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# **The Impact of Real Sector Investment and Economics Growth to Competitive Advantage in Asia**

## **Abstract**

This research examines the competitive advantage of 11 countries in Asia by investigating the investment sector, industry, and economic growth. The method used in this study is the Shift Share Esteban Marquillas to see which regions have a competitive advantage. This study uses secondary data from the world bank with a research period from 2016 to 2020. We found that the increase in competitive advantage has an impact on the country's ability to compete in the Southeast Asia plus China region. This results in changes in the level of dynamic competition between countries. What is very striking is the dominance of China's competitive advantage in 2019 which was the highest in the research period with a significant increase before Covid 19 hit the Southeast Asian region. Brunei Darussalam and Indonesia have a relatively high level of comparative advantage at the beginning of the research period. Changes in the country's ability to maintain its competitive advantage is a unique ability with a very dynamic trading position in the Southeast Asian region.

**Keywords:** Real Sector, Investment, Economics Growth, Competitive Advantage, Asia

## **Background**

Competitive advantage is an important factor in spreading in the market and achieving strategic goals because companies can take advantage of all the capabilities associated with a competitive advantage to gain leadership within the framework of the advantages that the company has (Bawono, Zainuri, & Wilantari, 2019; Saeidi, Saeidi, Sofian, Saeidi, Nilashi, & Mardani, 2019). The elements that allow a business to provide goods or services that are superior to or less expensive than those of its rivals are referred to as having a competitive advantage, achieve higher profitability indicators than them, and strengthen the company's position among them while ensuring that the company and competitors add value (Distanont & Khongmalai, 2020).

A sort of competitive advantage that is challenging for rivals to copy is a sustained competitive advantage (Fainshmidt, Wenger, Pezeshkan, & Mallon, 2019). Due to the existence of one or more elements of Competitive Advantage that can only be owned by a company (Hagiu & Wright, 2020). Price or spread in the market cannot be a sustainable competitive advantage, due to the ability of competitors to break prices in the near or much future. Customer loyalty can be a type of sustainable competitive advantage, but not limited to (Knudsen, Lien, Timmermans, Belik, & Pandey, 2021).

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Because the importance of competitive advantage appears in the ability to differentiate from other offers and reach consumers to make offer-buying decisions, businesses have a competitive advantage when they are able to offer customers offers that are greater than all offers submitted by competing companies in the same business sector (Cennamo, C. (2021). Due to its effects on consumer audiences, competitive advantage helps businesses cut back on marketing expenses and unused resources (Khan, Yang, & Waheed, 2019).

By controlling the kind and timing of operations to maximize return on investment, a competitive advantage is a valuable tool for managing the human and non-human resources used by businesses (Mubarik & Bontis, 2022). Increased assurance regarding business and commercial operations carried out by firms helps them regulate these activities if they have a detrimental influence on their competitive advantage (Sharma, Leung, Kingshott, Davcik, & Cardinali, 2020). By managing the company's competitive advantage, it is possible to arrive at estimates related to the company's revenue and to identify possible options to increase it and achieve higher levels of profitability (Fabrizio, Kaczam, de Moura, da Silva, da Silva, & da Veiga, 2022).

Competitive advantage pushes businesses to form partnerships to strengthen each other's areas of weakness. Two businesses that offer complimentary competitive benefits for both parties may create an alliance (Miller & Le Breton-Miller, 2021). Competitive Advantage differs from one company to another. This difference results from a set of determinants that constitute a competitive advantage for one firm over other firms in the target market (Pizzi, Rosati, & Venturelli, 2021). Competitive Advantage suitable for the company can be explored by analyzing these determinants properly and accurately. The type of service a company provides influences having a competitive advantage because companies that provide specialized or professional services can have a competitive advantage in customer service besides the short time it takes customers to learn to use the product (Saeidi, Saeidi, Sofian, Saeidi, Nilashi, & Mardani, 2019).

On the other hand, non-specialized full-service companies can gain a competitive advantage by understanding evolving customer needs, easily modernizing existing processes in the company to meet market needs, and supporting corporate ingenuity in various fields in creating a Competitive Advantage for services customer (Mukherji, 2022). Usually, the age of the company affects the element of Competitive Advantage it has, because a newly established company tries to have an innovative competitive advantage by finding unfulfilled consumer needs. Meanwhile, companies with long careers tend to rely on Competitive Advantage related to product quality and internal expertise possessed by employees to serve customers (Na, Kang, & Jeong, 2019).

On the other hand, a company's size influences its competitive advantage, making it possible to understand its capabilities and the extent of the impact of the team size and the resources the company has carried out work and support customers with quality and cost match (Tohănean, Buzatu, Baba, & Georgescu, 2020). Company location helps to

create a competitive advantage in the target market because local companies regardless of technology expansion and use create greater desire among local consumers when they know that the company's office is close to their location, and companies can benefit from the location in creating an advantage. Competitiveness is related to understanding customer needs, personal interviews, and quick response to emergencies (Tien, Dana, Jose, Van Dat, & Duc, 2020).

The many geographic locations of companies create a competitive advantage when there are employees working remotely, because it saves work costs, especially in terms of providing B2B services to companies that need virtual offices in their work, setting up virtual offices in several remote geographical locations (Choudhury, Foroughi, & Larson, 2021). Companies that want to gain competitive advantage must research their target markets and understand the different types of competitive advantages that can be owned. By identifying sources of competitive advantages and tactics for gaining them, a company can gain a competitive advantage both inside and outside of its own walls (Papadas, Avlonitis, Carrigan, & Piha, 2019).

Companies can pick the best sources of competitive advantage based on their operational and financial capabilities, as well as the extent to which these sources are appropriate given the type of job they do (Danso et al., 2019). It is possible to benefit from studying the competitive advantages that competitors have, whether in the actual market or on websites and social networks, in terms of content type, backlinks, keywords, and more (Obermayer, Kővári, Leinonen, Bak, & Valeri, 2022). In order to make maximum use of the collected information, it is necessary a list of every competitor, arrange that list according to which competitors are leading in the same market, and research the competitive advantages that various companies have, and establish relationships and alliances in events that they lead to the establishment of competitive advantage, besides conducting competitive digital marketing campaigns for other companies (Swab & Johnson, 2019).

Small and medium-sized companies usually find a competitive advantage in the missing needs in their immediate environment, given the low number of employees in the company, companies take advantage of the unmet needs of one of their employees or their immediate environment and fill them needs in ways not previously addressed, whether as products, services, depreciation, etc (Adomako, Ning, & Adu-Ameyaw, 2021). Companies may try to inspire their staff to develop concepts or goals that are likely to be well-liked by customers and offer a competitive advantage over competing goods or services. Small and medium-sized businesses use a system of financial and moral rewards to encourage employees to develop a competitive advantage, while large companies have creativity and innovation departments with the aim of creating a competitive advantage (Murniati & Bawono, 2020).

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Methods for achieving Competitive Advantage vary according to the company's capabilities, and the superiority of the company's human cadres can be seen by selecting the appropriate type of Competitive Advantage with the right method for its activities,

and achieving the best competitive advantage by designing the right marketing mix to reach key customer segments (Ichsan, Santosa, Shara, & Liriwati, 2020). Resource Competitive Advantage refers to the ability that a company has to access limited materials or production resources. Companies contracting with governments in certain countries about the exclusivity of importing or providing services from companies in the countries where the company operates can be one type of Competitive Advantage (Qiu, Jie, Wang, & Zhao, 2020).

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Resource protection can be a competitive advantage for companies. The competitive advantage built by Brand Competitive Advantage contributes to creating loyalty among customers, paying additional amounts for products or services offered by brands, and adding distinctive and unique updates to provide extraordinary benefits to customers (Chapuzet & Bawono, 2021 ; Damayanti, 2021).

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Differential Competitive Advantage is a company's ability to provide unique services and products that add benefits to customers that cannot be added by competing companies, which enhances the company's position in the target market (Nastasoiu & Vandenbosch, 2019). Differential competitive advantage can be as simple as unique selling points or better product quality and can be complex which includes product characteristics and advantages not found in other products (Pei, Guo, Wu, Zhou, & Yeh, 2020). Market-Focused Competitive Advantage reflects a company's ability to excel in multiple markets. Instead of being present in one market, companies leverage demographic information related to each market to develop products or services to meet the desired needs in these markets, and to deepen relationships with customers (Cenamor, 2021).

Companies that have subscription services or social media and communication platforms use a Competitive Advantage framework related to networking (Fagerjord & Kueng, 2019). Competitive Advantage Over Cost leverages a company's ability to provide products or services of the same quality as competitors' products or services, but at a lower price on the market, to establish a competitive advantage over other companies (Hagiu & Wright, 2020).

Organizations with a competitive edge There are numerous businesses that have excelled in their target markets and gained a competitive edge over rivals. These businesses' success has served as a template for other businesses looking to gain a similar competitive edge in their products or markets while also fulfilling their social responsibility obligations (Haseeb, Hussain, Kot, Androniceanu, & Jermitsuparsert, 2019). A company's ability to reach specific customer segments in a way that sets it apart from all competitors and enables it to develop enduring relationships with its target market's consumers is a crucial component of its ability to succeed (Keiningham, Aksoy, Bruce, Cadet, Clennell, Hodgkinson, & Kearney, 2020). This research examines the competitive advantage of 11 countries in Asia by investigating the investment sector, industry, and economic growth.

## Method

The Shift Share Esteban Marquillas approach was utilized in this study to determine whether locations had a competitive edge. Using the equation below:

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The shift-share analysis equation's overall structure and its parts are as follows:

$$C_{ij} = G_{ij} + M_{ij} + I_{ij}$$

Where:

i = country in economics

j = Research areas from 11 country in Asia

n = region of comparison 11 country in Asia

I = change in the Investment sector in 11 country in Asia

G = National Growth Sector in 11 country in Asia

M = industrial mix sector 11 country in Asia

C<sub>v</sub> = competitive advantage in 11 country in Asia

This study uses secondary data from the world bank with a research period from 2016 to 2020.

## Result and Discussion

According to Esteban Marquillas' shift-share research, some countries in particular years lack specialists. Every year, things change. according to Table 1. The allocation effect value for 11 Asian countries is shown in the table below.

Table 1. Analysis of the value of the allocation effect of Esteban Marquilla in 11 Asian countries

Allocation Effect Value In Competitive Advantage					
Country	2016	2017	2018	2019	2020
Brunei Darussalam	3.223112	4.424211	2.121671	1.522322	3.245129
Indonesia	3.214542	2.921816	1.721234	3.672317	2.123502
Kamboja	2.124277	3.628112	1.432112	1.723468	3.244284
Laos	2.251127	1.223116	4.233529	2.331126	1.519192
Malaysia	3.457118	1.622135	2.715487	1.977169	1.322718
Myanmar	2.487261	1.257865	1.714338	1.647107	2.312229

Filipina	1.419539	3.421685	2.954824	1.781711	1.312041
Singapura	1.481131	1.641463	2.322349	3.452335	1.264124
Thailand	1.072422	1.523204	1.422161	1.571226	1.426219
Vietnam	3.772328	1.195181	1.303389	2.512341	1.331124
China	1.582518	1.012271	1.271513	5.271684	1.771488

From 11 countries it can be seen that the investment sector and the real sector in the mixed industrial sector along with national economic growth have a significant positive impact on a country's competitive advantage. Where each country has a significant change in competitive advantage every year. The increase in competitive advantage has an impact on the country's ability to compete in the Southeast Asia plus China region. This results in changes in the level of dynamic competition between countries. What is very striking is the dominance of China's competitive advantage in 2019 which was the highest in the research period with a significant increase before Covid 19 hit the Southeast Asian region. Brunei Darussalam and Indonesia have a relatively high level of comparative advantage at the beginning of the research period. Changes in the country's ability to maintain its competitive advantage is a unique ability with a very dynamic trading position in the Southeast Asian region.

### Conclusion

The increase in competitive advantage has an impact on the country's ability to compete in the Southeast Asia plus China region. This results in changes in the level of dynamic competition between countries. What is very striking is the dominance of China's competitive advantage in 2019 which was the highest in the research period with a significant increase before Covid 19 hit the Southeast Asian region. Brunei Darussalam and Indonesia have a relatively high level of comparative advantage at the beginning of the research period. Changes in the country's ability to maintain its competitive advantage is a unique ability with a very dynamic trading position in the Southeast Asian region

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