



Social Capital as a Panacea for the Competitive Advantage of Brewing Firms in South-South Nigeria

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Authors' contributions

This work was carried out in collaboration between all authors. Author NJC designed the study. Authors AAE performed the statistical analysis, wrote the protocol and wrote the first draft of the manuscript. Author KME did the thorough editing of the work and arranged the references. Author ONC managed the literature searches. All authors read and approved the final manuscript.

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ABSTRACT

The study examined the nexus between social capital and competitive advantage. Specifically, it examined the relationship between relational capital and flexibility of brewing firms in South-South, Nigeria. The study was fastened on the Behavioral Theory of the Firm (BTF) propounded by Cyert and March (1963). Survey design was used for the study, questionnaire was the data collection tool employed, a population of 1,187 was used, a sample size of 290 was determined using Krejcie and Morgan (1970) sampling technique, Pearson Product Moment Correlation Coefficient analysis was used to analyze the collected data. Findings of the study revealed that the relationship between relational capital and firm flexibility is statistically significant and positive since $r=0.85$ and $p\text{-value} > 0.05$. Sequel to this, the study concluded that social capital is actually a panacea for the competitive advantage of the studied brewing firms in South-South, Nigeria. Base on this, the researchers recommended that management of the focused brewing firms should strive towards the building of close social ties between the organization and its key stakeholders as it impacts firm flexibility.

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1. INTRODUCTION

1.1 Background of the Study

Social capital (SC) is a relatively new area playing an important role in business associations and the larger society. It has started to gain prominence in sociology, economics, psychology and the field of management. The concept points to a synergy between an established network within or outside an organization [1]. The term was suggested in the 1970s; it evolved from the field of sociology and gradually began to get attention from other disciplines like psychology, anthropology, economics and management. Proper observation of the thought (social capital) portrays that it could become a source of competitive advantage to any business entity [1].

In an increasingly competitive business environment characterized by the ever-changing needs and wants of consumers, brewing firms in Nigeria may not attain corporate survival without synergy with other key stakeholders. Social capital no doubt is a phenomenon that could play a significant role in the competitive strength of brewing firms in South-South, Nigeria; hence the need for this study. Brewing firms in South-South, Nigeria over time have strived towards the development of various means aimed at ensuring synergy between them and key stakeholders. This is to enable these corporations to meet up with the ever-growing need for beer, stout, malt and other primary products of theirs by consumers [2].

Despite the enormous contribution of the brewing industry to the economic growth and development of Western countries, the contribution of Nigerian brewing firms to the economic growth of Nigeria still appear to suffers a set-back as it still faces a wide range of challenges from limited or no access to adequate resources, the paucity of SC, technology and information gap needed for sustained competitive advantage. Moreover, there seems not to be a development outline for the brewing industry in the African continent [3]. Also, owners and administrators of Nigerian brewing corporations seem not to be able to create, expand and exploit the advantages of social capital within their grasp, to ensure sustained competitive strength [4]. This is despite the fact that research has shown that the nature of SC rooted in an

organization is vital for the sustained competitive advantage of an establishment [5], it has not been properly looked into by the management of Nigerian brewing firms.

Social capital (SC) impacts different organizational outcomes and establishes a nexus and network of connections between an organization and key stakeholders like the employees, competitors, customers, suppliers and the host communities. It enables the reconfiguration of resources, synergy of capabilities, and improvement of the knowledge base of the organization [6]. Most of the research done on SC and competitive advantage have focused on developed climes like Europe, Asia and North America [7,8] and few African countries like Ghana and Kenya [4,9]. However, a search through literature has revealed that limited studies in this area have been done in Nigeria and the South-South region in particular. No wonder Ozigi [10] contends that most Nigerian managers don't even know the effect of SC on the competitive advantage of an organization. This gives credence to a determination of the relationship between SC and competitive advantage of brewing firms in South-South, Nigeria. Specifically, this study seeks to determine the relationship between relational capital and firm flexibility.

2. REVIEW OF RELATED LITERATURE

2.1 Conceptual Review

2.1.1 Social capital

There are numerous views related to the meaning of social capital. Lawson, Tyler and Cousins [11] see SC as a valuable asset that stems from the availability of resources brought about by social relationships. Whereas, Krause, Handfield and Tyler [12] aver that it is a valuable asset that stems from access to key stakeholders made available through social ties. Lin [13] thinks that it is broadly seen as the resources, foresight and information that accrue to an individual, organization or a collection of persons as a result of a network of social connection within and between organizations, institutions and communities. Putnam [14] as cited in Bassam [1] opines that it is the features of a social convention such as trust, the values and the networks that may make the coalition more

efficient by facilitating a coordinated shape of action.

There are two categories of social capital; internal social capital and external social capital. Internal social capital comes from social network structure and connections or ties between the individual part of an organization, individual part of a set-up or individual part of a community or village [6]. External SC on the other hand emanates from the social network construction and connections between an organization and its external stakeholders or a society and its important external stakeholders. Acquah [6] contends that there are three dimensions of social capital. They are; the relational social dimension, the structural social dimension, and the cognitive social dimension. The relational social extent, however, is the focal point of this study.

2.2.2 Relational social capital

The relational SC concerns the kind of personal relationships developed over time through a series of interactions [15,1]. This aspect encompasses the features and quality of individual or group relationships. Issues such as shared history, trust, respect, and friendship are important here. The relational characteristic is associated with the quality of ongoing relationships and also encompasses the structure and quality of connections between individuals. This is often characterized through belief in the relationship, cooperation and the identity of individual members that make up the network [1]. It focuses on the quality of associations between individuals and groups and the pool of resources created through the coming together of individuals or groups in a network. Attributes of relational SC include trust, respect and friendship.

2.2.3 Competitive advantage

Competitive advantage refers to distinct expertise that permanently enables an organization to demonstrate superior virtue than its competitors [16]. There are three ways to attain competitive advantage; cost leadership, centralization and product differentiation. Access to new technology can also be considered as an attribute of competitive advantage, or a low-cost power source, highly skilled labour, geographic location, high entry blockade [17]. It is imperative for business associations to map out modalities that could help them create and attain a proper

competitive standpoint in the industry it belongs [18,19].

There are two broad standpoints for the elaboration of a stable competitive position. The first stand-point is through the harnessing of opportunities found in the business environment through analytical techniques like the analysis of competitive forces, the analysis of value chain, an analysis of competitive clusters, competitive analysis of nations, general analysis (cost leadership, differentiation and centralization). The second stand-point is the aptitude of an organization to create its competencies and capabilities that distinguishes it from other organizations [19] Moreno, Lorente and Rio [20] state that the primary aim of every enterprise is to continuously search for different things/factors that could make it distinct from its competitors. Conner [21] as cited in Bassam, [1] posits that the dimensions of competitive advantage are low cost, quality, quick delivery and flexibility. This study is centred on the flexibility dimension of competitive advantage.

2.2.4 Firm flexibility

Firm flexibility refers to organizational designs that could adapt to external changes in an organization's dwelling-place [22]. It could also be viewed as the ability of an organization to respond to potential internal or external changes affecting its product/service delivery in a timely and cost-effective manner [23]. It is the ease with which an institution can respond to uncertainty in a mode to sustain or increase its created value. Uncertainty is a key ingredient in the definition of organizational flexibility as it can create both risks and opportunities in a system and it is with the existence of uncertainty that organizations/institutions become valuable [24] Also, flexibility includes the ability of a firm to be updated with changes in customers' tastes and needs through changes in product design as well as flexibility in scale, which means the organization's ability to respond to changes in demand levels [21,1]. In other words, firm flexibility or organizational flexibility is the intention of an organization to always be alert and ready to cope with the changing needs and wants of its key stakeholders. Srivastava and Bansal [24] suggest that some forms of organizational flexibility are machine flexibility, material handling flexibility, operation flexibility, process flexibility, product flexibility, routing flexibility, volume flexibility, expansion flexibility,

program flexibility, productions flexibility and market flexibility.

2.2.5 Theoretical framework

This study is fastened on the Behavioral Theory of the Firm (BTF) propounded by Cyert and March (1963). They emphasized a synergy between organizational systems and key elements in its environment. Relatedly, Lawrence and Lorsch (1967) elaborated upon this theory. Behavioural Theory of a Firm (BTF) emphasizes a connection between an organization and the various sub-environments in which they operate. These scholars believe that associations that can align with stakeholders in the work surroundings are bound to perform effectively [25]. In other words, an organization that is able to ensure good social ties with key stakeholders in its internal and external environment will ensure the development of a network of social relationships within the organization, with organizations, suppliers, consumers/customers, institutions and the community in which they operate. This theory is relevant to this study because if management or managers of the focused brewing firms can maintain good social nexus that brews trust, respect and friendship between the studied brewing firms and their key stakeholders, it could impact the competitive position of the firms.

2.2.6 Empirical review

Akintimehin, Eniola, Alabi, Eluleya, Okere and Ozordi [26] investigated the stamping of internal and external social capital on the financial and non-financial achievement of businesses in the Nigerian informal sector. A cross-sectional survey of 650 informal firm owners in the Ikeja domain of Lagos state, Nigeria was used, questionnaire was the data collection media employed. The analysis of data was done using SEM. Findings revealed that social capital had a significant impressing on organizational performance, internal social capital had a significant effect on non-financial accomplishment (competitive advantage). However, it had no significant semblance on financial performance, while external social capital had no significant impressing on financial and non-financial performance.

Ozigi [10] explored the effect of social capital on performance of small and medium scale enterprises in Nigeria. The markets where a questionnaire was administered were Kano, Lagos and Aba markets. Survey design was

used, a sample size of 155 was used, regression analysis was used to analyze the collected data. Findings revealed a positive correlation between relational, cognitive, structural social capital and performance of the studied SME's.

Bassam [1] examined social capital and competitive advantage at Jordanian banks. The study's sample consisted of (480) employees that answered the drafted questionnaire. Survey formatting was used for the study, regression analysis was adopted to analyze the collected data. Findings revealed a strong positive fraternization between social capital dimensions (relational social capital, cognitive social capital, structural social capital) and the flexibility of the studied banks.

Se-Yeon and So-Hyung [27] examined social capital and competitive advantage. Survey design of 319 manufacturing corporations in Korea was used, questionnaire was the intelligence selection intuition employed, and Structural Equation Modeling (SEM) was used to analyze the data. The results demonstrated that the relational and cognitive dimensions of social capital are important mediators in realizing organizational flexibility.

Odeh (2014) studied the effect of social capital on competitive advantage of private banks in Iraq. Survey design was deployed, questionnaire was the data collection instrument employed, a population of 120 was used for the study, regression analysis was employed to analyze the collected data. The study showed that there are statistical significance and connection between relational, cognitive, structural social capital and competitive advantage.

2.2.7 Gap in knowledge

A review of the studies of scholars in Nigeria and other climes shows that studies on social capital and competitive advantage are not a novel idea to management literature. However, none of the empirically reviewed examined social capital as it relates to the competitive advantage of brewing firms in South-South, Nigeria. This is the lacuna in literature that this study seeks to fill.

3. METHODOLOGY

Survey research design was used for the study. The population of the study consisted of 1187 employees of three (3) brewing firms (Guinness Nigeria Plc, Paphod Brewery and Champion Brewery) in South-South, Nigeria was used for

this study. Krejcie and Morgan (1970) sampling technique was used for the study and a sample size of 290 was gotten. Based on the foregoing, 290 copies of the questionnaire were randomly using Bowley's allocation formula to respondents of the focused firms. However, a content and face validity test was used to ensure that the instrument measured what it intended to measure, while for consistency, Cronbach alpha statistics was used with a coefficient of .756 gotten. Pearson Product Moment Correlation Coefficient (PPMCC) was used to analyze the collected data and hypothesis tested at 5% level of significance.

4. RESULTS AND DISCUSSION

A total of 290 copies of the questionnaire were administered based on the sample size of the study, 248 (85.5%) copies were returned and were all used for the study.

Table 1 shows the distribution of responses from the respondents in the selected brewing firms,

with the analysis based on mean statistics with a threshold of acceptance of 2.5 and above. That is, every questionnaire items with a mean of 2.5 and above should be accepted while those with a mean below 3 should be rejected. From the Table, all the questionnaire items are accepted except questionnaire item 5 with a mean of 1.91.

4.1 Test of Hypothesis

Ho₁: There is no statistically significant relationship between relational capital and firm flexibility in the selected firms.

Table 2 shows the correlation coefficient between relational capital and firm flexibility in the selected firms. the Pearson's r is .872 and the probability value (p-value) is .000 (p-value < 0.05), going by this, the null hypothesis is rejected in favour of the alternate hypothesis, and it is therefore stated that there is a statistically significant relationship between relational capital and firm flexibility in the selected firms.

Table 1. Distribution of responses for relational capital and firm flexibility

Questionnaire Item for Independent Variable(Social Capital)							
S/N	Relational Capital	SA4	A3	D2	SD1	Mean	Remark
1	The friendship between my organization and suppliers is necessary.	120	70	35	23	3.16	Accept
2	I trust the manager of my department and the management team of my organization.	80	56	62	50	2.67	Accept
3	Mutual respect exists between my organization and the host community.	100	55	48	45	2.85	Accept
4	The closeness between my organization and suppliers could facilitate the delivery of raw materials.	64	115	37	32	2.79	Accept
5	The management of my organization regularly quarrels with the head of the community where my organization is located.	30`	19	97	102	1.91	Reject
Questionnaire Item for Dependent Variable (Competitive Advantage)							
Firm Flexibility							
1	The product line of my organization has previously been changed to suit customers.	75	87	47	39	2.80	Accept
2	My organization is a learning organization.	93	62	60	33	2.87	Accept
3	The salary structure of my organization is always aligned with what is obtainable in the brewing industry.	112	71	25	40	3.03	Accept
4	The ever-changing need of customers makes my organization regularly carry out research.	80	47	101	20	2.76	Accept
5	Customer preference for the product of competitors has previously affected sales level in my organization.	52	101	70	25	2.73	Accept

Source: Field Survey, 2021

Table 2. Pearson r on the relationship existing between relational capital and firm flexibility

		Relational Capital	Firm Flexibility
Relational Capital	Pearson Correlation	1	.872**
	Sig. (2-tailed)		.000
	N	248	248
Firm Flexibility	Pearson Correlation	.872**	1
	Sig. (2-tailed)	.000	
	N	248	248

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

Source: Field Survey, 2021

5. DISCUSSION OF FINDINGS

Findings obtained from the test of the hypothesis revealed that a strong significant positive relationship exists between relational capital and firm flexibility. This is in tandem with the study of Bassam [1] who examined social capital and competitive advantage at Jordanian banks. Findings from the study revealed a strong positive correlation between social capital dimensions (relational social capital, cognitive social capital, structural social capital) and the flexibility of the studied banks. The findings of the study also corroborate the study of Se-Yeon and So-Hyung [27] who examined social capital and competitive advantage. The results demonstrated that the relational and cognitive dimensions of social capital are important mediators in realizing organizational flexibility. The work of Odeh (2014) who studied the effect of social capital on competitive advantage of private banks in Iraq also aligns with the findings of this study. The study showed that there are statistical significance and connection between relational, cognitive, structural social capital and competitive advantage.

6. CONCLUSION

The study concludes that social capital is actually a panacea for the competitive advantage of the studied brewing firms in South-South, Nigeria, because it endears the stakeholders of the organization to the firm and makes for a harmonious symbiotic relationship between them. The study revealed that when there exist close social ties between the focused firms and their key stakeholders like employees, suppliers, customers and the host community where the organization operates, it breeds trust, respect and friendship between the focused firms and these key stakeholders. This by implication

could impact the ability of the focused brewing firms to adapt to changes in line with the growing demands of the key stakeholders in its operational environment.

7. RECOMMENDATIONS

Base on the findings of the study, the researcher made the following recommendations:

- i. Management of the focused brewing firms should strive towards the building of close social ties between the organization and its key stakeholders through constant interactions and engagement for idea sharing, as it impacts firm flexibility.
- ii. Management of the focused brewing firms should strive towards portraying a good corporate image by carrying out corporate social responsibilities such as scholarship schemes for indigenes and providing social amenities, as it could draw these organizations closer to the relevant stakeholders and makes for improved sales turnover.

CONSENT

As per international standard or university standard, respondents' written consent has been collected and preserved by the author(s).

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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