A Conceptual Mapping Resource Advantage Theory, Competitive Advantage Theory, and Transient Competitive Advantage

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Competitive advantage is the main purposed of the business entity focusing on market base view. Resource advantage theorists put their concern to empowering resources development with resources based view, in the other side needs to redefining competitive advantage. All the competitive advantage are transient, concluded the end of competitive advantage. Redefining competitive advantage by selling migration and shrewdness outward. This research to emphasize innovation capability rarely appears in the future.

Keywords: R-A Theory, C-A Theory, and Transient Competitive Advantage

JEL Classification: M21

1. Introduction

Recent marketing literature has already been vastly developing. Such phenomenon has developed the marketing literature into a dynamic science, even beyond its era. To this date, there have been at least twelve schools of marketing according to Shaw and Jones (2005). It is predicted that further development shall continue in the near future.

The development of marketing theories has been correlated to interaction among other disciplines (Jaw and Lee, 2007). Such interaction has created marketing to be a robust subject matter in which varied topics are developed and examined. In customer behavior subject, marketing science interacts with psychology, in resource-based advantage it interacts with engineering, and so on.

In examining business problems related to which strategy should be applied in winning the competition game has become an interesting debate over time. There are some advantage theories that have been elaborated by marketing pioneers, including resource advantage theory by Shelby D. Hunt, competitive advantage theory by Michael E. Porter, and Transient Competitive Advantage theory by Rita Gunther McGrath. These three theories contribute with insights to different viewpoints of advantage, so that in-depth analyses are necessary in order to create comprehensive literature reviews related to business activities.
2. Literature Review

2.1. Resource Advantage Theory

Resource advantage theory is an evolution of two basic theories by which it is developed. First, a theory proposed by Conner (1991) that organizations are expected to be able to explain factors that constrain them as well as reasons for their existence. This viewpoint is based on resource-based theory that focuses on heterogeneous demands and moving resources. Second, a competitiveness theory for differential advantage from Alderson (1957) and Alderson (1965). Shelby D. Hunt and Madhavaram's 2006 and 2012 studies propose that resource advantage is capable of explaining important strategies in organizations, including resource-based strategy, competency-based strategy, industrial-based strategy, market-oriented strategy, brand equity strategy, market segmentation strategy, and relational marketing strategy.

The resources referred to resource advantage are those available, either tangible or intangible, which, in turn, are produced effectively and efficiently to be offered to particular market segments (Hunt and Madhavaram, 2012).

Resource advantage theory is built on mistakes in focus on organizational strategies in the pursuit of organizational advantage. Traditionally, the organizations have tended to focus on industrial competition. It is only after research from Hunt and Morgan (1999) and Hunt (2011) that organizational leaderships have started to focus on distinct product and service development strategy, which the competitors are unable to imitate. The ability to create these three conditions will result in advantage and improvement of organizational performance (Ferdinand, Widianto, and Sugiarto, 2012). The resource advantage theory is built upon several thoughts as follows:

a. Heterogeneous demands in single industry, between industries with dynamic characteristics.

b. Information received by the customers is incomplete and expensive.

c. Human motivation in fulfilling their needs.

d. Organizational goals are to expect maximum advantages.

e. Information held by the organizations is incomplete and expensive.

f. Resources held by the organization consist of financial, physical, legal, human, organization, information, and relation.

g. Resources are heterogeneous and are in unstable movement.

h. Managerial roles in acknowledging, comprehending, creating, selecting, implementing, and restructuring current strategies.

i. Dynamic competition needs innovation from within organization.

Structure and foundation of resource advantage lie within ability of the organization to innovate and differentiate by means of available resources. Differentiation and innovation are implemented to accomplish the optimal advantage, in which organizational advantage shall enhance it to learn to maintain its advantage and to improve its product value.

Structure and foundation of resource advantage can be explained by the following figure:

![Resource Advantage Theory Competition Scheme](image-url)
The above scheme explains that competition contradicts equilibrium, a sustainable learning and it makes optimal efforts in order to accomplish the advantage. The advantage will give a better position and higher market place to the organization in the competition.

Resource advantage is an evolution of the absence of equilibrium during the competitive process, in which organizational innovation and learning stem from its internal resources. Both organization and customers have incomplete information, in which entrepreneurship, agencies, and government policies will affect the economic performance.

Following the resource advantage, competitive position can be elaborated as presented in the following figure:

![Competitive Position Matrix](image)

*Figure 2. Competitive Position Matrix
Source: Hunt (2011)*

Market position in the competitive is in box 3A, for example, in the segment A the organization output, relative to the competitors, resources to be created and to be offered to the customers will fulfill superior criteria for the segment or have a lower price from the competitors. Each competition in the above matrix has different market segments.

Resource advantage theory emphasizes the importance of building values through resources, which organization internally possesses. It will differ from neoclassical theory, which posits that internal resources are within three dimensions: land/soil, employment, and capital. The resource advantage theory explains the internal resources more broadly, i.e. financial, legal, legality, human, organization, and relation. The following table summarizes the difference in concept of resources between neoclassical and resource advantage theories:

<table>
<thead>
<tr>
<th>Resources</th>
<th>Neoclassical Theory</th>
<th>Resource Advantage Theory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>Financial (SD Cash, access to financial market)</td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>Physical (plant, equipment)</td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td>Legal (brand, license)</td>
<td>Human (expertise and knowledge)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Organizational (competency, monitoring, policy, culture)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Information (customers’ knowledge and competitive intelligence)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Relational (relation with suppliers and users)</td>
</tr>
</tbody>
</table>

Barney (1991) contends that an organization will be able to maintain its advantage if the organization is capable of giving added-value to the customers and if the competitors is unable to duplicate
the strategy. The competitive advantage of the organization does not depend on how long it maintains the advantage, but on the extent to which the organization does not duplicate the other organizations.

According to Zemanek and Pride (1996), an organization has strengths to direct its customers, such as price, quantity, product line, advertising and promotion, service, stock availability, credit to the customers, and display. The organization is expected to make the optimal use of its resources in order to maintain the advantage.

Hunt (2010) establishes that in resource advantage theory the characteristics of the products are highly heterogeneous, the information is incomplete, and the available resources are also heterogeneous. Therefore, innovation is necessary to help the organization obtain a better growth, sales, and profit. In addition, the growth may be obtained by efficiency and effectiveness of the innovation. Organizational growth occurs in the form innovation:

- Improving attribute value given by the customers through value-added use.
- Improving value given to the customers through adding value on resource quality and quantity.
- Decreasing costs by improving added-value on quality and quantity.
- Decreasing costs by making better use.
- Identifying new opportunities to improve growth.
- Identifying new opportunities for the newly built markets.
- Identifying opportunities to establish new organization and to build resources in the new market.
- Improving quantity the organization offers through adding value of the quality and quantity the resources offer.

All these nine innovations will improve performance of the organization in the following forms:

- Outputs obtained are derived from the pursuit of financial performance.
- Production output growth proves the existence of the organization.
- Production output growth is capable of creating new organization.

Gupta (2013), in his research, contends that in order to accomplish business success and advantage an organization must possess good ability in innovating things that are difficult to be duplicated by prospective competitors in the future. Wang, Wang, and Liang (2014) explains that successful organizations have advantages to share knowledge and to possess strong intellectual capital. The advantage an organization possesses must be improve over time in form of such unique, difficult innovations that the competitors cannot duplicate.

### 2.2. Competitive Advantage Theory

Porter (1980) states that to perform the correct strategy, an organization must account for testing the following consistencies:

- Internal consistence. The organization must set rational and affordable targets. It also must have policies that support the target accomplishment, those which empower the overall lines of the organization.
- Environmental adaptability. Targets and policies to be set must be able to create opportunities and to adapt with resources relative to competitive challenge. The organization must react timely to the current environment and to respond to external interests.
- Resource adjustment. Resource availability must be equal to the competitors’ advantage and the strategy implementation must be timely to allow the organization to create change.
- Communication and implementation. Objectives and targets of the organization must be truly comprehensible by the whole members. There must be a common agreement between the targets and the policy relative to the strategy implementation. The managers should be able to perform the strategy efficiently and effectively.

Porter (1990) and R.G McGrath, Tsai, Venkataraman, and MacMillan (1996), propose that organization is able to accomplish competitive advantage by innovation. The organizational innovation can be performed by vary methods and technologies. It will give advantages to the organization in many aspects.

Updated strategies and instruments towards multidimensional, either in product, marketing, or organizational design are necessary. Advantages can be obtained by market exploitation, threats neutralization, and cost efficiency (Sigalas et al., 2013).

Innovation performed by the organization must exceed the needs of a single segment because currently the competition is extremely global and transnational. Innovation must fulfil the preference and the needs of the international society. For example, the need for automobile of Indonesian customers is different from that of the American customers. Therefore, the organization innovators must be able to bridge or to mediate this difference in order for the products to fulfil the global needs. Ma (1999) said that a firm
integrates both proactive efforts in enhancing a firm’s chances for the three generic sources of advantage, ownership, access, proficiency and preemptive efforts in reducing the rivals’ chances.

Creating competitive advantage in an organization needs role and support from the government to help create conducive atmosphere, market creation, and massive raw materials provision for the organizational operation survival. Factors that determine the competitive advantage can be found in the following figure:

![Figure 3. Determining Factors of Competitive Advantage](image)

The conditional factor is a government role in helping provide infrastructures, experts, and other supports to create competitive advantage. Whereas strategy, structure, and support from the organization is to create, to organize, and to manage. Demand condition is the government ability to create a domestic market as market base for goods and services. Support from industries and other interest parties refers to government involvement in supporting the organization to respond to international competition.

Pitts and Lei (1996) and Gunday et al. (2011) appreciate that creating competitive advantage demands organization attractiveness. Attractiveness can be derived from available resources and macro environment. Internal and external environments are intervening factors that affect the competitive advantage. Five intervening factors need to be taken into account to build an industrial attractiveness: potentially new competitors, customers bargaining power, suppliers bargaining power, intensity of organizational rivalry within industry, potential substitution goods and services (Sarpong and Tandoh, 2015).

![Figure 4. Intervening Factors of Attractiveness](image)
The basis of the competitive advantage lies within the ability to align the organization ability with its environment where the competition takes place. Therefore, the organization must be able to find new opportunities, answer challenges, overcome weaknesses, maintain advantages and create new strengths in the new competition arena.

J. B. Barney and Clark (2007) posit that an organization will take the advantage if it can create added value to its human, physical, and organizational resources. The added value must involve three unique characteristics, which are difficult to duplicate and substituted. Once these characteristics become more apparent, the competitive advantage will prevail, which, in turn, helps the organization to maintain the advantage Gebauer, Gustafsson, and Witell (2011).

Ferdinand (2013), explains that in creating competitive advantage an organization must possess specific advantages. These specific advantages are obtained by resource management and organization. They refer to the ability of the organization to manage and to possess cost leadership and differentiation advantage.

2.3. The Transient of Competitive Advantage

The end of competitive advantage is still limited to leadership conceptual framework that the objective of any strategy is to maintain the advantage. Such conceptual framework is deemed sacred by most organizations. Indeed, it may not apply over time due to environmental change and uncertainty.

Ritha Gunther McGrath (2013) writes that organization that suffers from competitive loss still applies old-fashioned assumptions of the theory of competition. The organization must have new formulae to respond to the change in competition strategy, innovation, and organizational reform, which has been immediately taking place. Such condition may put the organization in trouble if it does not have new formulae to answer the competition.

For some organizations, the competitive advantage is deemed irrelevant to apply because of the change in technology (McGrath, 2013). The advance of the technology has caused competitive advantage to rise, but quickly to disappear. Furthermore, digitalization allows much easier duplications, globalization causes fierce competition in the global arena.

An organization gets involved in competition not only within its industrial environment but also in arena-specific strategies. The comparison of the competition based on industry to that of based on arena can be explained as follow:

<table>
<thead>
<tr>
<th>Description</th>
<th>Industry</th>
<th>Arena</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td>Positional advantage</td>
<td>Area domination</td>
</tr>
<tr>
<td>Success Parameter</td>
<td>Market segment</td>
<td>Areal opportunity potential</td>
</tr>
<tr>
<td>Customer Segment</td>
<td>Demography and geography</td>
<td>Behavior</td>
</tr>
<tr>
<td>Major Trigger</td>
<td>Price, function, and quality comparison</td>
<td>Providing total customer experience</td>
</tr>
<tr>
<td>Behavioral Skills</td>
<td>Intra-industry or diversification</td>
<td>New expertise beyond industrial constraint</td>
</tr>
<tr>
<td>Term</td>
<td>Chess</td>
<td>Source: McGrath (2013)</td>
</tr>
</tbody>
</table>

Current advantage is temporary. Therefore, the organization must simultaneously align between stability and agility in answering the competition. The organization must always create change combined with dynamism in line with the ongoing condition. The temporary advantage gives similar pressure at any aspect of the competitive life-cycle. The temporary advantage enables individual talent to grow as his or her ability does, building stable perspectives and heterogeneity of implementation.

Johannessen and Olsen (2009) conclude that in maintaining the advantage an organization must do a process of knowledge development by a systemic innovation. The government must possess dynamic and innovative abilities (Agha et al., 2012).

The temporary advantage strategy can be used for helping unhealthy business come out of difficulties. In anticipating the collapse, corporation must possess early warning about crises within it. This early warning is easier to be detected in marketing growth collapse. If the condition continues to be worsened, some efforts must be taken immediately in order to solve the problems, e.g., sales migration, corporate gain cut, discount endorsement, and acquisition of other corporations in order to limit the competition. Such strategy may help the corporation retain its advantage in the future.
Early warnings that the corporation must take into account for following potential crises are as follows:

a. Employees are unwilling to buy products or services made by their own firms.

b. Investment at the same level without expected gain.

c. Customers get more affordable, easier, and better products than those made by other producers.

d. Competition tends to sway to other direction than expected.

e. Customers are no longer impressed by the offer.

f. Leadership is losing trust from its employees.

g. The team is losing the best personnel.

h. Stock in possession is inadequate and of lacking quality.

i. Scientists are predicting a change in business that the corporation gets involved due to change in technology.

j. The corporation is no longer the priority target for job-seekers.

k. Corporation suffers from slow growth rate.

l. Lacking successful innovations in the past two years.

m. Corporation decreases profit margin.

n. Corporation provides risks to the employees.

o. Management always declines and argues each bad news (by giving excuse, even in reasonable manners)

The early warnings mentioned above are capable of detecting potential crises within the corporation. As long as it has the right indicators the corporation may survive the bankruptcy.

The temporary advantage strategy uses resources to produce intelligence in doing a business process. Such intelligence is seen from the ability to rebuild and to alternate business processes into easier, quicker, and better outputs. This strategy is in contradiction to other advantage strategies, which use resources to obtain or to preserve them by exploitation.

Intelligence can be made available by some ways, including proactively not using any out-of-date assets in the competitive environment. The corporation must leave outdated technologies behind. Creating an integrated organization with information technology and corporation can create new business opportunities.

Below are examples of corporate assets, which must be responded immediately to preserve its business advantage:

<table>
<thead>
<tr>
<th>1960</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer Infrastructure</td>
<td></td>
</tr>
<tr>
<td>Big screen</td>
<td>PDA Phone</td>
</tr>
<tr>
<td>Mini computer</td>
<td></td>
</tr>
<tr>
<td>AS/400</td>
<td></td>
</tr>
<tr>
<td>PC and Laptop</td>
<td></td>
</tr>
<tr>
<td>Form of Computer</td>
<td>Available anywhere</td>
</tr>
<tr>
<td>Tape and Disc</td>
<td></td>
</tr>
<tr>
<td>Cable networks</td>
<td>WAN and Wireless</td>
</tr>
<tr>
<td>Networks</td>
<td></td>
</tr>
<tr>
<td>Factory and COBOL Languages</td>
<td>Web</td>
</tr>
<tr>
<td>Management Information System</td>
<td></td>
</tr>
<tr>
<td>Fow, telephone with switchboard</td>
<td>VoIP, Corporate VM</td>
</tr>
<tr>
<td>PBX</td>
<td></td>
</tr>
<tr>
<td>Telephone</td>
<td></td>
</tr>
</tbody>
</table>

The above table shows a migration of corporate assets in technology in order to get advantage provided by the blue column. If those in the red columns are still preserved, the corporation may lag behind the other competitors. Strong will and motivation are necessary to support innovations. The tendency of most corporates to exploit the assets contrast with the temporary advantage strategy.

The most important factor for the temporary advantage strategy is the ability to build innovative skills. Innovative perspective in the temporary advantage strategy is very different in that continued and systematical innovations become the prime priority. Likewise, from managerial and budgetary perspectives,
the innovation advantage complies with the ongoing business, whereas the temporary advantage strategy creates innovations by separate budgets. This strategic activity considers competitiveness to be a complement, whereas temporary advantage strategy deems it as dedication given over time.

There are six phases needed for building innovative skills:
1. Measuring current position and determining the most wanted growth.
2. Aligning all interests and available resources.
3. Creating process phase of innovation management.
4. Starting over system and socialization of the whole employees.
5. Beginning with something that is real.
6. Creating complement structures to do innovations.

In the temporary advantage strategy, creating innovations becomes the major key to creating the corporate competitiveness. Therefore, continued innovations must be obtained in the current global arena.

The temporary advantage strategy plays a significant role in creating advantage. The leadership must have his or her own perspective towards creating the advantage. He or she must hold assumption that innovations are created by pressures, always questioning status quo, involving other parties in the process, taking efforts immediately and precisely, enforcing new inventions, providing options, actively getting involved with externalities, and directing talents.

The temporary advantage will affect any individual within the team. Such strategy will change organizational system in favor of individual capacity, which, in turn, facilitates permanent career growth. Individual role is more dominant within the application of the temporary advantage strategy.

3. Discussion

3.1. The Comparison Between Resource Advantage, Competitive Advantage, and Transient Advantage Theories

Resource advantage theory focuses on the corporate internal resources, whereas competitive advantage theory focuses on the corporate external environment. In other words, the former theory is endogenous, whereas the latter theory is exogenous.

Meanwhile, temporary advantage theory focuses on resource value improvement in such a manner that competitors cannot imitate and distribute. The competitive advantage theory focuses on cost and differentiation. Below are points denoting the comparison of competition strategy between the theories O’keeffe, Mavondo, and Schroder (1996), as well as Hunt and Arnett (2003):

Table 4. Competitive Advantage vs. Resource Advantage

<table>
<thead>
<tr>
<th>Explanation</th>
<th>Competitive Advantage</th>
<th>Resource Advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>External analysis unit</td>
<td>Industry</td>
<td>Market segment</td>
</tr>
<tr>
<td>Market</td>
<td>Market as a whole</td>
<td>Market by segment</td>
</tr>
<tr>
<td>Main strategy</td>
<td>Alignment between industry and corporation</td>
<td>Organizational learning in building resources and capacities.</td>
</tr>
<tr>
<td>Management duties</td>
<td>Portfolio analysis and resource distribution</td>
<td>Resource creation and development</td>
</tr>
<tr>
<td>Advantage effects</td>
<td>Concentration on industry power over market</td>
<td>Giving superior value to customers</td>
</tr>
<tr>
<td>Deal Result I</td>
<td>Monopoly position</td>
<td>Great financial performance</td>
</tr>
<tr>
<td>Achievement</td>
<td>Surpass the barriers</td>
<td>Special skills due to resource ambiguity</td>
</tr>
</tbody>
</table>

Source: O’Keeffe, Mavondo et al. (1996)

The above table (Table 4) shows that there are many principle differences between resource advantage and competitive advantage strategies. In applying each theory the corporation must be able to implement it. It is possible for the corporation to mingle both strategies should the conditions, i.e., externalities and internalities made it possible.

4. Conclusion and Recommendations

Fierce business competition has demanded corporations to be innovative. Products to be provided are expected to be so unique that competitors are unable to imitate or duplicate in order to gain competitive
value. Changes in perspectives are necessary. The most important effort relates to human development supported by dynamic resources.

Development of strategic assets must be in line with human resource development. The corporate executives must consider human resource as an intellectual capital. To win the competition, the corporation must be able to give birth to intelligence, sales migration, and strategic alliance with continued and systematical innovations.

Below are capacities the corporation must possess to be effectively exploiting its potentials:
1. Quick adaptation
2. multi-line differentiation
3. product and service innovation, and
4. Timeliness in taking any measure or action.

Consideration of the correct data and business intuition has been obtained.

References


