

‘Decoding the decline’
A study of competitive advantage erosion

Mr. Mangesh A. Khunte

(Doctoral Scholar, Strategic Management)

Mail ID - mangesha04phdpt@iimk.ac.in

Dr. M. K. Nandakumar

(Professor, Strategic Management)

Mail ID - nandakumarmk@iimk.ac.in

Indian Institute of Management, Kozhikode, India

Abstract

‘Decoding the decline’: A study of competitive advantage erosion

This study addresses an important area of Competitive Strategy, which has received scant focus so far. While Competitive advantage has been seen to be studied in detail, the critical aspect of the ‘Decline’ of competitive advantage has not received the attention it deserves. Addressing this oversight, we develop a theoretical model that depicts the antecedents and the influencing factors for the decline using the resource-based view (RBV) as the theoretical foundation for the study. We also present the distal and proximate outcomes of the decline. Our research plans to employ a qualitative research design, combining the analysis of business leaders' interviews with a case study approach. This study will be the first one to elaborate on the life cycle of the decline phenomenon. The contribution will be rooted in and will advance and augment the Resource Based Theory. For practitioners, our research will offer practical implications for strategy formation.

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1 | Introduction

A firm can achieve a sustained competitive advantage only when it adopts a strategy that creates value for its customers. Along with this condition, another necessary condition is that the same strategy is simultaneously followed by other existing competitors, either because they are not able to understand it or are not able to replicate it. It is the inability of a firm’s competitors to duplicate the resources and capabilities that helps the focal firm implement a value-creating strategy. (Barney, 1991). The strategy literature believes that sustaining the competitive advantage (CA) is possible only when current and future competitors fail to imitate the focal firm (Nelson & Winter, 1982; Dierickx & Cool, 1989; Barney, 1991).

Our study is on the ‘Decline’ aspect of the Competitive Advantage (CA). For a long time, the strategic management field has assumed that sustainable CA exists (Rumelt et al., 1994). However, recent studies have begun to suggest that sustainable CA is rare and declining in duration (Ruefli & Wiggins, 2002). Innovation and imitation are the two competitive forces that have been unequivocally identified in literature as the two main threats to the sustainability of CA (Barney, 1991; D’Aveni, 1994). Markets may face creative destruction manifested through shocks and technological discontinuities (Schumpeter, 1934) or hyper-competition (D’Aveni, 1994), which may erode the original CA derived from the original market structure. While CA has been seen to be studied in detail, the critical aspect of the ‘Decline’ of CA has not received the attention it deserves. Addressing this oversight, this article aims to bridge the gap by understanding the perception of the decline phenomenon within the leadership community and by developing a theoretical model that depicts the antecedents and the firm-level factors influencing the decline using the resource-based view (RBV) as the theoretical foundation for the study. Our core research question is “How does a firm identify and manage the decline in its competitive advantage?” We sought to answer this question using a qualitative study of the perception of decline in the minds of the CxO community and a detailed case study of 3 to 4 firms.

This article is organized as follows. We start with the summary of our literature review, followed by the gaps. The core research question and sub-questions are mentioned. Then, we describe our research design and methodology. We then touch upon the analysis done so far. Finally, we discuss our contributions to theory and practice.

We started by doing the literature review on the ‘Competitive Advantage’. We observed that the academic literature on CA has focused more on the creation aspect. The manifestation of the decline can be observed by shrinking markets and increased competition (Porter 1980; Harrigan 1982); budget cuts ([Levine 1985]; Behn 1983); workforce reduction — especially layoffs ([Krantz 1985]; Cornfield 1983), Loss of legitimacy (Benson 1975), Stagnation (Whetten 1980). While studying decay, it is found that even though the strategic resources are isolated, there is an endogenous decay process (Reha Karadag, 2023).

The majority of the literature on CA focuses on establishing and maintaining it. There has been mention of decline in the form of its manifestation and the probable reasons. It is studied in pockets. However, a systematic study of this phenomenon, which includes how it is perceived by leaders who are responsible for drafting the firm strategy, the antecedents, and the factors that influence the decline, has not been conducted. The impact of decline may not always be perceived as negative. There may be some positive aspects as well. It is not seen in the current literature. So, we identify the research gaps as follows –

2 | Research Gaps

Research Gap 1 – The extant literature does not throw light on the perception of the decline of CA among the business leaders who are responsible for drafting the firm strategy. If the leaders themselves do not understand and appreciate the criticality of this phenomenon, it is bound to impact the firm strategy.

Research Gap 2 – A scholarly examination of the life cycle of the decline of CA is not seen in the literature. This life cycle consists of identifying and managing the decline.

Research Gap 3 – The extant literature does not have any conceptual research model consisting of the antecedents of the decline of CA, the factors influencing the decline, and the impact of the decline.

The gaps are interrelated. To develop a conceptual model aimed at practitioners to deal with the decline of the competitive advantage, the current level of understanding is necessary. Also, a life cycle model with inputs, influencing factors, and outcomes will certainly contribute to the competitive strategy literature.

We are proposing the ‘Strategic resource decay’ as one of the antecedents of the ‘Decline’ phenomenon. We will study endogenous and exogenous aspects of decay. As both internal and external factors contribute to the decline, we will study both aspects on a high level, but the focus of the study will be on internal factors. As each industry will respond to the decline in different ways, we are having representation from industries from different domains in our study. Our literature review suggested that firm-level factors like Dynamic Capabilities, Organizational Culture, Actions by the Top Management Team, and the Causal Ambiguity associated with the firm's CA have significant roles to play in preventing the erosion of its CA. The value for CA lies in the ability of dynamic capability to alter the resource base: create, integrate, recombine, and release resources. (Eisenhardt, 2000). The stronger the capability, the more delayed the decline will be. The TMT should acknowledge that the resource attributes are the cause of decay. It is the responsibility of the leaders to respond to the threat of erosion. The risk of decline is more significant for firms having a weak cultural foundation. According to Lipmann and Rumelt, causal ambiguity is the phenomenon surrounding business actions and outcomes that makes it difficult for competitors to emulate strategies, thus increasing entry barriers. Innovation focus is a critical tool for managing the decline of CA. Out of these factors, those that may cause the phenomenon can be considered as antecedents, while there are some more factors that can influence it, which can be referred to as firm-level influencing factors. We have identified SRD, Imitation threat, the possibility of creative disruption, and capability decay as a few antecedents.

Based on our observations from the literature review, we feel that the phenomenon of CA decline can be effectively structured by giving its antecedents, the firm-level influencing factors discussed above, the distal and proximate outcomes, and its positive and negative outcomes. Please refer to Figure 1 for the Conceptual Research Model.

Insert Figure 1 here.

We also propose that the outcomes of the decline will not only be obviously negative but also have a few positive outcomes, such as an ‘Enhanced focus on innovation’ and ‘More heterogeneity in industry.’ Based on the above, we are proposing to build this model, which will shed some light on identifying and managing the phenomenon. The research questions that we have formed are –

3 | Research Questions

The core research question we are probing is “How does a firm identify and manage the decline in its competitive advantage?” The sub-questions are –

RQ1: How do the dynamic capabilities of a firm help mitigate the threat of a decline in CA?

RQ2: What actions can be initiated by the Top Management Team of a firm to prevent the erosion of its CA?

RQ3: How can organizational culture help prevent the erosion of a firm's CA?

RQ4a: To what extent does causal ambiguity associated with the resources and capabilities of a firm reduce the chances of its CA erosion?

RQ4 b: How can a firm enhance the causal ambiguity associated with its resources and capabilities?

RQ 5- How will innovation be helpful in addressing the decline of advantage?

4 | Theoretical Underpinning

For a long time, the strategic management field has assumed that sustainable competitive advantage exists (Rumelt et al., 1994). However, recent studies have begun to suggest that sustainable competitive advantage is rare and declining in duration (Ruefli & Wiggins, 2002). The Schumpeterian theory of creative destruction considers the decline, as it mentions innovation and entrepreneurship as its reasons. The rivals play a critical role in triggering the decline. Especially in hypercompetitive dynamic markets, leading firms are constantly pursued by existing challengers who aggressively find new ways to destroy the competitive advantage of industry leaders (D'Aveni, 1994; Schumpeter, 1942). Innovation and imitation are the two competitive forces that have been unequivocally identified in the literature as the two main threats to the sustainability of competitive advantage of industry leader firms (e.g., Barney, 1991; D'Aveni, 1994). The competitive advantage attained from the environmental structure may vanish if environmental factors change. Markets may face creative destruction manifested through shocks and technological discontinuities (Schumpeter, 1934) or hyper-competition (D'Aveni, 1994), which may erode the original competitive advantage derived from the original market structure. It is argued that in disruptive environments characterized by fast-paced competitive actions among rivals, sustaining competitive advantage may not be possible (D'Aveni et al., 2010), indicating the erosion aspect of the competitive advantage. This suggests that the field has acknowledged the decline phenomenon. However, the systematic efforts to

study it were not seen. Aspects like the trigger points of this decline, its impact on the firm performance, and its perception of the leadership team are yet to be studied in detail. Efforts to study the life cycle of the decline have not been observed. The competitive advantage of the firm may be perceived as a series of temporary advantages. In that case, it should be understood that each occurrence of temporary advantage will have its own decline phase. So, the firm should be more vigilant in identifying it; to maintain consistency, it must time the next occurrence of its advantage before this decline completes. Most of the prior studies have mainly investigated the factors facilitating a firm's sustainable competitive advantage (SCA), such as intellectual capital (Hsu & Wang, 2012), innovation (Barrett & Sexton, 2006), or dynamic capabilities (Bowman & Ambrosini, 2003). The firm needs to understand that the RBV is a useful tool for predicting performance (Barney 1997). However, it was formulated to explain when firms will generate rent, not who will appropriate it (Wernerfelt 1984). Rent generation is the first stage, and rent appropriation is the second stage. We cannot predict firm performance if our theory only speaks to the first stage (Coff, 1999). We perceive that the risk of the decline of CA can be better managed by controlling the internal factors discussed above. We hope that with this study, the resource-based view can be augmented to predict when rent will be generated and when it may start declining. After the detailed literature review, we have expanded this list of factors that have an impact on the decline of CA to add a few more factors like Capability decay, Imitation, Culture, Top Management Team (TMT), Innovation, and Causal Ambiguity. Further, we have categorized them as antecedents and firm-influencing factors. So, this study analyzes the decline of competitive advantage from this theoretical lens.

Resource and Capability Decay

While studying decay, it is found that even though the strategic resources are isolated, there is an endogenous decay process that needs to be considered while estimating the SCA from the resource (Reha Karadag, 2023). Understanding resource vulnerability will have an impact on the decline of CA. To what extent does the firm know that its resources and capabilities will be critical to identifying the risk of decline? The kind of curatorship strategy (preservation, connoisseurship, and orchestration) adopted by the firm suggests the risk of decline. A well-curated resource reduces the risk of decline. The attention of resource-based scholars has mainly been on the types and features of resources and capabilities that bestow sustainable rents in the face of competition. They have devoted far less attention to the sources of vulnerability of many of these resources. The CA of the firm will decline when the capability is reduced. The firm's existing capability will be eroded as a result of the reduced utilization of capabilities, which may be the result of the unstable demand environment.

Imitation

Imitation is a central construct in topics including sustained competitive advantage (e.g., Davis & Aggarwal, 2020; Ethiraj et al., 2008). There is a distinction between imitation and innovation. The traditional understanding of imitation is the opposite of innovation. However, imitation is not simply the opposite of innovation, pursued only by those unable to innovate by themselves. Imitation should also be seen as a core part of the innovation process (Posen et al., 2023). Imitation starts eroding the leader's competitive advantage only after the leader has launched his new advantage in the market.

Dynamic Capabilities

Dynamic capabilities are often characterized as unique and idiosyncratic processes that emerge from the path-dependent histories of individual firms. (Teece et al., 1997). Dynamic capability is one of the critical determinants of the sustainability of the CA. The firm should always be in a position to reconfigure its resources and capabilities in order to address the threat it foresees to its competitive advantage. The stronger the capability, the more delayed the decline will be. To arrest the decline, the firm must be capable of generating a continuous stream of temporary advantages. The environment in which the firm operates is dynamic. The severity of the decline depends on the degree of dynamism. It is interpreted in terms of volatility (rate and amount of change) and unpredictability (uncertainty) (Miller & Friesen, 1983).

Top Management Team

The firm leaders should understand the possible reasons why a position of competitive advantage that an organizational capability can generate today will not be sustained. The TMT should acknowledge that the resource attributes are the cause of decay. It is often the role of high-level executives to create dynamic capabilities to implement high-level internal routines (Winter, 2003). The lack of TMT effectiveness and vision led to the decline of CA. The TMT should be able to differentiate between the processes that should be done routinely and the processes that need customized attention, like priority setting and defining a vision to bond the product. Managers need to understand that long-term competitive advantage is infrequently achieved in dynamic markets. Instead, the reality is that competitive advantage is often short-term. In these situations, it makes sense for managers to compete by creating a series of temporary advantages. (Lengnick-Hall & Wolff, 1999). The approach to maintaining the slack is one of the key decisions the TMT takes. This strategy can directly impact the risk of decline. Their approach towards ESG will have a direct impact on the competitive advantage in the contemporary scenario. The consideration that ESG is just a statutory requirement may lead to a decline in advantage. Another aspect that the TMT should follow to manage the decline is the right investment. Strategic investments may result in the erosion of the competitive advantage when they are insufficient and not put in the right place. (Rindova, 1999). To manage the risk of the decline of CA, the TMT should pay attention to the idling of its resources. Resource idling may result from demand uncertainty. Such resource idling results in capability erosion (Ross et al., 2023). Any resource cannot be used continuously, and it is bound to have an idling time during its life cycle. So, the TMT's skills in treating the idle time of resources by balancing the response actions would have an impact on the decline of competitive advantage.

Culture

A firm's culture is a set of myths and traditions that help define the ideology of the firm (Mintzberg, 1983). An organization's culture is a complex set of beliefs and ways of doing things that influence the organization's perspective of itself and the world around it. The strong culture hypothesis suggests that firms that have strong, distinctive traits, values, and shared belief patterns will outperform organizations that are weak on these dimensions (Dennison, 1984). The risk of decline is more significant for firms having a weak cultural foundation. The focus on learning is a crucial aspect of the culture. The weaker the focus, the greater the risk of a decline in advantage. Culture forms a major contributor to causal ambiguity. The culture of a successful firm can be difficult to describe (Lippman & Rumelt, 1982) and categorize (Barley, 1983;

Gregory, 1983). The stronger the intangible and socially complex processes are, the less risk there is of the decline of CA.

Innovation

Innovation and entrepreneurial activity are responsible for both creating and eroding any advantages as they shake the perfect balance of the stable economy. So, these factors play a moderating role in the decline of advantage. Historical economic theories, such as those arising from neoclassical economics and the work of the Austrian school of economics (Jacobson, 1992; Schumpeter, 1934) as well as the hypercompetitive model (Brown and Eisenhardt 1997. 1998, Aveni 1994) of strategy, predicts that the temporal dynamics, resulting from factors such as imitation, entry, and the introduction of substitutes, will erode almost all competitive advantages, and thus prevent superior economic performance from persisting. The firm should focus on developing media capabilities. i.e., The capability that wins tomorrow is the capability to develop the capability to develop the capability that innovates faster (or better).

Causal Ambiguity

Causal ambiguity is a state of uncertainty that indicates incomplete, inexact, or unsure understanding and knowledge (Einhorn & Hogarth, 1986). Causal ambiguity is described with the three characteristics of competency, namely tacitness (Polanyi, 1967), complexity (Barney, 1985; Nelson & Winter, 1982), and specificity (Williamson, 1985). Causal ambiguity enhances firm performance. According to Lipmann and Rumelt, causal ambiguity is the phenomenon surrounding business actions and outcomes that makes it difficult for competitors to emulate strategies. Another view holds that causal ambiguity places a constraint on the transfer and leveraging of these competencies within a firm. In this case, causal ambiguity may adversely influence firm performance (King, 2001). The risk of decline can be mitigated by having a robust KM framework in the firm. So, investment in knowledge-based assets is very critical. An effective KM system may also serve as a pull factor for the employees.

5 | Research Design and Methodology

The research design and the choice of the method are motivated by the fact that this is an exploratory study. So, we propose to carry out this study by analyzing the interviews of business leaders and conducting in-depth case studies of three to four firms. The overall approach for the study is depicted in Figure 2 –

Insert Figure 2 here.

Our research plans to employ a qualitative research design, combining the analysis of business leaders' interviews with a case study approach. The approach we are following is that first, we understand the awareness and impression that the top leadership carries about the decline in CA. The semi-structured interviews are being conducted with about 10 to 12 senior leaders. The summary of the leader profile is provided in Annexure C. The average experience of the group is around 20+ years. The population also covers a number of industry domains. The first study will

thus join the important theories of Competitive strategy with practical insight. Once we have a sensible understanding of the perception viewpoint, we will undertake a detailed case study of the firms identified. The probing and investigation will be in line with getting responses to the research questions. It will also focus on the identification of the decline and its management, along with the outcomes. The interview guide is based on the present state of the art with regard to the competitive advantage literature. The guide is appended to this document as Annexure A. The study population comprised firms in the chemicals, machinery, and automotive industries. In order to get an effective response, the research context, shown in Annexure B, was given to research participants. During the case study, we will also seek interviews with stakeholders of the clients of the company, probing into the different aspects of the firm. Capturing the manager's perception will be the key input. We plan to adopt a hybrid approach, in which we will begin the analysis with a set of a priori codes (deductive) and then add new codes (inductive) if we feel the need based on working our way through the data.

The research method for the study is depicted in Figure 3.

Insert Figure 3 here.

The Case Study Research is appropriate for this study. A multiple-case study design allows for the identification and exploration of issues related to a complex phenomenon within a real-world context, aligning with the research objectives (Yin, 2013). Through this study, we are investigating the contemporary phenomenon of the ‘Decline of CA’ within the real-world context.

We will conduct direct observations and interview the people involved in the events. We have selected individual firms as the case. The firms are from different domains of IT Services, Automotive, Engineering, and niche areas. We plan to conduct an industry-agnostic study of this phenomenon and, hence, select firms from different businesses. Moreover, all these firms have been in the business for about 15+ years. The leaders of these firms have shown interest in the study and have agreed to provide all information. The firms will be from different domains, thus helping with the external validity criteria. The firms were selected because they operate in a very severely fought market, and the risk of the decline of competitive advantage is high, making them a suitable choice for our study. The case will be bound by the study questions about the relationship of various factors to the decline of CA. With these case studies, we are looking to gain an in-depth understanding of the decline phenomenon within the context described above. We would use the same tools (interview study guide, data collection template, observation method) for both cases. The data collection will primarily happen from people and firms in their everyday situations. It will be done through multiple rounds of detailed interviews, either in person or over a video call. If possible, we will be participant observers as well. The probable data sources would be a detailed interview with the firm's leadership (at least 2), middle management, and ground-level staff. The research questionnaire is appended. Affects like Customer Communication, Status reports, Issue Handling Processes, Planning and forecasting processes, HR policies, Competitor Tracking processes, financial data as appropriate, mail communications, Minutes of Meetings, Brand building related documents, Press Releases, and Articles in business publications will be assessed.

Data Collection

Based on the literature review, we have arrived at the preliminary theory that some antecedents, like Imitation and resource decay, cause the decline of competitive advantage. A few influencing factors described above contribute to this phenomenon. This theoretical ground will help to generalize the findings.

6 | Results and Discussion

Field work for understanding the perception of decline in leadership is in progress. About 10 to 12 Senior-level leaders from different industries will be interviewed. The leaders have been identified. A quick summary of these research participants is provided in Annexure C. To equip the participants better to provide quality input, the leaders were given a context for the study. Please refer to Annexure B for the details of the context. So far, we have interviewed four leaders to understand their perception of the decline phenomenon.

As the leaders participating in the study are from different domains and are very experienced (the average experience of the group is about 28 to 30 years), their inputs are very valuable for the study. It serves our aim of understanding the practical perspective of the phenomenon very well. Their opinions corroborate with the findings from the literature review for most of the points.

e.g., Regarding culture, in the words of a CEO of a retail brand manufacturer – *"Long-term continuity of the competitive advantage comes through the culture of the company."* Another MD and CEO from an automobile ancillary says, *"I think it is one of the fundamental areas, the culture". The same CEO about the TMT: "So this core team is, I guess, having all the inputs with them to cater to a good team to fuel our journey, what we are".* A Director from a Food and Beverages manufacturing company quotes about TMT: *"I think way more than having the leader, the leader's job is to just think ahead, that's 30 years down the line. I mean, that's the only job he has, but that's the most difficult job because you know what, how what trends are going to take or happen right now, the market is going to."*

Preliminary findings of the pilot are shown in Figure 4 –

Insert Figure 4 here.

The initial codes are in the range of 70s. The categorization comes to about 10 to 12.

Based on these pilot findings, we are going to fine-tune the analysis. Based on the learnings, we are modifying the research guide and the way the interviews are conducted. A similar approach will be taken for the case study phase.

Based on the initial analysis, we are confident that our study will shed significant light on the ‘Decline of competitive advantage’ phenomenon by contributing to the research model mentioned above.

7 | Contributions

The Firm's resources (tangible and intangible) are perishable and depletable (Karadag, 2023). This indicates that the threat of decline of competitive advantage is real and attaches importance to our study from the RBV perspective. We contribute to the Resource Based View literature by conducting a comprehensive literature review and identifying important research gaps. Our study's contribution also lies in a conceptual research model depicting the life cycle of the decline of CA (Identification, Manage, and Control) that can be further tested empirically. The insights from our findings will be precious to strategy formation executives, enhancing their understanding of the antecedents, influencing factors, and impact of decline. The contribution will be rooted in and will advance and augment the Resource Based Theory with light on the decline aspect, which seems to have received less attention so far. We hope that with this study, the resource-based view can be augmented to predict when the rent will be generated and when it may start declining. Our research offers practical implications for strategy formation. Our model will provide an overarching framework that helps managers develop actionable plans to prevent the erosion of their CA. The propositions we will present can serve as actionable guidelines to prevent the decline of a firm's competitive advantage. The insights from our findings will be particularly valuable to strategy formation executives, enhancing their understanding of the antecedents, influencing factors, and impact of decline.

8 | Limitations of the current study and discussion on future research recommendations.

- The context of our study may be very specific and narrow, as the outcome will be based only on the analysis of the selected firms. Future research can focus on firms from different domains to strengthen the findings.
- The impact of the variation in the characteristics of the firm (Size, geographical presence, headcount, etc.) on the decline phenomenon is not studied.
- Considering the current pace of innovative disruptions, there may be some unforeseen antecedents and controlling factors contributing to the phenomenon.

As the next step, the researchers can empirically validate the propositions that will be mentioned in the study. They can further deep dive into each of the firm's influencing factors and antecedents to study its impact using empirical data. They can take this study further to extend the VRIO by adding the Decline dimension (VRIO–D), an enhanced version of the VRIO framework, which sheds light not only on sustaining competitive advantage but also on its decline. This framework is poised to make a substantial impact on the field of strategic management, offering new perspectives and strategies. Some of the factors, like slack, which are discussed in the context of TMT, can themselves be analyzed further as antecedents. This study can be extended to more industry domains to strengthen the findings.

‘Decoding the Decline’ -A Study of Competitive Advantage Erosion.

Annexure A -

Research Interview Guide –

Understanding of Competitive Advantage and risk of decline

- What is your Core Competency?
 - Why do you say so?
 - Which components form this core competency? (From Resource and Capability perspective).
 - How long will your competitor take to match you in this core competency?
- What is your competitive advantage?
 - Why do you say so?
 - Since how long are you enjoying this CA?
 - Is there any isolating mechanism (patent, IPs, etc.) applicable and present for the firm?
- What are the threats you foresee to your CA?
 - How will you describe the internal and external environment threats?
 - How fast can these threats hit you?
 - How are you safeguarding your firm against these threats?
- Do you face the threat of imitation and substitutes?
 - What is your response to such imitation attempts?
 - Are your products easy to imitate because they have high visibility and are “easily observable”?
 - Comment on the switching cost for your customers.
- Please reflect on the Competitive Advantage Life Cycle diagram. Show the diagram and get the views. Show figure 1.
- From the Internal and External factors, which do you think impact the Competitive Advantage (Barney or Porter)?
- Do you have an idea of the resources and capabilities that are contributing to your CA? What threats do you see to them? What is your plan to manage it?

Identification

- What are your views on the decline of competitive advantage?
 - According to you, which parameters indicate the decline of competitive advantage?
 - When and how do you conclude that your CA is under threat?
- Tell something about your top management team and their expertise in foreseeing the competitive trend.
 - Has the leadership team faced and managed the declines earlier?
 - How does the leadership team analyze the external environment and demographic changes and foresee the disruption threats?
- How do you track competitor's movements (tactical and strategic)
 - What are the early warning signs in your industry for your competitor catching you up?
 - Factors like Investment by peers and rivals.
- What is your view on ‘when can a decline in CA start?’
- What are your internal processes to monitor the firm performance?
- Do you follow the independent analyst ranking to assess your position viz a viz your competitors?
- How do you assess the business environment?
- Ask questions based on the VRIN framework.

Managing

- How do you do Knowledge Management in your firm?
 - Are there any areas that are driven by rare or niche expert knowledge?
 - How do you manage to ensure person independency in firm operations?
 - How do you marshal the knowledge in the firm? Do you have a heavy emphasis on documenting everything, or do you let it be with the individuals?
- How innovation is imbibed into your work culture?
 - What is your strategy to understand the pulse of your customers?
 - How do you keep track of the latest technological developments in areas related to your business?
 - How do you encourage innovation in your firm?
- What do you think about your HR function's effectiveness in firm performance?
 - What is the attrition rate of the firm?
 - How do you take the pulse of employee satisfaction?
- What is your opinion of the culture of the firm playing a role in performance? How do you describe the culture of your firm as a contributor to your CA?
- How do you plan to counter the decline of CA?
- What are you doing to sustain it?
 - How do you make sure that your efforts to sustain the CA are paying off?
 - Continuous innovation as CA sustenance strategy. What are your views?
- Does the causal ambiguity exist in the firm?
- Please comment on the ability of the firm to reorganize itself to respond to any competitive threat

Annexure B – Research Context given to research participants.

Dear participant,

Thanks for being part of my research journey. Providing below a very high-level view of my research idea and the kind of inputs I am looking at. This should help you to collect and align your thoughts when we interact.

Topic - ‘Decoding the Decline - Theory Development in Competitive Advantage Decline’

Context –

The firm must have something unique and different to render to its consumers than what other players offer. This uniqueness can be referred to as ‘Competitive Advantage.’ Advantage can come from competencies. Competencies are within the firm's control and can be manipulated within strategy to generate an advantage for performance.

A firm is said to have a competitive advantage when it is implementing a value-creating strategy not simultaneously being implemented by any current or potential competitors. Furthermore, a firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy.

The decline of CA should be a matter of grave concern for a firm. Firms often do not recognize the true nature of a decline when it first begins. The manifestation of erosion is evident from various phenomena. Sustainability is achieved when the advantage resists erosion by competitor behavior. In other words, this decline of advantage poses a threat to sustaining the competitive advantage.

Inputs Solicited –

We will discuss the following topics - Core Competency of the firm, Idea about your Competitive Advantage, Perceived threats to your CA, your views of the decline of CA, Your Leadership Team capabilities, Competitor Tracking, Internal processes, etc.

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Annexure C – Research Participant Summary

A sample research participants list will be added as below –

Sr. No.	Name	Role	Name of Firm	Domain	Website
1	Pranav Joshi	CEO	Krios Technologies	IT Service Provider	https://kriosispl.com/index.html
2	Nikhil Kulkarni	Partner	Emarkons Auto Component Pvt Ltd	Manufacturing	https://emarkons.com/index.htm

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Figures

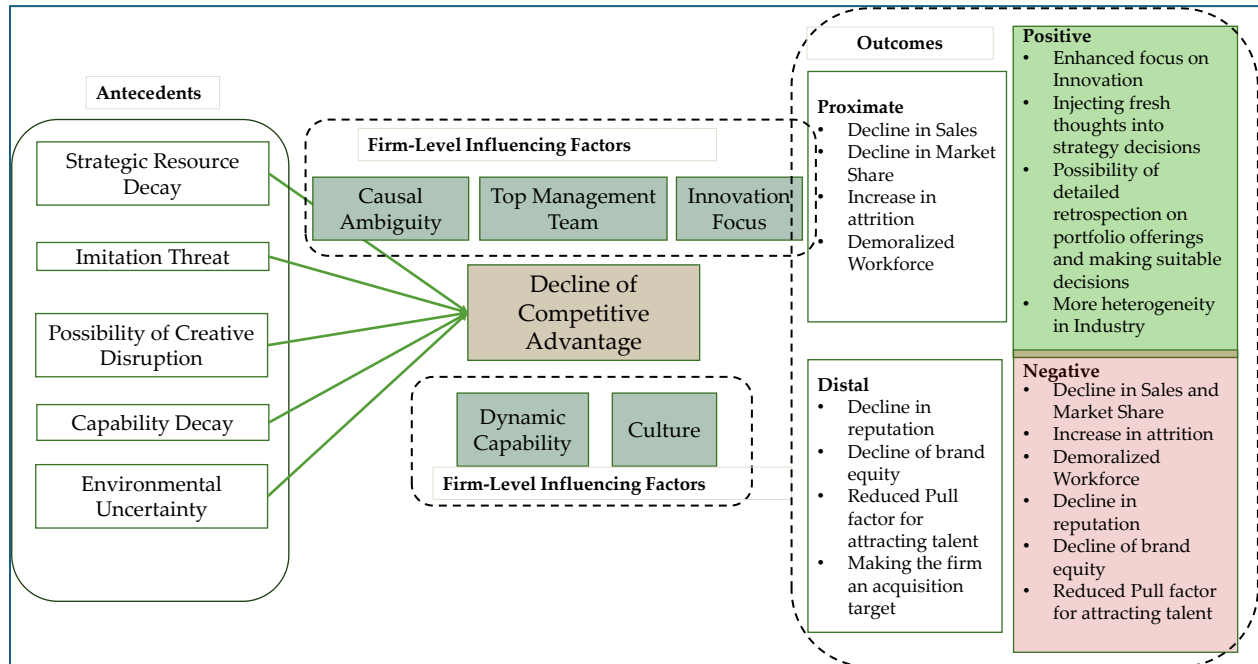


Figure 1 – Conceptual Research Model

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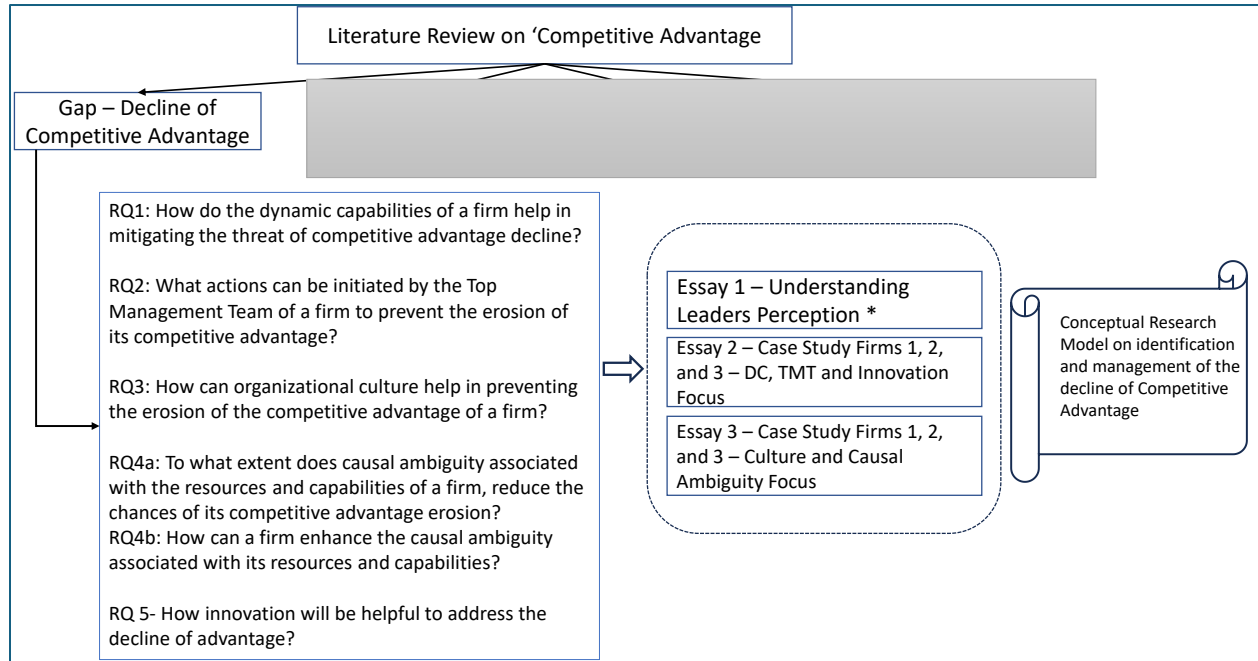


Figure 2 - Overall Study Approach

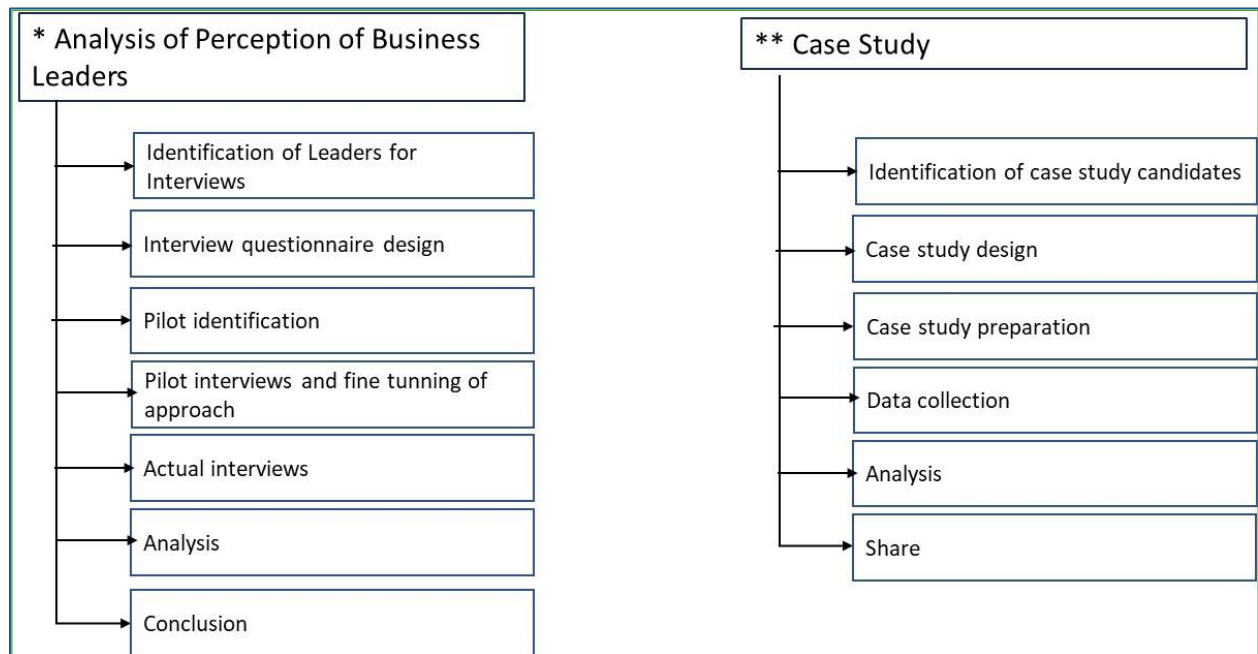


Figure 3 – Research Method

‘Decoding the Decline’-A Study of Competitive Advantage Erosion.

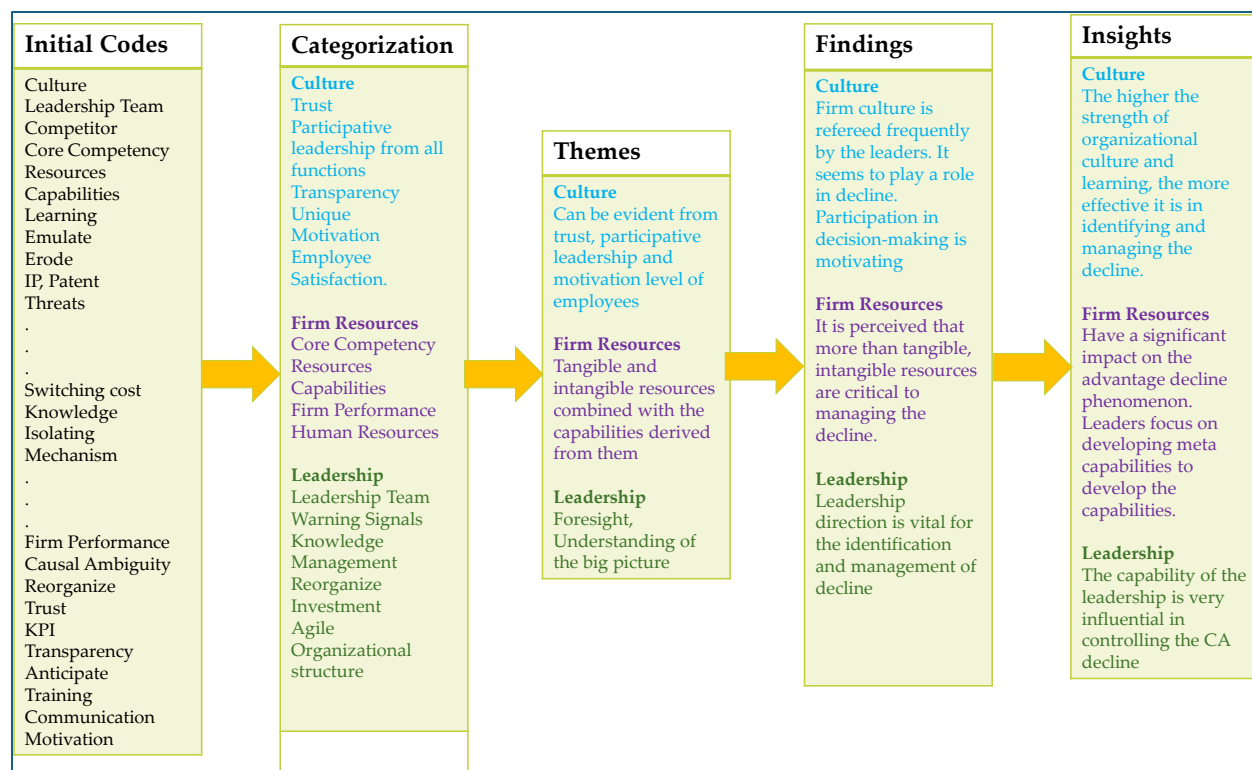


Figure 4 – Preliminary Findings