ACHIEVING SUSTAINABLE COMPETITIVE ADVANTAGE THROUGH RESOURCE CONFIGURATION AND ORGANIZATIONAL IDENTITY: AN EMPIRICAL STUDY

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ABSTRACT

The concept of the Sustainable Competitive Advantage has received increasing attention in the field of Strategic Management, yet little is known about how to achieve it. Despite growing attention to the Sustainable Competitive Advantage, the lack of a theoretically derived measure of the construct has deterred substantive research in this area. Understanding sources of sustained competitive advantage has become a major area of research in strategic management. The paper aims at focusing towards Resource Configuration and Organizational Identity as sources of competitive advantage. Earlier studies have focused their attention on direct relationships among few selective factors like knowledge management, Organizational Learning only; therefore the lack of clarity can be traced to under-specification of the models that the previous studies have examined. Using Resource Configuration and Organizational Identity as the mediators a model is developed for Information Technology Industry, which focuses on how Organizational Learning, Knowledge Management and Innovation results into Sustainable Competitive Advantage.

Key Words: Innovation, Knowledge Management, Organizational Learning, Resource Configuration, Sustainable Competitive Advantage
1. INTRODUCTION

Never before the Environment in which the firms are operating has been so volatile and dynamic as it is today. Never before the challenges of managing a business successfully as daunting as they are now. Never before there were as many opportunities to strike and prosper as they are seen now. The very nature of competition in all industries which are driven by forces of change has grown in exponential fashion in terms of complexity. The ever increasing business dynamism is presenting new challenges before the Organizations wherein, they are trying to establish new sources of dynamic fit among the requirements imposed by the changing context. To sustain in this unpredictable, chaotic, turbulent and multifaceted competitive intensity, achieving sustained competitive advantage is inevitable. The fundamental basis of long-run success of a firm is the achievement and maintenance of a sustainable competitive advantage.

Earlier Researchers empirically concluded that Sustainable Competitive Advantage results from planned selection and subsequent resource accumulation. However the resource based view of firm in the changing context should focus on managerial ability to integrate, build, and reconfigure competencies to address rapidly changing environments’ for sustained competitive advantage. The resources which are key to competitive advantage should be renewed, replicated, redeployed, or recombined to enhance growth and market share in a highly uncertain business world. The strategic constructs responsible for achievement and maintenance of sustainable competitive advantage as we claim are Knowledge Management, Organizational Learning, Innovation, Resource Configuration and Organizational identity.

The capability to gather, lever, and use knowledge effectively will become a major source of competitive advantage. But it is believed that the roots of the problem lie in the inability of management to actively create, communicate and exploit knowledge as a resource for the organization to take lead and achieve Competitive superiority. Organizations must have systems for collectivizing and centralizing the knowledge that is scattered across the organization.

Organizational Learning is another major source of competitive advantage. Organizational Learning is a process of coordinated systems change, with mechanisms built in for individuals and groups to access, build and use organizational memory, structure and culture to develop long term Competitive advantage.

Innovation enables Organization to respond to an external or internal opportunity, and use its creative efforts to introduce new ideas, processes or products. Innovation can lead to higher performance, but the process isn’t automatic and it does not necessarily require above average levels of investment. The most successful companies combine an integrated process and a supportive culture to create a sustainable competitive advantage. Organizations must strive continuously to learn and innovate as it leads to competitive advantage.

The organizational characteristics such as its structural elements, culture, management systems and management styles along with many others form a gestalt. This gestalt or configuration is not limited to the internal characteristics but also includes the environmental variables and effectiveness. The configuration of internal organizational characteristics, external environment and effectiveness is unique, depends on the organization's history, cannot be causally attributed to any specific variable, conditions or managerial action and complex because of the intricate and complex interactions amongst the variables. Hence Resource Configuration is constellation of unique, valuable, complex and inimitable
resources such as organizational processes and socially complex resources leading to sustainable competitive advantage.

Organizational identity is a socially complex resource that can be the source of sustainable competitive advantage by allowing an organization to do things that its competitors cannot do, do some things better than its competitors and preventing it from succumbing to fade. Organizational identity is the characteristic feature of the organizations that are collectively claimed to be central, distinctive and enduring. There is an inherent need among organizations to maintain continuity in their identity over past, present and future and be distinctive.

The Information Technology (IT) industry has become one of the most robust industries in the world. IT, more than any other industry or economic facet, has an increased productivity, particularly in the developed world, and therefore is a key driver of global economic growth. Economies of scale and insatiable demand from both consumers and enterprises characterize this rapidly growing sector. The world Information technology market has undergone fast, unprecedented, tremendous and complex changes in the last several years. The Information technology industry is one of the most inventive, innovative and lucrative of the so called “high-tech” industries of the modern world; however, it might be that the Information technology industry has been adapting itself more and more to strategic market trends and market demands. Further strategic development of the world Information technology industry shows clearly its consolidation, concentration and strong market orientation.

After the Economic reforms of 1991-92, the changed face of competition has placed ever increasing demand over firms to reinvent itself and strive for competitive advantage through reconfiguring and recreating its resources and competences. Information technology provides an excellent platform to address and investigate how to achieve and sustain competitive advantage.

The paper aims at highlighting the strategic constructs resulting into sustainable competitive advantage and establishing the relationship among these constructs and their ultimate effect on Organization’s competitive advantage.

The paper is organised in the following manner: First, it discusses the theoretical underpinnings of the study, and the key theoretical constructs pursued. Second, the research model is described, the subsequent section, deals with the organizational setting, data collection and the analysis of the quantitative data collected. Finally there is a discussion on the implication of the findings, as well as the conclusions of the study.

2. LITERATURE REVIEW

2.1 Sustainable Competitive Advantage

The idea of a sustainable competitive advantage surfaced in 1984, when Day suggested types of strategies that may help to "sustain the competitive advantage" (p. 32). The actual term “sustainable competitive advantage " emerged in 1985, when Porter discussed the basic types of competitive strategies that a firm can possess (low-cost or differentiation) in order to achieve a long-run sustainable competitive advantage. Interestingly, no formal conceptual definition was presented by Porter in his discussion. Barney (1991) has probably come the closest to a formal definition by offering the following: "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” (p. 102)

Although lacking a formal definition, Coyne (1986) contributed to the construct by proposing that in order to possess a sustainable competitive advantage, consumers must perceive some difference between a firm’s product offering and the competitor’s offering. This difference must be due to some resource capability that the firm possesses and competitors do not possess. Also, this difference must be some product/delivery attribute that is a positive key buying criterion for the market (Coyne 1986). The key is being able to predict the actions of others in the industry over time; by matching the firm’s resources to the gaps and voids that exist in the industry, a competitive advantage can be created. This advantage is sustained if competitors either cannot or will not take action to close the gap (Coyne 1986).

In order to offer a formal conceptual definition of the term, it may be helpful to consider the meaning and implications of all three terms. Webster’s Dictionary defines the term “advantage” as the superiority of position or condition, or a benefit resulting from some course of action. "Competitive" is defined in Webster’s as relating to, characterized by, or based on competition (rivalry). Finally, Webster’s shows the term "sustain" to mean to keep up or prolong.

The next step in crafting a formal conceptual definition of SCA is to consider these dictionary definitions in a business-specific context. Based on the definition of "competitive" presented above, SCA should be viewed by a firm from an external perspective. Competition is based on rivalry between two or more parties; thus, the focus of SCA should be how long a firm can keep competitors at bay. A firm who approaches the achievement of SCA from an internal perspective is missing the point. A particular strategy based on firm resources irrespective of what competitors are doing certainly could be sustained. However, it is the external focus – the focus on competitors – that allows a firm to recognize and/or create unique resources. This uniqueness is what gives a firm the advantage. The advantage (or superiority) is sustained (or prolonged) as long as the unique strategy provides added value to customers, and as long as competitors cannot find a way to duplicate it.

Therefore, the following formal conceptual definition is offered: “Sustainable Competitive Advantage is the prolonged benefit of implementing some unique value-creating strategy not simultaneously being implemented by any current or potential competitors along with the inability to duplicate the benefits of this strategy.”

2.2 Knowledge Management

“Knowledge management can be defined as the organizational capability which identifies, locates (creates or acquires), transfers, converts and distributes knowledge into competitive advantage” (Walters 2002, p. 7). Nonaka and Takeuchi (1995) have proposed that Knowledge management is the systematic process of creating, maintaining and nurturing an organization to make the best use of its individual and collective knowledge to achieve the corporate mission, broadly viewed as sustainable competitive advantage or achieving high performance. Organizational knowledge as a firm resource and a source of competitive advantage and is rooted in research on the resource-based view of the firm (Penrose, 1959; Barney, 1991).

Knowledge management is a strategic construct that should add value and, thus, is a close link between KM and the strategic plans of the organization which ensures that knowledge activities contribute to profitability and strategic advantage (Duffy 2000). Sharing
this view, Walters, Haliday and Glaser (2002) state that KM within strategic operations enables an organization (or combination of organizations) to make more effective decisions about how to structure value chain operations to maximise customer satisfaction. The importance of KM for value chain (virtual organization) management is also emphasised by Blumentritt and Johnston (1999, p. 287) who state that “the ability to identify, locate, and deliver information and knowledge to a point of valuable applications is transforming existing industries and facilitating the emergence of entirely new industries”.

In terms of specific organizational impacts of Knowledge Management, Becerra-Fernandez, Gonzalez and Sabherwal (2004) suggest that Knowledge Management enables improvements in organizational processes in the three dimensions of effectiveness, efficiency and innovation.

2.3 Organizational Learning

“Organizational learning is the process of change in individual and shared thought and action which is affected by and embedded in the institutions of the organization” (Crossan, Lane, and White, 1999). When individual and group learning becomes institutionalized, organizational learning occurs and knowledge is embedded in non-human repositories such as routines, systems, structures, culture, and strategy (Nelson and Winter, 1982; Walsh and Rivera, 1991; Crossan, Lane and White, 1999). Because of its intrinsic notion of change, organizational learning research has dealt with questions of how organizations evolve, transform (Barnett, Greve and Park, 1994; MacIntosh, 1999), and renew themselves (Crossan et al., 1999; Lant and Mezias, 1992; Mezias and Glynn, 1993) in order to face the challenges of a continuously changing environment. Learning is the individual and organizational process for creating new knowledge to meet changing environments (Burkhard, 2005).

Theriou and Chatzoglou (2008) summarise the definitions adopted by different academics that the learning organization is “an organization which adopts specific strategies, mechanisms, and practices that encourage its members to learn continuously so that they can adapt to the changing business environment”. These strategies, mechanisms and practices are defined as the learning capability of the organization (Goh, 1998).

2.4 Innovation

Innovation is the key to competitive advantage in a highly turbulent environment. It is a major driving force for growth of an Organization. The values created by innovations are often manifested in new ways of doing things or new products and processes that contribute to wealth. When we consider a firm as a bundle of resources, skills and competencies, then the effect of innovation is to transform a firm’s inner capabilities, making it more adaptive, better able to learn, to exploit new ideas. This enhanced flexibility is crucial in the face of changing market conditions. Thus innovation enhances competitiveness of firms.

Anecdotal evidence suggests that innovation is closely linked to business performance. But how is innovation associated with superior performance? Geroski (1994) suggests that there are two alternative views. The first view holds that the production of new products or processes strengthens a firm’s competitive position in relation to its rivals. But the profits and growth will be transitory and only last as long as the innovating firm can defend its position against rivals. The second view argues that the process of innovation transforms a firm fundamentally by enhancing its internal capabilities, making it more flexible and adaptable to market pressures than non-innovating firms.
Hence, innovation enhances business performance because the product of innovative activities makes a firm more competitive and the process of innovation transforms a firm’s internal capabilities and results into Sustained Competitive Advantage.

2.5 Resource Configuration

Resource configuration is the Holy Grail in strategic Management research and practice. Resource configuration is a strategic approach for making crucial decisions across the entire value chain. Streamlining resources to minimize waste and ensure that top-quality products and services flourish is the lifeblood of sustainable competitive advantage. Morgan and Hunt (1996) propose that resources can be combined in order to form higher-order resources, or competencies, from which the firm can eventually achieve competitive advantage.

Resource Configuration refers to coalescing the firm’s resources resulting into generation of high order and heterogeneous resources. These high order and heterogeneous resources hold the potential of sustainable competitive advantage and posses four attributes (Barney 1991; 1995; Ferdinand 1999; Hamel & Prahalad 1994; Michalisin, Smith & Kline 1997; Porter 1996; Teece, Pisano & Shuen 1997) as follows:

First, they are valuable, in the sense that they exploit opportunities and/or neutralize threats in a firm’s environment. Resources are valuable when they enable a firm to conceive of or implement strategies that improve its efficiency and effectiveness.

Second, they are rare, or if possible unique, among a firm’s current and potential competition.

Third, they are imperfectly imitable, in the sense that these resources and capabilities are costly to copy or hard to imitate. Firm resources can be imperfectly imitable for one of three reasons or a combination of all of those reasons: (1) the ability of a firm to obtain a resource is dependent upon unique historical conditions, (2) the link between the resources possessed by a firm and a firm’s sustainable competitive advantage is causally ambiguous, or (3) the resource generating a firm’s advantage is socially complex (Dierickx & Cool 1989).

The final attribute is non-substitutability. Substitutability can take two forms. If a competitor cannot duplicate a firm’s resources exactly, but can substitute similar resources that enable it to formulate and implement identical strategies and use very different resources as strategic substitutes, then a resource cannot be a source of SCA (Bharadwaj, Varadarajan & Fahy 1993).

2.6 Organizational Identity

Organizational identity is a socially complex resource that can be the source of sustainable competitive advantage by allowing an organization to do things that its competitors cannot do, do some things better than its competitors and preventing it from succumbing to fade (Reger 1998). Organizational identity is the members shared answer to the question ‘who are we as an organization?’ (Gioia. 1998). Albert and Whetten (1985) in their landmark paper defined organizational identity as the characteristics of the organization that are collectively claimed to be central, distinctive and enduring. Later empirical studies found that organizational identity is flexible, less central and even less distinctive than originally defined (refer Corley 2004for a review). However there is an inherent need among organizations to maintain continuity in their identity over past, present and future and be distinctive (Whetten &Mackey 2002). The need for continuity ensures that even if the shared labels remain the same, the meanings associated with the labels evolve and adapt to the changing requirements of the environment, (Gioia et al. 2000).
Stimpert et al (1998) argue that organizational identity can be a source of sustainable competitive advantage by the following — a) identity is defined and described by the image held by the stakeholders and an identity that creates a distinctive and particularly attractive image in the minds of customers have a significant positive reputational impacts that can be a source of sustainable competitive advantage, b) identity helps management to focus on most significant or important strategic issues, c) Identity is a major influence on the resource allocation process and is tightly coupled with organizational processes and assets, and d) identity can be motivational.

Researchers argue that organizational identity is a socially complex resource that can be source of sustainable competitive advantage, due to the configuration of its characteristics. Organizational identity is characterized by homogeneity (shared beliefs about the organization's identity), intensity (strength of conviction/belief & degree of positive affect towards identity), complexity (number of beliefs & the number of identities), abstractness (extent of use of abstract language in identity), content (what the identity is), and context (the internal and external context). There are inherent contradictions in assuming coherence among these characteristics. Organizations that have a simple vision and values that are shared by its member survive longer (Collins & Porras (1994). Hence an organizational identity that is homogeneous and evokes intense positive affect will endure over time. It is not rigid and permanent but malleable and continuing (Gioia et.al. 2000).

The change and continuity in organizational identity are not distinct but exist simultaneously as a duality in organizational identity narratives (Chreim 2005). For this duality to exist an organization's identity has to be “complex enough to hold many beliefs of identity or many identities together, and the narratives are to be abstract enough to provide for changes in meanings associated with organizational identity labels (Gioia et al. 2000). An organization that has survived for long and outperformed its competitors then would have had a homogeneous and intense organizational identity, which at the same time had been complex and abstract enough to survive over time. Then organizational identity necessarily would have to be simultaneously loose and tight coupled for it to survive long and be a source of sustainable competitive advantage (Orton & Weick 1990).

3. RESEARCH METHODOLOGY

3.1 Research Objectives

The paper aims to fill the identified gaps emerging from review of prior research in the area of Sustainable competitive advantage and its components and so achieve the following objectives.

First, the study aims to explain the relationship between Organizational learning, Innovation and Knowledge Management and firm’s competitive advantage. The second objective is to establish the relationship between Resource Configuration and firm’s competitive advantage.

Third objective is to explain the relationship between Organizational Identity and firm’s competitive advantage.

The last objective is to explain the interrelationships among the Organizational learning, Innovation, Knowledge Management and Resource Configuration and bearing of these interrelationships on Organizational Identity which results into sustainable competitive advantage.
3.2 Research Model and Hypotheses

Based on the Research objectives, in this section research analytical framework is presented which describes the interrelationships between the strategic constructs and their synergistic effect on sustainable competitive advantage as follows.

Knowledge management takes a proactive role of explicitly providing guidelines for active intervention into the organization’s knowledge base. The enablers of the active interventions are located in the organizational systems and practices. Organizational learning primarily aims to identify the underlying processes of learning by clarifying critical issues like the content, agents and levels of learning. Innovation aims at transforming a firm’s inner capabilities, making it more adaptive, better able to learn, to exploit new ideas and enhances its flexibility, which is crucial in the face of changing market conditions. Thus these three strategic constructs results into paradigmatic change in organization’s behavior, structural elements, culture, management systems, management styles, management processes, human competence and Brand image. The outcomes of these three strategic constructs prove to be intangible resources to the organization. Although firms employ both tangible and intangible resources in the development and implementation of strategies, it has been argued that in any competitive landscape, especially in the new economy, intangible assets are more important and likely to produce a competitive advantage because they often are state unobservable, truly rare and can be more difficult for competitors to imitate. Organizations that base their strategies on intangible assets outperform those with strategies based only on tangible assets. Firms through Resource configuration process combine these intangible resources in order to form high order and socially complex resources. These high order and socially complex resources creates Organizational identity that can be the source of sustainable competitive advantage by allowing an organization to do things that its competitors cannot do, do some things better than its competitors and provides premium value.

Figure-1

Research Analytical Model
Following hypotheses are derived from this model.

H1: Organizational Learning has a significant and positive impact on Resource Configuration.
H2: Organizational Learning has a significant and positive impact on Organizational Identity.
H3: Organizational Learning has a significant and positive impact on Competitive Advantage.
H4: Innovation has a significant and positive impact on Resource Configuration.
H5: Innovation has a significant and positive impact on Organizational Identity.
H6: Innovation has a significant and positive impact on Competitive Advantage.
H7: Knowledge Management has a significant and positive impact on Resource Configuration.
H8: Knowledge Management has a significant and positive impact on Organizational Identity.
H9: Knowledge Management has a significant and positive impact on Competitive Advantage.
H10: Resource Configuration has a significant and positive impact on Organizational Identity.
H11: Resource Configuration has a significant and positive impact on Competitive Advantage.
H12: Resource Configuration and Organizational Identity plays mediating role between Organizational Learning, Innovation, Knowledge Management and Competitive Advantage.

3.3 Purpose of the Research
The study aims to explain the interrelationships between different constructs of Competitive advantage and their impact on firm’s Competitive advantage using a review of existing literature. The study develops a set of hypotheses to empirically test a theoretical model. Thus, a combination of descriptive and causal research was undertaken in this study.

3.4 Research technique
Survey research was chosen to deal with the research questions and hypotheses in this study for two main reasons. First, surveys provide a quick, efficient, and accurate means of assessing information about a population, and are more appropriate where there is a lack of secondary data which is the case in this study.

3.5 Questionnaire Design
Questionnaire was designed to generate and operationalise measurement items based on the findings of the literature review in order to measure the constructs in the proposed theoretical model. As the study is based on testing the relationships between the variables affecting Resource Configuration and Organizational Identity and its subsequent effect on competitive advantage, the constructs were measured by multi-items to improve the reliability and validity of the measures with a seven-point Likert-type scale anchored by 1 (strongly disagree) and 7 (strongly agree) to provide the advantage of standardizing and quantifying relative effects.

3.6 Sample Design
3.6.1 Target Population
The target population for the study was senior managerial level employees associated with the Information technology firms located in Hyderabad, Chennai and Bangalore the major economic and commercial centers of India.
3.6.2 Sampling Frame
A sampling frame is the list of population elements from which the sample may be drawn in order to represent the target population. It is also known as the working sample. In this study, the sampling frame was based on the list of Information technology firms located in Hyderabad, Chennai and Bangalore yielded from database of Centre for Monitoring Indian Economy Pvt. Limited.

3.6.3 Sampling Method
Among a variety of probability sampling methods, consisting of simple random, systematic, stratified, cluster, and multistage area sampling, stratified sampling was chosen to select the sample elements in this study because: (1) it enabled a more efficient sample to be selected than could be chosen on the basis of simple random sampling; and (2) it ensured that the sample accurately reflected the population on the basis of the criterion or criteria used for stratification.

In particular, the list obtained from the database of Centre for Monitoring Indian Economy Pvt. Limited on the basis of profitability and their growth in Net profit over past five years. A total of 25 firms qualified the criteria.

3.6.4 Sample size
All 25 firms were decided to be the target of the study with a targeted response of 20 filled questionnaires per firm, as on an average every firm will have at least twenty key informants at senior level. Thus, on the basis of an initial survey and other available literature, it has been attempted initially to target about five hundred respondents from these twenty five firms.

Out of 500 questionnaires, only 395 questionnaires were received after continuous follow up and reminders. Out of 395 responses, 362 responses were usable and the remaining 33 were found incomplete.

3.6.5 Questionnaire Administration
To administer the questionnaire, Mail Survey technique was adopted.

4. VALIDITY AND RELIABILITY OF CONSTRUCT MEASURES

To examine the validity and reliability of the Construct Measurement Scales, Item-total correlation and coefficient (Cronbach) alpha were calculated. Items with high item-total correlations (more than 0.3) and Values of coefficient alpha above 0.6 are considered to be satisfactory.

Based on these criteria, the results showed that all construct measurements had acceptable coefficient (Cronbach) alpha levels (above 0.6) and item-total correlations (above 0.3) indicating validity and reliability of Construct Measurement Scales.
5. CONFIRMATORY FACTOR ANALYSIS

After evaluating the validity and reliability of the constructs, an overall measurement model was subjected to a Confirmatory Factor Analysis for a comprehensive assessment. The validity inspection of the overall measurement model indicated that the level of model fit was satisfied.

Table-2 displays the fit indices summary provided in the Confirmatory Factor Analysis output.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach Alpha</th>
<th>Item-total correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge Management</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>0.54</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>0.58</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>0.43</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>0.50</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>0.56</td>
</tr>
<tr>
<td></td>
<td>6</td>
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</tr>
<tr>
<td></td>
<td>7</td>
<td>0.56</td>
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<tr>
<td>Organizational Learning</td>
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<td></td>
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<td>0.62</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>0.63</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>0.60</td>
</tr>
<tr>
<td></td>
<td>4</td>
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<tr>
<td></td>
<td>5</td>
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<tr>
<td>Innovation</td>
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<tr>
<td></td>
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<td></td>
<td>2</td>
<td>0.68</td>
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<tr>
<td></td>
<td>3</td>
<td>0.59</td>
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<tr>
<td></td>
<td>4</td>
<td>0.62</td>
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<tr>
<td></td>
<td>5</td>
<td>0.63</td>
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<tr>
<td>Resource Configuration</td>
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<tr>
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<td></td>
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<tr>
<td>Organizational Identity</td>
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<td></td>
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<td>0.55</td>
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<td></td>
<td>4</td>
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<tr>
<td>Competitive Advantage</td>
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<td></td>
<td>4</td>
<td>0.46</td>
</tr>
</tbody>
</table>

Table-1

<table>
<thead>
<tr>
<th>Chi-square ($\chi^2$)</th>
<th>Degrees of Freedom (df)</th>
<th>P-value</th>
<th>Comparative Fit Index</th>
<th>Goodness of Fit Index</th>
<th>Root Mean Square Error of Approximation</th>
</tr>
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<tbody>
<tr>
<td>1014.50</td>
<td>482</td>
<td>0.00</td>
<td>0.90</td>
<td>0.86</td>
<td>0.06</td>
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</table>

Table-2
6. STRUCTURAL EQUATION MODELING AND HYPOTHESES TESTING

The structural Equation Model shows reasonable fit as the values obtained by the various indices fall within the commonly accepted limits. Garver and Mentzer (1999) recommended that the comparative fit index (CFI) >0.90, the root mean squared approximation of error (RMSEA) <0.08 and χ2 statistic (χ2/ df ratio of 3 or less) indicates good fit. The Chi-square value is significant (χ2/df=2.11, p=0.00), comparative fit index is 0.90, Goodness of fit index is 0.86 and RMSEA is 0.06. These results supported the overall structural model fit.

To test the hypotheses, Structural Equation Modeling was applied through path coefficients. The results are presented in the Table-3.

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Path Coefficient (λ)</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>0.48</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>0.77</td>
<td>Accepted</td>
</tr>
<tr>
<td>H3</td>
<td>0.18</td>
<td>Accepted</td>
</tr>
<tr>
<td>H4</td>
<td>0.36</td>
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<tr>
<td>H5</td>
<td>0.82</td>
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<tr>
<td>H6</td>
<td>0.58</td>
<td>Accepted</td>
</tr>
<tr>
<td>H7</td>
<td>0.72</td>
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</tr>
<tr>
<td>H8</td>
<td>0.97</td>
<td>Accepted</td>
</tr>
<tr>
<td>H9</td>
<td>0.75</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Table-3

7. RESULTS AND DISCUSSION

The results of the three indices, namely Chi square, incremental fit index (Comparative Fit Index) and absolute fit indices (Goodness of Fit Index and Root Mean Square Error of Approximation), indicate the hypothesized model fits the sample data and proves the adequacy of the model. The above indices show that the theoretical under-pinning of the model is sound. The findings of this research have implications for research and practice of Resource Configuration, Organizational Identity and competitive advantage. This research contributes to a better understanding of the field of strategic management. The results provide useful insight for organization that considers implementing learning, innovation and Knowledge management as a strategy for gaining competitive advantage. This study has supported existing knowledge. From the results, we conclude that three constructs – Organizational learning, Innovation and Knowledge Management – results into intangible resources and through Resource Configuration Process firms combine them resulting into Socially complex resource which enhances Organizational Identity resulting into Sustainable Competitive Advantage.
8. CONCLUSION

The fundamental basis of long-run success of a firm is the achievement and maintenance of a sustainable competitive advantage. Apparently, in today’s turbulent business world, Learning, Knowledge Management and Innovation must be a consistent and continual process. Enduring success requires sustainable competitive advantages and implies intensifying Organizational Identity through configuration of valuable resources resulted from Learning, Knowledge Management and Innovation.

From the results, it is confirmed that Resource Configuration and Organizational Identity as aggregate concepts play an important mediating impact relationship between learning, knowledge Management, Innovation and organizational performance. This finding can be further substantiated for in-depth interpretation of previous studies regarding the relationship between the effects of mediating constructs and organization’s superior performance.

REFERENCES