

Competitive Advantage: Sustainable or Temporary in Today's Dynamic Environment?

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Spirited debate in the field of strategic management wages as to whether competitive advantage is sustainable or merely temporary in today's highly dynamic environments. The objectivity of the debate, however, suffers from a lack of specificity regarding the terms "sustainable" and "temporary." That is, the amount of time or duration of a sustained or temporary competitive advantage is never specified by a writer. This presentation offers an approach for determining the period of time that distinguishes sustained competitive advantage from temporary competitive advantage. The approach entails determining whether a competitive advantage denoted by a competitive strategy yields above-average returns in one or more industry life cycle stages – introduction, growth, maturity, and decline. Competitive strategies providing above-average returns in only one stage are classified as temporary advantages while competitive strategies providing such returns in more than one stage are classified as sustained competitive advantages. Generic and combination competitive strategies are examined.

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Introduction

Is competitive advantage sustainable or merely temporary in today's dynamic, hypercompetitive environments as many strategy researchers proclaim? Although this question is important to strategy researchers and managers, alike, we have no clear answer to it. Two major obstacles stand in the way of arriving at a definitive answer. First, there is no common definition of the concept of competitive advantage. Traditionally in the field of strategic management, competitive advantage has been defined as a firm consistently earning a higher rate of return than its competitors (Grant, 1991; Schoemaker, 1990). Recently, however, with the advent of the resource-based view (RBV) as an influential theoretical framework in the strategic management field, alternative definitions of competitive advantage have gained acceptance, introducing ambiguity. Second, the terms, "sustainable" and "temporary," lack specificity. That is, the amount of time or duration of a sustained or temporary competitive advantage is never specified by proponents of the traditional view or the RBV. Supporters of the traditional view use such ambiguous terms as "long-term" and "fleeting" to describe sustained and temporary, respectively, leaving the reader to guess, for example, how long is "long term" – one year, two years, or more? Proponents of the RBV avoid the issue of the time duration of sustainability altogether by asserting that a sustained competitive advantage exists only so long as another firm is not able to replicate a firm's competitive advantage (Barney, 1991). This proposition assumes that a particular competitive advantage is idiosyncratic (i.e., that it can only be possessed by a single firm). However, as Eisenhardt and Martin (2001) point out multiple firms possess effective dynamic capabilities that have common features. Effective dynamic capabilities as resources are sources of competitive advantage. The commonality of dynamic resources across

firms suggests that “there are multiple paths (equifinality) to the same dynamic capabilities....Equifinality renders inimitability irrelevant ...to sustained advantage” (2001:1109-1110). I concur with their argument.

To overcome the aforementioned problems, I propose an approach that determines whether competitive advantages are sustainable or temporary by assessing the performance of competitive strategies in each of four industry life cycle stages – introduction, growth, maturity, and decline. In this approach, competitive advantage occurs when the implementation of a competitive strategy produces above-average financial performance. A sustainable competitive strategy is manifested if a competitive strategy yields above-average financial performance in two or more stages of the industry life cycle. On the other hand, a temporary competitive advantage is evident if a competitive strategy produces above-average financial performance in only one stage of the industry life cycle. Thus, this approach incorporates time as an essential element of sustained and temporary competitive advantage.

The Approach’s Origin

While conducting a study (Beal & Yasai-Ardekani, 2001) examining the performance of generic and combination competitive strategies implemented by small manufacturing firms competing in the embryonic, growth, maturity, and declining stages of the industry life cycle, my partner and I noticed that the pursuit of some competitive strategies yielded above-average financial performance in more than one stage while other strategies produced such performance in only one stage.

Meanwhile, several strategy researchers (Brown & Eisenhardt, 1998; D’Aveni, 1994; Eisenhardt & Martin, 2000; Hamel, 2000) argued that at the firm level achieving and particularly sustaining competitive advantage in today’s highly dynamic (or hypercompetitive) environments

was difficult if not impossible. Because advantages are quickly copied (D'Aveni, 1994) or rendered inoperable today by the advent of new advantages (Hamel, 2000) firms can only look forward to temporary or a series of temporary advantages (Brown & Eisenhardt, 1998; D'Aveni, 1994); long-term or sustained above-average profitability is not feasible (D'Aveni, 1994). For example, as evidence of the difficulty in sustaining supranormal returns, Hamel (2000) states that "... the percentage of companies that have been delivering better-than-average returns has been steadily declining. In 1999 only 31 percent of the S&P 500 companies outperformed the S&P average – in terms of total return to shareholders... 7 out of 10 companies *underperformed* the market in 1999." Based on this and other data, he concludes that in today's highly dynamic business environment only a few companies can hope to achieve competitive advantage, even temporary competitive advantage, and that today's strategies will not be viable in the near future.

Although these arguments may be substantive and persuasive from a firm level perspective, they are not supported by the results of our study based on competitive strategy as the unit of analysis. We observed that some generic and combination competitive strategies yielded above-average financial performance across two or more industry life cycles, indicative of sustainable competitive advantage. For example, the competitive strategy, quality differentiation, yielded above-average performance in three life cycle stages – introduction, growth, and maturity. At least two of those stages, growth and maturity, often exhibit several characteristics (e.g., rapidly increasing or highly intense competition, rapid changes in differentiation opportunities) associated with dynamic environments. The performance of quality differentiation and other competitive strategies coupled with the ambiguity surrounding sustainable and temporary competitive advantage gave rise to the idea that an approach which

used competitive strategy as the unit of analysis and evaluated the performance of competitive strategies across industry life cycles might be used to identify and assess these phenomena.

Competitive Advantage and Its Sustainability

For at least two decades, the concept of competitive advantage has been central to the practice and study of strategic management (Rouse & Dallenbach, 1999). The concept became, perhaps the most important one in strategy, with the publication of Porter's immensely popular Competitive Strategy in 1980, followed by his Competitive Advantage in 1985. In Porter's view, "Competitive advantage is at the heart of a firm's performance in competitive markets" (1985:xv). He argued that a firm's ability to outperform its competitors lay in its ability to translate its competitive strategy into a competitive advantage. Competitive strategy entails positioning the firm favorably in an industry relative to competitors. Positioning results from choosing one of four competitive strategies – differentiation, low cost leadership, focus differentiation, or focus low cost leadership. Competitive advantage, the achievement of above-average industry profitability, is garnered by differentiating (i.e., offering some uniqueness valued by customers), or by being the lowest cost producer in the industry. In making the choice of being a differentiator or low cost producer, a firm must consider five competitive forces – the bargaining power of customers, the bargaining power of suppliers, the intensity of rivalry amongst firms in the industry, the threat of substitute products, and the threat of new entrants into the industry. Thus, in this framework, gaining competitive advantage is determined primarily by responding effectively to industry-specific requirements.

Sustainable competitive advantage is defined as "above-average performance in the long run" (Porter, 1985:11), with the amount of time defining the "long run" not specified. In the

absence of a definitive period of time denoting sustained or temporary advantage, authors often use terms such as “long-term” (D’Aveni, 1994:11), “long run” (Ghemawat et al, 1999:49) and “short-term” (Eisenhardt & Martin, 2000:1118) to describe sustained and temporary periods of time, respectively. These terms are very ambiguous and virtually useless in making strategic and operational decisions. When researchers do mention a particular period of time that they consider denotes sustainability or temporality, the time periods vary from one article to another and sometimes within the same article, leaving readers bewildered and confused.

Rather than specifying the amount of time that differentiates a sustained from a temporary competitive advantage, the traditional view, as does the RBV discussed later, focuses on specifying the sources of sustainable competitive advantage. In the traditional view, sustainability arises from the sources and number of cost or differentiation advantages (Ghemawat, 1986; Porter, 1985). Cost advantages that are sustainable include entry or mobility barriers such as economies of scale (Ghemawat, 1986) and proprietary learning (Porter, 1985). Sustainable differentiation advantages include a unique activity or product valued by customers that competitors cannot easily imitate (Grant, 1991; Porter, 1985). The competitive advantage is more sustainable the greater the number of sources of cost or differentiation advantages (Ghemawat, 1986; Porter, 1985).

This framework of competitive advantage and sustainable competitive advantage held sway in strategic management until the resource-based view (RBV) gained influential proponents and popularity in the early 1990s. Some strategy researchers still support the traditional view popularized by Porter, although its popularity is waning as evidenced by either the exclusive use of RBV in strategy research focusing on competitive advantage or the juxtaposition of RBV and the more traditional view.

Wernerfelt's (1984) article, "A Resource-Based View of the Firm," is generally considered the seminal article exposing the RBV while Barney's (1991) article, "Firm resources and sustained competitive advantage," is often recognized as the seminal article setting forth the RBV's application to business-level (competitive) strategy. In his article, Barney outlines the popular RBV framework specifying the source and conditions of competitive advantage and sustainable competitive advantage. A firm's resources (e.g., assets, capabilities, competencies, processes) are considered the source of both competitive advantage and sustained competitive advantage. A firm possesses a competitive advantage if it has resources that are rare (i.e., are not possessed by many firms) and valuable (i.e., permit the firm to respond effectively or efficiently to environmental conditions). The competitive advantage is considered sustainable if those resources are also nonimitable (i.e., cannot be easily duplicated by competitors), nonsubstitutable (i.e., other resources cannot perform the same function), and nontransferable (i.e., cannot be acquired in the marketplace). Thus, compared to the traditional view, the RBV shifts the locus of competitive advantage from external forces (i.e., the industry) to internal factors (i.e., a firm's resources).

Barney (2001) recognizes that depending on the unit of analysis – the firm or the industry – competitive advantage can be defined differently. He prefers to view competitive advantage using the firm as the unit of analysis and offers two different definitions.

“...a firm is said to have a competitive advantage when it is engaging in activities that increase its efficiency or effectiveness in ways that competing firms are not, regardless of whether those other firms are in a particular firm's industry” (2001:48).

“...firms that generate higher returns than were expected by stockholders (at constant level of risk) have a competitive advantage. This definition of competitive advantage is often called an economic rent...” (2001:48).

Barney (2001) argues that even though these two definitions of competitive advantage are different they can be related. He reasons that a firm that produces higher returns than its stockholders expect (i.e., an economic rent) is probably able to do so because it is more effective or efficient than its rivals. In addition, he suggests that sustainable competitive advantage is a possible under both of his definitions as sustained competitive advantage using the first definition occurs when a firm continues to improve its effectiveness and efficiency and competitors no longer seek to imitate what it is doing. And under the second definition, sustainable competitive occurs when a firm consistently earns returns exceeding its stockholders expectations. In both cases, a firm's resources provide the source of competitive and sustainable competitive advantage.

Because "competitive advantage" is such a commonly used term in strategy literature, researchers often neglect to state which of the three aforementioned definitions they are using. Such an omission is problematic as it is quite difficult or impossible to determine whether the concept has been properly operationalized and hypotheses properly tested, and to compare results across studies.

Moreover, even if a common definition of competitive advantage is adopted, conceptual and operationalization problems are inherent in studies investigating "temporary" or "sustainable" competitive advantage because there is no commonly accepted period of time or any other measurement that clearly distinguishes a temporary competitive advantage from a sustained one. While the RBV provides a framework for determining whether a firm possesses a sustainable competitive advantage, it too does not specify the amount of time that constitutes a sustained versus a temporary advantage. Thus, there remains a lack of specificity regarding the concepts of temporary and sustainable competitive advantage.

Sustainable and Temporary Competitive Advantage: A New Approach

I propose an approach to help minimize or eliminate the ambiguity surrounding the concepts of sustainable and temporary competitive advantage and to encourage and guide future studies of these concepts. The approach focuses on determining the period of time that distinguishes sustained competitive advantage from temporary competitive advantage. It entails using competitive strategy as the unit of analysis and observing whether a competitive advantage produced by a competitive strategy yields above-average returns in one or more industry life cycle stages – introduction, growth, maturity, or decline.

I choose the competitive strategy as the unit of analysis for three reasons. First, competitive strategy embodies the relatedness that Barney observed between his two definitions of competitive advantage based on the firm as the unit of analysis, and it demonstrates the way a firm responds to environmental conditions, the determinant of competitive advantage according to the traditional view, which uses the industry as the unit of analysis. Second, a firm's competitive strategy reflects either effectiveness or efficiency mentioned in Barney's first definition. And with respect to Barney's second definition and the traditional definition, implementation of a competitive strategy that is aligned with environmental conditions can yield returns exceeding owners' expectations.

Third, advantage over other competitors is not gained simply by possessing rare and valuable resources but by employing and deploying those resources (Amit & Schoemaker, 1993) to address or shape environmental conditions resulting in supranormal returns. How a firm employs and deploys its resources is evinced in its competitive strategy. Both proponents of the RBV and the traditional perspective affirm this (Barney, 1997; Porter, 1996). Determining the presence of a competitive advantage entails examining the financial performance of a specific

competitive strategy in a certain environment. This approach recognizes that competitive advantage is a result of the interaction of a firm's competitive strategy, an internal factor, and environmental conditions, an external factor. Neither the RBV focusing on internal factors nor the traditional view focusing on external factors fully explains competitive advantage and its sustainability. Rather, the two perspectives complement each other, contributing to a better understanding of the phenomena, competitive advantage and sustainable competitive advantage.

In our prior studies (Beal & Yasai-Ardekani, 2000; Beal & Yasai-Ardekani, 2001), we developed a competitive strategy framework based on Porter's (1980) generic competitive strategies and Mintzberg's (1988) differentiation strategies and the research of Hill (1988), Murray (1988) and Miller and Dess (1993) that propose combination strategies (i.e., competitive strategies in which cost leadership and forms of differentiation are pursued simultaneously). The framework consists of five generic strategies – low cost leadership and four differentiation strategies based on four dimensions of differentiation (i.e., quality, innovation, marketing (image), and service) – and 10 combination strategies resulting from (1) the combinations of two of the differentiation strategies and (2) low cost leadership and each of the four differentiation strategies. Table 1 contains descriptions of the generic and combination strategies.

Insert Table 1 about here

I now turn my attention to selecting an external factor to implement the approach. Industry life cycle is my choice. Industries are microeconomic environments characterized by factors such as demand, technology, products, and competition that determine sources of competitive advantage (Grant, 1991; Porter, 1985). Industries typically evolve sequentially

through four stages – introduction, growth, maturity, and decline – in which dynamism and the basis of competition varies and competitors gain and lose relative advantage (Grant, 1991; Hill & Jones, 1998). The principal driving force of industry evolution is growth/decline in demand reflected in industry sales. In each stage, some competitive strategies are likely to produce supranormal returns than others (Wright, Kroll, & Parnell, 1996). Finally and most importantly, time is an essential element of the industry life cycle as each stage lasts for a certain period of time. Thus, the industry life cycle is a useful and powerful analytical tool for examining the temporality or sustainability of competitive advantage. Following are descriptions of the four typical life cycle stages.

The introduction stage commences with the introduction of new products (Porter, 1980; Onkvisit & Shaw, 1989; Wasson, 1974) developed, produced, and distributed by newly formed or business units of existing firms in response to perceived opportunities created by “technological innovations, emergence of new customer needs, or other economic and social changes” (Porter, 1980:215). This initial stage of industry development is characterized by (1) a great deal of uncertainty amongst competitors and customers and (2) two primary functional demands – innovation in product features and building customer demand (Porter, 1980; Utterback, 1994). Each of these functional demands is equally determinate of how firms should respond strategically. Frequent product design changes, considerable variance in the quality of competitive products, and the lack of brand or name recognition often combine to create confusion among buyers and may delay acceptance of the industry’s products (Grant, 1991). Although product innovation announces the arrival of an embryonic industry, the growth and survival of the industry requires customer acceptance and purchase of its product offerings.

Accelerating growth in demand for the industry's products characterizes the growth stage. Startups and firms competing in other industries encouraged by the prospects of attractive market opportunities enter the rapidly growing industry (Grant, 1991; Macdonald, 1985; Porter, 1980). Early adopters of the industry's products combined with repeat buyers enter and re-enter the market, respectively (Porter, 1980). Improvements in product design and quality reduce customer uncertainty and stimulate demand and multiple product technologies often compete for acceptance as the standard or dominant design (Hill & Jones, 1998). Innovations in process technology, while not as rapid as the rate of product technological development (Utterback, 1994), enable some firms to compete more effectively as rivalry among firms tends to increase (Porter, 1980). Meeting the rapidly growing customer demand is the dominant requirement, although multiple functional demands exist (Porter, 1980).

Although the level of sales is higher in the maturity stage than in the growth stage, the rate of growth slows, replacement sales are predominant, and most customers are very knowledgeable of the industry's products and services (Grant, 1991). Threats are more evident, and competition intensifies as firms compete for fewer opportunities (Porter, 1980). A dominant or standard product design has usually been established, consequently, firms find it increasingly difficult to differentiate on the basis of product innovation (Utterback, 1994). However, since technological advancement in manufacturing processes is often increasing, some firms turn to process innovation as a means of differentiating themselves from their competitors and achieving competitive advantage (Hill, 1988; Utterback, 1994). Meanwhile, the bargaining power of customers increases as well informed customers armed with widely disseminated information on product characteristics and prices demand lower prices and superior quality products and services.

The decline stage of industry life cycle may vary substantially across industries (Porter, 1980). The depth, rate, and duration of decline vary. In some industries, fierce price competition erupts and sales decline rapidly, while in others, sales decline slowly and predictably without price wars erupting. However, the decline stage is usually characterized by several years of declining sales in units and dollars due to product obsolescence, fierce price competition, considerable overcapacity, significant reductions in the number of different product types, and reductions in R&D and advertising/promotional expenditures. In addition, the number of firms in the industry may shrink drastically as firms exit the industry because of eroding profit margins (Porter, 1980). Survival while maintaining profitability becomes paramount.

Three caveats are associated with using the industry life cycle as an analytical tool. One, all industries do not evolve through all four stages. For example, some industries never advance beyond the introduction stage while others may never enter the decline stage. Two, the duration of each stage may vary considerably within and across industries. Three, the critical factor in determining an industry's life cycle stage is the rate of growth in demand which may oscillate between rapid and slow increases, declines, and stability, making it difficult to determine what stage an industry is in. Despite its limitations, the industry life cycle is an effective analytical tool as evidenced by the significant body of research examining the impact of industry life cycle on strategic choice (Anderson & Zeithaml, 1984; Hambrick et al, 1982; Hofer, 1975; MacMillian et al, 1982; Porter, 1980; Porter, 1985).

Sustainable and Temporary Competitive Advantages

The purpose of our prior study (Beal & Yasai-Ardekani, 2001) from which the proposed approach originates was to identify the five generic and 10 combination competitive strategies (see Table 1) that are most effective in four industry life cycle stages – introduction, growth,

maturity, and decline. Three measures of financial performance, sales growth, overall financial performance (a composite measure consisting of sales growth and five profitability metrics – growth in net profit, return on sales, return on investment, return on assets, and total amount of profit), and profitability (the five profitability metrics) were used in assessing the financial performance of the competitive strategies. Sales growth was used in evaluating the performance of competitive strategies in the introduction stage, overall financial performance in the growth and maturity stages, and profitability in the decline stage. Generally, sales growth is considered the key indicator of financial performance in embryonic industries, overall financial performance in growth and mature industries, and profitability in declining industries.

The study examined the performance of the generic and combination strategies in each life cycle stage using the specified performance metric. Of the five generic competitive strategies, three – innovation differentiation (ID), quality differentiation (QD), and low cost leadership (LC) – yielded above-average financial performance in two or more stages as did five – innovation differentiation/quality differentiation (IDQD), innovation differentiation/marketing differentiation (IDMD), low cost/marketing differentiation (LCMD), low cost/quality differentiation (LCQD), and low cost/service differentiation (LCSD) – of the 10 combination competitive strategies. Thus, based on the proposed approach these eight competitive strategies denote sustainable competitive advantage whereas the remaining two generic strategies – marketing differentiation (MD) and service differentiation (SD) – and the five combination strategies – innovation differentiation/service differentiation (IDSD), marketing differentiation/quality differentiation (MDQD), marketing differentiation/service differentiation (MDSD), quality differentiation/service differentiation (QDSD), and low cost/innovation differentiation (LCID) – denote temporary competitive advantage.

I now focus on the eight competitive strategies that apparently generate sustainable competitive advantages. None of the strategies generated competitive advantage in all four stages. The number of life stages in which the strategies generated competitive advantage ranged from two to three. Two strategies, QD and LC, appear to produce the most sustainable competitive advantages as they yielded above-average financial performance in three stages. The competitive advantage achieved by strongly pursuing QD beginning in the introduction stage is apparently sustained through both the growth and maturity stages. Strong pursuit of LC beginning in the growth stage appears to lead to a competitive advantage sustainable through the maturity and decline stages.

The other six strategies – ID, IDQD, IDMD, LCQD, LCMD, and LCSD – apparently generate sustainable competitive advantages across two stages. Innovation differentiation (ID) strongly pursued individually or simultaneously with QD or MD seems to produce competitive advantages beginning in the introduction stage and extending through the growth stage. The simultaneous pursuit of LC and QD, LC and MD, and LC and SD apparently generate competitive advantages starting in the growth stage and extending through the maturity stage. All eight of the competitive strategies were highly effective in the growth stage, but the other stages in which they were effective varied according to the particular strategy. Table 2 displays the industry life cycle stages in which the eight competitive strategies yielded above-average performance.

Insert Table 2 about here

Two generic competitive strategies, MD and SD, and five combination competitive strategies – IDSD, MDSD, MDQD, QDSD, and LCID – apparently only yield temporary competitive advantages as they produced above-average performance in only one life cycle stage, the growth stage.

Implications and Conclusions

The proposed approach suggests a reframing of the concept of the time duration of sustainable and temporary competitive advantage. Rather than using the firm as the unit of analysis for defining competitive advantage competitive strategy is recommended; and rather than focusing on the actual amount of time (e.g., months, years) in differentiating sustainable from temporary competitive advantage, the proposed approach focuses on the number of stages of the industry over which a competitive strategy yields a competitive advantage to differentiate the two advantages. Most importantly, the proposed approach eliminates the use of ambiguous terms such as “long-term” and “short-term” employed by traditionalists to distinguish sustainable from temporary competitive advantage and forthrightly addresses rather than avoids as does the RBV the difficult problem of specifying the time duration of sustained versus temporary competitive advantage.

When applied to the results of our prior study, the approach suggests that several competitive strategies yield sustainable competitive advantages while competitive advantages derived from several other competitive strategies are temporary. Moreover, there is variation in the duration of sustainable competitive advantages as some advantages are operational over two industry life cycle stages while others are functional over three stages. In addition, it is not surprising that the types of competitive advantages that are achievable vary according to industry life cycle stage.

The above discussion strongly implies that when choosing an effective competitive strategy a firm should consider the stage of industry life cycle in which it competes and whether or not the strategy selected is sustainable if the industry evolves through subsequent stages. Thus strategic choice not only depends on the attributes of a firm's resources or current industry structure but also on likely future stages if the industry is not in the final stage, decline. If continuous survivability and sustainable competitive advantage are organizational goals, a firm should determine both the current stage and likely future life cycle stages and whether its present competitive strategy provides competitive advantage and will continue to do so as the industry evolves through subsequent stages. On the other hand, if sustainable competitive advantage is not a goal, then, only the current industry life stage and the appropriateness of the current competitive strategy need be determined.

For firms that have sustained competitive advantage as a goal but are currently pursuing a competitive strategy that yields only temporary competitive advantage, the proposed approach strongly implies that strategic change is required. Successful strategic change involves four steps: (1) identifying and selecting an appropriate competitive strategy, (2) evaluating current resources to determine what additional or new rare, valuable, nonimitable, nonsubstitutable, and nontransferable resources are required to implement the selected strategy, (3) developing or acquiring the necessary resources, and (4) implementing the strategy by deploying the required resources effectively. This strategic change process is derived from tenets of the traditional view and the RBV.

Another implication of the proposed approach is that competitive advantage is a function of the performance measure most indicative of above-average performance in a particular industry life cycle stage. Historically, above-average profitability (or shareholder returns) has

been asserted as central to competitive advantage (Porter, 1980; Barney, 2001). However, when considering the existence of competitive advantage in the context of industry life cycle, the particular metric used to assess performance is of prime importance. A single performance measure such as profitability is not indicative of superior performance in every life cycle stage. For example, as previously pointed out, sales growth is of greater importance in the introduction stage of industry evolution than profitability because stimulating customer demand for an embryonic industry's products illustrated in sales growth is the major determinate of the industry's success or failure. On the other hand, in the maturity stage overall financial performance (i.e., sales growth, profit growth, profitability, and shareholders' return) is considered of prime importance. Thus, in examining and analyzing competitive advantage the appropriate performance measure should be used.

In conclusion, this paper offers a definitive approach that allows managers and strategy researchers to differentiate temporary from sustainable competitive advantage on the basis of time rather than simply relying on the use of highly ambiguous terms such as "short-term" and "long-term." I believe the paper also demonstrates the need for further study of the time duration of sustainable and temporary competitive advantage. It is a subject that has been avoided for far too long in strategy, leaving managers and researchers alike with no clear guidelines for determining how long a temporary or sustained advantage ought to last.

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Table 1. Generic and Combination Competitive Strategies

STRATEGY	DESCRIPTION
<u>Generic Strategies</u>	
Innovation Differentiation (ID)	Offering a product possessing unique features or performance characteristics.
Marketing Differentiation (MD)	Using marketing to create a distinctive image for a product even though differences with competitive products are merely cosmetic
Service Differentiation (SD)	Differentiating by providing a distinctive service prior to the purchase, during the purchase, or after the purchase of a product.
Quality Differentiation (QD)	Offering a superior quality product based on its reliability or, durability.
Low Cost Leadership (LC)	Striving to be the lowest cost producer in the industry.
<u>Combination Strategies</u>	
Innovation Differentiation + Marketing Differentiation (IDMD)	Simultaneously pursuing innovation differentiation and marketing differentiation.
Innovation Differentiation + Service Differentiation (IDSD)	Simultaneously pursuing innovation differentiation and service differentiation.
Innovation Differentiation + Quality Differentiation (IDQD)	Simultaneously pursuing innovation differentiation and quality differentiation.
Marketing Differentiation + Service Differentiation (MDSD)	Simultaneously pursuing marketing differentiation and service differentiation.
Marketing Differentiation + Quality Differentiation (MDQD)	Simultaneously pursuing marketing differentiation and quality differentiation.
Service Differentiation + Quality Differentiation (SDQD)	Simultaneously pursuing service differentiation and quality differentiation.
Low Cost Leadership + Innovation Differentiation (LCID)	Simultaneously pursuing low cost leadership and innovation differentiation.
Low Cost Leadership + Marketing Differentiation (LCMD)	Simultaneously pursuing low cost leadership and marketing differentiation.
Low Cost Leadership + Service Differentiation (LCSD)	Simultaneously pursuing low cost leadership and service differentiation.
Low Cost Leadership + Quality Differentiation (LCQD)	Simultaneously pursuing low cost leadership and quality differentiation.

Table 2. Above-average Performance of Competitive Strategies In Industry Life Cycle Stages

STRATEGY	PERFORMANCE MEASURE	INDUSTRY LIFE CYCLE STAGE EFFECTIVE IN
<u>Generic Strategies</u>		
Innovation Differentiation (ID)	Sales growth Overall financial performance	Introduction Growth
Marketing Differentiation (MD)	Overall financial performance	Growth
Quality Differentiation (QD)	Sales growth Overall financial performance Overall financial performance	Introduction Growth Maturity
Service Differentiation (QD)	Overall financial performance	Growth
Low Cost Leadership (LC)	Overall financial performance Overall financial performance Profitability	Growth Maturity Decline
<u>Combination Strategies</u>		
Innovation Differentiation + Marketing Differentiation (IDMD)	Sales growth Overall financial performance	Introduction Growth
Innovation Differentiation + Service Differentiation (IDSD)	Overall financial performance	Growth
Innovation Differentiation + Quality Differentiation (IDQD)	Sales growth Overall financial performance	Introduction Growth
Marketing Differentiation + Service Differentiation (MDSD)	Overall financial performance	Growth
Marketing Differentiation + Quality Differentiation (MDQD)	Overall financial performance	Growth
Service Differentiation + Quality Differentiation (SDQD)	Overall financial performance	Growth
Low Cost Leadership + Innovation Differentiation (LCID)	Overall financial performance	Growth
Low Cost Leadership + Marketing Differentiation (LCMD)	Sales growth Overall financial performance	Introduction Growth
Low Cost Leadership + Service Differentiation (LCSD)	Overall financial performance	Growth
Low Cost Leadership + Quality Differentiation (LCQD)	Overall financial performance Overall financial performance	Growth Maturity

