

Impacts of Organizational Capability and Firms' Competitive Scope on Non-Oil Export Performance

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Abstract

This study examines the effects of firms' organizational capability and competitive scope on the non-oil export performance of the Small and Medium-scale enterprises (SMEs) in the southwest Nigeria. Employing quantitative research design, the empirical data collected from 320 SME owners and managers in the three South-Western States, Lagos, Osun and Oyo with the highest number of SMEs in Nigeria, was analyzed with the aid of the multiple regression method. The result revealed that organizational capabilities exhibit positive and significant effect on the non-oil export performance through the influence of firms' international contacts, expanded networking advantages, leadership development and employees' training programs. Similarly, firms' competitive scope displayed strong, positive and significant impacts on SMEs' non-oil export performance in the Southwest through technological sophistication, product heterogeneity, market dynamism, firms' awareness of market opportunities, and greater consumer satisfaction. The research therefore, rejects the two null hypotheses tested in the study and recommends effective upgrade of firms' organizational capabilities and competitive scope of the SMEs in the southwest Nigeria for an improved non-oil export performance.

Key Word: Competitive scope, Non-oil export performance, Organizational capability, SMEs

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I. Introduction

Globalization, trade liberalization and progressive decline in trade barriers among countries of the world are today, well recognized forces giving impetus to drastic growth in trading activities across the boundaries of many nations. These processes without doubt, are equally expanding the frontiers of mutual benefits accruing to nations through increasing engagement of their Small and Medium Enterprises (SMEs) in international trade. However, while this development is seen by many, as a major driving force behind integration process of the world economy, only a small part of SME sector in most countries of the developing world, has been able to identify and develop its internal strength and potentials for successful exploitation of the opportunities offered by globalization and trade liberalization (OECD, 2004, p. 5). With particular reference to Nigeria, the poor performance of the SME sector in its contribution to total exports, is a recognized challenge to the dynamics of economic growth and development. Despite that the SME sector employs over 90% of Nigerian labour force, its contribution to total exports still remains at 7.64%, and this just represents a slight increase from its 7.27% level in 2013 as compared to the sector's average of between 40 to 50 percent contributions in the Asian Tigers and the European Union economies (SMEDAN & NBS, 2017). Among the reasons usually advanced for the poor performance of the SME sector in the non-oil export markets are the weak organizational capabilities of the sector and its inadequate competitiveness. Consequently, giving the overriding significance of the diversification policy in economic growth agenda of past and present governments in Nigeria, the general belief of researchers and policy makers is that the over-dependence of the economy on crude oil revenue and the low contribution of the non-oil export sector to total exports in Nigeria, does not justify the expected role of the sector and its vast potentials in international market (CBN, 2015; OECD, 2004). The reality of this assertion becomes more glaring now especially, with covid-19 pandemic and its devastating effects on the global economies. Nigeria in her over-reliance on oil revenue is among the worst hit economies during the climax of the pandemic, as the immediate negative effect of the crash of crude oil price per barrel from the average price level of \$70 in May 2019, to as low as \$18 a barrel, and later into the negative zone, resulted in untold disruptions in the 2020 national budget, employment and serious instabilities in business planning. The needed economic shock-absorber from a strong, functional and effective non-oil sector of the economy, is still 'a yet-to-be achieved' ambition in Nigeria. This thus, represents a research gap and hence, the motivation for the current study which aims at examining empirically, the possible impacts of the SMEs in the non-oil sector on the export potentials of the economy through the various constructs of firms' organizational capability and competitive scope.

The result of the study will aid in the process of developing SME-friendly policies needed to positively create, reconfigure, harness and advance the capabilities, potentials and competitive domain of the SME sector in ensuring effective diversification of the Nigerian economy and sustainable growth in foreign exchange earnings through agriculture, agro-businesses, craft, artisans, manufacturing, solid minerals & mining related industries.

Research Objectives

The specific objectives of this study include:

1. To examine the effects of organizational capability on SMEs' non-oil export performance.
2. To investigate the effects of firms' market-related competitive scope on non-oil export performance.

Research Questions

The broad questions this research intends to investigate include:

1. What are the effects of organizational capability on SMEs' non-oil export performance?
2. What are the impacts of competitive scope on SMEs' non-oil export performance?

Research hypotheses

The research hypotheses to be verified in the study include:

- H1: Organizational capability does not influence SMEs' non-oil export performance.
H2: Firms' competitive scope does not influence SMEs' non-oil export performance.

Scope of The Study

The study domain covers the empirical evidence on the dependence of SME non-oil export potentials on the major constructs of SMEs' organizational capabilities and firms' market-related competitive scope, as was obtained from the field survey exercise conducted in the Southwest Nigeria in November, 2019.

II. LITERATURE REVIEW

2.1 Theoretical Framework

This study anchors on resource-based view (RBV) of Barney (1991) and its extension, the dynamic capabilities theory of Teece, Pisano, & Shuen (1997). The resource-based view maintains that the differences in performance rating of firms can be linked to efficiency of the bulk of resources owned by the firms and its disposition to knowledge- and skill-embedded human capital (Barney, 1991). Barney argues that owned resources and capabilities of firms are the real sources of firm's ability which generate sustainable competitive advantages that translates to higher performance. The dynamic capabilities theory of Teece et al. (1997) extends the RBV postulate by emphasizing on the actions, processes and routines characterizing the ability of firms in mobilizing and leveraging available resources and capabilities. The theories thus describe how dynamic are firms in responding to the changing market circumstances. Research scholars (Pham & Hoang, 2019; Lages et al., 2013) posit that the differences in SMEs' performance in exports are direct results of the functionality and dynamism of firms' organizational capabilities, competitiveness and efficiency in the use of resources controlled, opportunity recognition and exploitation, as well as the strategic ability of the SME owners and managers in dealing with the changes or challenges of the foreign market threats. According to resource-based view (RBV) therefore, the differences in performance rating of firms can be linked to efficiency in the use of the bulk of resources owned by firms, as well as the firms' knowledge- and skill-embedded human capital. The theory holds that owned resources and capabilities of firms are the real sources of firms' capability that generates sustainable competitive advantages that translates to higher performance. Furthermore, as an extension of the RBV, the dynamic capabilities theory of Teece, et. al. (1997) emphasizes on the actions, processes and routines characterizing the ability of firms in mobilizing and leveraging available resources and capabilities in effectively responding to challenges of the market. With this theoretical conception, firm's resources and their efficient leverage in export business expectedly, will decrease uncertainties and barriers in foreign market (Wach, 2014). Also, while the resources are physical stocks of material wealth which essentially, are the means of production of goods and service at firms' disposal, Teece, et. al. (1997) argue that firms' capabilities refer to the sets of intricate processes and routines required for creating the right organizational structure for producing utility-satisfying goods and services, as well as developing and implementing effective marketing strategies that ensures effective delivery of the value-chains to the target audience for the sustainability of firms' set goals. In all these, exporting SMEs differ considerably in terms of resources and capabilities at their disposal.

Therefore, since the concern of researchers in this subject area is majorly on how to understand and conceptualize why some SMEs perform better than others particularly in export performance, this study seeks to examine how the non-oil exporting firms can recognize, conceptualize, operationalize, develop and utilize the

dimensions of their organizational capabilities and competitive abilities in responding to the changing circumstances in the international market. This theoretical framework will thus, guide the current investigation on how to identified some of the significant factors that determine the non-oil export performance of SMEs operating in the Southwest Nigeria, based on the responses gathered from the study respondents.

2.2 SMEs and The Non-Oil Export Sector of the Economy

SMEs in the non-oil sector of the economy has a great role and potential for boosting export earnings as well as providing the needed diversification for the country's export structure. The sector employs over 84% of the nation active and working population (Premium Times Newspaper, 2019). If effectively and adequately promoted therefore, the Nigeria SME sector can contribute immensely to meeting the present deficiency in the supply of foreign exchange in the country. Secondly, the non-oil exports can serve as a strong compliment to oil exports and thereby contribute to improving the balance of payment position of the country, assist in resolving the acute debt burden and improve the stock of our foreign exchange balances. Thirdly and more importantly, non-oil exports have direct and major linkages with other sectors of the domestic economy. Expansion in the non-oil export sector therefore, has a great potential for stimulating general economic growth through improved production, capacity building and utilization in industries, poverty alleviation and increase in gross domestic products (GDP). This evidence can be seen in the number of workers who work in various industries in export processing zones (NBS, 2013; Ezeudu, 2014). More so, while oil exports continue to provide the main source of foreign exchange to Nigerian economy, it is no gain-saying that for meaningful development and structural balance of the economy, there must be gradual transformation towards reducing the nation's reliance on exhaustible crude-oil exports and building capacities in alternative sources of income especially, through the Small and Medium Enterprises (SMEs) in agriculture, mining and manufactured exports.

2.3 Organizational Capability (OCp)

Organizational capability is a variable with broad theoretical constructs which can have different types of impacts on firm's strategy and trade performance (López-Cabarcos, et al., 2015). It is a function of different activities, processes and relationships which firms maintain domestically and/or internationally with the aid of the physical and human assets at its disposal (Al Marzouqi, 2019). Organizational capability denotes a firm intangible resources or human capital and determines the success of firms in their markets (Abaho, et al., 2016). It is a medium of firm's competitive advantage that creates rare values and improves firm's performance in its markets, relative to other competitors. To a large extent, firm's organizational capabilities represent efficacy of the intangible resources at firms' disposal. Sánchez (2011) opines that organizational capability is the firm's special ability which facilitates the resourcefulness of its tangible or physical assets. Other studies (Yong & Yun, 2017; Matthijs, 2014; Wang & Zeng, 2017) also, affirm that organizational capabilities are the inevitable stimuli for effective knowledge transfer, technological innovations, and other wide ranging factors that would contribute to enhancement of excellence in firms' internal and external performance.

2.3.1 Relationship between Organizational Capability and Export Performance

The impacts of the identifiers of firm's organizational capabilities on the firm's export performance indicators, have been established in many scholarly works (López-Cabarcos, et. al., 2015; Ajayi, 2016; Abaho, et. al., 2016; Onyango, et. al., 2016). Some of these previous works have found constructs like international business contacts, strategic planning orientation, innovative technologies, foreign market information, and channel relationship management, among others, as identifiers of firms' organizational capabilities which impact significantly on export performance of firms. Mpunga (2016) argues that lack of such export-impacting capabilities and competencies by firms and their owners/managers can lead to firms being incapable of understanding and controlling barriers to exporting process, with consequent failure of the enterprise in its foreign market campaign. From a field survey study of 41 small and medium manufacturing firms in Punjab India, Dev, Gill, & Singh (2017) discovered: process innovation, product innovation, R & D, technological knowhow and manufacturing skills as being fundamental elements of organizational capabilities displaying positive and significant impact on the firms' performance. For firms to successfully compete in their market therefore, recognition and possession of the needed resources according to the resource-based view, is a necessary precondition to good performance. Also, Monteiro, Soares, & Rua (2017) in a survey study of 265 managers of exporting companies in Portugal, examined the dependence of firm's export performance on entrepreneurial orientation, organizational resources, financial resources and dynamic capabilities and found that firms' dynamic ability in maintaining consistency between the needed strategies for dealing with the challenges in the firm's business environment, positively and significantly affects export performance. However, despite the previous research evidence supporting the importance and positive effects of organizational capabilities on firms' performance, impact analysis of firms' organizational capabilities on non-oil export potentials in most

developing countries like Nigeria, still remains under-researched (Pham, 2016; Pham & Hoang, 2019). This research is therefore, poised to verify the null hypothesis (H1) formulated as:

- *H1: Organizational capability has no significant impact on SMEs' export performance.*

2.4 Competitive Scope (CS)

Market-related competitive scope is a powerful determinant characterizing firms' gained opportunities through innovation, new products/services development, marketing information, greater awareness on customer needs, consumer satisfaction, product and market heterogeneity which are the recipe for higher performance level (Chandler & Hanks, 1994). Currently, the international economic and trade relations are characterized by fierce and ever escalating competition for valuable resources, market opportunities, customer clientele and continuous growth in export revenue to maintain their sustainable existence in the global business. The uncertainties surrounding the noted processes especially, with respect to exporting firms from the developing economies like Nigeria, explains the need for strong competitive ability of firms in winning the war of competition for survival in the export market. Many Small and Medium enterprises are therefore, under constant challenges to make rational choice of strategic decisions on production scheduling, operations management, least-cost shipping arrangement, and resource commitment to highly profitable product-mix, market positioning, organizational strategies, best packaging alternative, plant and warehouse location strategy to ensure reduced cost on production and distribution arrangement to foreign customers. How best these decisions are made, will affect the success or otherwise of the firm's export strategy. Collis & Montgomery (1998) observe that what distinguishes the performance level of firms' in the developed and fast-growing economies of the world from those of the less developed or developing nations is that the tangible assets possessed by firms in the advanced economies are usually more strategically aided by sophisticated and well-developed set of superior capabilities that guarantee higher competitive advantage. This thus, implies that firms differ by measure of competitive advantages enjoyed due to the differences or variations in their resource endowment and competitive abilities which dictate the diversity usually experienced in their performance levels from one economic environment to the other (Barney, 1991).

2.4.1 Relationship between Competitive Scope and SMEs' Export Performance

Competitive scope is a means of facilitating effectiveness of the functional processes such as the strategic management, human resources management, operations management and technology management in an organization. According to Amitabh and Momaya (2004), it is like the lubricant that improves the ability of a business entity to compete more effectively in its market. They are of the opinion that production entities derive their competitive advantages from their tangible and intangible assets which is facilitated by the functional processes within the organisation. They also argue that competitive scope is the source of firms' competitive advantages, a distinguished quality in which all firms are not equally endowed. Previous studies (Alvarez & Lopez, 2005; Francis & Collins-Dodd, 2004; Morgan et. al., 2004) have highlighted measuring the effect of dimensions such as business networking, improved access to business information, development of new knowledge and exposure to technological and managerial know how, market attractiveness, technological sophistication, market competitive concentration, opportunity discovery, legal and political factors, as well as cultural similarity, on firms' performance in the export market environment. Such findings and analysis will establish the significance of the impact of such independent factors on firms' export performance indicators and thus, permit proper planning and resource engagement policy for prosecuting the SMEs' non-oil export campaign in the global market. Following the arguments above therefore, the present research investigates the dependence of SMEs' export performance on some identified constructs of market-related firm's competitive scope in non-oil export market. Hence, the following null hypotheses (H2) is formulated for the study as:

- *H2: Firm's competitive scope does not influence SMEs' performance in the export market.*

2.5 Research Model

The research model for the study (figure 1) shows the conceptual framework of the interrelationships between the study's two independent variables (i.e. organizational capability and firms' market-related competitive scope) and dependent variable, the SMEs' non-oil export performance. Constructs of organizational capability included in the model are: firms' international contacts & networking; application of modern technology; and leadership development training programs; while the dimensions of SMEs' market-related competitive scope was expressed in the model through firms' technological sophistication; market heterogeneity & dynamism; entrepreneurial awareness & creativity; market demand & competitive concentration; as well as the product life cycle. The motivation for the chosen research model are the evidences from the past studies (Dollinger, 1984; Soh, 2003; D'Aveni, 1994; Ardichvili & Cardozo, 2000), and the perspectives of resource-based view of Barney, 1991; and dynamic capabilities theory of Teece et al., 1997 which underlie the construction of the instrument and the choice of the factors examined in the study.

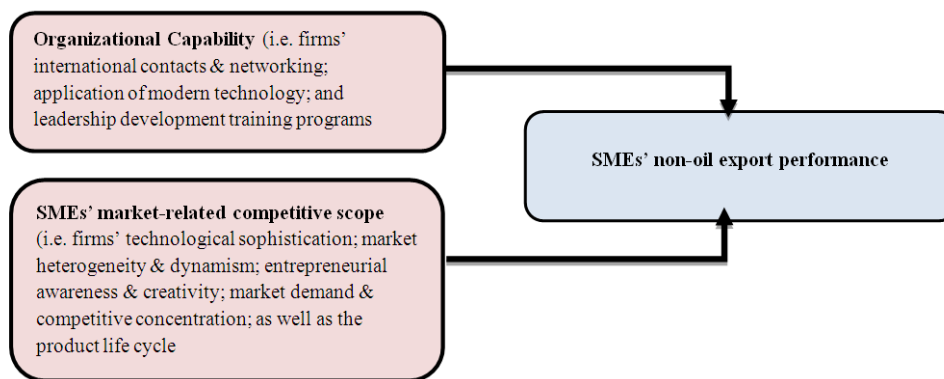


Figure 1: Research Model

III. RESEARCH METHODOLOGY

The methodology used for finding solutions to the research problems was an organised sample survey study of 320 SME owners/managers held in the Southwestern region: Lagos, Osun and Oyo States of Nigeria. This chosen study location comprised the three states with the largest number of SMEs in Nigeria (NBS, 2017). A stratified sampling method was applied in selecting SMEs' owners and managers contacted in the study; while a cross-sectional, descriptive research design was employed for operationalization and collection of quantitative data that was subsequently analyzed, using the multiple regression method. The study questionnaire addressed structured statements that were used for estimating the dimensions of the dependent and independent variables in the study.

IV. ANALYSIS AND RESULTS

This study was designed to identify and estimate empirically, the significance of the core dimensions of organizational capabilities and firm's competitive scope on the non-oil export performance of the Small and Medium-scaled Enterprises in the Southwest Nigeria. And as such, its motivation was to validate the study hypotheses and proffer effective solutions needed for boosting the nation's foreign exchange earnings.

4.1 Impacts of Organizational Capabilities on SMEs' Export Performance

Table no 1 presents the result of regression analysis (model 1) carried out to show the relationship between the dependent variable, SMEs' Export performance (Yexp) and its predictor variable, organizational capability (OCp), the dimensions of which include: International contacts and networking (IC&N₁), Modern management techniques (MMT₂), and Leadership development & training programs (LDTP₃). In specific form, the multiple regression equation expressing this relationship is given for the total sample in the study as:

$$Y_{exp} = 0.985 + 0.407IC\&N_1 + 0.031MMT_2 + 0.201LDTP_3 + U_1 \dots \dots \text{(Model 1)}$$

where, all variables are as defined earlier, and U₁ = Error term. The intercept of the equation in Table no 1, is positive and significant for the three models examined. This result reflects the potential capability of the physical asset of the exporting firms contacted in the study.

Table no 1: Effects of Organizational Capabilities on SMEs' Export Performance by Factor Intensity

Variable	Total Sample		Capital Intensive		Labour intensive	
	Equation Coefficient	t-statist	Equation Coefficient	t-statist	Equation Coefficient	t-statist
(Constant, i.e. the intercept)	0.985*	3.462	1.089*	2.722	0.949*	3.043
International contacts & Networking (IC&N ₁)	0.407*	7.074	0.311*	2.945	0.453*	6.628
Application of Modern Technology (AMT ₂)	0.310*	2.465	0.295*	2.699	0.053	0.688
Leadership Develop. Training Programs (LDTP ₃)	0.201*	3.092	0.068	0.584	0.269*	3.432
	Total Sample		Capital Intensive		Labour intensive	
Multiple Correlation Coefficient (R)	0.595		0.559		0.541	
R-Square	0.354		0.211		0.293	
Adjusted R-Square	0.335		0.182		0.285	
No. of Observation	320		109		211	
F-test Statistics (F _{0.05(v1,v2)})	34.292* (2.67)		7.377* (2.72)		37.942* (2.65)	

Dependent Variable = SMEs' Export Performance; *p = significant at 5% level

Note: SPSS Regression Output based on Researcher's Field Study

With regard to the model predictors (i.e. the dimensions of organizational capability), firms' international contacts & networking with foreign trade partners and customers, has impacted positively and significantly ($\beta = 0.407$; p value < 0.05) on export performance indicator for the SME firms in the study. The implication of this result is that all things being equal, increase in international trade contacts & networking ability of the exporting SME firms in the south-west Nigeria, will significantly increase their access to competitive information and advantages which can enhance their foreign market operations and significantly contribute to their non-oil export performance. This result corroborates the views of Dollinger (1984) and Soh (2003) who have posited that effective strategy in the management of firm's international trade contact & networking can ensure better performance of the exporting firms. As for the application of modern management approaches in business decision making processes, the study reveals a positive and significant impact ($\beta = 0.310$, p value < 0.05) of the variable on SMEs' non-oil export performance. The performance of SMEs employing capital intensive method of production is however, found to be more significantly impacted by this variable with its covariate, $\beta = 0.295$, p value < 0.05 . As for the labor-intensive group of SMEs in the study, application of modern management approaches displayed a positive but insignificant relationship ($\beta = 0.053$, p value > 0.05). The implication of this result is that the higher the use of modern technology and ICT facilities in information, communication, marketing research activities and operations of the capital-intensive firms, the greater their non-oil exporting capability and performance through improved product acceptance and effective service delivery. The opposite scenario is obtained for the labor-intensive SME ventures, due perhaps to smallness of their sizes, the largely-manual nature of their activities, and the possible increasing cost outlay which may accompany high application of modern technology and ICT facilities in their operations.

The SMEs' leadership development training programs also exhibits a positive influence with its covariate ($\beta = 0.201$) manifesting significant impact (p value < 0.05) on non-oil exporting SMEs especially, the labor-intensive small- and medium-scale firms in agriculture, agro-allied, craft, artisans, manufacturing, solid minerals & mining related industries, wholesales & retail trading, as well as the service industry in the Southwest, Nigeria. This revelation seems to show that for majority (i.e. 211 labor-intensive firms representing 66% of the SMEs in the Southwest Nigeria), improved organizational culture and human resource management through efficient leadership development and training programs for the SMEs' employees, can exert positive and significant influence on better performance of these firms in the non-oil export products sector.

Thus, the high multiple correlation coefficients ($R = 59.5\%$) and the overall fitness of model (1) as confirmed by the adjusted R-square values ($R^2 = 33.5\%$) in Table no 1, shows that the identified predictors in the regression result have been able to explain the variation in the dependent variable, SMEs export performance to the tune of 33.5% of the firms contacted in the study. The rest of the variations are thus, attributable to other factors not included in this study, and which further research on the topic can explore.

4.2 Impacts of Competitive Scope on SMEs' Export Performance

The multiple regression analysis of model (2) carried out to show the effect of Competitive Scope (CScp) on SMEs' non-oil export performance is shown in Table no 2. Column I of the Table presents the Total sample. Columns II and III relate to SME firms serving the domestic market only, and those serving both the domestic and export markets respectively. In regression equation form, model (2) for the total sample is expressed as:

$$Y_{exp} = - 0.315 + 0.257TS1 + 0.242MHD2 + 0.116EAC3 + 0.223MD4 + 0.104PLC5 + U_i \dots \textbf{(Model 2)}$$

where, all variables are as defined earlier, and U_i = Error term. The apriori expectation in Table no 2 gives the value of the equation when all the predictor variables in model (2) are zeros. Consequently, this has resulted in negative values for all the three models in the study. By implication, it also shows that pursuing any export campaign by the SMEs when all the predictor variables are non-functional, will lead to negative returns (losses). This is the theoretical expectation which presupposes that firm's competitive scope is a powerful tool for creating competitive advantage in the export market; and without which the performance level for the exporting firms can be negative returns (or losses). In other words, it is firms' competitive scope which according to Dollinger (1984), creates opportunity for more innovation, industry growth and market dynamism that permit firms to find new access to foreign markets, get well established and flourished.

The impact analysis of firms' competitive scope on SMEs' non-oil export performance has revealed that technological sophistication displays a positive and significant result with covariate, $\beta = 0.257$, p value < 0.05 for all the firms studied. This shows that upgrading investment in new technology especially, for the exporting firms' in Nigeria, can significantly stimulate the expected growth in SMEs' performance on non-oil export products. The outcome also, appears to mean that stepping-up investment on new technologies and ICT facilities, which can effectively lead to reduction in total costs of production and improvement in product quality, can significantly improve SMEs' competitiveness in the global markets. This result supports the opinion of D'Aveni (1994) who submitted that a true technological empowerment is a necessary ingredient for establishment and sustainability of SMEs' competitive advantage in their served market.

Table no 2: Effects of Competitive Scope on SMEs' Export Performance by the Served Markets.

Variable	Total Sample		Domestic Market Only		Export Markets	
	Equation Coefficient	t-statistic	Equation Coefficient	t-statistic	Equation Coefficient	t-statistic
Constant	-0.315	-3.432	-0.206	-2.581	-0.364	-3.263
Technological Sophistication (TS ₁)	0.257*	4.444	0.228*	2.293	0.265*	3.630
Market heterogeneity & Dynamism (MHD ₂)	0.242*	3.927	0.267*	2.413	0.233*	3.098
Entrepreneurial Awareness (EAC ₃)	0.116*	2.641	0.129*	1.682	0.103	1.875
Market Demand (MD ₄)	0.223*	3.762	0.211*	2.020	0.233*	3.180
Product Life Cycle Management (PLC ₅)	0.104	1.850	0.098	1.085	0.112	1.501
	Total Sample		Domestic Market Only		Export Markets	
Multiple Correlation Coefficient (R)	0.803		0.796		0.808	
R-Square	0.644		0.633		0.653	
Adjusted R-Square	0.638		0.614		0.643	
No. of Observation	320		117		203	
F-test Statistics (F _{0.05} (v1,v2))	98.958* (2.26)		33.172* (2.33)		64.352* (2.27)	

Dependent Variable = SMEs' export performance; *p = significant at 5% level

Note: SPSS Regression Output based on Researcher's Field Study

Similarly, the covariate of market heterogeneity/dynamism (MH&D₂) in Table no 2 is positive and significant with $\beta = 0.242$, p value < 0.05 for all the firms studied. This result has shown that an improvement in export profile, sales dynamism, nomenclature and quality of want-satisfying products, all things being equal, can ensure significant increase in sales performance of the SME firms serving both the domestic and international markets. This result outcome also shows that market heterogeneity & sales improvements can be shock-absorber for exporting firms and enable them to spread their risks in turbulent periods similar to those faced by SME firms in times of crises in the international market.

Furthermore, entrepreneurial awareness (EAC₃) as shown in Table no 2, has exhibited a positive and significant impact ($\beta = 0.116$, p value < 0.05) for all the firms studied on SMEs' ability to export non-oil products. This result is however, more impactful with $\beta = 0.129$; p value < 0.05 on SME firms serving in the domestic market than the weak and insignificant result ($\beta = 0.103$, p value > 0.05) obtained for firms serving in both domestic and foreign markets in the southwest Nigeria. Incidentally, this result appears to imply that while majority of the entrepreneurs operating in the Southwest Nigeria are well aware of trade opportunities in the foreign market, awareness of the foreign market opportunities is not yet all-embracing among the SMEs operating in the southwest. As posited by Ardichvili & Cardozo's (2000) therefore, the noted challenge must be tackled by SMEs' stakeholders and non-oil export promotion policy makers in the southwest Nigeria.

On its part, the covariate, of market demand (MD₄) with firms' export performance is positive and statistically significant (with $\beta = 0.223$; p value < 0.05) for all the SME firms studied. This result outcome means that improving and stimulating the production and sales of non-oil export products as expected, will not only ensure increase in foreign exchange for Nigeria but also, through its multiplier effects, can lead to increased contribution of the SMEs serving the domestic markets and consequently to growth in the gross domestic product (GDP). As for the influence of firms' product life cycle management on firms' export performance level, the covariates showing the relationship is positive but insignificant ($\beta = 0.104$; p value > 0.05) for all the firms studied. A firm's product life cycle (PLC₅) is a progressive analysis of its product sales' trajectory through its introduction, growth, maturity, and decline stages. Each of these stages has its peculiar problems, opportunities, marketing strategies, and sales potentials. The result of analysis in this section has thus, revealed that there is an urgent need for positive improvement in effective marketing strategy towards firms' product life cycle management in the Southwest, Nigeria, since this has the propensity to increase the export performance level of the SMEs serving in both the domestic and export markets.

Finally, indication from the adjusted R-square values in Table no 2, equal 63.8% for all the SMEs sampled in the present study. This R² value implies the model quality or its overall fitness. It thus, explains the degree to which the dimensions of the independent variable, competitive scope as included in the regression model (2), has explained the variations in the dependent variable, SMEs' non-oil export performance (Y_{exp}). The rest variation may thus, be attributed to other factors not included in this research.

4.3 Result of Hypotheses Testing

4.3.1 Hypothesis 1

H₀: Organizational capability does not influence SMEs' export performance.

For the test of Hypothesis (1) in sub-section 4.1 presents the analysis of the dependence of SMEs' export performance on the set of explanatory constructs of organizational capability (OCp) as was captured and analyzed in regression model (1). The multiple correlation coefficients ($r = 0.541$, p value < 0.05) of the model also, displayed a significant and positive relationship between SMEs' non-oil export performance and its predictor variable, the dimensions of organizational capability. The F-test statistics (calculated = 37.942, p value < 0.05) is also significant and greater than F-critical values of 2.650 (see Table no 3).

Table no 3: Hypothesis Test (H1)

Indicator	Total Sample
Multiple Correlation Coefficient (R)	0.541
R-Square (R ²)	0.293
Adjusted R-Square	0.285
Std. Error of the Estimate	0.867
No. of Observations	320
F-test Statistic	37.942
(p-value) Probability of F-statistic	0.000
F-critical value at 5% significant value	2.65*

*p = significant at 5% level, according to Snedecor & Cochran, 1980.

Note: SPSS Regression Output based on Researcher's Field Study

Therefore, the null hypothesis (H1) of no significant relationship between export performance and constructs of organizational capability in the Southwest, Nigeria was rejected in place of the alternative hypothesis. This conclusion corroborates the argument of Soh (2003); Sanchez (2011); Ajayi, 2016; Abaho, et. al., 2016; Brahim, 2016; Onyango, et. al. (2016) who have asserted that organization capabilities are the core organizational skills and resources that empower a firm to provide fundamental values and customer benefits which lead to customer loyalty and improved performance in the relevant market.

4.3.2 Hypothesis 2

H₀: Competitive scope does not influence SMEs' export performance.

The hypothesis (H2) was formulated to validate the impact of Competitive Scope on SMEs' Export performance in section 4.2. From the multiple regression equation (model 2) therefore, the multiple correlation coefficient ($r = 0.80$, p value < 0.05) obtained indicates a very strong correlation between firms' competitive scope and SMEs' export performance. The F-test statistic value (calculate = 98.958, p -value < 0.05) is also, statistically significant and far greater than the F-critical values (2.26) at 5% significance level (see Table no 4).

Table no 4: Hypothesis Test (H2)

Indicator	Total Sample
Multiple Correlation Coefficient (R)	0.803
R-Square	0.644
Adjusted R-Square	0.638
Std. error of the estimate	0.850
No. of Observation	320
F-test Statistics	98.958
(F-statistic) p-value Prob	0.000
F-critical value at 5% significant level	2.26*

*p = significant at 5% level, according to Snedecor & Cochran, 1980.

Note: SPSS Regression Output based on Researcher's Field Study

The null hypothesis (H2) of no relationship between firm's competitive scope and SMEs' export performance in the Southwest Nigeria is thus, rejected. These results agree with the findings of Alvarez & Lopez, 2005; Francis & Collins-Dodd, 2004; Morgan et al., 2004; Lages and Montgomery, 2004; who have posited that competitive scope is a strong determinant in establishing firms' competitive advantage in a given market.

V. CONCLUSION AND RECOMMENDATIONS

This research has revealed that organizational capability is a positive factor which impacts significantly on SMEs' export performance in the Southwest Nigeria, through firms' international contacts & networking with foreign partners and consumer groups; application of modern technology especially, in capital intensive firms on production, information, marketing and the ICT facilities; as well as leadership development training

programs especially, for the labor-intensive firms. The null hypothesis (H1) of no relationship between organizational capability and SMEs' export performance in the Southwest, Nigeria was therefore, rejected. The implication of this revelation is that improvement in the level of each of the constructs of organizational capability identified and investigated in the study will lead to positive and significant change in SMEs' access to creating strategic organizational capabilities in marketing information, opportunities, and competitive advantages that will enhance improved SME performance in the foreign market. This result agrees with the view of Dollinger (1984) and Soh (2003) who had earlier opined that effective management of firm's international contact & export marketing information, business networking in the foreign market and application of modern approach to management and training programs significantly influence access to competitive information and advantages that enhances firm's improved performance in the foreign market. Furthermore, notwithstanding the impact of firms' product life cycle management that was found to be weak and insignificant in this study, the outcome of the research has firmly established the influence of firms' competitive scope on SMEs' non-oil export performance in the Southwest, Nigeria through the positive and significant impacts of technological sophistication which reduces the unit costs of production and increases firms' profit-making in the long run; market heterogeneity & dynamism which enables firms to spread their risks and acts as shock-absorber for firms in times of market crisis; firms' entrepreneurial awareness which opens up potential market opportunities; and market demand which enhances maximal exploitation of available market opportunities. Therefore, the null hypothesis (H2) of no relationship between firm's competitive scope and SMEs' export performance was rejected. The overall implication of this result conforms with earlier studies of D'Aveni, 1994; Ardichvili & Cardozo, 2000; Alvarez & Lopez, 2005; Francis & Collins-Dodd, 2004; Morgan et al., 2004; Lages & Montgomery, 2004, which have found that firm's competitive scope is a powerful tool for creating firm's competitive advantage, opportunity recognition, market heterogeneity, and new marketing information that provide more opportunities exporting firms to enter the foreign market.

The study thus recommends that SME policy makers and business community in the Southwest Nigeria should create enabling environment for SME owners and managers to upgrade organizational capabilities of their firms through building and managing effective trade contacts and marketing networks with foreign partners and customers. Functional investment on ICT and technological revolution, employee training, development and capacity building for coping with challenges and taking the advantages of modern international trading engagement are also contributing factors to be enhance in SMEs' management. Entrepreneurs should also, augment their firms' competitive ability through drastic improvement on product quality, modern and effective management of product life cycle through the introduction, growth, maturity and decline stages. If well implemented, these recommendations are sure to upgrade the SMEs' organizational capability and enhance market competitive scope of the exporting SMEs in the global business environment.

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