

Competitive Advantage Effecting Firm Performance: Case Study of Small and Medium Enterprises in Thailand

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Abstract : The objectives of this study are to examine the relationship between the competitive advantage of small and medium enterprises (SMEs) and their overall performance. A mixed method has been applied to identify the effect of determinants toward competitive advantage. The sample is composed of SMEs in product and service businesses. The study has been tested at an organizational level with samples of SME entrepreneurs, business successors, and board of directors or management team. Quantitative analysis has been conducted through multiple regression analysis with 400 samples. The findings illustrate that each aspect of competitive advantage needs a different set of driving factors to explain either the direct or the indirect effect on firm performance. Interestingly, technological capability is a perfect mediator and interorganizational cooperation toward competitive advantage. In addition, differentiation is difficult to be perceived by customers, as well as difficult to manage; however, it is considered important to develop an SMEs product or service for firm sustainably.

Keywords : competitive advantage, firm performance, technological capability, Small and Medium Enterprise (SMEs)

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