THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Core Competency and Key Success Factors in Multinational Corporations, Nigeria

Ugwu Cyril Ndubuisi
Admin Officer, Enugu State Ministry of Health, University of Nigeria, Enugu Campus, Nigeria

Abstract:
This study examined the relationship between core competency and key success factors in multinational firms in Nigeria. The study used exploratory research design. Data were collected from articles published in reputable international and local journals. In international firms, the research discovered a link between core competence and important success criteria such as return on asset, return on equity, and return on investment. Customer value and competitor differentiation as proxies of core competency contribute to key success factors in activities of multinational corporations in Nigeria

Keywords: *Core competency, core product, key success factor and return on asset*

1. Introduction

Fundamental abilities are valued by businesses because they generate profit in the form of gross profit, net profit, rate of return on investment, and rate of return on capital employed (ROIC). A firm's competitive advantage is based on its unique, difficult to imitate skills and knowledge, as well as its resources and competencies, which help the firm increase profitability in terms of net profit, return on investment, return on capital employed, and return on equity, according to the resource-based view of the firm. The existence of these unknown and different core qualities is critical to a company's profitability. The core skills of a company are a set of problem-solving and problem-defining insights that contribute to the company's key success element.

Multinational corporations are constantly on the lookout for new strategies to maintain a sustainable competitive edge. To provide greater added value to customers, strong differentiation, and adaptability, they must rely more on their internal dominant strengths; To put it another way, they must rely more on their 'core competencies' and, as a result, coordinate varied manufacturing abilities and integrate multiple streams of technology, resulting in a significant edge over their competitors (Nimsith, Munas&Shibly, 2017). Core competencies are resources and skills that a company may use to gain a competitive edge over its competitors. Competencies serve as a connection between the firm's internal resources and the outside world. Even if two businesses have the same resources, how they are used to satisfy market demands will determine whether one is successful and the other is not. As a result, the significance of competency development in a company cannot be overstated (Kabue&Kilika, 2016).

A core competency is a skill that is important to a multinational corporation's competitive advantage. Multinational corporations may set themselves apart from their rivals by focusing on specialized core competencies, but this is seldom sustainable. Differentiation is tough to maintain, and rivals often replicate it. The integration (and accomplishment) of component skills, which is a defining characteristic of a core competency, is achieved and maintained through the development of strong dynamic capacities, which is critical in an age of innovation-based competitiveness.

Multinational Firms core competency affects the key success factor of the firm. The core competency of a firm determined the success and failure of the firm if imitated by another firms within the industry. It should be note that, when a firm have strong core competency, that firm stand a chance in the future against financial crises. Firm that has core competency (core product) can generate key success factor.

This research fills the gap in this study area by investigating core competency and key success factor of multinational firms as a strategic option to outweigh other competitors in the market. The study uncovered that there are few studies on core competency and key success factor of multinational firms as a strategic option for both developed countries and underdeveloped countries.

Despite multinational corporations' core competencies in terms of core products, these products are nonetheless replicated by other firms, causing consumers to squander money by purchasing imitations of the product assuming they are the genuine product created by such multinational firms. Consumers began to shun the multinational firm's goods, reducing the firm's profit margins while other comparable firms in the industry imitated the product.

The goal of this research is to examine the relationship between important success criteria and core competences in the workplace.

1.1. Core Competencies

Technically, core competency is the ability to create a product or service with a distinct value proposition for consumers. Firms may have fundamental marketing competencies, such as the capacity to reach and handle markets in a unique manner (Markhloufi& Al-Erja 2017). Authors have long complained that core competency, its definition, and substance are unclear (Ljungquist, 2007). As a result, throughout the last twenty-five years, putting the notion into practise has proven tough. Several writers, notably Spanos and Prastacos, have defined and used the terms capability and competence interchangeably (2004). Skills, competences, and capacities have all been used interchangeably by Hamel and Prahalad (1994). The phrases capabilities and resources have been used interchangeably by authors such as Ray et al. (2004) and Peteraf and Bergen (2003). As a result, the research clearly indicates that concept clarification is required. This will assist practitioners in better using key competencies. Core competences, according to Ljungquist (2007), are the most challenging for a company to obtain. As a result, they represent the apex of the company's ideals. In this sense, each resource has a varied weight in terms of its ability to transform into competences. Furthermore, only a small number of competences may advance to the level of core competency. For a company, this truth has both good and bad implications. On the negative side, this implies that developing core competencies is very difficult. On the plus side, it implies that if a company develops a core competency, rivals will find it very difficult to duplicate and reproduce it. As a result, the build has both positive and difficult aspects. Individual and team learning are the primary locations for organizational learning, according to Savory (2006). Organizational learning can take on a variety of forms. Single-loop learning, double-loop learning, and triple-loop learning are just a few examples. For something to be called a competency, a particular hierarchy of learning must be accumulated through time. According to Barney (1991), resource allocation can lead to a long-term competitive advantage if four requirements are met. The foundation of a long-term competitive advantage is precious, scarce, non-imitable, and non-substitutable resources. They're also the hardest to come by. As a result, materials that do not fall into one of these four categories are not considered to be core competency building blocks in the workplace. Toward this end, a resource-based viewpoint presents resource characteristics that allow for the development of core competences.

In the words of Urban (2007), 'core competency' refers to an organization's collective learning, notably its ability to manage different production capabilities and integrate diverse streams of technological innovation. According to them, a core competency is a collection of skills and technology that enables a business to serve its customers. HafeezandPeteraf (2002) define core competence as the strategic adaptability of resource allocation and routine reorganization. To them, core competency refers to the integration of critical capabilities into the company's overall business activities.

The idea of core competencies is defined as a set of skills that are unique to a company and cannot be duplicated (Ali &Akhavayn, 2001). Businesses companies integrate their resources and abilities into core competencies and cause to build durable competence advantage in unique circumstances, according to Prahalad and Hamel (1990), referenced by Hoffman (2000).

The term 'resource deployment' or 'skills' is a great way to describe a key competency. Furthermore, it is stated that, in addition to finding competencies, the most important responsibility is to evaluate them in comparison to rivals'. A company may identify a number of competencies in which it surpasses its competition, but not all of these competencies are considered 'core.' capabilities. In order to be considered 'core,' competencies must meet three requirements set forth by Hamel and Prahalad. According to Hamel and Prahalad, a competency must match all three criteria in order to be labelled 'core' (1994; 1990).

1.2. Customer Value

A core competency must significantly contribute to the customer's perception of value. Core competencies are the capabilities that enable a business to provide customers with a core value and advantage. While a skill must significantly contribute to the customer's perceived value, this does not ensure that the consumer will recognize or understand the core competency. The benefit is what the client perceives, not what enabled it. Sony, for example, uses its ability to miniaturize to provide customers with a variety of compact, portable electronic items. The client desires a small or pocket-sized electronic device, but the mechanism's manufacturing capability is irrelevant to the client. While pointing out an important exception to this customer value rule, Hamel and Prahalad (1994) must also point out that process and manufacturing-related competencies that result in significant cost savings for the producer may be considered core competencies, even if the cost savings are passed on to the customer in a negligible or non-existent manner.

1.2.1. Competitor Differentiation

For a competency or skill set to be classified as a core competence, it must be competitively distinctive, as Barney is. Any competency in any industry cannot be classified as core unless it is superior to all of the firm's rivals. Furthermore, the essential competency must be difficult to duplicate.

1.2.2. Extendibility

It is vital to be able to adapt existing expertise to new product categories in order to be successful. When a product's present configuration is abstracted from its current configuration, the skill set or technology must be applied to new items in new markets. To put it another way, a core expertise must provide access to a diverse range of market opportunities. Using Honda's engine know-how as an example, it is possible for the corporation to compete in a wide range of markets including autos, motorbikes, off-road buggies, and lawnmowers. In practise, this means that managers must avoid adopting a product-centric view of the firm's capabilities when identifying core competencies. Using the core competence literature, seven critical characteristics that distinguish generic corporate competencies from a company's

core competencies can be identified (Goddard, 1997): They are more than products, services, or assets in and of themselves because they incorporate experience or tacit knowledge that competitors would struggle to replicate.

As a result, they can only be defined in terms of the competence of all other businesses; as a result, they define what the business does better or differently than any other business, and so serve as the foundation for its success.

Additionally, they are deeply ingrained in the organization's way of doing business, as if the organization were 'wired up' to operate at a higher level of 'intelligence' than the sum of its people; as a result, they do not exist solely in the minds of a few exceptionally gifted individuals, but are manifested in everyone's everyday actions and interactions with one another.

Additionally, they are unique in that they are limited to two or three value chain activities, particularly those crucial to the firm's future development; as a result, they are not interchangeable with the entire activity set of a business.

They should not be confused with 'leading-edge technologies,' 'world-class processes,' or other 'production-driven' measures of uniqueness; they serve as the foundation for the company's ability to give differentiated value to its customers.

As a result, they are not bound by conventional business models, but rather serve as development platforms – and stimulants – for a diverse variety of activities, product families, and technical breakthroughs.

7. They also serve to focus the firm's future direction by highlighting the company's distinctive opportunity set, which includes market openings or knowledge shortages that the company is ideally positioned to meet.

1.3. Core Competence in Organization

The core competency of a corporation is its knowledge system, which offers a competitive advantage. This knowledge system may include a knowledge base, a technological system, a management system, and/or a norm and value system (Leonard &Barton,1992). Significant barriers to replication help characterize skills, whether they are inherent in the tacitness of individual or group abilities or the complexity and uniqueness of organizational procedures. Collins (1994) argued that capacities can be a valuable source of competitive advantage. Core competencies are specialized abilities that serve as the foundation for adding value in the context of value creation. They require knowledge of how to organize many production capacity and integrate divergent technology streams, as well as the ability to collaborate within organizations. There must be a strong commitment to cross-organizational collaboration as well as collaboration and involvement among all stakeholders. A core competence is a strategic strength that distinguishes a corporation (Jardon&Martos, 2011). Its importance to the company's survival must be critical, it must be invisible to competitors, difficult to copy and proprietary to the company, it must be a combination of skills, resources, and processes, it must be long-term, it must be more than an individual's competence, it must be critical to the development of core products, it must be critical to the organization's strategic vision and decisions, it must be marketable and commercially valuable, and it must be few and far between in the company's history (Tampoe, 1994).

Hamel and Prahalad (1994) classified market access competencies as those that enable a business to get closer to its customers (brand management, sales and marketing, distribution and logistics, and technical support), and integrity-related competencies as those that enable a business to operate more efficiently and adapt to changing circumstances (such as customer service). It is an area in which the organization excels, and it should never be outsourced. Strategic management has identified three types of core competencies: resource-based competencies, competence-based competencies, and dynamic capability-based competencies (Sanchez, 2004). Core competencies may include one-of-a-kind resources that are integrated into the production process, depending on the business. Resources alone do not provide a corporation a competitive advantage. A company's resources are the source of the company's capabilities. Capital equipment, human capital, brand recognition, financial resources, and skilled management are just a few kinds of resources. The usage of available resources is used to develop an organization's core competencies and differentiating skills.

It is defined as any action that entails processing a collection of inputs through one or more stages in order to generate a more value collection of outputs. A company's ability to turn its fundamental operations into strategic capabilities that give enhanced value to consumers on a consistent basis is critical to its survival in order to stay competitive (Akhavan&Jafari, 2006).

The phrase 'knowledge management' refers to a system that uses information technology to manage knowledge in businesses. It allows information to be created, collected, stored, and distributed. It falls within the category of information technology. Knowledge management systems must be created with this in mind so that employees can quickly access the company's archived database of facts, relevant information and remedies. When viewed as a source of core competency, a knowledge management system can be defined as the ability to absorb new technologies while also building in-house technological capabilities (Bozbura, 2007).

A multitude of factors influence an organization's ability to absorb new technology, including personnel training, forecasting, inventiveness, and adherence to technical requirements (Chong, 2006). Dynamic capabilities refer to a business's ability to maximize its resource use. As the term implies, dynamic capacity refers to an organization's ability to integrate, grow, and restructure its internal and external capabilities in response to a quickly changing environment (Teece, Pisano &Shuen, 1997). According to Dosi, Nelson, and Winter, a dynamic organization can respond swiftly to change and deploy strategically integrated resources to attain the desired end state (2000a).

Institutional facilities are defined as both physical assets and non-physical 'systems' which include the body of rules and regulations that govern businesses, as well as administrative, financial, and human resource systems used to hire, train, discipline, and advance highly skilled and specialized professionals. Employees are a business's most valuable asset. Businesses that succeed in the future will be those who understand the connection between corporate performance

and employee performance. Individuals capable of generating and implementing ideas are critical components of every organization... (Schoon, 2003). Core competency, according to Hamel and Prahalad (1994), is a collection of skills and technology capabilities. This classification system is frequently used to classify technical, functional, and self-management skills, as well as core human qualities (hard-working, trustworthy, results-oriented, and decisive). Employers require personnel who are competent of discovering, addressing, and resolving business challenges. Entrepreneurial abilities, such as the capacity to think critically, appraise conditions, and identify business prospects, would be a huge value to the organization. Individual competence is a critical characteristic that enables people to do better than they would otherwise in a given career, task, or environment.

A strategic focus is a long-term objective that is ambitious, builds on and pushes a company's fundamental competencies, and involves employees at all levels. A strategic focus is defined as follows: An example of this is when a company concentrates its efforts on a tiny, exclusive competitive segment (market niche), with the goal of attaining a local competitive advantage rather than gaining an industry-wide advantage. The authors of Hamel and Prahalad (1994) propose that strategic planning should be more participative and dynamic, rather than being done from a distance. They are well recognized for the concept of core competency, which they introduced in the 1970s. They demonstrated how vital it is to recognize and understand the one or two critical aspects that distinguish your company from the rest of the pack. It occurs as a result of the provision of customer value; consumers' desired value evolves, and businesses should keep track of these changes by learning as much as they can about their customers on a consistent basis (Hamel &Prahalad, 1994).

1.4. Modelling and Theory of Core Competencies

The problem of modelling a firm's fundamental competencies has been approached from a variety of angles by researchers. There have been several novel techniques for integrating ideas in the literature. One of these techniques is credited to Long and Vickers-Koch (1995). According to the majority of academics, their concept of core capabilities, which they describe as the sum of core competences and strategic processes, is erroneous. According to them, a business's fundamental competencies are its most valuable and distinguishing assets. This novel approach emphasizes the growing importance of an integrated and comprehensive understanding of the literature. Sengupta et al. (2013) proposed a model of core competencies. The approach's three primary component categories are person-centered competence, job-centered competence, and role-centered competence. The characteristics and values of an employee that are required to perform a task are referred to as person-focused competency. The explicit and implicit knowledge and abilities of employees are related to job-specific competency. Competence that is role-focused is concerned with meeting the requirements of a specific job.

Yang et al. pioneered a new method for expressing core competency (2006). According to this paradigm (core competency focused), the four competence perspectives are internal-out (resource-based review), external-in (environment-strategy structure), top-down (strategic thinking oriented), and bottom-up). Using this technique, which also combines business strategy and organizational resources, individuals and organizations are able to better communicate and collaborate.

It has been demonstrated in research conducted by Fleury and Fleury (2003) that there is a dynamic relationship between a company's competitive strategy and its fundamental skills. According to their strategies-competencies model, competitive strategies in the market are defined as operational excellence, product innovation, and a customer-centric approach to business. Competencies, on the other hand, are divided into three categories according to the authors. Operations/manufacturing, product development, and sales and marketing are the three elements of the business. A new paradigm, developed by Ljungquist (2007), elucidates the relationship between resources, capabilities, competencies, and core competency. According to Ljungquist (2007), resources are inputs to value creation and, as a result, promote the use of a firm's key skills. Capabilities, on the other hand, are constituted of the systems and procedures that enable a company to perform its essential competences. Competency acquisition necessitates the development of both individuals and groups. Compelling competencies contribute to the development of core competencies in this way: Managing competences, according to Quelin (2000), is a strategic problem for enterprises. Aside from that, he claims that, during the last fifty years, corporate paradigms have changed, most notably in the area of research and development activities. He divides history into four separate epochs, each with its unique set of features, as follows: The 1960s were the first period in which corporations attempted to establish technology-driven movements without regard for the needs of the market or the preferences of consumers The second period, which began in the 1970s, placed a strong emphasis on market dynamics, with only a few programmes being given top importance. The third stage, which began in the 1980s, placed a strong emphasis on iterations between research and development and the marketplace. Customers' needs and inter-firm collaboration were the key areas of concentration before to the 1990s, and they continue to be now. Over the preceding time, which encompasses our current managerial experience, knowledge-based and competence-based management styles were the most prevalent management norms. These assumptions lead us to believe that strategic resources include strategic ties with customers, suppliers, and competitors among other things. The resources that businesses buy and deploy to supplement their core capabilities and competencies include a diverse range.

1.5. Key Success Factors

Success indicators should be devised 'to calibrate the progress toward achieving the organization's mission,' according to Goodstein et al [1992]. These indices of success are usually a combination of hard and soft indices of success, such as customer satisfaction, staff morale, and stakeholder attitudes both within and outside the organization. 'The most important factors governing success are those which are consistent with the company's goals and objectives' (Daft, 1988).

'The most important factors governing success are those which are consistent with the company's goals and objectives' (Daft, 1988). (Pollalis& Grant, 1994).

1.5.1. Return on Asset

Return on Asset (ROA) is a critical financial performance metric since it reflects how well a company manages its assets and uses them to produce profit.

Return on Assets (ROA) is a metric established by Prastowo (2002) to assess a company's ability to generate profits via the usage of its assets. This percentage might indicate if a neighbour is doing a good or terrible job controlling costs and managing his property. Return on Assets (ROA) is a term coined by Brigham (2001) to describe the rate of return on total assets after interest and taxes.

Return on Assets (ROA) is a financial statistic that measures the extent to which assets have been utilized to create profits, according to Ang (2001). Riyanto (2001). A higher rate of return on investment indicates that a company's performance is superior. According to what I learned in my Accounting Course, the return on assets ratio, also known as the return on total assets, is a profitability ratio that compares net income to average total assets in order to determine the net income generated by total assets over time. The return on assets ratio, more commonly referred to as the return on assets, is a metric that indicates how effectively a business manages its assets to generate profits over time, for better or worse.

Because the fundamental objective of a business's assets is to create revenue and profits, this ratio can be used to forecast whether a business's future asset investments would yield profitability.

Formula:-

$$ROA = \frac{\text{Net income}}{\text{Average total asset}}$$

1.5.2. Return on Equity

Return on equity is an excellent baseline indicator of management's ability to convert shareholder equity into profit.

Sawir (2005) coined the term 'Return on Equity' to refer to the profitability of one's own capital, also known as company profitability. Kabajeh, Kabajeh (2012). Return on Equity (ROE) is a profitability metric that is used to determine a business's rate of return or effectiveness in generating profits that are the property of capital owners. Divide net profit after taxes by total shareholder equity to obtain the return on equity (ROE). This ratio indicates the rate of return on a shareholder's investment in the business. Berman, Knight & Case is a New York City-based law firm (2013) The return on equity (ROE) metric indicates how much profit a business earns on each dollar of equity invested. The amount of cash returned to shareholders is not specified in the ROE because it is determined by the dividend policy of the company and the appreciation of the stock price. It is, nevertheless, a reasonable indicator of the firm's ability to provide a return that is proportional to the investment's risk (Berman, Knight & Case, 2013).

Formula: -

$$ROE = \frac{\text{Net Income}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Total Assets}} \times \frac{\text{Total Assets}}{\text{Average Shareholder Equity}}$$

1.5.3. Return on Investment

It has been used in the business sector for many years to assess the performance of a company's investments. Return on investment (ROI) is one of the financial metrics that has been used to assess the performance of an organization's investments. According to Investopedia, the return on investment (ROI) of an investment is a performance indicator that is used to quantify the effectiveness of an investment or to compare the efficiency of various types of investments. AL It goes on and on (2009). It determines how effectively a business invests its capital. In other words, this ratio indicates a business's ability to generate the required return (anticipated return) through the effective use and management of shareholders' invested resources.

Formula:-

$$ROI = \frac{\text{Gain from Investment} - \text{Cost of investment}}{\text{Cost of Investment}} \times \%$$

2. Methodology

The study was conducted using an exploratory research approach. Exploratory research is defined as a study conducted to gain additional knowledge about a poorly defined subject. The study collected data from past literature review and article published in reputable international or local journals. The study developed a conceptual model to explain the relationship that existed between the two variables.

2.1. Core Competence: Leveraging Resources and Capabilities

Core competence thinking is a very effective and extensively promoted technique for concentrating and mobilizing an organization's resources. It is defined as an area of specialized skill obtained through the integration of complex streams of technology and work activity; consequently, a core competency is defined as an arbiter of specialized expertise obtained through the integration of complicated streams of technology and work activity. On page 20 of their 1995 book, Gallon and Stillman write: Generally speaking, a business's resources are a collection of easily available variables that the business owns or controls (Carmeli, Tishler, 2004: 300). The real and intangible resources and capacities

of each organization are diverse; as a result, differences in organizational profiles account for differences in competitive positioning and performance (Carmeli, Tishler, 2004). Leveraging a company's resources allows it to become stronger and more competitive. These resources can then be used to defeat adversaries and seize opportunities (Higgins, 1996: 31). Additionally, resource use enables the organization to accomplish previously unachievable goals. Due to the fact that differentiation and dynamism are critical drivers of competitive advantage, disparities in cumulative resource endowments such as talents, aptitude for learning, and specialized assets may become critical variables in achieving organizational success (Lei et al., 1996: 551). (Alexander Carayannis, 2002). Competitive advantage is gained through resource-based competencies. Core competencies are a business's essential strengths, or those things it does exceptionally well (Torkkeli, Tuominen, 2002), and they help differentiate it from its competitors (Banerjee, 2003).

Strengths and resources of the organization should be leveraged to develop core competencies. A company's ability to locate, generate, deploy, and safeguard resources that distinguish it from its competitors is critical to its success in a competitive market (Carmeli, Tishler, 2004: 300). Process integration is critical for competence development because it is cross-functional in nature. While resources are dependent on inputs, capabilities are functional or process-oriented, whereas competencies are cross-functional and process-oriented (Carmeli, Tishler, 2004: 300). A company's capacity to maintain consistent product quality, gain insight into changing consumer wants, explore developing markets, start up new businesses, or innovate new concepts and incorporate them into developments is defined as a competitive differentiator (Stalk et al., 1992: 57).

Numerous recent contributions have emphasized the importance of technological capabilities, technical skills, learning, and organizational data when attempting to analyse performance differentials (Duysteers, Hagedoorn, 2000).

Over time, core competencies can become institutionalized, becoming an integral element of a company's knowledge-creating system (Lei et al., 1996: 552). The company's technological knowledge, know-how, expertise, and technical talents are used to support its current products. To remain competitive, a business must select technologies that align with market and consumer expectations, as well as with the organization's fundamental capabilities and present strategic objectives (Torkkeli, Tuominen, 2002: 271). Canal +, the French pay-TV provider, is an excellent example of a company that has continually invested in technical capabilities necessary for the manufacture of television decoders in order to maintain independence and market access control (Quelin, 2000: 480). Additionally, via the application of knowledge and skills, competences contribute to the generation of alternative sources of growth and the reduction of uncertainty (Lei et al., 1996: 564). When it comes to establishing a competitive edge, vital talents should provide access to a diverse variety of markets, significantly contribute to the perceived consumer benefits of final products, and, in certain cases, be impossible to replicate (Prahalad, Hamel, 1990: 84). Additionally, they must be (1) held by the corporation, (2) necessary for the creation of basic commodities and, eventually, end products, and (3) marketable and financially viable (Torkkeli, Tuominen, 2002: 275). As a result, organizational learning and knowledge acquisition are key components of developing core competencies, as they result in the accumulation of both explicit and implicit information, continual improvement, and firm-specific skills and capacities (Lei et al., 1996: 555). Tacit knowledge is more ambiguous than articulated knowledge; tacitness is an instinctive, non-verbalized trait of a talent, and tacit knowledge is more ambiguous than articulated knowledge (King, Zeithaml, 2001: 77). Competitors cannot replicate a tacit knowledge-protected competence. Organizational learning activities encompass knowledge-based organizational change processes that result in increased strategic adaptability as a result of improved organizational learning (Carayannis, Alexander, 2002). Additionally, collaboration with other businesses may aid a business in accomplishing this goal. Alcatel partnered with Sharp to expand its terminals capabilities. Sharp is the market leader in LCD panels, memory storage, and communications, while Alcatel excels at radio technologies and telecommunications networks (Quelin, 2000). In turn, Alcatel benefits from Sharp's technological strengths, which allow the company to access new technologies and value prospects that were previously unavailable. A technology-driven firm grows, renews, and improves its latent and enacted abilities through technological learning, depending on its stock of explicit and tacit resources. As a result, the appropriate technology can be a critical component of the resources required to implement the core competence concept in an organization (Torkkeli, Tuominen, 2002: 282). 2002, page 626, by Alexander Carayannis

Developing core competencies within the organization makes it easier to make better use of internal resources and capitalize on the company's strengths in product innovation, market penetration, and customer satisfaction. In some ways, the ability of management to integrate corporate-wide technological and manufacturing abilities into competences that enable individual organizations to adjust quickly to changing opportunities may be considered to be the ultimate source of competitive advantage (Prahalad, Hamel, 1990: 81). As a result, CEOs should consider the talents, technologies, and capabilities that their company will require in order to lead and control the quickly changing market. According to Wright et al. (1998), petrochemical refineries should have three types of core competencies: (1) a competent workforce, (2) efficient production, and (3) new business growth. For example, infrastructural capabilities are concerned with the organization's internal operations, whereas technical capabilities are directly related to the product or service range (Gallon, Stillman, 1995: 22).

The only way to build a durable competitive edge, according to Whirlpool CEO David Whitwan, is to use your talents across the globe. This is because having the best technology and methods for creating, manufacturing, marketing, and maintaining your products at the lowest feasible cost is regarded as having a competitive advantage (Higgins, 1996: 31). Two Finnish authors, Torkkeli and Tuominen (2002: 271), have written on the subject. 271 Torkkeli and Tuominen (2002:271) According to Duysters and Hagedorn (2000), performance differentials are a result of differences in technical core capabilities. A company's competitive strength is enhanced further by technological competencies that define product line renewal (Quelin, 2000: 476), as technologies can assist a corporation in establishing competences around its strategic resources. Core competence apps are developed, built, and maintained by businesses in order to achieve the objectives

described above. Organizational Management of Core Competencies Primary capabilities, which encompass actions, skills, and disciplines, serve as the foundations of fundamental competencies in a variety of contexts (Gallon, Stillman, 1995: 21). Given that knowledge is conveyed through people resources in order to achieve organizational goals, workers' aptitudes, abilities, and motivation are key prerequisites for creating a core competency in their respective fields of expertise (Godbout, 2000: 78). Each of those critical competencies must be a competency that the company can sustain in some form over time (Torkkeli, Tuominen, 2002: 274). To be successful in the general hospital market, one must be able to develop superior talent to that of competitors (Douglas, Ryman, 2003: 335). As a result of content embedded in staff knowledge and skills, technical systems, management systems, and company values and standards, among other things, a core capacity is a body of information that differentiates a corporation from its competitors (Banerjee, 2003: 253). Because it increases economic returns by concentrating resources on non-replaceable, rare, and valuable knowledge assets and processes, technical capacity management is crucial to any organization's success (Carayannis, Alexander, 2002: 626). As an example, 3M relies on its basic understanding to develop its surface coating formulas and continuous coating processes, in addition to its technological know-how (Gallon, Stillman, 1995: 21). COMP is a computer firm that specializes in the integration of peripherals and networks, as well as the development of hardware for portable video editors (Danneels, 2002: 1099). These skills support the organization's product or service portfolio directly, may serve as the foundation for major product superiority, and may result in significant strategic value for the company (Gallon, Stillman, 1995: 21). The firm's fundamental competencies must be in place in order to be effective in product development and strategic value creation. These capabilities are required for the creation of core goods and end products, as well as the execution of the corporation's corporate strategy vision (Torkkeli, Tuominen, 2002: 274).

Capabilities, resources, organizational learning, research and development initiatives, technology, and work teams are all used to develop core competencies in employees. The relationships between an organization's aims, structure, and culture also influence the substance and shape of the core competences that are developed (Godbout, 2000: 78). As a result of their unexpected character and poor mobility, competencies inherent in a company's culture and values will stand out as different and causally ambiguous, and they will be impossible to imitate by competitors (King, Zeithaml, 2001: 77).

2. Model indicating the Relationship between the Variables

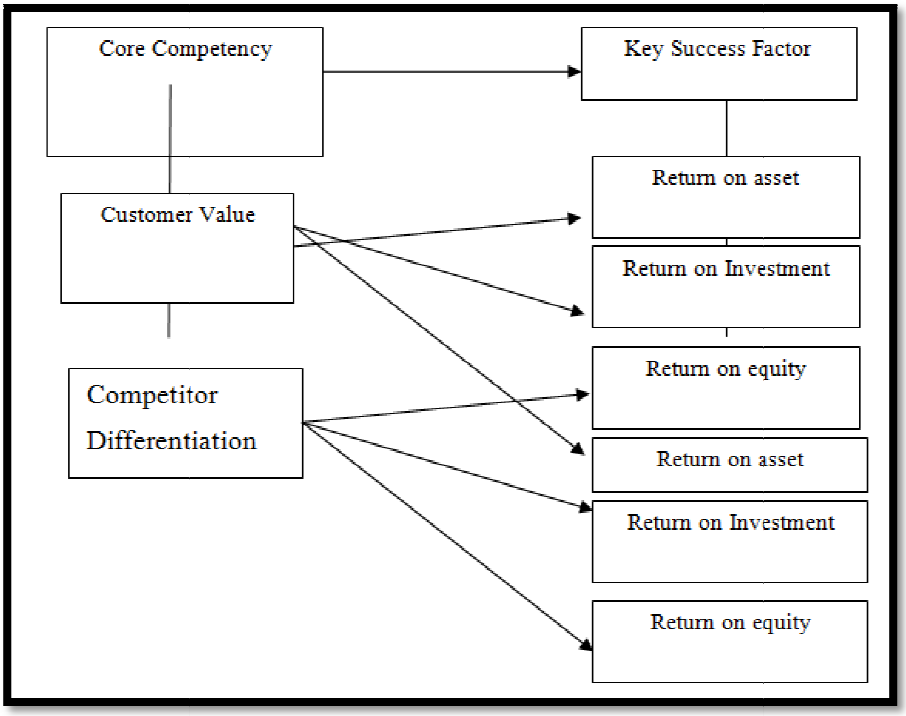

Figure 1: Model indicating the Relationship between the Variables

2.1. Researcher Model

When applied to multinational organizations, the model establishes a link between core competence and key performance measures such as return on asset, return on equity, and return on investment. According to the hypothesis, multinational corporations can achieve significant success measures such as return on asset, return on equity, and return on investment if they possess strong core competencies in terms of customer value and competitive advantage.

2.2. Findings

The study's findings established a link between core competency and critical success metrics used by multinational corporations, including return on asset, return on equity, and return on investment. If critical success indicators such as return on asset, return on equity, and return on investment contribute to a multinational firm's core competence in terms of customer value and competitive differentiation, this depends on the business model.

2.3. Recommendations and Conclusions

There is a correlation between core competency and critical success criteria in multinational organizations, including return on asset, return on equity, and return on investment. If critical success indicators such as return on asset, return on equity, and return on investment contribute to a multinational firm's core competence in terms of customer value and competitive differentiation, this depends on the business model.

As a result of the study's findings, multinational organizations should prioritize core competency in terms of customer value and competitive differentiation, as it has been demonstrated to boost critical success indicators such as return on asset, return on equity, and return on investment.

3. References

i. Abraham, S. (2005). Stretching strategic thinking. Strategy and Leadership, 33(5), 5—12.http://dx.doi.org/10.1108/10878570510616834
ii. AmiriAghdaie, S. F., Seidi, M., &Riasi, A. (2012). Identifying the Barriers to Iran's Saffron Export by Using Porter's Diamond Model. International Journal of Marketing Studies, 4(5), 129-138. http://dx.doi.org/10.5539/ijms.v4n5p129
iii. Ansari, A., &Riasi, A. (2016). An Investigation of Factors Affecting Brand Advertising Success and Effectiveness. International Business Research, 9(4), 20-30. http://dx.doi.org/10.5539/ibr.v9n4p20
iv. Ali, A.A. &Akhavayn, E. (2003). Internal Research and Development Activities for success in global competition in new era and offering some strategies to achieve competitive advantageous. 4th conference of industry and mines R&D centers.
v. Al-Mansour, A. H. (2007). Application of TQM to financial services. Retrieved Nov. 19, 2020, from, http://faculty.kfupm.edu.sa/CEM/bushait/cem515/term-papers/TQM-Finance.pd
vi. Andrews, K. (1971). *The concept of Corporate Strategy*. 3rd Edition. Richard D. Irwin, Inc.
vii. Alsaaty, Falih M. (2006). Strategic Thinking; The Art of Achieving Organizational Excellence. International Journal of Effective Management, (3)1, 17-28.
viii. Alsaaty, Falih M. (2007). Entrepreneurs: Strategic Thinkers in Search of Opportunities. Journal of Business & Economics Research, 5(2).
ix. Al-Swidi, A. K., &Mahmood, R. (2011a). Fostering the performance of banks through Total Quality Management (TQM) Practices: A bank branches perspective. European Journal of Social Sciences, 19(2), 268-285
x. Al-Swidi, A.K., &Mahmood, R. (2012). TQM and organizational performance: The role of organizational culture. African Journal of Business Management, 6(13): 4717-4727. DOI: 10.5897/AJBM11.2016
xi. Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17 (1) 99-120.
xii. Cardiner C. M. (1957). Collective Capitalization and Economic Theory. *The Science Magazine*, 20(12)
xiii. Chabbra, T.N. (2005). Principles and practice of management. DhanpatRai& Co (P) Ltd. Educational& Technical Publishers 1682, 1710, NaiSarak, Delhi-110006.
xiv. Chandler, A. A. (1962). *Strategy and Structure: Chapters in the History of American Industrial Enterprise*. Cambridge, MA. The MIT Press,
xv. Chendroyaperumal, C. (2010). *Profit theories: modern and Indian. Department of management studies report*, India
xvi. Child, J. & McGrath, R. (2001). Organizations unfettered: Organizational forms in an information-intensive economy. *Academy of Management Journal*, 44 (6), 1135- 1148.
xvii. Davis, J. L. (2007). Firm-Level Entrepreneurship and Performance: An Examination and Extension of Relationships and Measurements of the Entrepreneurial Orientation Construct. University of Texas at Arlington, Arlington
xviii. Frank, B., Vijay, L. & Jennifer, T. (2008). The need for profitability and cost management, Redwood Shores, CA, Oracle Parkway,
xix. Garba, A.S. (2010). Refocusing Education System towards Entrepreneurship Development in Nigeria: A Tool for Poverty Eradication
xx. George, BA, Marino L (2011). The Epistemology of Entrepreneurial Orientation: Conceptual Formation, Modeling, and Operationalization. Entrepreneurship: Theory & Practice, 35(5): 989-1024.
xxi. Gibb, A. (1990). Training the trainers of small business. *Journal of European Industrial Training*, 14, 17-25.
xxii. Grant, R. (1991). A resource-based perspective of competitive advantage. *California Management Review*, 33, 114-135.
xxiii. Hafeez, K.&Peteraf Y. N. (2003). Core competence for sustainable competitive advantage: A structured methodology for identifying core competence. *IEEE Transactions on Engineering Management,* 49 (1) 28-35.
xxiv. Hagan, C. M. (2005). The core competence organization: Implications for human resource practices. *Human Resource Management Review*, 6(2) 147-164.
xxv. Harris, R. (2009). Introduction to decision making. [Online]Available: http://www.oppapers.com/subjects/robert-harris-page1.html.(December 2, 2020).
xxvi. Helfat, C. &Peteraf M. (2003). The Dynamic Resource-Based View: Capability Lifecycles. *Strategic Management Journal,* 24(10) 997-1010.
xxvii. Hitt, M. A., & Ireland, R. D. (1989). Corporate Distinctive Competence, Strategy, Industry, and Performance. *Strategic Management Journal*, 6.

xxviii. Hofer C. A, and Schendel, D. (2003). Strategic Management: A New View of Business Policy andPlanning. Boston, Little Brown.

xxix. Hoffman, N. P. (2000). An Examination of the Sustainable Competitive Advantage, Concept: Past, Present, and Future. *Academy of Marketing Science Review*, 4, 348- 245

xxx. Hoopes, D., Madsen, T. & Walker, G. (2003). Guest Editor's Introduction to the Special Issue: Why is there a Resource-Based View? Toward a Theory of Competitive Heterogeneity. *Strategic Management Journal*, 24, 889-902.

xxxi. Hornby, A.S. (2006). Oxford Advanced Learner's Dictionary (International Student Edition –7th Edition). Oxford: Oxford University Press.

xxxii. Howard, F. &Upto, U. (1961). *Introduction to Business Finance*. New York McGraw-Hill

xxxiii. Jain, D.C. (1987). *The Chartered Accountant: Concept of Value Added*. New Delhi: Tata McGrawHill Publishing Co. Ltd

xxxiv. Jimngang, G.Y. (2004). The Culture of Entrepreneurship. Douala: Treasure Books Company Limited, Cameroon.

xxxv. Jones, G.R.&George, J.M. (2006). Contemporary management. (4thed). United States: McGraw-Hill Companies, Inc.

xxxvi. Kelly, M. (2011). The difference between efficiency and effectiveness. VCE IT Lecture Notes, McKinno Secondary College. [Online] Available: http://www.vceit.com/pages/effective-efficient.htm-Australia. (November 30, 2020)

xxxvii. Koce, H.D. (2009). Introduction to Business. BHM 202 Course Material for Undergraduate Students of NOUN.

xxxviii. Kosa, A.; Mohammad, I. &Ajibie, D. (2018). Entrepreneurial orientation and venture performance in Ethiopia: The moderating role of business sector and enterprise location, Journal of Global Entrepreneurship Research, 8(25) 1-17,

xxxix. Kuchhal, C. S. (1993). *Financial management – An Analytical and Conceptual Approach*. Allahabad, Chaitanya Publishing House

xl. Kulshrestha, R. S. (1971). Profitability in India's Steel Industry during the Decade 1960- 70, a thesis submitted to University of Rajasthan, University of Rajasthan Press.

xli. Lambing, P.A. and Kuehi, C.R. (2007). Entrepreneurship (Fourth Edition), USA: Pearson Education, Inc. Prentice-Hall, Upper Saddle River

xlii. Lenz, R.T. (1980). Environmental Strategy, Organization Structure and Performance: Pattern in One Industry. *Strategic Management Journal*, 1(3)

xliii. Leonard-Barton, D. (1992). Core Capabilities and Core Rigidities: A Paradox in Managing New Product Development. *Strategic Management Journal*, 13: 111–125.

xliv. Maja, P. &Josipa, V. (2012). Influence of firm size on its business success. *Croation operational research review*, 3(2)

xlv. Martin, R. &Osberg, S. (2007). Social entrepreneurship: The case for definition. *Stanford Social Innovation Review*

xlvi. Mintzberg, H. (1979). Strategy Making in Three Modes. *California Management Review*, 16(2)

xlvii. Monica, V. A. &Sorin, N. B. (2010). Business Performance: Between Profitability, Return and Growth. Romania, Babes-Bolyai University press

xlviii. Mohammed, I. A.(2016). Entrepreneurial Orientation and Financial Performance of Simple Firms in Nigeria. Sokoto Journal of Management Studies, 10(1)

xlix. MOPFED Report, 2010. Performance and Contribution of Small Scale Enterprise in Northern Uganda, Prime Journal of Business Administration and Management, Vol. 2:649-654.

l. Morone, J. (1993). *Wining in High Tech Markets*. Boston, MA: Harvard Business School Press.

li. National council of industries, 2002. SMEs and economic growth, Pakistan Journal Of Business And Economic Review, Vol.2(1).

lii. Nicks(2008).href='http://a.stanzapub.com/delivery/ck.php?n=456fe6&cb=0ee9fd8ca3e45c24044f344def4876fb'target='_blank'><imgsrc='http://a.stanzapub.com/delivery/avw.php?zoneid=594&cb=0ee9fd8ca3e45c24044f344def4876fb&n=456fe6'border='0'alt='' />http://EzineArticles.com/?expert=Peter_O_Osalor(downloaded January, 2012).Onwubiko, C.M. (2011). 'Nigeria and the Imperative for Youth Entrepreneurial Development' (downloaded from the internet, January 19, 2012).

liii. O'Brien, M. P. (1959). *Technological Planning and Misplaning*; *Technological Planning at the Corporate Level.* Boston, MA: Harvard Business School Press.

liv. Ogundipe, A. 2006.Meaning of population, Retrieved on January 4, 2014, from http://www.businessdictionary.com/definition/research-design.html#ixzz2qD8Db8Uv

lv. Oguntoye, (1990). The contribution of small scale industries to the national economy, Standard research journal of business management, Vol. 1(2):60-71.

lvi. Ojo, O. 1984. Small scale enterprise in Nigeria, Ilorin Journal of business and social sciences, Vol. 9(1).

lvii. Olabisi, A., Ayozieand Daniel etal.1997. The role of small scale industries in the national development of Nigeria, Journal of management and social sciences, Vol. 1(1).

lviii. Olabisi, A., Ayozie, D. O. et al. an Akinseye, C.A. 1997. The role of small scaleindustry in Nigeria, Retrieved on January 25, 2014, fromhttp://www.scribd.com/doc/23665278/TheRole-of-Small-Scale-Industry-in-Nigeria

lix. Oluba, (2009). Small and medium enterprise and economic development, Pakistan Journal Of Business And Economic Review, Vol.2(1).

lx. Oyedijo, A. (2004). Strategic Management. Lagos. Strategic International Press Limited.

lxi. Oyeleran, O. 2012. Promoting Small and medium enterprise in Nigeria oil and gas industry, European Scientific Journal, Vol.9(1), Jan. 2013.

lxii. Odeigah F. (2012). Introduction to Entrepreneurship Development. Retrieved from http://www.fredricodeigah.wordpress.com.

lxiii. Peschel, D. (2008). Total quality management and the Malcolm Baldrige National Quality Award: Benefits and directions for banking institutions. Business Renaissance, 3(4), 49- 66.

lxiv. Penrose, E. (1980). The Theory of the Growth of the firm. Oxford: Basil Blackwell Publisher, 2nded.

lxv. Penrose, E. T.(1959). *The Growth of the Firm*. New York: John Wiley

lxvi. Peteraf, M. (1993). The cornerstones of competitive advantage: A resource-based view.*Strategic Management Journal*, 13, 363-380.

lxvii. Prahalad, C. K. & Hamel, G. (1994). *Competing for the Future.* Boston, MA: Harvard Business School Press

lxviii. Prahalad, C.K & Hamel, G (1990). *The Core Competence of the Corporation*. HavardBusiness Review May pp.79 - 91,

lxix. Sanchez, R.&Heene, A. (2004). T*he New Strategic Management: Organizations, Competition and Competence*. John Wiley & Sons.

lxx. Schendel, D. E. &Hatten, K. J. (1972. Business Policy or Strategic Management: A View for an Emerging Discipline, in V. F. Mitchell, R. T. Barth, and F. H. Mitchell (eds.). *Academy of Management Proceeding*

lxxi. Schumpeter, J. A. (1934). *The Theory of Economic Development*. Cambridge, MA: Harvard

lxxii. Selznick, P. (1957). *Leadership in Administration: A Sociological Interpretation.* New York: Harper & Row

lxxiii. Shigang, Y. (2011). Core Competence and Performance of Construction SMEs in China. In: Jiang L. (eds) Proceedings of the 2011, International Conference on Informatics, Cybernetics, and Computer Engineering (ICCE2011) November 19–20, 2011, Melbourne, Australia. Advances in Intelligent and Soft Computing, vol 111. Springer, Berlin, Heidelber

lxxiv. Shokan, O.O. 1997. The role of small scale industry in national development in Nigeria, Universal journal of management and social sciences,Vol.1(1)

lxxv. Stoof, A. (2005). Tools for the Identification and Description of Competencies, Thesis Dissertation, Open University of Nederland.

lxxvi. Talley, J.L.(2011).Decision making in organizations. JLTalley& Associates Bloomingdale's.

lxxvii. Teece, D. J., Pisano, G., &Shuen, A. (1990). Firm Capabilities, Resources and the Concept of Strategy. *Consortium on Competitiveness and Cooperation*, Working Paper 90-9, University of California at Berkeley, Center for Research in Management, Berkeley, CA; University Press.

lxxviii. Thaddeus, A. (2012). The Effect of Entrepreneurship on Economy Development in Nigeria. *International Journal of Development and Economic Sustainability,* 3(2) 49-65

lxxix. Urban, L. (2007). Core Competence Matters: Preparing for a New Agenda. Växjö University Press

lxxx. Walsh,S.T&Kirchhoff,B.A.(1992). Can entrepreneurial core competencies and capabilities overcome poor strategies. Retrieved from www.fusionmx.babson.edu.

lxxxi. Weddle, J. (2011). Levels of decision in the work place. [Online] Available: http://www.partneringperformance.com. (November 13, 2020)

lxxxii. Wernerfelt, B. (1984). A resource-based view of the firm. *Strategic Management Journal*, 5 (2), 171-180.

lxxxiii. Wright, P. M., Dunford, B., & Snell, S. (2001). Human resources and the resource based view of the firm. *Journal of Management, 27*, 701-721.

lxxxiv. Zack, M. (2003). Rethinking the Knowledge-Based Organization. *Sloan Management Review*, 44 (4), 67-71.

lxxxv. Fleury, A. &Fleury, M. T. (2003). Competitive strategies and core competencies: perspectives for the internationalization of industry in Brazil. Integrated Manufacturing Systems, 14(1)16-25

lxxxvi. Hamel, G. &Prahalad, C.K. (1994). Competing for the future. Harvard Business School Press.Cambridge, MA

lxxxvii. Ljungquist, U.(2007). Core competency beyond identification: Presentation of a model. Management Decision, 45(3) 393-402

lxxxviii. Long, C. &Vickers, K.M. (1995) Using core capabilities to create competitive advantage. Organizational Dynamics, 24(1)7-22.

lxxxix. Quelin, B.(2000). Core competencies, R&D management and partnerships. European Management Journal, 18(5) 476-487.

xc. Ray, G., Barney, J. &Muhanna, W.A.(2004) Capabilities, business processes and competitive advantage: Choosing the dependent variable in empirical tests of the resource-based view. Strategic Management Journal, 25 (1) 23-37

xci. Savory, C.(2006). Translating knowledge to build technological competence. Management Decision. 44(8) 1052-1076.

xcii. Sengupta, A., Venkatesh, D. N. & Sinha, A. K.(2013). Developing performance-linked competency model: a tool for competitive advantage. International Journal of Organizational Analysis, 21(4) 504 -527.

xciii. Spanos, Y.E. &Prastacos, G. (2004). Understanding organizational capabilities: Towards a conceptual framework. Journal of Knowledge Management. 8 (3) 31-43

xciv. Yang, B. C., Wu, B. E., Shu,P. G. & Yang, M. H. (2006). On establishing the core competency identifying Model: A value-activity and process oriented approach. Industrial Management & Data Systems, 106(1) 60-80.
xcv. Peteraf, M.A., & Bergen, M. E.(2006). Scanning dynamic competitive landscapes: Amarket- based and resource-based framework. Strategic Management Journal, 24(10) 1027-1041.
xcvi. Schon, D.A. (2003), The Reflective Practitioner: How Professionals Think in Action. Basic Books New York.
xcvii. Tampoe, M., (1994), Exploiting the Core Competencies of yourOrganisation. Long Range Planning, 27 (4), 66–77.
xcviii. Teece, D.J., Pisano, G., Shuen, A. (1997), 'Dynamic Capabilities and Strategic Management'. Strategic Management Journal, 18(7), pp.509-33.
xcix. Sanchez, R. (2004), 'Understanding Competence-based Management: Identifying and Managing Five Modes of Competence'. Journal of Business Research, 57(5), pp.518-32.
c. Dosi, G., R. Nelson, S. Winter, eds. (2000), The Nature and Dynamics of Organizational Capabilities. Oxford University Press, New York
ci. Collis, D.J. (1994), 'Research note: How Valuable is Organizational Capabilities?' Strategic Management Journal, Vol. 15 No.8, pp.143-53.
cii. Chong, S.C., (2006), KM critical success factors: A comparisonof perceived importance versus implementation in Malaysian ICT companies', Learning Organisation, 13(3): 230-256.
ciii. Bozbura, F.T., (2007), 'Knowledge management practices in Turkish SMEs', J. Enterprise Info, 2(2): 209-221
civ. Akhavan, P., and Jafari, M., (2006), Critical success factors of knowledge management implementation at a national level The Journal of Information and Knowledge Management Systems 36(1): 52-66.
cv. Jardon, C., and Martos, M. (2011), Strategic human capital and the performance of public sector organizations. Scandinavian Journal of Management, 20,375-392.
cvi. Nimsith, S.I.,Munas, M.H.A.&Shibly, (2017). F.H.A.impact of the core competency on competitive advantage special reference with Islamic financial institutions in Sri Lanka https://www.researchgate.net/publication/282242854
cvii. Kabue, L. W., &Kilika, J. M. (2016). Firm resources, core competencies and sustainable competitive advantage: An integrative theoretical framework. Journal of Management and Strategy, 7(1), p. 98.