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Abstract

Purpose – The purpose of this paper is to establish how small- and medium-sized enterprises (SMEs) in water, beverage, soap, detergent, metal fabrication, wood and furniture manufacturing industries can sustain or improve their competitive advantage by integrating specific resources and capabilities. The paper seeks to offer an alternative framework "resource capability-based view (RCBV)" that provides a strategic marketing direction for SMEs regarding how innovative marketing practices and dynamic marketing capabilities integrate to create sustainable market advantage.

Design/methodology/approach – This current paper employed a quantitative survey design with a positivist methodological research paradigm. The paper used a multi-stage stratified and simple random sampling technique to collect data from 591 manufacturing SMEs in Ghana. SMEs in water, beverage, soap, detergent, metal fabrication, wood and furniture manufacturing industries were sampled for the study. A structural equation model was employed to test the study hypotheses to arrive at the findings.

Findings – The study found that product design and packaging innovations, promotion innovations, retail innovations and pricing innovations provide sustainable market advantage for water, beverage, detergent and metal fabrication SMEs. The paper also found that new product designs and packages are the major drivers of sustainable market advantage followed by innovative retail outlets. The paper further originated that integrating marketing competence (marketing resources and marketing capabilities) and innovative marketing activities provides a marginal improvement in competitive advantage. Physical resources may result in market advantage but integrating physical resources with dynamic marketing capabilities provides sufficient competitive sustainability in a competitive market.

Practical implications – SMEs in water, beverage, soap, detergent, metal fabrication, wood and furniture manufacturing industries should prioritise their key marketing resources and capabilities in product designs, promotion, pricing and retailing innovations in order to sustain market advantage. Old products should not be faded from the market but rather SME managers should employ innovative retail strategies, such as eco-friendly advertising, product re-branding and digital platforms (social network sites and websites), which are important to sustaining market performance. Government must develop targeted policies to bridge the information gap between SMEs and research institutions such as universities through regular subsidised entrepreneurial training and creation of semi-annual industry-academic fairs. The main theoretical contribution of this current paper is the development of "RCBV" as a framework which shows how SMEs can integrate specific resources and capabilities to achieve sustainable market advantage. This framework offers an integrative view of conventional resource-based view and dynamic capability theory (DCT) which are independently examined in the literature.

Originality/value – This current study has proposed an integrated and elaborative approach to the conventional resource-based view and DCT which does not provide a composite understanding in the literature. SMEs may lack the needed resources and capabilities to introduce new products or extant product lines but this paper has demonstrated that how SME can sustain market advantage of existing product(s) by synchronously using specific marketing resources and capabilities. The proposed framework offers a guide for SMEs to integrate their physical resources and capabilities to sustain their market advantage.

Keywords Marketing, Innovation, Sustainability, Manufacturing, Competitive advantage, Marketing capabilities

Paper type Research paper

1. Introduction

The intensity of global market competition has created dynamic and fast-changing business environment which has affected all enterprises including small- and medium-sized enterprises (SMEs). SMEs have, therefore, realised the need to explore, exploit and deploy

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innovative strategies in order to stay competitive in the changing business environment (Carvalho and Costa, 2014). In both developed and developing countries across the world, SMEs form an important fragment of the local economic system (Ismail, 2015). In Ghana for instance, SMEs constitute about 90 per cent of businesses (Abor and Quartey, 2010), provide over 80 per cent of employment (Abor and Quartey, 2010) and contribute over 50 per cent to GDP (Buame, 2004). In developed and developing nations, the contributions of SMEs have been faced with multiplicity of challenges such as lack of access to improved and affordable technology (Quaye, 2014), and finance (Abor and Quartey, 2010; Fraser *et al.*, 2015). Quaye and Mensah (2017) identified these challenges as either from the internal or external environment. These challenges, coupled with socio-cultural, legal and political characteristics of the domestic economy, present opportunities for SMEs to develop innovative strategies to survive, grow and expand. As a result of the challenging business environment, SME owner–managers create opportunities when they are compelled to "think outside the box" to develop new and/or different marketing strategies to meet the changing strategies of vicious competitors, consumer and regulatory demands.

The marketing focus of SME owner–managers is to create new and/or modify product packages and designs, promotion tactics, pricing strategies as well as explore effective and efficient distribution networks. These marketing strategies and practices have been generally described as marketing innovations (Stošić, 2007) because they are unconventional, haphazard, reactive (Hills *et al.*, 2008), opportunistic, creative and unusual solutions to market needs. In operational lenses, the concept of marketing innovation has been variously defined as the implementation of new marketing methods which involve significant changes in product designs and package, product placement, promotion and pricing (Onwumere and Ozioma-Eleodinmuo, 2015; Talegeta, 2014). Generally, the concept of innovation is regarded as an essential ability of SMEs to compete domestically and also improve their performance (Ren *et al.*, 2015). These basic strands of marketing innovation: new improved packages and designs, promotion strategies, pricing and distribution networks create competitive advantage (Chuwiruch *et al.*, 2015) through product differentiation, visibility and easy identification (Ilić *et al.*, 2014). In essence, all these strands of marketing innovations provide support for SMEs to overcome basic challenges, hence improve their advantage in the competitive market (Onwumere and Ozioma-Eleodinmuo, 2015).

Despite the relevance of marketing innovation in achieving sustainable competitive advantage (SCA), studies appear to be mixed on the subject (Heimonen, 2012). For instance, while some studies have found a positive and significant effect of marketing innovation on SCA (Awan and Hashmi 2014; Camisón and Villar-López, 2011; Dzisi and Selvarajah, 2012; Geldes and Felzensztein, 2013; Mbizi *et al.*, 2013), other studies have found that some SMEs (especially those in Ghana) are not innovative, hence SMEs are unable to achieve and sustain their market performance (Quaye and Acheampong, 2013; Dzisi and Ofosu, 2014). The findings of Quaye and Acheampong (2013) and Dzisi and Ofosu (2014) reveal that innovation was examined from general perspectives such as product innovation and process innovations using all sectors of the Ghanaian economy including service, agriculture and industry. The current paper argues that SMEs may not be innovative in terms of new products (product innovation) but can develop innovative strategies such as new package and design, pricing and distribution strategies to sell their existing products. In this regard, the conclusion "SMEs in Ghana are not innovative" may differ or change when SME innovation is examined from the marketing perspective.

In a saturated and highly competitive market, this current paper seeks to offer an alternative framework (resource capability-based view (RCBV)) that provides a strategic marketing direction for SMEs regarding how innovative marketing practices and dynamic marketing capabilities integrate to create sustainable market advantage for SMEs. This current study seeks to propose an integrated and elaborative approach to the conventional

resource-based view and dynamic capability theory (DCT) which does not provide a composite understanding in literature. It seeks to establish how SMEs in water, beverage, soap, detergent, metal fabrication, wood and furniture manufacturing industries can sustain or improve their competitive advantage by employing and integrating specific resources and capabilities. At the national level, this paper makes a proposal for a strategic collaboration between government, research institutions and manufacturing SMEs to foster capability development that boosts the marketing performance of manufacturing SMEs in both domestic and international markets.

2. Literature review, conceptual framework and hypotheses development

2.1 Concept of SME innovation

The definition of "innovation" has acquired various meanings and understanding from different domains and perspectives in academics and practice (Hunt and Morgan, 1995). An early pioneer of innovation, Schumpeter (1934) defined innovation as "a new way of doing things, or a unique combination of factors of production". Observing carefully, the exposition by Schumpeter suggests a broader view of innovation such as product innovation, process innovation, management innovation, organisational innovation and marketing innovation (Talegeta, 2014). With regard to the forms of innovations espoused by Schumpeter (1934), Terziovski (2010) noted that SMEs prefer some forms of innovation over others. However, Medrano and Olarte-Pascual (2016) disagreed with this assertion, arguing that it is currently difficult in any academic discourse to limit studies on innovation to any form of innovation. Further studies have shown that SMEs that conduct process, product or organisational innovations are likely to undertake marketing innovation too (Medrano and Olarte-Pascual, 2016; Soltani *et al.*, 2015). A study by Forés and Camisón (2016) reported that SME managers should rather concentrate on the distinguishing feature, which is the "novelty" of the innovation outcome. Consequently, SMEs achieve high performance when their strategic objectives and goals are based on their level of innovation (Rosenbusch *et al.*, 2011).

Thus, Schaltegger and Wagner (2011 as cited in Klewitz and Hansen, 2014) note that small enterprises are well positioned to innovate more radically and compete favourably than large firms, especially in a niche market. Innovation does not come from large firms alone but from dynamic SMEs (Schilirò, 2015). Another study by Yeh-Yun Lin and Yi-Ching Chen (2007) revealed that about 80 per cent of 877 SMEs surveyed in Taiwan are engaged in some marketing innovation such as new sales approach, new market and new brand styles. Ayyagari *et al.* (2011) confirmed the finding of Yeh-Yun Lin and Yi-Ching Chen (2007) in the Ghanaian context that many innovations come from SMEs.

2.2 Marketing innovation

The definition of marketing innovation has taken a new paradigm because global business trends have shifted the flow of innovative ideas partially from the producer to the consumer. Alternatively, marketing innovation is defined as the significant changes in aesthetic designs, improved product packaging, new mass media, new pricing and sales strategies (Moreira *et al.*, 2012). Yeh-Yun Lin and Yi-Ching Chen (2007) in their study revealed that manufacturing SMEs adopt marketing innovation as one of the major types of innovations to transform their products into profit (Soltani *et al.*, 2015) and also determine the innovation focus of the firm (Woschke *et al.*, 2017). Stošić (2007), therefore, identified four strands of marketing innovation which includes product design and packaging innovation; new pricing strategies; new retail concept and new promotion concepts.

2.2.1 Design and packaging innovation. One central element in SME marketing activities is design and packaging innovations (O'Dwyer *et al.*, 2009). For decades, product design and

packaging innovation has become one of the innovation strands adopted by SMEs (Madrid-Guijarro *et al.*, 2009 as cited in Asiedu, 2016). Product design and packaging innovation includes significant changes in product design and packaging form and/or style without any effect on the core functioning and user characteristics of the product (Stošić, 2007; Wang, 2015). In recent years, literature has emphasised on the eco-design of products as a broader strategic approach for sustainability (Klewitz and Hansen, 2014).

Literature affirms that manufacturing SMEs that often introduce new product designs and packages create product varieties, improve products' life and enhance customer satisfaction and possess superior strength over competitors (Henderson and Clark, 1990; Wang, 2015). Consequently, the ability to sustain and improve competitive advantage requires SMEs to possess some amount of resources and capabilities as a catalyst to transform and modify existing strategies. Studies such as Youtie (2006), Moreira and Silva (2010), Moreira *et al.* (2012), Woschke *et al.* (2017) have noted that internal resources such as machinery, equipment and software are key to the development of innovation strategies. Other studies have argued that information from stakeholders (Resnick *et al.*, 2016) such as customers, employees, competitors, advertisers, retailers and wholesalers are important because these supply chains actually possess relevant information for product design and packaging innovation (Mbizi *et al.*, 2013). Manufacturing SMEs that are able to change and or modify their existing products into unique product designs and package achieve superior competitive advantage (SCA) (Awan and Hashmi, 2014; Haq *et al.*, 2008; Sudarmiatin and Suharto, 2016). Therefore, the study hypothesises that:

H1a. There is a significant positive relationship between product design and packaging innovation and SCA.

H2a. Marketing resources and capabilities sustain the relationship between SME product design and packaging innovation and SCA.

2.2.2 Pricing innovation. The second strand of marketing innovation is pricing innovation. Wang (2015) and Ilić *et al.* (2014) viewed SME pricing innovation as a process where a firm uses new and alternative methods to vary prices. Wang (2015) and Ilić *et al.* (2014) noted that SME pricing is characterised by conditions such as demand fluctuations and an introduction of a new interactive online pricing system such as website and social network sites. SMEs also operate price differential pricing system by charging different customers with different prices for the same products (Carson *et al.*, 1998). The price differential approach is based on factors such as the nature of business relationship, awareness of the market conditions, conditions of the product and the SME. Other SMEs also improve product designs and package by using new bottle shapes, taste, size and flavour as a means to differentiate their product prices. These strategies are normally influenced by market knowledge, managers' culture, intuition and experience over time (Carson *et al.*, 1998). Developing innovative pricing tools require key strategic marketing resources and capabilities such as employees with right knowledge, quality information and experience. In innovative pricing, employee capabilities and all relevant primary and secondary factors are important to consider in order to fix prices that are fair and acceptable to the firm, customers, market and industry. SME innovative pricing system aims to establish and maintain customer loyalty for business performance. The study, therefore, hypothesises that:

H1b. There is a significant positive relationship between SME pricing innovation and SCA.

H2b. Marketing resources and capabilities sustain the relationship between SME pricing innovation and SCA.

2.2.3 Promotion innovation. Innovative promotion involves significant changes in media techniques and symbols that are different from what the firm has used or existed before (Ilić *et al.*, 2014). Salehi (2012) established that SME managers have used the conventional marketing tools to be working well and attracted consumers to purchase firms' offerings. Nevertheless, Sledzik found evidence to disagree that traditional promotion tools appear too glossy, aggressive and insincere to the specific needs of customers. These problems are evident because the power of the digital age has altered the way consumers purchase and consume products (Ilić *et al.*, 2014), and thus consumers are now immune to all marketing tools and strategies (Lendel and Varmus, 2013). Furthermore, in an era where physical "word of mouth" is giving way to "word of mouse" and social media (Resnick *et al.*, 2016), SMEs managers have also resorted to social network sites and platforms such as WhatsApp, Facebook, Google+ and YouTube to promote their products and build relationships. These social network platforms allow SMEs to create internet platforms to promote their products and also allow customers to make purchase orders online. SMEs that do not have enough financial resources to adopt digital innovations to promote their products have resorted to use personality, personal contact, calls and text messages to customers, and good personal relationship as branding tools, which is essential for sustainable business performance (Resnick *et al.*, 2016). Sudarmiatin and Suharto (2016) noted that these innovative promotion activities such as branding, networking and internet adoption are critical to sustaining market advantage. In effect, innovative promotion tools improve brand trust, customer fulfilment, marketing image (Chuwiruch *et al.*, 2015) and also achieve good market performance (Schaupp and Bélanger, 2013). Therefore, we hypothesise that:

H1c. There is a significant positive relationship between SME promotion innovation and SCA.

H2c. Marketing resources and capabilities sustain the relationship between SME promotion innovation and SCA.

2.2.4 Retail innovation. Wang (2015) defined innovative retail concepts as the introduction of new sales channels used to sell goods and services to customers. Innovative retail concepts may involve first-time franchising system, direct mode of selling, exclusive retailing and product licensing mechanisms to other sellers. SME managers normally have the desire to take full control of their product delivery chain but due to time and other resource constraints, they sometimes resort to indirect channels. Regarding the innovative direct product distribution tools, some SMEs launch their own delivery vans and "showrooms" at various locations to distribute products to customers within specified geographical areas. Firms also adopt innovative discounts and other promotion tools to encourage customers to purchase directly from their factory, warehouse and distribution centres. Indirectly, manufacturing SMEs also organise intermittent mass sale promotions where consumers buy from the wholesaler at vantage places. In the age of technology, manufacturers have also developed websites and other social network sites such as Instagram to provide product information and pictures and also allow customers to make orders online. Such a delivery system means that different customers receive special and preferential retail service from a firm. The nature of the innovative SME delivery systems, which have shaped and moulded a closer relationship with customers, often creates a loyalty which cannot be replaced by large firms (Harrigan *et al.*, 2011). Hence, it is hypothesised that:

H1d. There is a significant positive relationship between SME retail innovation and SCA.

H2d. Marketing resources and capabilities sustain the relationship between SME retail innovation and SCA.

3. Sustainable competitive advantage

SCA has become one of the important goals of SMEs across the globe (Papula and Volná, 2013). The concept of SCA received wide significance when Porter and Advantage (1985) attempted a definition of SCA as strategies (cost leadership, differentiation and focus) relevant to achieving the long-term market advantage. In furtherance to the inroads of Porter, Barney (1991) attempted a definition of SCA as a long-term benefit resulting from unique value creation processes asynchronously with potential competitors that cannot be easily copied. Noci and Verganti (1999 as cited in Klewitz and Hansen, 2014) noted that it is important to consider SMEs strategic sustainability behaviour from three behavioural patterns: reactive pattern, which defines how firms react to elements or stimuli from the external environment; anticipatory pattern which describes the activities of firms in achieving competitive advantage; and finally the innovation-based behavioural pattern which shows how the firm can adjust to innovations to achieve market advantage. The reactive and anticipatory sustainability strategies of an SME prove to be the highest strategies that are likely to result in innovation because they are responses to the external environmental stimuli.

Marketing-based strategies are well defined within a relationship context where the customer represents an important strategic part of the innovation process. Studies have found evidence that marketing innovation remains one of the important strategies to achieving SCA (Ren *et al.*, 2015; Camisón and Villar-López, 2011). Other studies have noted that "a company can only achieve SCA when they provide unique and valuable marketing strategies that potential and dynamic rivals cannot imitate" (Amini *et al.*, 2012, p. 193).

Studies have emphasised that a firm must accumulate both resources and capabilities in order to achieve SCA (Abdelrahman, 2012; Ren *et al.*, 2009). To some authors, the capacity of SMEs to develop marketing innovation for SCA remains fundamental in the RBV (Rosenbusch *et al.*, 2011). Marketing capability, according to Prahalad and Ramaswamy (2000 as cited in Ren *et al.*, 2015), is the "integrative process in which a firm uses it tangible and intangible resources to understand market needs, enables products differentiation, enhances customer cooperation". Fundamentally, resources such as brand name, trade contacts, efficient processes (Barney, 2011), technical skills, knowledge, technology, relationships (Remeikiene and Startiene, 2009), finance and materials (Saunila *et al.*, 2014) are required to develop innovative marketing strategies for SCA (Barney, 2012). However, Barney (1991) and Genç *et al.* (2013) re-echoed the fact that not all firms' resources can create SCA. In order to develop marketing innovation for SCA, internal and external resources must be rare, inimitable, valuable and non-substitutable (Barney, 1991; Ren, Au and Birtch, 2009; Ren, Xie and Krabbendam, 2009; Teece *et al.*, 1997; Genç *et al.*, 2013). The shift in focus from just competitive advantage to SCA re-enforces the works of Weerawardena (2003) and Weerawardena and O'Cass (2004) who noted that SCA must involve providing superior customer value and achieving relative lower cost for a long period of time and creating superior performance. To Ren *et al.* (2015), marketing capability not only provides support for innovation strategies but also helps in benefitting from the effect on internationalisation on innovation performance. The study of Ren *et al.* (2015, p. 649) recommended that SMEs "should increase their marketing capability to attain sustainable advantages by innovation and gaining deeper insights into consumer needs, wants, and trends, thus, exploiting new business opportunities".

4. Theoretical framework

The theoretical foundation of this study is based on the influential theory of resource-based theory (RBT) and its extended DCT. The RBT and DCT have being predominantly used to deepen the understanding regarding how resources are identified, selected, deployed and coordinated to develop innovative marketing methods. Firms' resources may also include all assets, organisational processes, attributes, information and the knowledge to conceive

and implement strategies to develop, manufacture and deliver products to customers (Barney, 1991). In order to create a market advantage, resources must be valuable (exploit opportunities and/or neutralise threats in a firm's environment), rare among a firm's current and potential competitors, inimitable and non-substitutable "VRIN" (Barney, 1991).

Apart from the RBT which focusses on both internal tangible and intangible assets (Barney, 1991), this study also adopts the DCT which focusses on the processes used in exploiting firms' resources (Vassolo and Anand, 2008). These processes represent the capabilities that managers possess to integrate, develop and reconfigure their competences to match and address rapidly changing environments (Genç *et al.*, 2013; Jiao *et al.*, 2010; Teece *et al.*, 1997). In view of this, the integration of resources and capabilities creates competences relevant to sustaining firms' market advantage (Genç *et al.*, 2013). The relevance of RBT and DCT to this study is that SMEs possess unique marketing resources and capabilities such as knowledge (quality information and activities), expertise, appropriate technology and adequate finances relevant to anticipating and responding to changing customer needs with innovative marketing tools.

5. Conceptual framework

Drawing on the theoretical and empirical perspectives of marketing innovation, the study presents a conceptual framework depicting marketing resources and capabilities, marketing innovation and SCA described in this paper as "RCBV". The conceptual framework (Figure 1) explains that SMEs possess unique marketing resources such as finances, materials, employees (Saunila *et al.,* 2014) technical skills, competencies, knowledge, education, patents, properties, proprietary technologies, relationships (Remeikiene and Startiene, 2009) relevant to supporting marketing innovation effort (Abdelrahman, 2012). Firms' capabilities also include daily processes, routines and operations (Miller *et al.*, 2002). Walobwa *et al.* (2013) on SMEs in Kenya revealed that in Sub-Sahara Africa, the ability of SMEs to innovate depend largely on capabilities, information and skills available. In this study, the researchers follow the recommendation that efficient integration of marketing resources and capabilities create blocks of core marketing competence to develop innovative marketing strategies (Barney, 1991; Genç *et al.*, 2013; Jiao *et al.*, 2010; Miller *et al.*, 2002). Hence, it is hypothesised that:

H1. There is a positive significant relationship between marketing innovation and SCA.

H2. Marketing competence improves the significance between marketing innovation and SCA.

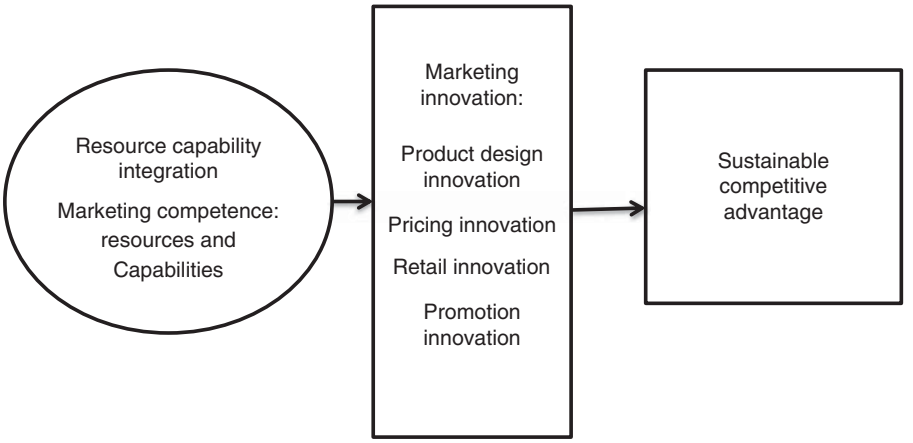

Figure 1.
Conceptual framework for marketing competence, marketing innovation and sustainable competitive advantage

6. Study methods

The research adopts a positivist methodological paradigm, which involves formulating research questions and hypotheses, and testing them empirically under carefully controlled circumstances (Boateng, 2014). In this quantitative study, the researchers adopt a survey research design which is suitable to ascertain relationships and strength of the relationships of variables using a questionnaire instrument. The survey design was used because similar studies on marketing and innovation (Mbizi *et al.*, 2013; Talegeta, 2014; Walobwa *et al.*, 2013) used it. The study sampled 591 manufacturing SMEs from a population of 7,832 manufacturing SMEs in Ghana (Ghana Statistical Service, 2016a, b). In this study, beverage and water, soap, detergent, metal fabrication, wood and furniture manufacturing SMEs were sampled. The sample size was informed by Hair *et al.* (2013) who posited that for a sample to be representative, it must be more than 100. To ensure reliability of the study, two main criteria were adopted. These are the Cronbach's α (CA) and composite reliability (CR), which are mostly used in structural equation modelling (Hair *et al.*, 2014, 2015). Validity was also measured using convergent validity and discriminant validity (Rezaei, 2015; Rezaei and Ghodsi, 2014). Discriminant validity used construct correlations and cross-loading criterion while convergent validity employed average variance extracted (AVE) and factor loadings (Kim *et al.*, 2016; Rezaei, 2015).

7. Result and discussions

7.1 Descriptive statistics of respondents

Table I shows the descriptive statistics of manufacturing SMEs in Ghana. The study's results show that 70.8 per cent of manufacturing SME owners in Ghana are males while 29.2 per cent are females. The results further show that 49.4 per cent of manufacturing SME owners in Ghana are within the ages of 35 and 44 years, indicating a strong evidence of a more vibrant age populations for the sub-sector. On the level of education, the study found that the highest percentage of 32.1 of manufacturing SME owners were junior high school graduates. However, there was a fair representation of respondents at various levels of education: secondary (16.1 per cent), non-formal (22.9 per cent), no education (26.2 per cent) and university (2.7 per cent). The study's results further showed that 45.5 per cent of manufacturing SMEs in Ghana have existed between 11 and 15 years and are mainly managed by individuals who are owners.

7.2 Mean and standard deviation of construct

From Table II, all the six constructs recorded average mean and standard deviation scores. Specifically, product design innovation recorded the highest average mean of 4.45, which was driven by changes in product shape, size, colour and taste. On the other hand, innovative retail outlets strategy recorded the least mean of 3.49, which was driven by the lack of internet platforms for online ordering. The highest mean implies that manufacturing SMEs in Ghana are innovative, driven by product design innovation. The least mean recorded shows that manufacturing SMEs in Ghana are not much innovative in terms of exploring innovative retail outlets such as internet systems to advertise and distribute their products. In a cumulative sense, the overall average mean for the six constructs was 3.76 within the average mean score.

7.3 Exploratory factor analysis

7.3.1 Test for adequacy. The study tested for adequacy based on four main criteria: Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy, Bartlett's test of sphericity, goodness-of-fit test and total variance explained (AVE). KMO measure of sampling adequacy recorded a value of $0.897 > 0.70$ which indicates that the factors are suitable for the study. Bartlett's test of sphericity recorded a χ^2 of 5,168.772 with df of 325 at a

Characteristic	Item	Frequency	Per cent
Gender	Male	419	70.8
	Female	172	29.2
	Total	591	100.0
Age (years)	18–24	46	7.7
	25–34	167	28.3
	35–44	292	49.4
	55–65	84	14.3
	65 and above	2	0.3
	Total	591	100.0
Level of education	No education	155	26.2
	Non-formal	135	22.9
	Junior high	190	32.1
	Secondary	95	16.1
	University	16	2.7
	Total	591	100.0
Years of operation	Less than 5	49	8.3
	6–10	169	28.6
	11–15	269	45.5
	16 and above	104	17.6
	Total	591	100.0
Job position	Owner–manager	169	28.6
	General manager	276	46.7
	Non-managerial	146	24.7
	Total	591	100.0
Nature of business	Water and beverage	157	26.5
	Soap and detergent	153	25.9
	Metal fabrication	181	30.7
	Wood and furniture	100	17.0
	Total	591	100.0

Table I. Demographic characteristics of respondents

significant value of 0.000, depicting a suitable factor analysis. Goodness-of-fit test recorded a χ^2 of 466.082 at non-significant value of 0.000, which is considered perfect for the study. Thirdly, the reproduced correlation recorded an acceptable value of 0.05, equal to the threshold of 0.05. The study also found the average variance explained (see Table III) to be 76.10, per cent indicating a strong explanation of the study variables (Tables IV and V).

7.3.2 Robustness test result. 7.3.2.1 Test for validity and reliability. Validity test was also conducted based on two main criteria: discriminant validity (correlation and cross loadings) and convergent validity (AVE and factor loadings) (Rezaei and Ghodsi, 2014; Rezaei, 2015; Kim *et al.*, 2016; Hair *et al.*, 2013). The rotated factor loaded strongly on their respective factors, ranging from 0.52 to 0.91. AVE recorded a range from 0.507 to 0.717, which shows that the AVE of each latent construct is higher than the highest squared correlation with other construct, thus showing a strong variance as captured by the construct. The reliability test involved two main criteria comprising CA (Cronbach, 1951) and the CR (Hair *et al.*, 2014, 2015). The reliability values recorded were within the range of 0.95 and 0.68 above the satisfactory levels of 0.70 as recommended by CA (Cronbach, 1951; Hair *et al.*, 2013). Again, CR was also found to be within the range of 0.964 and 0.753, indicating a strong reliability measure.

7.4 Confirmatory factor analysis

7.4.1 Model fit indices. Before the structural model was developed and analysed to test the study hypothesis, the paper assessed the general fitness of the six confirmed variables: product design innovation, retail innovation, pricing innovation, promotion innovation,

Constructs	Mean	SD	Average mean
Product design innovation			
PDI_1	4.39	1.03	4.450
PDI_2	4.47	0.918	
PDI_3	4.55	0.892	
PDI_4	4.4	1.009	
Promotion innovation			
ProIn_1	3.81	0.974	3.510
ProIn_2	3.76	0.985	
ProIn_3	3.26	1.092	
ProIn_4	3	1.173	
ProIn_5	3.76	1.046	
Pricing innovation			
PxIn_1	3.71	1.053	3.580
PxIn_2	3.51	1.043	
PxIn_3	3.54	1.064	
Retail innovation			
Retl_1	3.78	1.535	3.49
Retl_2	3.54	1.395	
Retl_3	3.25	1.454	
Retl_4	3.39	1.443	
Market competence			
Mktcmp1	3.76	1.136	
Mktcmp2	3.74	1.139	
Mktcmp3	3.32	1.051	
Sustainable competitive advantage			
SCA_1	3.8	1.143	3.89
SCA_2	4.18	1.12	
SCA_3	4.32	1.069	
SCA_4	4.29	1.089	
SCA_5	3.77	1.069	
SCA_6	3.47	1.06	
SCA_7	3.45	1.18	

Table II.
Construct mean and standard deviation

	Initial eigenvalues			Extraction sums of squared loadings			Rotation sums of squared loadings		
Component	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	9.949	38.265	38.265	9.949	38.265	38.265	5.386	20.716	20.716
2	3.658	14.070	52.336	3.658	14.070	52.336	3.692	14.199	34.914
3	2.191	8.427	60.763	2.191	8.427	60.763	3.273	12.590	47.504
4	1.475	5.672	66.435	1.475	5.672	66.435	3.048	11.723	59.227
5	1.295	4.981	71.415	1.295	4.981	71.415	2.415	9.290	68.516
6	1.218	4.684	76.099	1.218	4.684	76.099	1.972	7.583	76.099

Note: Extraction method: principal component analysis

Table III.
Total variance explained

marketing competencies and SCA. The results of the general model assessment revealed the comparative fit index (CFI) as $0.902 < 0.95$ (Bentler, 1990), the incremental fit index as $0.913 < 0.95$ (Bollen, 1989) and Tucker–Lewis coefficient as $0.90 > 0.95$ (Bentler and Bonett, 1980). The RMSEA was $0.038 < 0.06$; SRMR $= 0.070 < 0.08$; CMIN/DF $= 2.745 > 1 < 3$;

Construct	Factor loadings	Composite reliability	AVE	Cronbach's α
Product design innovation		0.909	0.714	0.89
PDI_1	0.741			
PDI_2	0.828			
PDI_3	0.788			
PDI_4	0.693			
Promotion innovation		0.910	0.672	0.729
ProIn_1	0.838			
ProIn_2	0.894			
ProIn_3	0.897			
ProIn_4	0.756			
Pricing innovation		0.753	0.507	0.679
PxIn_1	0.861			
PxIn_2	0.720			
Retail innovation		0.860	0.607	0.866
Retl_1	0.730			
Retl_2	0.820			
Retl_3	0.811			
Market competence		0.841	0.641	0.85
Mktcmp1	0.775			
Mktcmp2	0.787			
Mktcmp3	0.798			
Sustainable competitive advantage		0.964	0.717	0.95
SCA_1	0.824			
SCA_2	0.814			
SCA_3	0.853			
SCA_4	0.822			
SCA_5	0.755			

Table IV.
Robustness test result

Path relationship	Hypothesis	Result	Standardized estimate	Significance
Product design innovation→SCA	*H1a*	Supported	0.554	***
Promotion innovation→SCA	*H1b*	Supported	0.135	0.029
Retail innovation→SCA	*H1c*	Supported	0.499	***
Pricing innovation→SCA	*H1d*	Supported	0.446	***
Marketing innovation→SCA	*H1*	Supported	0.690	***
Marketing innovation and SCA with marketing competence as second-order construct				
Product design innovation→SCA	*H2a*	Supported	0.554	***
Promotion innovation→SCA	*H2b*	Supported	0.135	0.029
Retail innovation→SCA	*H2c*	Supported	0.499	***
Pricing innovation→SCA	*H2d*	Supported	0.446	***
Marketing innovation→SCA	*H2*	Supported	0.729	***

Note: ***$p > 0.001$

Table V.
Structural path estimations and hypothesis test results

CMIN = 776.755 and DF = 283, indicating an excellent fit for our data based on the recommended cut-off criteria (Hu and Bentler, 1999; Browne and Cudeck, 1993). Principally, this paper seeks to test the relationship between marketing innovation and SCA (*H1–H1d*), and the role of marketing resources and marketing capabilities on the level of significance between marketing innovation and SCA (*H2–H2d*). Two structural models (Models I and II) were developed to test the individual phenomenon.

7.4.2 Structural model I. The first model revealed strong model fit indices including: CFI 0.971 > 0.95 (Bentler, 1990), *P*-close: 0.05 = 0.50; RMSEA: 0.043 < 0.06; SRMR: 0.039 < 0.08;

CMIN: 7.407; DF: 5; CMIN/DF: 1.481, indicating an excellent fit between our model and the data (Hu and Bentler, 1999).

Figure 2 shows the structural equation model used to test the relationship between marketing innovation and SCA. Previous studies (Awan and Hashmi, 2014; Haq *et al.*, 2008; Osei *et al.*, 2016; Porter and Advantage, 1985; Chuwiruch *et al.*, 2015) have found a significant relationship between marketing innovation and SCA, the results of our study (*H1*: $\beta = 0.690$, $p < 0.05$) confirm these findings. On individual marketing innovation strands, the results found a significant relationship between product design innovation, promotion innovation, retail innovation, pricing innovation and competitive advantage (*H1a*: $\beta = 0.781$, $p = 0.001$; *H1b*: $\beta = 0.135$, $p > 0.05$; *H1c*: $\beta = 0.499$, $p > 0.001$; *H1d*: $\beta = 0.446$, $p > 0.001$).

7.4.3 Structural model II. Figure 3 shows that all indicators generally reveal a good model fit based on established criteria for model fit such as CFI: 0.975 > 0.95; Bentler (1990), SRMR: 0.043 < 0.008; RMSEA: 0.071 > 0.06; CMIN: 20.440; DF: 9, CMIN/DF: 2.271 < 3 > 1; *P*-close: 0.176 > 0.05), indicating an excellent fit (Hu and Bentler, 1999; Browne and Cudeck, 1993).

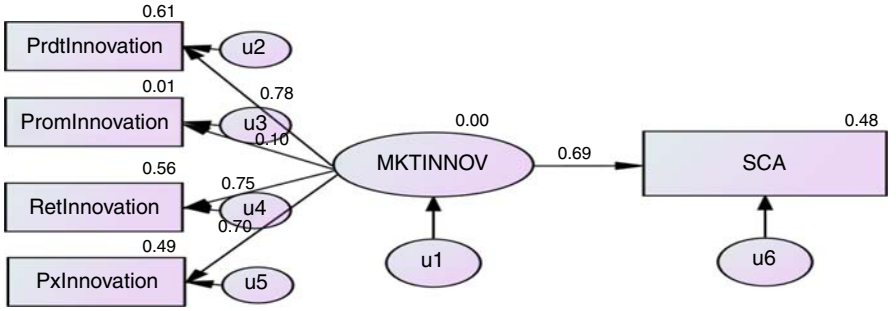

Figure 2.
Marketing innovation and sustainable competitive advantage

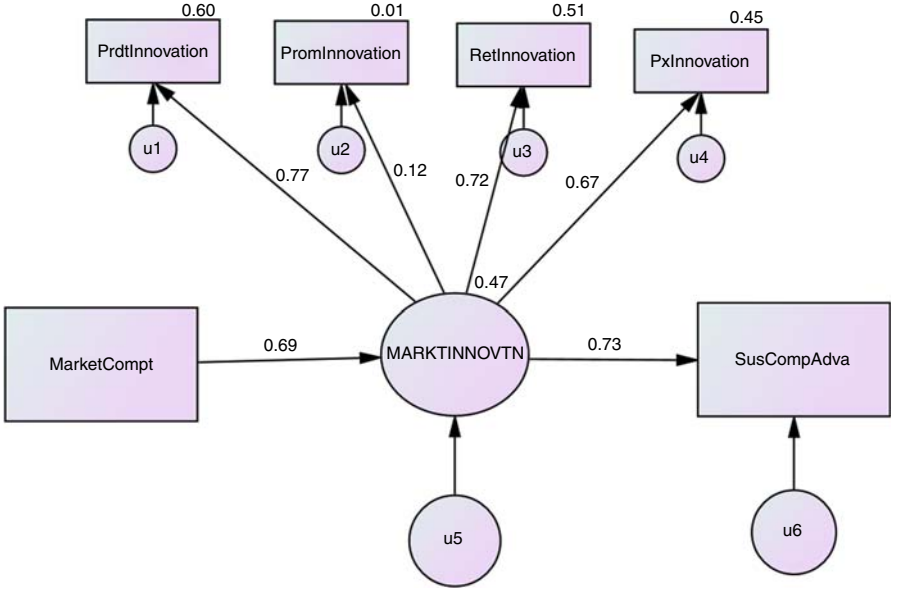

Figure 3.
Marketing innovation and sustainable competitive advantage with marketing competence as a second-order construct

Principally, the structural model in Figure 3 sought to test the role of marketing resources and marketing capabilities on the relationship between marketing innovation and SCA. Previous studies (Yeh-Yun Lin and Yi-Ching Chen, 2007; Ren, Au and Birtch, 2009; Ren, Xie and Krabbendam, 2009; Camisón and Villar-López, 2011; Walobwa *et al.*, 2013; Sudarmiatin and Suharto, 2016; Woschke *et al.*, 2017) have found that key marketing resources and marketing capabilities are relevant in developing marketing innovations to sustain market advantage; the results of our study (*H2*: $\beta = 0$, 0.729, $p > 0.05$) confirm these findings. On individual marketing innovation strands, previous studies have found that product design innovation (Henderson and Clark, 1990; Ren, Au and Birtch, 2009; Ren, Xie and Krabbendam, 2009; Wang, 2015), promotion innovation (Sudarmiatin and Suharto, 2016; Ren, Au and Birtch, 2009; Ren, Xie and Krabbendam, 2009; Schaupp and Bélanger, 2013), retail innovation (Ren, Au and Birtch, 2009; Ren, Xie and Krabbendam, 2009; Harrigan *et al.*, 2011) and pricing innovation developed from key marketing resources and capabilities sustain market competitive advantage (Abdelrahman, 2012), our study's result (*H2a*: $\beta = 0.619$, $p > 0.001$; *H2b*: $\beta = 0.188$, $p > 0.05$; *H2c*: $\beta = 0.579$, $p > 0.001$; *H2d*: $\beta = 0.531$, $p > 0.001$) confirms these findings.

Although all the ten study hypotheses (*H1*, *H1a*, *H1b*, *H1c*, *H1d*, *H2*, *H2a*, *H2b*, *H2c*, *H2d*) were confirmed, a careful look at the standard estimate result (*H1a* and *H2a*; *H1b* and *H2b*; *H1c* and *H2c*; *H1d* and *H2d*) shows that there was sustainability in the level of significance in each of the four pairs of marketing innovation strands. Consequently, there was an increase in standard estimate result in *H1* and *H2* indicating that marketing resources and capabilities improve the significance of marketing advantage. The result means that employing key relevant resources that are valuable, rare, inimitable and non-substitutable "VRIN" (Barney, 1991) are important to sustaining market advantage and even improve on it (O'Cass and Ngo, 2011).

8. Summary of study hypotheses testing

This research investigated ten hypotheses, detailing the relationship between marketing competence, marketing innovation and sustainability. Based on the analysis of the result, all the hypotheses were confirmed. Findings from this research indicate that product design and packaging innovations (*H1a* and *H2a*), promotion innovations (*H1c* and *H2c*), retail innovations (*H1d* and *H2d*) and pricing innovations (*H1b* and *H2b*) provide sustainable market advantage for water, beverage, detergent and metal fabrication SMEs. The paper further originates that deploying marketing competence (marketing resources and marketing capabilities) in marketing innovations provides a marginal improvement in competitive advantage. Therefore, the result means that depending primarily on physical resources may result in market advantage, but an incorporation of dynamic marketing capabilities provides a sufficient improvement in market sustainability. Again, these finding means that exploring, exploiting and deploying both resources and capabilities is important for manufacturing SMEs to keep pace with the changes in the environment resulting in SCA.

9. Conclusion

In this paper, we conducted analysis on the interplay of resource and capabilities in marketing innovation development as a strategy to sustain market advantage. The paper concludes that innovative marketing practices such as new and modified product designs and packages, new retail and promotion strategies and pricing schemes are key to achieving SCA. Again, the study concludes that new product designs and packages are the major drivers of SME sustainable market advantage followed by innovative retail outlets. The paper further concludes that marketing resources and capabilities are key to sustaining

and improving the market advantage of SMEs. Even though firms may not possess the resources to change or extend their product line, SME manager–owners can integrate resources and capabilities such as information and finance, technical skills, organisational processes and operations to develop marketing innovations that will help sustain the market advantage.

10. Recommendation and practical implication

The paper recommends that SMEs in water, beverage, soap, detergent, metal fabrication, wood and furniture manufacturing industries should prioritise their key marketing resources and capabilities in product designs, promotion, pricing and retailing innovations in order to sustain market advantage. More importantly, innovative retail strategies such as eco-friendly advertising, product re-branding and digital platforms (social network sites and websites) are important to sustaining market performance. To achieve sustainability, SME managers and owners must improve their technical skills, processes and operations in order to convert resources into innovations. SMEs must not discard "old" products brands with low customer interest but rather redesign and engineer innovation in existing product designs, promotion, pricing and retailing strategies to regain and sustain market advantage.

Government must develop targeted policies to bridge the information gap between SMEs and research institutions such as universities in order to improve the capabilities of SME managers and owners. This can be done through regular subsidised entrepreneurial training and creation of semi-annual industry-academic fairs. Government must also provide support to skill and capability development institutions such as National Board for Small Scale Industries and Association of Ghana Industries to effectively and efficiently offer support services to SMEs in an effective and cost-value efficient manner.

11. Theoretical contribution

The main theoretical contribution is the development of "RCBV" as a framework which shows that SMEs can integrate specific resources and capabilities to achieve sustainable market advantage. This framework is an advancement to resource-based view which does not consider the integration of resource and capabilities. This paper has espoused that SMEs who manufacture beverage, water, soap, detergent, metal fabrication, wood and furniture can integrate and synchronise physical resources and capabilities such as technical skills and organisational processes to sustain competitive advantage.

SMEs may not have the needed resources and capability to introduce entirely new products or extent product line, but this paper has proved that the market base of an existing product can be sustained by synchronously using marketing resources and capabilities. By this, our paper adds to knowledge on the basis that water, beverage, detergent and metal fabrication SMEs can sustain market advantage of old products if they integrate their capabilities with their resources to develop new innovations. Future research may consider testing the proposed RCBV framework to SMEs, especially in other industries to confirm or otherwise.

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Further reading

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