

**TOPIC:**  
**IDENTIFYING AREAS OF  
ENTERPRISE COMPARATIVE  
ADVANTAGE IN IBOLO LAND**

**PRESENTED  
BY**

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# Conceptualization of Comparative Advantage

**Comparative advantage** refers to as the conditions that enable a company to outperform its rivals in terms of profitability, productivity, market share and growth. The advantage may be attributed to the organization's lower cost to deliver products and services

Similarly, a company has a **comparative advantage** at producing something if he can produce it at lower cost than anyone else.

But, having a **comparative advantage** is not the same as being the best at something. In fact, someone can be completely unskilled at doing something, yet still have a comparative advantage at doing it

## **Difference between Comparative and Competitive**

The concept of **comparative advantage** is more rooted in economics and refers to a superior feature of an enterprises.

While, the concept of a **competitive advantage** is more rooted in strategic management and refers to distinctive assets or competencies of a firm.

## Agent of Comparative Advantages

- **Environment** – A favorable environment for producing a certain type of good gives a company a comparative advantage in producing that good better
- **Knowledge and Techniques**- enables a company to use more cost-efficient techniques and implement innovations
- **Economics of Scale**- Investment in materials, equipment and labor pays off more when they can produce more
- **Government Regulations**- such as tariffs can impose a comparative advantage for a domestic company as opposed to foreign companies.
- **Product Quality**- Customers don't necessarily purchase the cheapest product, they also want quality

## **Important of comparative advantage**

- It provide avenue to offer goods and services at prices that are lower than their competitors.
- It provide avenue to gain stronger sales margins
- It also lead to greater profitability
- It reduce the burden on purchasing power.
- Entering into trade with other companies also create job opportunities for teaming youth.

## **Limitation Of Comparative Advantage**

There are some arguments against comparative advantage.

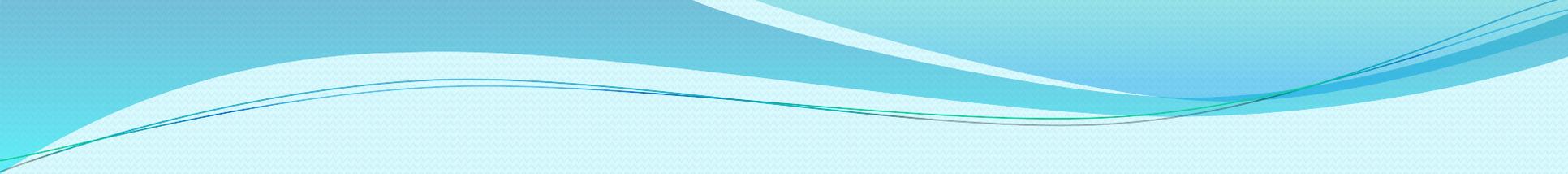
- ✓ Government may restrict trade.
- ✓ Transport cost may outweigh the comparative advantage.
- ✓ Increased specialization may make scaling difficult.

## **Agent of comparative advantage in Ibolo Land**

- Increase distributorship (Agro and finish goods) point
- Increase population Through many institutions
- Existence of Owode and other major markets as selling point.

## **Areas of Enterprise Comparative Advantage In Ibollo Land**

As population is increasing, industries are also increasing and the business are taking different forms of dimension with specialization and standards. Enterprises are moving from Traditional mode operation to advance mode with lower cost of practice that produce higher profits.



Thank you all for listening