in the industry.

## **2.4 Empirical Literature Review**

### **2.4.1 Innovation**

According to Von Stamm (2008), the term innovation has to do with curiosity, a taste for experimentation, dissatisfaction with the status quo and the desire to continuously improve things. This term is often used interchangeably with creativity. Creativity simply means coming up with ideas. This alone, is not enough. In order to reap the benefits, one needs to do something with it. Innovation is therefore creativity plus (successful) implementation. The implementation putting ideas into practice is made up of three aspects: idea selection, development and commercialization. Chell (2001) says innovation is the creation of something new in the market place, which alters the supply-demand equation. It is the process of bringing any new, problem solving ideas into use. Ideas for re-organizing, cutting costs, putting in new budgetary systems, improving communication or assembling products in teams are also innovations.

There are four types of innovation: The first one is architectural innovation; Innovation of this sort defines the basic configuration of product and process and establishes the technical and marketing agendas that will guide subsequent development.

The second one is market niche innovation, this one opens new market opportunities through use of new technology, the effect on production and technical systems being to conserve and strengthen established designs.

The third one is regular innovation, which is the innovation that involves change that builds on established technical and production competence and that is applied to existing markets and customers. The effect of these changes is to entrench existing skills and resources.

The last one is revolutionary innovation, Innovation of this sort disrupts and renders established technical and production competence obsolete yet is applied to existing markets and customers (Von stamm, 2008). While “a good company” requires unsurpassed management, product quality, and financial soundness, the “most admired” companies are presumed to also have a “spark” that ignites the workforce and allows

the enterprise to respond readily to change. That ingredient is innovation and all the top companies embrace it passionately (Katz, 1997). Anderson (2004), further allude that technological innovation sets the stage within which organizations compete. Firms compete to prevail in a particular context, but also to shape the competitive context itself.

According to Fitzroy et al. (2012), the rise of the information economy has already brought profound change in almost every aspect of economic life. This digital revolution is far from over, and the networking economy will become all-pervasive. Not only will this and other technologies create opportunities for new markets and products; they will also demand new competencies. In earlier eras, firms could achieve great success by responding to pre-existing wants and needs. In the 21st century, technologies change will increasingly require that firms will have to create markets and market opportunities, a quite different challenge. The ability to innovate is central to the longer term challenge of creating firm value.

In rapidly changing environments, firms must innovate on an ongoing basis. Innovation is a major contributor to business-unit growth, but innovation should not be construed as consisting only of new products. It can subsume new business models, entry into new markets, new processes, distribution channels, and organization structures among others (Fitzroy et al., 2012). Von Stamm (2008) goes ahead to illustrate how innovation is a crucial factor in determining competitive advantage through the results from the Boston Consulting Group survey, March 2005, that revealed that 87% believed innovation is essential to success, 74% of the senior executives reported increased spending on innovation and 51% were dissatisfied with innovation results.

### **2.4.2 Staff Training**

Staff Training is the learning process in which an employee acquires the knowledge, skills and attitudes that lead to changes in behavior to meet some performance Objectives (Andrews, 2009). It is the systematic modification of behavior through learning. This occurs as a result of education, instruction, development and planned experience. Its purpose in an organization is to develop the abilities of current and future manpower needs. The aim of training is to help the organization achieve its goals

by adding value to its key resources in the people it employs (Robbins and Cutler, 2007).

Training involves providing employees the knowledge and skills needed to do a particular task or job, though attitude change may also be attempted. Training is any attempt to improve employee performance on a currently held job, or one related to it. This usually makes changes in specific knowledge, skills, attitudes or behaviors (Noe, Hollenbeck, Gerhart, & Wright, 2007).

Bryars & Rue (2008), argue that training must be directed towards accomplishment of some organizational objective, such as more efficient production methods, improved quality of products or services, or reduced operating costs. This means that an organization should commit its resources only to those training activities that can best help in achieving its objectives. They also give us some commonly used methods of staff training to include on-job training, job rotation, apprenticeship training and classroom training.

As a matter of fact, staff training is crucial for the success of an organization. Knowledge, specialized skills, and behavior can become the cutting edge for many organizations. In fact, Andrews (2009) says training does give an organization a distinct edge.

### **2.4.3 Customer Orientation**

Customer Orientation is a company-wide philosophy that the customer's wants and needs are the first priority of all management and employees. It is a business strategy in the lean business model that requires management and employees to focus on the changing wants and needs of its customers. The objective of management and employees is to align their individual and team objectives around satisfying and retaining customers.

It is also referred to as market orientation, means a thorough understanding of customer's needs or wants, the competitive environment, and the nurture of the market used to formulate all the firm's plans and actions to create satisfied customers (Newman & Mittal 2004). They argue that following a customer orientation provides a company with competitive advantages that lead to higher corporate performance in the form of

increased profitability and revenue growth that is as a result of cost efficiencies from repeat customers, price premiums from established customers and customer loyalty in corporate crisis.

#### **2.4.4 Stakeholder Involvement**

Stakeholders can affect or be affected by the organization's actions; objectives and policies. Stakeholders are people with an interest in an organization's success, failure, or activities, and therefore a desire to influence its behavior (Haberg and Rieple, 2008). Some examples of key stakeholders are creditors, directors, employees, government (and agencies), owners (shareholders), suppliers, unions, and the community from which the business draws its resources.

According to Haberg and Rieple (2008), different interest groups can influence change differently in an organization. For example, government or government agencies whose concerns might include the effect of an organizations proposals upon tax income, consumer welfare, the environment, local communities, or a region's economy; or competitors that may find themselves facing fiercer or laxer competition for customers, personnel, or key inputs.

Advocates of the stakeholder values perspective do not see why the supplier of one ingredient in an economic value-creation process has a stronger moral claim on the organization than the providers of other inputs. All groups hold a stake in the joint venture and are mutually dependent; it is argued therefore that the purpose of the organization is to serve the interests of all parties involved (De Wit and Meyer, 2004). This argument is a pointer to the fact that the level and type of stakeholder involvement in an organization will have a bearing on the competitive position of an organization.

#### **2.5. Critical Review of Major Issues:**

There are many other factors that generally give rise to a competitive advantage for firms, these factors include but are not limited to having strong research and development capabilities, having access to intellectual properties, having exclusive re-selling or distribution rights, having ownership of capital equipment, having superior product or customer support, having low cost or high volume production, being in control of economic factors, having superior database management and data processing

capabilities, having a strong marketing strategy, having access to working capital, having excellent management teams and operations, having government support, and lastly, having barriers to entry or being a monopoly. It is worth noting that other than the factors mentioned above as the possible determinants of competitive advantage for Debre Berhan Blanket Factory.

## **2.6. Summary and Gaps to be filled by the Study**

This study showed a significant relationship between the strategies adopted by textile industries in Ethiopia and the organization's performance. It is true that a significant number of studies have been conducted in the area of competitive advantage in the textile industries in Ethiopia with reference to Debre Berhan Blanket Factory plc. A case study of mentioned Factory adopted the three Porters generic strategies to respond to the competitive environment.

However, one area that has been neglected/has been rarely considered is the question of what are the sources/determinants of competitive advantage for firms in the textile industry in Ethiopia. This study therefore sought to bridge this gap and contribute to the body of knowledge where the most critical factors that contribute to a firm's competitive advantage were established.

## **2.7. The Conceptual Framework**

Refers to a theoretical structure of assumptions, principles, and rules that holds together the ideas comprising a broad concept. According to Miles and Huberman (1994), a conceptual framework explains, either graphically or in narrative form, the main things to be studied – the key factors, constructs or variables and the presumed relationships among them.

- **Competitive Advantage**
- -Return on investment.
- -Market Share

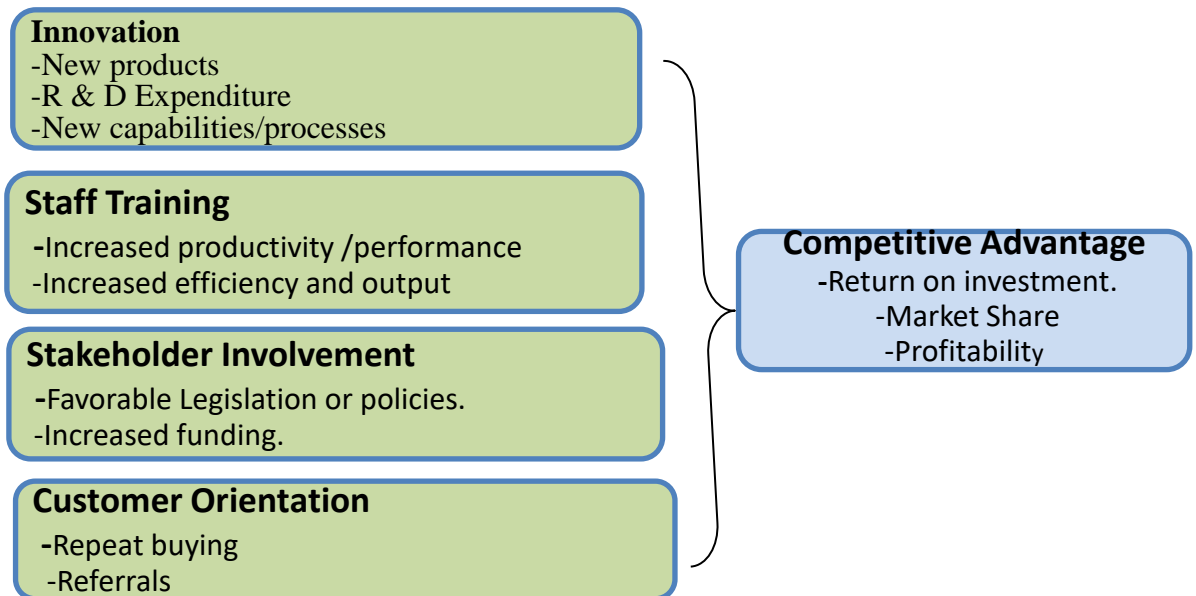


Figure 2.2: Conceptual Framework

Source: Author: Von Stamm (2008),

## 2.8. Summary of the Conceptual Framework

**Innovation** is the process of translating an idea or invention into a good or service that creates value or for which customers will pay. Indicators of innovation include coming up with new products, increased research and development expenditure, as well as designing new processes capabilities. It has a direct relationship with competitive advantage.

**Stakeholder involvement** refers to the interest people /organizations/ have in an organization's success, failure, or activities, and therefore influencing its behavior. Favorable stakeholder involvement could be favorable legislation and increased funding. It has a direct relationship with competitive advantage.

**Staff Training** is the acquisition of knowledge, skill and competencies as a result of the reading of vocational or practical skills and knowledge that relates to specific useful skills. Training and development in an organization has a direct relationship with competitive advantage.

**Customer Orientation** refers to a thorough understanding of customer's needs or wants, the competitive environment, and the nurture of the market used to formulate all the firm's plans and actions to create satisfied customers. Customer orientation has a direct relationship with competitive advantage.

**Competitive Advantage** is what sets an organization apart, that is, its distinct edge that gives it a superior performance. All the variables discussed above have a direct relationship with competitive advantage. Some of the indicators of a firm with a competitive edge include a market share and profitability, increased return on investment.

## **CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY**

### **3.1. Introduction**

This chapter addresses the methods and procedures that were used to achieve the set study objectives. The chapter presents the research design, target population, data collection procedure, pilot testing procedure, validity and reliability test, data analysis, and lastly the ethical issues.

### **3.2. Research Design**

According to Kombo and Tromp (2006), research design can be described as the structure of research results which holds all elements in the research project together. In this research project, a descriptive study was used since some key information was available about the phenomena of interest.

According to Babbie (2015), a descriptive study design refers to a set of methods and procedures that describe variables. It may involve gathering data that describe events and then organizes, tabulates, depicts and describes the data. Descriptive studies portray the variables by answering the questions who, what, and how.

According to Sekaran and Bougie (2016), research design refers to overall strategy that you choose to integrate the different components of the study in a coherent and logical way, thereby, ensuring you will effectively address the research problem; research design constitutes the blueprint for the collection, measurement, and analysis of the data. The research problem determines the type of design.

### **3.3. Target Population**

The population refers to an entire group of individuals, events or objects having observable characteristics (Mugenda, 2003). The target population denotes those units for which the findings of the study are meant to generalize. The target population for this study is the senior staff i.e. the heads of departments (HODs), senior managers and managers in the functional and divisional levels in Debre Berhan Blanket Factory. They work for the company at departmental and managerial levels on a daily basis and are therefore in a position to discern the factors that are responsible for giving its

competitive edge over other firms in the industry. The population therefore will be placed well to give the much needed information for this study. Debre Berhan Blanket Factory has functional divisions (units), and 300 employees.

### **3.4. Sample Design**

From the target population of 300, a sample of 57 % will be selected by stratifying random sampling. According to Mugenda (2003), a representative sample is one that is at least 10% of the population and, this sampling technique will be used when the population of interest is not homogenous. In this particular case, the population will be composed of individuals in different divisions at different levels. These will fit to requisite information as far as competitive advantage for mentioned factory.

### **3.5. Sampling technique and Sample Size**

#### **3.5.1. Sampling technique**

Sampling technique is a method of selecting sample to be included in the study. To select representative Departments, offices, and teams for the study based on their number of customers and their contribution to economic development. In this study Purposive sampling will be used. This sampling method minimizes biases and gives equal chance to be selected to promote representativeness. The researcher choice six (6) departments and 171 members from total of 10 sections and 300 individual members of the total employees. A sample would be selected by using Simple random sampling method. This sampling method minimizes biases and gives equal chance to be selected to promote representativeness.

#### **3.5.2. Target population**

According to Bell and Waters (2014), the term population is defined as a total group of individuals or units that are of interest to the researcher and individuals at whom the outcomes of the study can be generalized. The target population of the study was driven and the sample of six departments chosen by lottery method. The departments were: Administration / Management Service /, HRM (Human Resource Management), Product and technical department, Finance and procurement Development, Marketing and selling and

Raw Material and Store section. Therefore, this number constitutes were the target population of the study.

### 3.5.3. Sampling frame

The sampling frame of this study is the list of Administration / Management Service / 15, Human Resource Management 25, Product and technical dpt. 184, Finance and procurement Development 25, Marketing and selling 31 and Raw Material and Store 20 from total sections of the factory respondents are taken as sampling frame. The sample frame of 300 employees is grouped into six list of categories based on their respective departments to make easier for the selection of the required sample and distribute the selected sample proportionally to the departments.

### 3.5.4. Sample size Determination

The sampling technique will be applied in simple random sampling for selecting the subordinates who can fill the questionnaire. The number of the sample size will be determined by applying the following formula:

$$n = \frac{N}{1+N(e)^2} \text{Where:-}$$

- N stands for total population of the participants
- n stands for sample size, and
- e stands for standard error of 5%

$$\text{Thus the sample size will be } n = \frac{300}{1+300(0.05)^2} = 171$$

Those who are interviewed will be selected directly among subordinates, functional managers and department heads of the factory.

Four departments will be selected using lottery method to conduct direct observation to get firsthand information and secondary data.

According to Denscombe (2014), the sample size refers to the number of elements selected from a given population. Hence, simple random sampling technique will be employed to determine the sample size i.e. the total number of Debre Berhan Blanket Factory employees in those selected ten sections are 300 so that, the sample size is 75. Because this method is more appropriate in the survey based research strategy in which an inference can be made

from sample about a population to answer a research question(s) or to meet research objectives. Therefore, there are a total population (N=300) employees. Hence, sample size was determined using the following formula provided by **Yamane (1967)** and strata formula which is given as follows:

- $n = N / (1 + Ne^2)$
- Where n = Number of samples,
- N = Total population and
- e = Error tolerance
- $n = N / (1 + (e)^2)$
- $n = 300 / (1 + 300(0.5)^2)$
- $n = 171$
- Where N=total population (employees) =300
- n= the required sample size=171
- e=merging error (100%-90%)
- Therefore 171 employees were selected
- RR= ratio sample size to total population

Therefore sample size from each department was determined proportionally as follows:

- $RR = n/N$
- $RR = 171/300 = 57\%$
- Human Resource Management =  $25 * 57/100 = 14$
- Product and technical department =  $184 * 57/100 = 105$
- Finance and procurement Development =  $25 * 57/100 = 14$
- Management Service =  $15 * 57/100 = 9$
- Marketing and selling Department  $31 * 57/100 = 18$
- Raw Material and Store section  $20 * 57/100 = 11$

**Table 3.1.Sampling distribution was selected from the Factory’s Departments**

No	Categories	Number of Employees	Percentage	Sample Size
1	Human Resource Management Directorate	25	57%	14
2	Product and technical department	184	57%	105
3	Finance and procurement Development Dpt.	25	57%	14
4	Management Service	15	57%	9
5	Marketing and selling Department	31	57%	18
6	Raw Material and Store section	20	57%	11
<b>Total Number of Employees</b>		<b>300</b>	<b>57%</b>	<b>171</b>

As shown in the above table, out of the total population 57% of the respondents were chosen as sample respondents.

### **3.6.Instruments of Data Collection and Source of Data**

#### **3.6.1. Instruments of data collection**

##### **3.6.1.1.Questionnaire**

The questionnaires specifically for respondents were measured on a five interval Likert scale, the level of agreement has been ranked as strongly agree, which will reflect more agreement than just agreement or strongly disagree compared to just disagree. The standard questionnaire to measure variables were derived from the following sources; Dependent variables measure perceived employee performance, 4 questions that are by Bishop, (1987) were used. The independent variable was the Competitive Advantage, where attitudes towards different aspects of Determinants of Competitive Advantage like innovation , staff training, customer orientation and stakeholder involvement were measuring by Teck-Hong\* and Waheed, (2011). The measurement variables consisting of fourteen Likert -type items (5-point scale: 1= strongly disagree, 2= disagree, 3= Neutral, 4= agree, 5=strongly agree. The Likert Scales were used in the study on the assumption that Likert scales produce interval data and justify a wide range of statistical calculations, including averages,

frequencies and correlations. The third section comprised five blank spaces to get additional information from respondents' experience. Generally, a questionnaire with structured questions used as a convenient data gather instrument in the study, because it was the only possible way to reach a large number of respondents and it ensures unity and consistency of the information collected.

### **3.7. Validity and Reliability Test**

#### **3.7.1. Validity**

In order to ensure the validity of the research instrument, the researcher gave the draft questionnaire to the research advisor and senior colleagues to allow them to evaluate appropriateness of the items and to ensure that all the questions included in the questionnaire were prepared in line with the research objectives, the research questions and the hypotheses formulated. Moreover, the feedback obtained through the pilot test used to check the appropriateness of the questions included in the questionnaire. In doing so, the validity of the questionnaire was established using both face and content validity.

#### **3.7.2. Pilot Test**

Pilot-testing was carried out before administering the questionnaires to the respondents. Pilot-testing aims at determining the reliability and validity of the research tools including the sequence, wording and structure of the questions. This pilot study on the data gathering instrument was carried out by administering the sample questionnaire to those who did not participate in the study. Therefore, the pilot-test was conducted on 8 employees working at Debre Berhan Blanket Factory plc. These respondents were chosen using simple random sampling method. After collecting data from these respondents, necessary revisions made on certain questions included in the questionnaire based on the respondents' feedback given in order to ensure the validity and reliability of the questionnaire.

##### **3.7.2.1. Reliability Analysis**

According to Bougie and Sekaran (2010), an instrument needs to be consistent when it measures. This consistency was measured by using a reliability test. In short, this test was described as a test of worth or value of the survey data. Internal consistency reliability was verified using Cronbach's Coefficient Alpha. Accordingly, the respondents involved in the

pilot test were asked to comment on the questionnaire. Most respondents gave feedback directed to the comprehensibility of items; therefore, researcher modified some of the items to improve their clarity. The researcher also ensured the reliability of the questionnaire to determine its consistency in testing what it was intended to measure. The reliability of the questionnaire was tested with the help of Statistical Package for Social Science (SPSS) version 20 to confirm that the Cronbach's Alpha coefficient values above or equal 0.7 are generally accepted.

**Table 3.1: Reliability Statistics**

No	Reliability Statistics		
	Variable	Cronbach's Alpha	Number of Items
1	Innovation	0.921	4
2	staff training)	0.720	2
3	customer orientation)	0.886	3
4	stakeholder involvement)	0.882	2

Source: own survey: 2021

### 3.8. Time Horizon

In terms of time horizon, a research design has been classified as longitudinal and cross-sectional. A cross-sectional study examines a particular phenomenon at a specific period of time (Saunders 2011). Conversely, a study may be longitudinal where a particular phenomenon was studied at different periods of time. Accordingly, the present study was typically cross-sectional because data was collected from a cross section of employees of Debre Berhan Blanket Factory plc once and not for different periods of time. According to Creswell (2013), a cross sectional research design is used to obtain a representative sample by taking a cross section of the population of employees within an organization. In the light of this, as the purpose of the present study was to investigate the relationship between the independent variables factors (i.e. innovation, staff training, customer orientation and stakeholder involvement) and the dependent variable (i.e., Determinants of Competitive Advantage), a cross-sectional research design was found more convenient over a longitudinal design.

### **3.9. Methods of Data Analysis**

In this study, both descriptive statistics and inferential statistics (correlation and multiple regressions) were used to analyze data was collected from the respondents. These methods of data analysis are described as follows:

#### **3.9.1. Descriptive Analysis**

In this study, both descriptive statistics and inferential statistics (correlation and multiple regressions) were used to analyze a data collected from the respondents. These methods of data analysis were described as follows.

#### **3.9.2. Correlation Analysis**

Cronbach's Alpha will be used to test reliability of the research instrument. The hypotheses will be tested using Pearson Correlation Coefficient (r) to analysis the relationship between the independent variable (innovation, staff training, customer orientation and stakeholder involvement) and the dependent variable (competitive advantage). For this purpose, the Statistical Package for Social Sciences (SPSS) software (version 20) will be used.

#### **3.9.3. Model Specification**

Multiple regression analysis was used to understand how one or more predictor variables influenced the independent variables. This analysis enabled to understand the extent that the independent variables affected the prediction of the dependent variable. Thus, The multiple regressions on this study was generally built around two sets of variables, namely dependent variables (competitive advantage) & independent variables (innovation, staff training, customer orientation and stakeholder involvement). The basic objective of using regression equation on this study was made the researcher more effective at describing, understanding, predicting, and controlling the stated variables.

The multiple regression equation for predicting the dependent variable (Y) can be expressed as follows:

Regress competitive advantage on the innovation, staff training, customer orientation and stakeholder involvement.

$$Y_i = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \text{and } \beta_4 X_4,$$

Where: -  $X_1, X_2, X_3, X_4$ , are the explanatory variables (or there pressers)

➤  $Y$  = Dependent Variable (competitive advantage),

- $\alpha$  = Intercept /Constant/
- $\beta_1$ - $\beta_4$ = Coefficient of Independent Variable (Motivational factors)
- $X_1$  = Independent Variable (innovation)
- $X_2$  = Independent Variable (staff training)
- $X_3$  = Independent Variable (customer orientation)
- $X_4$  = Independent Variable (stakeholder involvement)

### **3.10. Ethical Consideration**

The participant's consent to participate in the research was voluntary, free of any coercion or promises of benefits. Unlikely to result from participation, no group was disadvantaged by being excluded from consideration. In doing so, first, the researcher approached with official letter has been written from Debere Birehan university management department to the selected factory. Then, the researcher explained the purpose of the study to the department heads to get permission to accomplish the work. Finally, to start the study the researcher explained the objective and advantage of the study to the respondents to obtain their voluntarily participation. The information obtained from the respondents, data obtained from the document and others were kept confidentially. In doing so, the researcher respected all employees and attends their work respectfully by sharing all the current stipulation of the factory. These were done by showing positive path to the respondents as they filled the questionnaires properly and returned back honestly to the researcher.

The responses of each target /sample/ population was kept as secrete to protect them from any panic. All these were considered for the effectiveness of the issue under the study. Finally, the researcher gave heartfelt gratitude to all employees and department heads for their cooperation to the successful operation of data collection which is basic to research success.

**CHAPTER FOUR**  
**DATA ANALYSIS, PRESENTATION AND FINDINGS**

**4.1.Introduction**

This study was targeted to achieve our objectives to find out the effect of innovation on competitive advantage, to establish how staff training is a determinant of competitive advantage, to determine the extent to which customer orientation is a determinant of competitive advantage, and lastly to examine the effect of stakeholder involvement on competitive advantage for Debre Berhan Blanket Factory. This chapter presents data findings; results interpretation and discussion a number of questions were posed to the respondents in the questionnaires in an attempt to collect data towards achieving these objectives.

**4.2.Response Rate**

**Table 4.1 Response Rate**

	<b>Filled and Returned</b>	<b>Not Returned</b>	<b>Total</b>
<b>Number of Questionnaires</b>	150	21	171
<b>Percentage</b>	87.8%	12.2	100%

**Source: Field Data (2021)**

From the above, 171 questionnaires were administered to the study population, out of which 150(87.8%) were properly filled and returned. This represented an overall successful response rate. Mugenda and Mugenda (2003) asserted that a response rate of 50% was adequate for a descriptive study. Babbie (2015) also noted that return 32 rates of 50% were acceptable to analyze and publish, 60% was good and 70% was very good. Therefore, based on these assertions, 87.8% response rate was excellent for the study.

Table 4.2 Response to demographic characteristics

demographic character	Circumstance	Frequency	Percent
Sex	Male	48	30.67%
	Female	102	69.33%
Years of service	0-4	38	25.33%
	4-8	48	32%
	8-12	36	24%
	Over 12	28	18.67%
Level of education Educational	Post graduate	4	2.67%
	Undergraduate	6	4%
	Secondary	120	80%
	Primary	20	13.33%
Competitive position	Market leader	24	16%
	Market challenger	40	26.67%
	Market follower	34	22.66%
	Market niche	52	34.67%

Source: - survey data, 2021

From table 4.2, Debre Berhan Blanket Factory 38 (25.33%) respondents served for between 0-4 years, 48 (32%) respondents had worked for between 4-8 years, 36 respondents (24%) had worked for between 8-12 years, and 28 respondents (18.67 %) had worked for over 12 years. These study findings indicate a low employee turnover at Debre Berhan Blanket Factory. This may be attributed to effective management and good leadership at the firm.

The educational background of the respondents which was indicated on the data is: 20 respondents (13.33%) of them are at primary education level, 120 respondents (80%) out of 150 respondents are in secondary education level, 6 Respondents (4%) out of 150 respondents are undergraduate, and 4 respondents (2.67%) out of 150 respondents are in postgraduate education level. So, the findings of the research showed that the majority of respondents are in lower education level.

From the table 4.2, the general views of the Majority respondents were that the position of Debre Berhan Blanket Factory in Ethiopia was: Twenty four (24) respondents out of (150) respondents (16%) of them stated that Debre Berhan Blanket Factory is a market leader in Ethiopia. Forty

(40) out of (150) respondents (26.67%) stated that it is a market challenger, thirty four /34/ out of the (150) respondents (22.66%) stated that it is a market follower, and lastly 52 out of 150 respondents (34.67%) were stated that it is a market Niches.

Therefore an evident indicated that Debre Berhan Blanket Factory is a market Niche factory in Ethiopia. This could be attributable to its position as far as innovation, customer orientation; staff training and stakeholder involvement are not much more concerned.

The respondents also gave a number of suggestions more they knew about Debre Berhan Blanket Factory that cannot be used to enhance its market position and opportunities in the textile industry in Ethiopia and foreign market at large. The respondents also pointed out to increase an innovation, listening to customers ideas, differentiating products & services, brand focus, efficient and effective customer response, sustained advertising, improved quality services, strengthening customer relations, increased research and development, factoring current fashions, best practices application, better information management, increasing market share, better customer satisfaction and lastly enhancing operational excellence.

#### **4.3. Descriptive statistics analysis of Factors affecting the determinants of competitive advantage**

This study was, as described in the aforementioned section, aiming at assessing the extent to which determinants of competitive advantage on Debre Berhan Blanket Factory. To gather relevant data for the purpose of the study, 14 questionnaires (likert scale) were distributed and collected as means of data instruments were employed. Therefore, the data collected from the target population of the study through this instrument were presented and discussed in this chapter.

In this part of descriptive statistics in the form of mean and standard deviation were presented to illustrate the level of agreement of respondents with their implications. The response of respondents for the variables indicated above was measured on a five point likert scale. But, while making interpretation of the results of mean and standard deviation the scales were reassigned as follows to make the interpretation easy and clear. According to Best (1977), consensus agreement if the mean value fall under such ranges, it has the following meaning and interpretations. 1-1.8 lowest for strongly disagree, 1.81-2.61 lower for disagree, 2.62-3.41

average or moderate for neutral, 3.42-4.21 is good/ high for agree , 4.22-5 is considered very good for strongly agree.

**4.3.1. Perception of employees about Innovation effect on competitive advantage**

Table 4.3 Perception of employees about Innovation effect on competitive advantage

Innovation		mean	Standard deviation
1	Debre Berhan Blanket Factory has innovative products and services.	3.86	0.72
2	Innovation is a major determinant of competitive advantage for Debre Berhan Blanket Factory.	3.48	0.92
3	Debre Berhan Blanket Factory is innovative In different areas.	3.37	1.01
4	Practically innovation is takes place for determinant of competitive advantage of Debre Berhan Blanket Factory.	3.45	0.89
<b>Average Innovation practice level</b>		<b>3.54</b>	<b>0.89</b>

Source: survey data, 2021

Therefore, as indicated in table 4.3 the responses (mean=3.86) opinions of employees of the study area agreed that Debre Berhan Blanket Factory has innovative products and services. The majority, of respondent’s responses (mean=3.48) agreed on Innovation is a major determinant of competitive advantage for Debre Berhan Blanket Factory. Again, respondents (mean=3.37) moderate that Debre Berhan Blanket Factory is innovative in different areas. In addition, the majority, of respondent’s responses (mean=3.45) neutral on practically innovation is takes place for determinant of competitive advantage of Debre Berhan Blanket Factory. In general, finding reveal that most of Debre Berhan Blanket Factory employees response that the average level of innovation practice (mean = 3.54) which is approximately equal to expected mean=4 and standard deviation of the response (0.89) it is less than 1 indicates that there is a high extent innovation practice on the selected factory. These results indicated that, respondents were agreed to give suggestions on the innovation of the study area.

### 4.3.2. Perception of employees about Effect of Staff Training on Competitive Advantage

Table 4.4 Perception of employees about Effect of Staff Training on Competitive Advantage

<b>Staff Training</b>		mean	Standard deviation
1	Staff training is a major source of competitive advantage for Debre Berhan Blanket Factory plc.	3.41	0.83
2	Staff training is a major determinant of competitive advantage for Debre Berhan Blanket Factory plc.	3.45	0.93
<b>Average staff training practice level</b>		<b>3.43</b>	<b>0.88</b>

Source: survey data, 2021

Therefore, as indicated in table 4.4 the responses (mean=3.41) opinions of employees of the study area neutral that Staff training is a major source of competitive advantage for Debre Berhan Blanket Factory plc. Again, respondents (mean=3.45) moderate Staff training is a major determinant of competitive advantage for Debre Berhan Blanket Factory plc. In general, finding reveal that most of Debre Berhan Blanket Factory employees response that the average level of staff training practice (mean = 3.43) which is approximately equal to expected mean=3 and standard deviation of the response (0.89) it is less than 1 indicates that there is a moderate extent staff training practice on the selected factory .These results indicated that a respondents were moderate agreement to give suggestion on the training of the study area.

### 4.3.3. Perception of employees about Effect of Customer Orientation on Competitive Advantage

Table 4.5 Perception of employees about Effect of Customer Orientation on Competitive advantage

<b>Customer Orientation</b>		mean	Standard deviation
1	Customer orientation is a major source of competitive advantage for Debre Berhan Blanket Factory plc.	3.49	0.95
2	Customer orientation is a major determinant of competitive advantage for Debre Berhan Blanket Factory plc.	3.43	0.94
3	Debre Berhan Blanket Factory has customer oriented towards its service delivery.	3.33	0.86
<b>Average Customer Orientation practice level</b>		<b>3.42</b>	<b>0.92</b>

Source: survey data, 2021

Therefore, as indicated in table 4.5 the responses (mean=3.49) opinions of employees of the study area neutral that Customer orientation is a major source of competitive advantage for Debre Berhan Blanket Factory plc. Again, respondents (mean=3.43) moderate Customer orientation is a major determinant of competitive advantage for Debre Berhan Blanket Factory plc. In addition, response (m=3.33) that Debre Berhan Blanket Factory has customer oriented towards its service delivery. In general, finding reveal that most of Debre Berhan Blanket Factory employees response that the average level of Customer Orientation practice (mean = 3.43) which is approximately equal to expected mean=3 and standard deviation of the response (0.92) it is less than 1 indicates that there is a moderate extent customer orientation practice on the selected factory .These results indicate a respondent was moderate agreement to give suggestion on the customer orientation of the study area.

**4.3.4. Perception of employees about Effect of stakeholders involvement on Competitive Advantage**

Table 4.6 Perception of employees about Effect of stakeholders involvement on Competitive Advantage

<b>stakeholders involvement</b>		Mean	Standard deviation
1	Stakeholder involvement is a major source of competitive advantage for Debre Berhan Blanket Factory plc.	3.31	0.96
2	I think Stakeholder involvement is a major determinant of competitive advantage for Debre Berhan Blanket Factory plc.	3.25	1.12
	Average stakeholders involvement practice level	3.28	1.04

Source: survey data, 2021

Therefore, as indicated in table 4.6 the responses (mean=3.31) opinions of employees of the study area neutral that Stakeholder involvement is a major source of competitive advantage for Debre Berhan Blanket Factory plc. Again, respondents (mean=3.25) moderate they think Stakeholder involvement is a major determinant of competitive advantage for Debre Berhan Blanket Factory plc. In general, finding reveal that most of Debre Berhan Blanket Factory employees response that the average level of stakeholders involvement practice (mean = 3.28)

which is approximately equal to expected mean=3 and standard deviation of the response (1.01) it is greater than 1 indicates that there is a moderate extent stakeholders involvement practice on the selected factory .These results indicate a respondent was moderate agreement to give suggestion on the stakeholder involvement of the study area.

#### 4.3.5. Perception of employees about of Competitive Advantage

Table 4.7 Perception of employees about of Competitive Advantage

Competitive advantage		mean	Standard deviation
1	The competitiveness of Debre Berhan Blanket Factory is in higher position in relation to other players in the industry.	3.60	1.09
2	Competitive advantage is a major source of Debre Berhan Blanket Factory plc.	3.41	0.93
3	This factory can do further to enhance its market position in the textile industry in the region.	3.35	0.93
Average competitive advantage level		3.45	0.98

Source: survey data, 2021

Therefore, as indicated in table 4.7 the responses (mean=3.60) opinions of employees of the study area agreed that the competitiveness of Debre Berhan Blanket Factory is in higher position in relation to other players in the industry. Again, respondents (mean=3.41) moderate on Competitive advantage is a major source of Debre Berhan Blanket Factory plc. Again, respondents (mean=3.35) moderate on the factory can do further to enhance its market position in the textile industry in the region. In general, finding reveal that most of Debre Berhan Blanket Factory employees response that the average level of competitive advantage (mean = 3.45) which is approximately equal to expected mean=3 and standard deviation of the response (0.98) it is less than 1 indicates that there is a moderate extent competitive advantage practice on the selected factory .These results indicate a respondent was moderate agreement to give suggestion on the competitive advantage of the study area.

#### 4.4. Grand mean analysis of the factors affecting competitive advantage

Table 4.8 ranking of Factors affecting competitive advantage

	Items	mean	Standard deviation	Rank
1	Innovation	3.54	0.89	1
2	staff training	3.43	0.88	2
3	Customer Orientation	3.42	0.92	3
4	stakeholders involvement	3.28	1.04	4

Source: survey data, 2021

From table 4. The result indicated that, the effects of competitive advantage in Debre Berhan Blanket Factory plc, is medium condition on average ( $m \cong 3.00$  neutral). Relatively innovation and staff training were greater practice and hence, the customer orientation and stakeholder's involvement should consider to increase competitive advantage level and to meet organizational goals.

#### 4.5. Analysis of Inferential Statistics

##### 4.5.1. Correlation Analysis

Correlation statistics is a method of assessing the relationship between variables/factors. To be precise, it measures the extent of association between the orderings of two random variables although; a significant correlation does not necessarily indicate causality but rather a common linkage in a sequence of events. Thus, the study analyzed the relationships that are inherent among the independent and dependent variables as well as among the independent variables/factors. The correlation coefficient will be between -1.0 and +1.0. Coefficients close to 0.0 represent weak relationships. Coefficients close to 1.0 or -1.0 represent strong relationships.

Generally, correlations are greater than 0.7 is considered strong. Correlations less than 0.3 are considered weak. Correlations between 0.3 and 0.7 are considered moderate; a significant correlation indicates reliable relationships, but not necessarily a strong correlation. With enough participants, a very small correlation can be significant (Brian C. Cronk, 2008). The results regarding this were summarized and presented in the tables below.

**Tale 4.9 Pearson correlation between dependent and independent variables**

		Competitive Advantage	Innovation	staff training	Customer orientation	Stakeholder involvement
Competitive Advantage	Pearson Correlation	1				
Innovation	Pearson Correlation	.355**	1			
staff training	Pearson Correlation	.295**	.451**	1		
Customer orientation	Pearson Correlation	.445**	.345**	.346**	1	
Stakeholder involvement	Pearson Correlation	.546**	.403**	.533**	.398**	1
**. Correlation is significant at the 0.01 level (2-tailed).						

Source: survey, 2021

This analysis was conducted to measure the correlation between independent variables (innovation, Staff, Training, customer orientation and stakeholder involvement ) and the dependent variable (competitive advantage) use the Pearson correlation matrix and regression analysis. Based on the results of correlation analysis between research variables, the following relationship strength level was obtained, and described below.

**From the table 4.9** correlation analysis all variables were moderate and positively correlated with competitive advantage which is similar with the finding of Miles and Huber man (1994), a correlation relationship explains, either graphically or in narrative form, the main things to be studied – the key factors, constructs or variables and the presumed positive correlation relationships among them.

The results regarding this were summarized and presented in table 4.9. Pearson Correlations results in table showed that all variables positively correlated with dependent variable especially customer orientation and stakeholder involvement with competitive advantage ( $r_1=0.445$  and  $0.546$ ,  $p<0.01$ ), which were moderate correlation.

#### **4.5.2. Multiple Regression Analysis**

A Multiple linear regression model was used to predict competitive advantage in the study. The prediction was carried out based on the effect of the four independent factors: innovation, staff

training, customer orientation and stakeholder involvement and competitive advantage. Regression analysis was used to test the individual variables driving competitive advantage for the organization separately and then in combination, as is defined in the ultimate model presented in chapter.

#### 4.5.2.1. Assumptions of Regression Analysis

Prior to the subject, the data to regression analysis assumption test/diagnostic test were first carried out on the collected data to establish if it is conformed to the required assumptions. In this study normality, multi-co-linearity, linearity, and autocorrelation tests were conducted to undertake regression analysis.

##### A. Normality Test

According to Stevens (2009) screening for normality is an important early step when conducting a multiple regression, as residuals are normally distributed is assumed. Figure shows below the results on the normality test of the dependent variable competitive advantage.

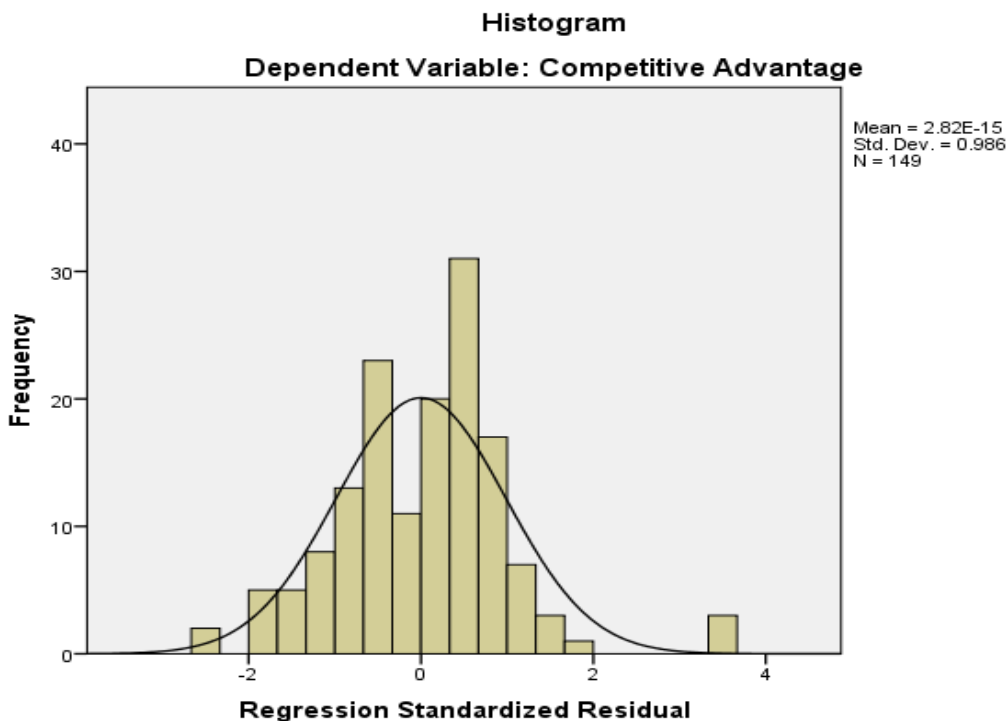


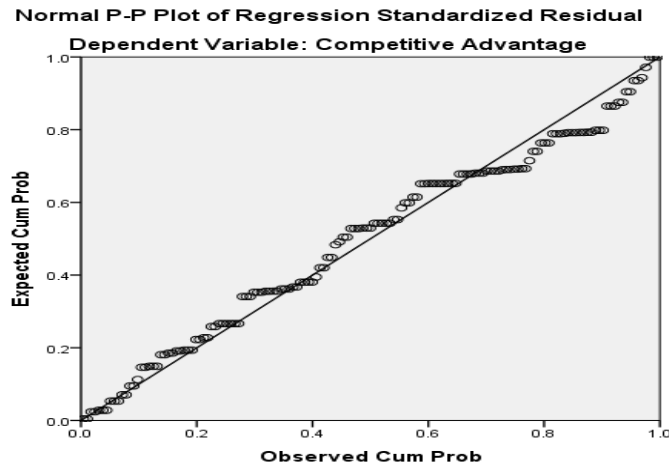
Figure 4.1: Normality and fitness Test,

Source: own Survey data, 2021

It is evident that employee performance was normally distributed as the normality distribution diagram is normally distributed shown in figure above. This assumption is used to determine whether the residuals are normally distributed. This can be tested by looking at the Histogram. To say the Normality assumption of this study is met, the Histogram should be symmetric along with the center zero. In this case, Histogram is symmetric; indicating that assumption of normality is met and this type of data was, therefore, suitable for all types of statistical analysis.

### **B. Linearity Test**

In the Normal Probability Plot, it is assumed that points will lie in a reasonably straight diagonal line from bottom left to top right.



**Figure 4.2: Linearity Test**

Source: own Survey data, 2021

This would suggest no major deviations from normality. As we have seen in figure above, the normality test for this data, the plot is normally distributed. In normality, the residuals should have a straight-line relationship with predicted dependent variable scores (Pallant, 2005). As it is revealed the residuals have a straight-line relationship with the predicted dependent variable scores and we can conclude that the relationship between the dependent and independent variables is linear.

### **C. Multi-co-linearity Test**

To make sure that there is low co-linearity, the values of Tolerance and VIF (Variance Inflation Factor)

According to Pallant (2005), tolerance indicates to what extent the independent variables do not explain much of the variability of a specified independent variable and the value should not be small (more than 0.10) to indicate the absence of co-linearity. In addition to that, VIF, the inverse of tolerance value, should have a value of less than 10 to avoid any concerns of co-linearity (Pallant, 2005). Hence, the values should be checked table 4.9 below indicates there is no co-linearity problem because all Tolerance values are above 0.1 and all VIF values are less than 10. Therefore, these tests reflect that the variables used in the study are free from the multi co-linearity problem.

**Table 4.10: Multi-co-linearity test**

No	Items	Tolerance	VIF
1	Innovation	.728	1.373
2	Staff training	.641	1.560
3	Customer orientation	.802	1.246
4	Stakeholder involvement	.654	1.529

Source: Own Survey, 2021

#### **4.5.3. Regression Analysis result**

Regression analysis is a statistical method for dealing with the formulation of a mathematical model describing the relationship between variables that can be used to forecast dependent variable values given the independent variable values. Following on from Field (2005), regression analysis is a model that is used to predict the value of the dependent variable from one or more independent variables. Regression analysis is conducted to test the effect of independent variables (innovation, Staff training, customer orientation and stakeholder involvement) on a dependent variable (competitive advantage).

#### **Model Fit**

Fitness of the models has been checked via a percentage of variance explained by adjusted R<sup>2</sup>, by the model's predictors. In assessing the fitness of the model, it is considered that higher R<sup>2</sup> values explain more variance of the model which eventually leads to a better model fit.

**Table 4.11 Model Summary**

<b>Model Summary</b>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.589 <sup>a</sup>	.347	.329	.52639	2.758

a. Predictors: (Constant), Stakeholder involvement , Customer, Innovation, training  
b. Dependent Variable: Competitive Advantage

As table 4.10 shows, the value of R=0.589 indicates a strong relationship between the observed value of competitive advantage and the optimal linear combination of the independent variables (innovation, Staff, training, customer orientation and stakeholder involvement). Besides, given the value of R Square = 0.347 and adjusted R square value of 0.329, it may be realized that 32.9% of the variation in competitive advantage can be explained by the independent variables. While the rest of 67.1% illustrates the presence of other free variations not observed in this study. Therefore it can be said that the predictive ability of the model is moderate and it is considered as a good model fit.

**Table 4.12 ANOVA and Regression residual**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.171	4	5.293	19.102	.000 <sup>b</sup>
	Residual	39.900	144	.277		
	Total	61.071	148			

a. Dependent Variable: Competitive Advantage  
b. Predictors: (Constant), Stakeholder involvement , Customer orientation , Innovation, staff training

According to the 4.12 table, the factors (innovation, Staff training, customer orientation, stakeholder involvement) significantly predict the dependent variable (competitive advantage) with F=19.102 and sig=0.000. F-test is used to find out the overall probability of the relationship between the dependent variable and all the independent variables (SPSS, version 23.0). The F-test result of the study is 19.102 with a significance of 0.000, meaning that the probability of these results is less than 0.05. Thus, one can decide that the regression model best fitted the data at a significance level of 0.000.

Both  $R^2$  and the adjusted  $R^2$  give you an idea of how many data points fall within the line of the regression equation. However, there is one main difference between  $R^2$  and the adjusted  $R^2$ :  $R^2$  assumes that every single variable explains the variation in the dependent variable. The adjusted  $R^2$  tells you the percentage of *variation explained by only the* independent variables that actually affect the dependent variable. As shown in Table 4.11, the coefficient of determination was explained the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (competitive advantage ) that is explained by the 4 independent variables (innovation, Staff, training, customer orientation and stakeholder involvement). The four independent variables that were included in the regression model, explain 32.9 % of effect in complete advantage as represented by the adjusted  $R^2$ .

This therefore means that other factors not studied in this research contribute 67.1 % of variance in the dependent variable. Therefore, further research should be conducted to assess the factors impacting on competitive advantage in the study area.

The ANOVA model in table 4.12 showed that the regression model was also adequate. The effect size of the regression model was shown to be over 61.071 that contributed by the residual mean sum of squares. The F-ratio was 19.102 at two degrees of freedom which are the four factors. This represented the effect size of the regression model and was significant with a p-value= 0.000.

#### **4.5.4. Regression Coefficient**

According to Pallant, (2005), in constructing the regression equation it is appropriate to use the un standardized Beta coefficient, while to compare the contribution of each independent variable it is appropriate to use the standardized Beta coefficient.

**Table4.13: Regression coefficient**

Variables	Un standardized Coefficients		Standardized Coefficients	t	Sig.	Co-linearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.133	.328		3.453	.001		
Innovation	.152	.086	.140	1.769	.079	.728	1.373
staff training	-.069	.079	-.073	-.863	.389	.641	1.560
Customer orientation	.274	.085	.243	3.227	.002	.802	1.246
Stakeholder involvement	.330	.067	.413	4.963	.000	.654	1.529
a. Dependent Variable: Competitive Advantage							

Source: survey data, 2021

The simplest linear regression model is given by

$$Y=A+\beta_1X_1+\beta_2X_2+\beta_3X_3 + \beta_4X_4 + +e$$

$$Y= 1.133+0.243X_3 + 0.413X_4 +e$$

Where: X1 = innovation, X2 = staff training, X3 = customer orientation, X4= stakeholder involvement,  $\beta$  = Beta Coefficient. A = Constant, e=other factors not included in this research and Y= competitive advantage.

All the selected explanatory variables were checked for the existence of multi-co linearity problem (table 4.9). Variance inflation factor was analyzed to investigate the degree of multi-co linearity among explanatory variables. from the model due to redundancy information of variable but innovation and staff training were removed variable from the model due to insignificant value of p-value = 0.073 >0.01) and p-value = 0.389>0.01respectively. The result showed that there were all selected four variables included from the model innovation, staff training, customer orientation, stakeholder involvement) their VIF values ranging 1 up to 10.

The table 4.13 also showed that independent customer orientation was significant;  $\beta_3= 0.243$  (p-value = 0.000 which is less than  $\alpha = 0.01$ ) which implies that we answer the question customer orientation that what is the effect of customer orientation effect on competitive advantage. This indicates that for each unit increase of appropriate customer orientation, there is 24.5 % units increase in competitive advantage. That means the more practice of customer orientation, the more increase of competitive advantage in the selected factory.

The table 4.13 also showed that independent stakeholder involvement was significant;  $\beta_4 = 0.413$  (p-value = 0.000 which is less than  $\alpha = 0.01$ ) which implies that we answer the question stakeholder involvement that what is the effect of stakeholder involvement effect on competitive advantage. This indicates that for each unit decrease of appropriate stakeholder involvement practice, there is 41.3% units increase in competitive advantage. That means the more practice of stakeholder involvement, the more increase of competitive advantage in the selected sector.

The reason for the change in sign and amount of correlation coefficients in this regression model is why because the researcher accounts four variables (innovation, staff training, customer orientation and stakeholder involvement) at one time. In correlation statistic is a bi-variety association can change when the researcher accounts for other variables. Correlation analysis looks at relationship between two variables at one time. In multiple regressions when a model looks at many variables at one time the result is influenced by relationship between the multiple variables (Darlington, 1968).

#### 4.6. Result Finding

In descriptive statistics the finding reveal that most of Debre Berhan Blanket Factory employees' perception on the variable innovation, staff training, and customer orientation and stakeholder involvement showed there is average level of practice.

**Innovation** affected competitive advantage positively correlated and significantly at  $r=0.355$  moderate level as expected. As per the regression model result in Table 4.12 above, addition of one percent innovation leads to an increase of Debre Berhan Blanket Factory competitive advantage by 35.5%. The positive and moderate relationship indicated that increase in usage of innovation increases total average competitive advantage and which in turn increases the achievement of organizations objectives. Whereas, the regression model result insignificantly  $P\text{-value}=0.079 >0.001$  predicted that the competitive advantage decreases by 14 % and it is above significant level of 5% , so removed from the predictor variable list due to it was insignificant.

**Staff training:** According to the model result discussed in table 4.7 above, staff training was one of the variables affecting practice of competitive advantage in Debre Berhan Blanket Factory. Staff training affected the practice of competitive advantage and the correlation result indicated

that the variable affected positively and less significant approximate at  $r=0.295$  below moderate level. Whereas, the regression model result insignificantly ( $P\text{-value}=0.389 >0.001$ ) predicted that the competitive advantage decreases by 7.3 %, it is above significant level of 5%, so removed from the predictor variable list was insignificant.

**Customer orientation:** According to the model result discussed in table 4.7 above, staff training was one of the variables affecting practice of competitive advantage in Debre Berhan Blanket Factory. Staff training affected the practice of competitive advantage and the correlation result indicated that the variable affected positively and significantly approximate at  $r=0.445$  moderate level. Whereas, the regression model result predicted that the competitive advantage increases by 24.3%.

**Stakeholder involvement:** According to the model result discussed in table 4.7 above, work condition was one of the variables affecting practice of employee performance in Debre Berhan Blanket Factory. Stakeholder involvement affected the complete advantage and the correlation result indicated that the variable affected positively and moderate and approximate at  $r=0.546$  significance level. The regression model result predicted that performance appraisal was 41.3% impact on competitive advantage.

## CHAPTER FIVE: CONCLUSION AND RECOMMENDATION

### 5.1 Conclusion

As stated by research questions to answer the effect of innovation, staff training, customer orientation, stakeholder involvement practices on competitive advantage level, research findings showed the correlation of independent variables with dependant variable/ competitive advantage/ hence all independent variables were positively correlated with competitive advantage level .The regression coefficient suggests that a strong relationship and there is no multi-co-linearity exists with other variables by redundancy of information.

The effect of **innovation** on competitive advantage for Debre Berhan Blanket Factory has positive and moderate relationship indicated that increase in usage of innovation increases total average competitive advantage and which in turn increases the achievement of organizations objectives. Whereas, the regression model result insignificantly P-value=0.079 >0.001 predicted that the competitive advantage decreases by 14 % and it is above significant level of 5%, so removed from the predictor variable list due to it was insignificant.

The effect of **Staff training** for Debre Berhan Blanket factory has no effect on competitive advantage because of it has affected positively and less significant approximate at  $r=0.295$  below moderate level. Whereas, the regression model result insignificantly (P-value=0.389 >0.001 predicted that the competitive advantage decreases by 7.3 %, it is above significant level of 5%, so removed from the predictor variable list due to it was insignificant

The extent to which **customer orientation** has positive linear regression as well as correlation relationship with competitive advantage (coefficient of customer orientation  $r_3=0.445$ ,  $\beta_3=0.243$ , p-value=0.002 <0.05 less than 5% significant level). This means that the factory with more practice of customer orientation have higher ability to achieve in turn more competitive advantage and positive significant correlated and regression coefficient with the competitive advantage

To examine the effect of **stakeholder involvement** on competitive advantage for Debre Berhan Blanket Factory has positive linear regression as well as correlation relationship with competitive advantage (coefficient of customer orientation coefficients  $r_4=0.546$   $\beta_4=0.413$ , p-value=0.002

<0.05 less than 5% significant level). This means that the factory with more practice of stakeholder involvement have higher ability to achieve in turn more competitive advantage and positive significant correlated and regression coefficient with the competitive advantage.

Thus, the result showed that positive both correlation and regression coefficient, that customer orientation and stakeholder involvement have more ability to achieve the objective and goal of organization in turn competitive advantage. But, once employees join to the organization, they ignore the process of staff training and innovation but focus the plan and implementation of policy & strategy of the organization.

## **5.2.Recommendation**

The study has indicated that training is crucial in maintaining a competitive edge. It therefore recommends that Debre Berhan Blanket Factory needs to invest even more in research and development in order to develop even more innovative products and services if it wants to continue maintaining a competitive edge over its competitors.

Investment in human resource at Debre Berhan Blanket Factory through innovation and staff training were another area that needs more impetus so that the staff can be even more efficient and effective to deliver a competitive advantage over its rivals.

In addition, customer orientation needs to be given even more importance by Debre Berhan Blanket Factory. This can be done by unveiling even more attractive products and services that are appealing to customers, as well as frequently running programs and initiatives that reward customers and increase their loyalty to the factory.

Lastly, the mentioned factory can do more as far as stakeholder involvement is concerned. This can be achieved through lobbying as well as by contributing to policy, development and governance issues in the country to improve the lives of Ethiopians at large.

Debre Berhan Blanket Factory can also take a more active role in corporate social responsibility initiatives to make its presence felt and endear itself to customers and other stakeholders. The study also recommends that apart from the factors discussed above as being the major sources of competitive advantage for the factory, the company needs to consider other key factors that

could contribute immensely to a competitive edge. These factors include lowering the overall operational costs, improving quality of their services like better output with reasonable price, having strong marketing strategies, having access to working capital, leveraging on government support, and last but not least, having superior products and services.

### **5.3. Suggestion for Further Study**

The suggested area for further research would be to explore the relationship between employee performance and competitive advantage. This is in light of the fact that during research, it was established that most Debre Berhan Blanket Factory employees looked so unmotivated, but carried out their duties with enthusiasm. Whether this has a direct bearing to their performance and hence giving Debre Berhan Blanket Factory a competitive edge over its rivals is a question to be answered.

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## **APPENDIX I: QUESTIONNAIRE**

Debre Berhan University Business and Economics College

Masters of Business Administration (MBA)

Data Collection Form

**(Questionnaire to be filled by Managers, Team Leaders and Respondents of Debre Berhan Blanket Factory)**

### **Dear Respondent:**

The purpose of this questionnaire is to gather data pertaining to Competitive advantage which are operating on manufacturing sector. Your sincere and frank answers are crucial for the research. Its aim is to get information on the implementation of textile Industry particularly in blanket manufacturing industry to design appropriate intervention to address the implementation gaps of DebreBerhan Blanket factory. Therefore your honest and genuine participation is very important by responding to the questions to attain the objectives of the study. You may have your own contribution to the success of this study. Your name will not be written on this form and no individual response will be reported to anybody.

Thank you for taking time and answering all the questions deeply.

Mohammed Yasin

February, 2021

Phone Number 091474 0050

N: B Five scale alternatives are given to the questionnaire being abbreviated in the table indicated by key at the bottom defined as:

1 = Strongly Disagree (SD)

2 = Disagree (D)

3 = Neutral (N)

4 = Agree (A)

5 = Strongly Agree (SA)

❖ Put the symbol of (√) in the box for each question

**1. SECTION A: GENERAL**

1. Gender: A. MALE  B. FEMALE
2. Age A. From 20-30  B. From 31-40   
 C. From 41-50  D. 51 and above
3. Department .
4. Years served: A. 0-4   
 B. 4-8   
 C. 8-12   
 D. Over 12 years
5. Academic qualification:  
 A. Primary   
 B. Secondary   
 C. Bachelor Degree   
 D. Postgraduate (Masters Degree) and above

Factors Affecting the determinants of competitive advantage

S.No	Description	SD=1	D=2	N=3	A=4	SA=5
<b>1</b>	<b>Section A: Innovation</b>					
1	Debre Berhan Blanket Factory has innovative products and services.					
2	Innovation is a major determinant of competitive advantage for Debre Berhan Blanket Factory.					
3	Debre Berhan Blanket Factory is innovative In different areas.					
4	Practically innovation is takes place for determinant of competitive advantage of Debre Berhan Blanket Factory.					
<b>2</b>	<b>Section B: Training</b>					

1	Staff training is a major source of competitive advantage for Debre Berhan Blanket Factory plc.					
2	Staff training is a major determinant of competitive advantage for Debre Berhan Blanket Factory plc.					
<b>3</b>	<b>Section C: Customer Orientation</b>					
1	Customer orientation is a major source of competitive advantage for Debre Berhan Blanket Factory plc.					
2	Customer orientation is a major determinant of competitive advantage for Debre Berhan Blanket Factory plc.					
3	Debre Berhan Blanket Factory has customer oriented towards its service delivery.					
<b>4</b>	<b>Section D: Stakeholder involvement</b>					
1	Stakeholder involvement is a major source of competitive advantage for Debre Berhan Blanket Factory plc.					
2	I think Stakeholder involvement is a major determinant of competitive advantage for Debre Berhan Blanket Factory plc.					
<b>5</b>	<b>Section E: Competitive Advantage</b>					
1	The competitiveness of Debre Berhan Blanket Factory is in higher position in relation to other players in the industry.					
2	Competitive advantage is a major source of Debre Berhan Blanket Factory plc.					
3	This factory can do further to enhance its market position in the textile industry in the region.					

**ደብረ ብርሃን ዩኒቨርሲቲ ቢዝነስ እና ኢኮኖሚክስ ኮሌጅ**

**የማኔጅመንት ትምህርት ክፍል**

**(MBA) ፕሮግራም**

**(በደብረ ብርሃን ብርድልብስ ፋብሪካ ስራ አስኪያጆች፣ ቡድን መሪዎችና ሰራተኞች የሚሞላ መጠይቅ)**

**ውድ የጥናቱ ተሳታፊዎች**

የዚህ ጥናት ዓላማ የደብረብርሃን ብርድልብስ ፋብሪካ ያለውን ተወዳዳሪነትና ተጠቃሚነት መሰረት በማድረግ ጥናት ለማካሄድ የተዘጋጀ መጠይቅ ሲሆን እርሶዎ የሚሰጡት ግልጽ መልስ ለጥናቱ መሳካት ዓይነተኛ ሚና ይኖረዋል።

የጥናቱ ዓላማ በጨርቃጨርቅ ኢንዱስትሪው አፈጻጸም በተለይም በብርድልብስ ፋብሪካው ዘርፍ ያለውን የአሰራር ክፍተት በመለየት አግባብነት ያለውና ትክክለኛ እቅድ አዘጋጅቶ ወደ ተግባር ለመግባት እንዲቻል ነው። በመሆኑም የጥናቱን ዓላማ ለማሳካት ለቀረቡት ጥያቄዎች ተአማኒነት ያለውና ግልጽ መልስ መስጠት አስፈላጊ በመሆኑ የእርሶዎ ቅን ተሳትፎ ይጠበቃል። በዚህ መጠይቅ ቅጽ ላይ ስመዎን መጻፍ ሳያስፈልግ መጠይቁን በጥንቃቄ በመሙላት ለአጥኚው ወይም ለሚመለከተው አካል በወቅቱ እንዲመልሱልን በአክብሮት እጠይቃለሁ።

ለጊዜዎና ለሰጡት መልስ ከልብ አመሰግናለሁ!!

መሀመድ ያሲን

ቀን-----

ስልክ 0914740050

አጠቃላይ

❖ ይህ መጠይቅ በደብረ ብርሃን ብርድልብስ ፋብሪካ ባለሙያዎች፣ ቡድን መሪና ስራ አስኪያጆች የሚሞላ ነው።

❖ ለእያንዳንዱ መጠይቅ በሰጥኑ ውስጥ (√) ምልክት ያድርጉ ወይም በፊደል ከተሰጡት አማራጮች መልሰዎ የሆነውን ያክብቡ፤ መጻፍ በሚያስፈልጋቸው ዝዝር ጉዳዮች ላይ በተቀመጠው ክፍት ቦታ ተገቢ መልስዎን ይጻፍ፤

ከዚህ በታች የቀረቡት መጠይቆች በተቋማት ዋነኛ ተወዳዳሪነት ላይ ተጽእኖ የሚያሳድሩትን ለመለየት የቀረበ እና ለእያንዳንዱ መጠይቅ አማራጮች ያሉት ሲሆን እርስዎ የፋብሪካውን አፈጻጸምና ያለበትን ቁመና መሰረት በማድረግ ተስማሚውን ምላሽ እንዲሰጡ በአክብሮት እጠይቃለሁ።

❖ **መግለጫ:** በሰንጠረዥ ላይ ለሚሞሉት መጠይቆች፡-

- 1 በጣም አልስማማም (በአ)
- 2 አልስማማም (አ)፤
- 3 አስተያየት የለኝም (አዩ)፤
- 4 እስማማለሁ (እ) ፤
- 5 በጣም እስማማለሁ (በእ) መሆኑ ይታወቅ

**ክፍል ሀ: ጠቅላላ**

- 1. ጾታ: ሀ. ወንድ
- 2. ዕድሜ ሀ. ከ20-30  ከ31-40   
 ሐ. ከ41-50 መ  ዓመት በላይ
- 3. የሥራ ክፍል .
- 4. የአገልግሎት ዘመን:
  - ሀ. 0-4
  - ለ. 4-8
  - ሐ. 8-12
  - መ. ከ12 ዓመት በላይ
- 5. የትምህርት ዝግጅት:
  - ሀ. 1ኛ ደረጃ
  - ለ. 2ኛ ደረጃ ያጠናቀቀ

ሐ. የመጀመሪያ ድግሪ

መ. 2ኛ ደግሪና በላይ

**ብቁ ተወዳዳሪነትን የሚወስኑ ዋና ዋና ምክንያቶች**

		1	2	3	4	5
--	--	---	---	---	---	---

**Factors affecting the determinants of competitive advantage**

		በአ	አ	አዩ	እ	በእ
<b>1</b>	<b>ክፍል ሀ: ሥራ ፈጣሪነት</b>					
1	ደብረ ብርሀን ብርድልብስ ፋብሪካ የፈጠራ ሥራን የሚያበረታቱ ምርቶችና አገልግሎቶች አሉት					
2	ለደብረ ብርሀን ብርድልብስ ፋብሪካ የፈጠራ ምርቶች ለብቁ ተወዳዳሪነቱ ዋና መሰረቶች ናቸው					
3	ፋብሪካው በተለዩ ምርቶች የፈጠራ ሥራ ሊሰራ በሚችልበት ሁኔታ ላይ ይገኛል					
4	በተጨማሪም በደብረ ብርሀን ብርድልብስ ፋብሪካ አድስ የፈጠራ ሥራ ለፋብሪካው ተወዳዳሪነት ከፍተኛውን ቦታ ይዞ ይገኛል					
<b>2</b>	<b>ክፍል ለ: የሰራተኛ ሥልጠና</b>	በአ	አ	አዩ	እ	በእ
1	የሰራተኞች ሥልጠና ለፋብሪካው ተወዳዳሪነት ዋና መሰረት ነው					
2	የሰራተኞች ሥልጠና ለብርድልብስ ፋብሪካው ብቁ ተወዳዳሪነት ዋና ተግባር ነው					
<b>3</b>	<b>ክፍል ሐ: የደንበኞች አረንጓዴኝነት</b>	በአ	አ	አዩ	እ	በእ
1	የደንበኞች አረንጓዴኝነት ለደብረ ብርሀን ብርድልብስ ፋብሪካ ተወዳዳሪነት ዋና መሰረት ነው					
2	የደንበኞች አረንጓዴኝነት ትኩረት መስጠት ለደብረ ብርሀን ብርድልብስ ፋብሪካ ወሳኝ ነው					
3	ደብረ ብርሀን ብርድልብስ ፋብሪካ ተገቢውን የደንበኞች አገልግሎት ከመስጠት አኳያ ደንበኛ ተኮር አሰራር ይከተላል					
<b>4</b>	<b>ክፍል መ: የአጋር አካላት ተሳትፎ</b>	በአ	አ	አዩ	እ	በእ
1	የአጋር አካላት ተሳትፎ ለደብረ ብርሀን ብርድልብስ ፋብሪካ ተወዳዳሪነት ዋና መሠረት ነው					
2	የደብረ ብርሀን ብርድልብስ ፋብሪካ የአጋር አካላት ተሳትፎ ፋብሪካው በውድድር ተጠቃሚ እንዲሆን ከፍተኛውን ድርሻ ይዟል					
<b>5</b>	<b>ክፍል ሠ: ብቁ ተወዳዳሪነት</b>	በአ	አ	አዩ	እ	በእ
1	የደብረ ብርሀን ብርድልብስ ፋብሪካ ተወዳዳሪነት ከሌሎች ፋብሪካዎች አንጻር ሲታይ በብርድልብስ ኢንዱስትሪው ዘርፍ በተሻለ ደረጃ ላይ ነው::					
2	ደብረ ብርሀን ብርድልብስ ፋብሪካ ስኬታማ ለመሆን ዋና ውመሰረት ብቁ ተወዳዳሪ ሆኖ መገኘት ነው					
3	ፋብሪካው በጨርቃጨርቅ (በብርድልብስ) ኢንዱስትሪው ዘርፍ በገበያው ብቁ ተወዳዳሪ ለመሆንና ያለውን ደረጃ ለማሻሻል ጥረት እያደረገ ነው					

ተጨማሪ አስተያየት ካለዎ በክፍት ቦታው ላይ ይጻፉ

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መጠይቁን በትክክል ስለሞሉ ክልብ አመሰግናለሁ!!