Locus in focus: locus inflection episodes unfolding through the dynamics of competition

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Abstract

Purpose – My aim is to advance competitive dynamics scholarship by presenting and developing the notion of locus inflection episodes. Such episodes refer to situations featuring changes that specifically generate shifts in the levels at which various actors aggregate as competitors.

Design/methodology/approach – I ground my theorizing in reanalyzes of two published studies, selected from management literature located beyond competitive dynamics scholarship. These two studies were originally not centered on locus inflection episodes, but the studies feature illustrative instances of such episodes.

Findings – My reanalyzes highlight two salient situations when the strategic repertoires of actions and responses deployed by competing firms create or dissolve various organizational forms that produce shifts in aggregation levels, thus generating locus inflection episodes. These situations include the creation as well as the dissolution of meta-organizations. Throughout the two situations, organizers of competition play an important role as actors that do not compete, but that nonetheless affect how competition unfolds by sparking inflection episodes.

Originality/value – Competitive dynamics scholars have primarily examined what firms do throughout the process of competition (i.e. its "how"). But they have largely disregarded that what firms do when deploying strategic repertoires may include the creation or dissolution of various organizational forms, and that this creation or dissolution can shift the aggregation levels at which competition unfolds. Such shifts are captured by the notion of locus inflection episodes, and competitive dynamics scholars could utilize it to approach the locus of competition (i.e. its "who" and "where") as a changeable aspect throughout the process of competition.

Keywords Locus, Process, Competition, Competitive dynamics, Locus inflection episodes

Paper type Conceptual paper

1. Introduction: dynamics between the process and locus of competition

Competitive dynamics scholarship, and its explicit focus on processual analyses of competition among firms, holds a prominent place in management literature. This prominence builds on rigorous studies in which competitive dynamics scholars have analyzed the sequences of moves and countermoves strategically deployed by firms that, through organizational action-response dyads, jockey for similar sets of limited resources (Miller and Chen, 1994; Chen *et al.*, 2007; Andrevski *et al.*, 2022).

Although much attention in competitive dynamics scholarship has been paid to actions and responses deployed as strategic repertoires by competing firms, little attention in this scholarship has been devoted to fundamental issues of competition *per se*. Competitive dynamics scholars have almost entirely focused on what firms do throughout the process of organization-level competition (i.e. its "how") (Smith *et al.*, 2001; Chen and Miller, 2012; Giachetti and Dagnino, 2021). Such focus suggests competitive dynamics scholars have largely disregarded that the actions and responses deployed by firms during the process of competition

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may include the generation of various organizational forms, and that these forms can concomitantly shift the process of competition from an organization level to other aggregation levels (i.e. those scales at which actors coalesce as competitors within empirical settings).

This disregard is unfortunate, as shifting organizational forms and aggregation levels can be noticed in competition unfolding within various empirical settings. In a historical example, the actions and responses strategically deployed by competing German brewers meant that they shifted back and forth between local firms and regional alliances as organizational forms throughout the 19th and 20th centuries, and that the dominant aggregation levels for competition among these brewers also shifted back and forth between firms and alliances (Carroll *et al*., 1993). In a contemporary example, the actions and responses deployed as strategic repertoires by competing vehicle technology developers have included shifting their organizational forms from small-scale firms to large-scale joint ventures, and this has concomitantly shifted the dominant aggregation levels for competition among such developers from firms to joint ventures (Caporal *et al*., 2021). These examples highlighting shifts in forms and levels indicate that competitive dynamics scholars would benefit from expanding their purview to additionally examine the locus of competition (i.e. its “who” and “where”) as the process of competition unfolds. Such an expansion holds great promise to not only enhance competitive dynamics scholarship, but also to enhance our understanding of competition as a core phenomenon influencing most—if not all—firms conducting activities in today’s globalized and digitalized world.

My aim in this paper is to advance competitive dynamics scholarship by theorizing interactions between the process and locus of competition. When does the process of competition affect the locus of competition? And, as the process of competition unfolds, what actors may affect the locus of competition? To address my aim, I rely on recent conceptualizations of competition as a socially constructed phenomenon that often results from organizing efforts. Arora-Jonsson *et al*. (2021) have specifically conceptualized competition in terms of relationships among actors striving for something they perceive as both scarce and desired. Assuming firms constitute actors perceiving profits as scarce and desired, my theorizing centers on when relationships among firms are organized through concerted actions and responses during the process of competition, and on when such organizing may create or dissolve new actors—including, for instance, alliances and joint ventures (like previously exemplified), but also industry consortia, trade associations, business groups, supply chains, and cartels—that affect the locus of competition (cf. Granovetter, 1998; Granovetter, 2005). This theorizing of competition as resulting from organizing efforts ultimately invites competitive dynamics scholars to go beyond their traditional focus on firms competing against one another.

My paper offers two theoretical contributions to competitive dynamics scholarship. One contribution is that I present and develop the notion of locus inflection episodes to accentuate situations when the “who” and “where” of competition shifts aggregation levels within empirical settings. Such episodes deserve special attention because they challenge competitive dynamics scholars in their approach to firms competing against one another on an organization level. Another contribution is that I highlight the key role played by organizers of competition (Arora-Jonsson *et al*., 2021) in shaping when competition shifts aggregation levels. Organizers encompass intermediaries like rating institutes, platform creators, and—perhaps most notably—regulatory agencies that do not compete themselves, but that command the authority and capacity to establish rules and/or norms for “how” competition should happen, “who” it should include, and “where” it should occur within settings (cf. Barnett, 2017; Beckert, 2009).

2. Theoretical perspective: approaches to the locus of competition

With locus of competition, I refer to the organizational forms through and the aggregation levels at which competitors within an empirical setting primarily compete against one another. Competitive dynamics scholarship has largely been focused on the process of competition and sparsely been attentive to the locus of competition.

2.1 A fixed locus of competition

When it comes to locus, competitive dynamics scholars are interested in firms as an organizational form competing on an organization level of aggregation that remains fixed over time (Smith *et al.*, 2001; Chen and Miller, 2012; Giachetti and Dagnino, 2021). These scholars analyze price cuts, advertising campaigns, and new product and service offerings as sequences of proactive moves and reactive countermoves unfolding through action-response dyads among firms—including oil companies, passenger airlines, basketball franchises and commercial shippers, to name a few (Miller and Chen, 1994; Chen *et al.*, 2007; Andrevski *et al.*, 2022). Action–response dyads on an organization level are regarded as "theoretically consequential because it is at this level that actual competitive engagement occurs" (Chen and Hambrick, 1995, p. 456). That implies "the pairwise comparison of firms . . . is central to competitor analysis, which in turn is an integral part of competitive dynamics" (Chen and Miller, 2015, p. 759).

This fixed organization-level locus provides a useful lens to understand how the process of competition unfolds among firms within various empirical settings. But a fixed locus leaves little room for analyses of settings within which competition shifts to also encompass other forms and levels than firms competing against one another. Such shifts are common in today's globalized and digitalized world, where rejuvenation initiatives (Kuratko and Audretsch, 2009) can lead competing firms to simultaneously compete through industry consortia (Olk and West, 2020), trade associations (Lawton *et al.*, 2018), business groups (Colpan and Hikino, 2012), joint ventures (Chang *et al.*, 2013), supply chains (Carter *et al.*, 2015), alliances (He *et al.*, 2020), cartels (Haucap and Heldman, 2023), and/or other types of cooperative arrangements that shape networks (Gulati, 2007) and strategic groups (Sonenshein *et al.*, 2017) extending across sectorial and technological boundaries.

There are indeed openings throughout competitive dynamics scholarship that could help it integrate the process and locus of competition. Competitive dynamics scholars have, for instance, suggested that competing firms may cooperate "to set industry standards, to collocate, to lobby, and to collude" (Chen and Miller, 2015: 764; see also Czakon *et al.*, 2020) [1]. Here, the concept of mutual forbearance should be particularly generative because it is utilized by competitive dynamics scholars to highlight that competing firms often meet one another within several empirical settings simultaneously (Yu and Cannella, 2013; Andrevski and Miller, 2022). Mutual forbearance can occasionally feature cooperative actions and responses deployed by competing firms, which consensually superordinate and subordinate to one another in different product and/or service segments [2]. That said, competitive dynamics scholarship does not stretch beyond superordination and subordination. Mutual forbearance thus disregards situations in which competing firms deploy cooperative actions and responses during the process of competition that may alter the dominant organizational forms and aggregation levels among competitors within empirical settings. In disregarding such alterations, competitive dynamics scholars bypass important possibilities for fruitful theorizing about the locus of competition.

2.2 A changeable locus of competition

While competitive dynamics scholars have approached the locus of competition as fixed, research within historical and contemporary settings as well as within public and private sector settings indicates this locus can be changeable over time. In Germany's beer market, brewers intermittently competed as artisanal producers and as regional collaborations between the mid-1800s and the mid-1900s (Carroll *et al.*, 1993). Moreover, in Japan's automobile industry, parts suppliers traditionally came together as *keiretsu* business groups to compete for orders from car makers; however, these groups have gradually been broken up since the late 1980s, instead rendering suppliers that compete against one another (Shimokawa, 2010). In Sweden's educational area, governmental reforms during the early 1990s meant municipal schools were initially organized to compete on their own against charter schools, and subsequently reorganized into municipal school conglomerates during the mid-2000s to compete against a growing number of charter school franchises (Arora-Jonsson and Edlund, 2024). And, in today's transnationalized automobile industry, car makers and technology developers—which previously competed against one another throughout various segments—are arranging prominent joint ventures (e.g. GM and Lithion; Hyundai and Aptiv; Volkswagen and Argo AI) to devise software for self-driving vehicles (Caporal *et al*., 2021). There are thus numerous settings within which the locus of competition seems to change as the process of competition unfolds over time. A changeable locus can be understood as an important dimension of Granovetter's (1998, pp. 68–69) enduring observation that "firms do not conduct business as isolated units, but rather form cooperative relations", leading to organizational forms with "more or less coherent social structure" (see also Granovetter, 2005).

In advancing my specific arguments about how locus changes can be incorporated into competitive dynamics scholarship, I rely on recent conceptualizations of competition as a socially constructed phenomenon that is often produced through organizing efforts (Arora-Jonsson *et al*., 2021). Such conceptualizations suggest competition is socially constructed because it requires the concurrent organizing of actors (i.e. organizations that see themselves as autonomous and distinctive entities capable of conducting actions) into relationships (i.e. organizations that assess their potential actions by assessing other organizations' potential responses) revolving around something these actors regard as scarce (i.e. organizations that believe the demand for a specific asset is higher than its supply) and desired (i.e. organizations that strive for the specific asset). Assuming firms constitute actors regarding profits as scarce and desired, my focus lies on when relationships among firms are organized through cooperative actions and responses during the process of competition, and on when this organizing creates and dissolves new actors that affect the locus of competition. These new actors may encompass industry consortia, trade associations, business groups, joint ventures, supply chains, alliances, cartels and other types of cooperative arrangements as organizational forms that influence the aggregation levels at which competition occurs (cf. Granovetter, 1998; Granovetter, 2005).

Organized relationships that create and dissolve new actors among competing firms can, in turn, be leveraged to theorize the notion of locus inflection episodes. I define such episodes as situations when the "how" of competition fuels shifts that affect the "who" and "where" of competition. Inflection episodes are typically fueled by interactions between the process of competition (i.e. cooperative actions and responses among competing firms denoting the "how") and the locus of competition (i.e. organizational forms and aggregation levels denoting the "who" and "where", respectively).

Although largely fueled by interactions between the process and locus, inflection episodes may also be influenced by organizers of competition. Arora-Jonsson *et al*. (2021) conceptualize these organizers as actors that do not compete themselves, but that have an interest in shaping competition, and thereby expend significant efforts to affect how it unfolds within empirical settings (cf. Beckert, 2009; Barnett, 2017). Prominent organizers of competition encompass rating institutes, platform creators and regulatory agencies that command the authority and capacity to establish rules and/or norms for "how" competition should unfold, "who" it should include, and "where" it should occur. Competition can, to be sure, unfold through gradual and mutual adjustment among competitors without the involvement of organizers (Aspers, 2021). Within many settings, organizers may nonetheless exert considerable influence on the unfolding of competition by expending efforts to affect it. This is perhaps especially noticeable when it comes to regulatory agencies that forge laws impacting how competition unfolds over time within entire jurisdictions (Barnett, 2017).

3. Empirical illustration: cases of locus inflection episodes

I illustrate my notion of locus inflection episodes through two cases of such episodes that derive from management literature located beyond competitive dynamics scholarship. These cases are grounded in two published historical management studies that feature particularly salient instances of locus inflection episodes: one study by Ingram and Inman (1996) focusing on the 19th century Niagara Falls hospitality market, and another study by Dobbin and Dowd (1997) focusing on the 19th and 20th century Massachusetts railroad industry. The two studies were not originally centered on locus inflection episodes [3], but I reanalyze the two in ways that highlight when cooperative actions and responses deployed by competing firms create and dissolve new actors, leading to inflection episodes as competition unfolds over time.

Historical management studies offer insights about past events; most importantly, for my paper, however, such studies can also provide insights to understand present situations. In addition, the extensive temporal reach that often characterizes historical studies makes them especially suitable to examine phenomena unfolding over time (van Baalen and Bogenreider, 2009). I arrange my reanalyzes of Ingram and Inman's (1996) and Dobbin and Dowd's (1997) respective studies with inspiration from Langley's (1999, p. 703) "temporal bracketing strategy", which is "a way of structuring the description of events" that "permits . . . the exploration and replication of theoretical ideas". Using this bracketing strategy, my two cases deriving from historical management studies become great bases for theorizing locus inflection episodes in ways that stretch further than historical hospitality and railroad settings, and that hold important implications for firms operating within contemporary empirical settings.

Throughout my cases of inflection episodes, the new actors in focus specifically concern trade associations and cartels. These actors—as well as industry consortia, business groups, joint ventures, supply chains and alliances—differ from one another in terms of internal control and resource commitment matters, but they resemble one another in terms of constituting cooperative arrangements that comprise competing firms. Such arrangements can be understood as examples of meta-organizations—a concept Ahrne and Brunsson (2008) coined to denote organizations whose members are other organizations (see also Berkowitz and Dumez, 2016; Dumez and Renou, 2020) [4]. In being part of meta-organizations, member organizations surrender certain independence and welcome certain cooperation. These membership aspects imply meta-organizations operate on one aggregation level, while competing firms as members of meta-organizations simultaneously operate on another aggregation level (cf. Bor and Cropper, 2023).

My reanalyzes of Ingram and Inman (1996) and Dobbin and Dowd (1997) allow me to suggest two situations when locus inflection episodes are generated: a) during the creation of meta-organizations and b) during the dissolution of meta-organizations. I elaborate on these situations below, before delineating propositions that highlight when cooperative actions and responses deployed by competing firms—along with the efforts deployed by organizers—create or dissolve meta-organizations.

3.1 The creation of meta-organizations

I begin with the creation of meta-organizations as a situation in which the locus of competition is affected. My reanalysis of Ingram and Inman's (1996) historical study of the Niagara Falls hospitality market provides a telling case highlighting when organizers—through their efforts—influence the actions and responses deployed by competing firms, and thus spark the creation of meta-organizations that ultimately engender locus inflection episodes.

During the 1830s, both American and Canadian hotels in Niagara Falls faced complaints from guests who had patronized local businesses that deceived tourists through clandestine sales activities. Hoteliers and regulators were afraid; this clandestine selling would project a stigmatizing image of the Falls that risked scaring future guests and tourists away. Urged by state and federal regulatory agencies as organizers, several competing hotels created trade associations as meta-organizations that would become parties in negotiations facilitated throughout the 1840s to devise legislation expelling all clandestine sellers from Niagara Falls. An association was first created among a dozen hotels on the Canadian side of the Falls, and this was soon followed by another association created among 45 hotels on the American side. Entering the 1850s, these trade associations had largely managed to rid Niagara Falls of those businesses that generated complaints from hotel guests. Ingram and Inman (1996, p. 631) reflect on their findings, highlighting *en passant* that "hotels within each of these cities [Niagara Falls, New York and Niagara Falls, Ontario] compete with each other", albeit "intergroup rivalry has characterized the relations between hotels in the two communities during the last 150 years" as well. Such findings suggest the locus of competition came to be distributed in the Niagara Falls hospitality market over time. This distribution led competition to not only encompass hotels as firms (that "compete with each other"), but also to encompass trade associations as meta-organizations (that characterize "intergroup rivalry").

Reanalyzing Ingram and Inman's study, I argue it shows that the locus of competition shifted from being concentrated among hotels (i.e. an organization level of aggregation), to becoming distributed across hotels and associations (i.e. an organization level and a meta-organization level of aggregation). A salient inflection episode unfolds in this study when competing firms—largely sparked by regulatory agencies—deployed cooperative actions and responses to create multiple meta-organizations that could negotiate legislation for the prohibition of clandestine sales activities. My reanalysis of Ingram and Inman's study allows me to inductively formulate a first proposition, which I present below.

P1. Within empirical settings, organizers spark the creation of meta-organizations among competing firms, which, in turn, disperse the locus of competition when they shift it from being concentrated at an organization level, to becoming distributed across an organization level and a meta-organization level.

Drawing on this first proposition, I theorize that the creation of meta-organizations does not affect the number of competing firms within empirical settings. Firms as meta-organizational members usually retain considerable independence (Ahrne and Brunsson, 2008; Berkowitz and Dumez, 2016), suggesting they can continue deploying various actions and responses as competitors—like hotels in Niagara Falls did—throughout the process of competition. Although meta-organizations need not affect the number of firms within settings, the creation of meta-organizations may still generate locus changes. These changes would initially build on shifts from more diffuse markets with many unknown competitors, to more direct markets with many known competitors (cf. Barnett, 1997). Such shifts are engendered because meta-organizations tend to bring various competing firms together, making them aware of one another through relationships based on common memberships (Berkowitz and Dumez, 2016). In this sense, meta-organizations allow their members to identify competitors. Meta-organizations can, by extension, serve to clarify competition because they structure competitors along the lines of memberships.

Competition may thus be clarified within empirical settings through meta-organizational memberships; it can, however, also be dampened by the close relationships that often evolve through these memberships. Such dampening may, in turn, relocate the most intense competition from spaces populated by members inside meta-organizations to spaces populated by non-members outside meta-organizations (cf. Bor and Cropper, 2023). This intensified competition could lead to the creation of additional meta-organizations—especially among competing firms operating as non-members outside existing meta-organizations. Non-members would thus create meta-organizations as a strategy to also partake of dampened competition. With more and more meta-organizations being created, the locus of competition can ultimately become changeable at an organization level.

3.2 The dissolution of meta-organizations

I continue with the dissolution of meta-organizations as another situation in which the locus of competition is affected. My reanalysis of Dobbin and Dowd's (1997) historical study of the Massachusetts railroad industry offers a notable case showing when organizers affect the actions and responses deployed by competing firms, not only sparking the creation of meta-organizations, but also—and perhaps most importantly here—their dissolution, thus generating multiple locus inflection episodes.

From the 1860s and onward, railroad firms in Massachusetts primarily deployed actions and responses encompassing race-to-the-bottom-like price cuts as ways to compete for passengers on popular train routes. State regulatory agencies eventually intervened during the 1880s, acting as organizers of competition by expending considerable efforts targeted at encouraging cooperative actions and responses, often providing subsidies for such actions and responses among competing firms. Efforts like these were meant to halt the steep price cuts that were damaging Massachusetts' entire railroad industry. Such encouragement led to the creation of several train cartels as meta-organizations, which, by the 1890s, involved almost all eight Massachusetts railroad firms. Reanalyzing Dobbin and Dowd's study, I argue it highlights that the locus of competition shifted from being concentrated among railroad firms (i.e. an organization level of aggregation), to becoming distributed across railroad firms and train cartels (i.e. an organization level and a meta-organization level of aggregation). A salient inflection episode unfolds in this study when competing firms—largely sparked by state regulatory agencies—deployed cooperative actions and responses to create multiple meta-organizations that would protect the Massachusetts railroad industry from damaging price cuts. This inflection episode is closely aligned with Proposition 1 presented above.

Approaching the 1900s, most Massachusetts railroad firms remained members of train cartels as meta-organizations. During the 1900s, however, federal regulatory agencies imposed strict antitrust regulation, claiming it was necessary to halt an alleged onslaught of train cartels that were introducing price rises on popular routes throughout most states (see also Fligstein, 1990). Such regulation was central for the dissolution of cartels as meta-organizations. Federal agencies thus intervened as organizers of competition, devoting extensive efforts to banish cooperation through train cartels that had been created among competing railroad firms. These cartels would now be rapidly dissolved, and firms were instructed to compete against one another again. Further reanalyzing Dobbin and Dowd's study, I argue it also shows that the locus of competition shifted from being distributed across train cartels and railroad firms (i.e. a meta-organization level and an organization level of aggregation), to becoming concentrated among railroad firms (i.e. an organization level of aggregation). An additional inflection episode unfolds in this study when competing firms—largely sparked by federal regulatory agencies—dissolved the cooperative relationships that had sustained multiple meta-organizations, as they were no longer permitted after antitrust regulation was imposed. My reanalysis of Dobbin and Dowd's study allows me to inductively formulate a second proposition, which I present below.

P2. Within empirical settings, organizers spark the dissolution of meta-organizations among competing firms, which, in turn, condense the locus of competition when they shift it from being distributed across a meta-organization level and an organization level, to becoming concentrated at an organization level.

Drawing on this second proposition, I theorize that the dissolution of meta-organizations could have the opposite effect of creation. In shifting the locus of competition from being distributed across meta-organizations and firms, to becoming concentrated among firms, dissolution implies a return to competition as it unfolded before the creation of meta-organizations. The dissolution of meta-organizations can nonetheless simultaneously engender difficulties for firms seeking to identify competitors. Such identification would become difficult because the dissolution of meta-organizations could hinder firms from gaining awareness of one another, considering they no longer command relationships through common meta-organizational memberships (cf. Berkowitz and Dumez, 2016).

I gather my two propositions in Figure 1. This figure depicts situations in which organizers spark the creation of meta-organizations and the dissolution of meta-organizations over time, thus influencing two locus inflection episodes among competing firms.

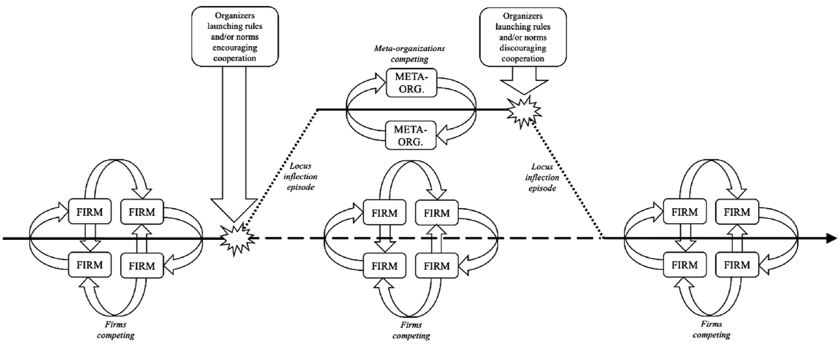
The two propositions are, moreover, summarized in Table 1. It contains my focal cases of locus inflection episodes as well as the antecedents, mechanisms and consequences connected to these episodes.

4. Discussion: toward a dynamic locus of competition

In this paper, my aim has been to advance competitive dynamics scholarship by theorizing interactions between the process and locus of competition. Competitive dynamics scholars have generated important insights about the actions and responses deployed by competing firms throughout the process of competition. These scholars have, however, bypassed the locus of competition, assuming firms compete against one another on an organization level of aggregation over time. I sought to challenge this assumption through recent conceptualizations of competition in which it is approached as a socially constructed phenomenon that often results from organizing efforts. My theorizing thus centered on relationships organized among competing firms through cooperative actions and responses strategically deployed during the process of competition, and on when this organizing creates or dissolves new actors that affect the locus of competition. I illustrated this theorizing through two cases exemplifying the creation and dissolution of meta-organizations as situations in which locus inflection episodes unfold. My cases ultimately helped me formulate two propositions highlighting when organizers of competition spark locus inflection episodes that involve competing firms.

4.1 Actions and responses that generate locus inflection episodes

I propose my paper offers two contributions to competitive dynamics scholarship. One contribution is to probe and enlarge competitive dynamics scholarship by approaching



Note(s): The solid lines represent the locus of competition as intended by organizers, while dashed lines represent an additional locus at which competition simultaneously unfolds. As such, also note that the number of firms over time is unaffected by the creation and dissolution of meta-organizations. That is, although competing firms become members of meta-organizations, these firms simultaneously compete against one another before, during, and after their memberships

Source(s): Author's work

Figure 1. Locus inflection episodes unfolding when firms create or dissolve meta-organizations, following from rules and/or norms launched by organizers to encourage or discourage cooperation among competing firms

Table 1. Two propositions featuring focal cases, antecedents, mechanisms, and consequences of locus inflection episodes

Propositions	Cases (references)	Antecedents (years)	Mechanisms (years)	Locus inflection episodes (years)	Consequences (years)
1	Niagara Falls hospitality market, 1830–1850s (Ingram and Inman, 1996)	Competition concentrated at an organization level (1830s)	Organizers sparking the creation of meta-organizations (1840s)	Competition shifting from unfolding at an organization level, to unfolding at an organization level and a meta-organization level (1840s)	Competition distributed across an organization level and a meta-organization level (1850s)
2	Massachusetts railroad industry, 1890–1900s (Dobbin and Dowd, 1997)	Competition distributed across a meta-organization level and an organization level (1890s)	Organizers sparking the dissolution of meta-organizations (1900s)	Competition shifting from unfolding at a meta-organization level and an organization level, to unfolding at an organization level (1900s)	Competition concentrated at an organization level (1900s)

Source(s): Author's work

competition as a phenomenon that often derives from organizing efforts (Arora-Jonsson *et al*., 2021). This approach makes it possible to examine interactions between the process and locus of competition. I particularly broaden the remit of action–response dyads (Miller and Chen, 1994; Chen *et al*., 2007; Andrevski *et al*., 2022) by opening them for queries that can advance beyond the moves and countermoves as strategic repertoires of firms competing against one another. Such broadening highlights the importance of cooperative actions and responses to understand when new actors—including industry consortia, trade associations, business groups, joint ventures, supply chains, alliances and cartels—may be created and dissolved by firms with an interest in changing how they compete against one another (cf. Granovetter, 1998; Granovetter, 2005). This creation and dissolution of new actors among competing firms is an important expression of the changeability characterizing competition as it unfolds over time.

Competitive dynamics scholars indeed picture competition as a disruptive process that generates changes to competing firms (Chen, 2009). These scholars, however, picture little—if any—changeability in terms of the aggregation levels at which competition can unfold. In this regard, competitive dynamics scholars picture competition as a process that is fixed on an organization level of aggregation (see especially Chen and Hambrick, 1995; Chen and Miller, 2015). I have suggested that competition can be approached as a socially constructed phenomenon to highlight its development through interactions between the locus and process of competition (Arora-Jonsson *et al*., 2021). Such an approach could provide competitive dynamics scholarship with theoretical room to examine when the locus of competition is affected by cooperative actions and responses among competing firms throughout the process of competition.

The potential of this approach is fruitfully illustrated by meta-organizations (Ahrne and Brunsson, 2008). I claimed the creation and dissolution of meta-organizations can be approached as relationships organized through cooperative actions and responses strategically deployed by competing firms, which may have an interest in shifting the locus of competition. And when certain competing firms organize themselves to create or dissolve meta-organizations, other competing firms may follow suit, possibly engendering wide-spanning changes to the locus of competition within empirical settings. Changes like these suggest there is merit in considering the role of new actors—such as meta-organizations—throughout the process of competition. In competitive dynamics scholarship, however, competition is equated with non-cooperative actions and responses that competing firms launch against one another. Such actions and responses include price cuts, advertising campaigns, new product and service offerings, and other moves and countermoves intended to damage the viability of competitors (Miller and Chen, 1994; Chen *et al*., 2007; Andrevski *et al*., 2022). But other research shows that cooperation does not necessarily quell competition, and that cooperative actions and responses deployed by firms can be understood as central features characterizing the process of competition (Sonenshein *et al*., 2017). This research goes beyond co-opetition (Brandenburger and Nalebuff, 1996; Gnyawali and Ryan Charleton, 2018) to approach cooperation as an integral—and not an exceptional—feature of competition. Although competitive dynamics scholars have considered cooperative actions and responses among competing firms—particularly through mutual forbearance (Yu and Cannella, 2013; Andrevski and Miller, 2022)— these scholars largely disregard that new actors at various aggregation levels may be potential outcomes of cooperation during competition. I thus pointed to cartels, trade associations and other meta-organizations built on cooperative relationships as new actors generated when competing firms deploy various actions and responses against one another.

4.2 Organizers that influence locus inflection episodes

Another contribution is to introduce the notion of locus inflection episodes—along with various organizers sparking such episodes—into competitive dynamics scholarship. Locus inflection episodes denote situations when the “how” of competition fuels shifts to the “who” and “where” of competition. In this sense, inflection episodes are core to a changeable locus of competition.

A central endeavor throughout my paper has been to theorize the cooperative actions and responses deployed by competing firms as salient drivers that affect when locus inflection episodes unfold. To further enhance our understanding of these episodes, however, I have also indicated we should reach beyond the actions and responses deployed by competing firms. My two cases from management literature located beyond competitive dynamics scholarship (i.e. Ingram and Inman, 1996; Dobbin and Dowd, 1997) suggest that organizers of competition (Arora-Jonsson *et al*., 2021) may additionally attempt to affect when locus inflection episodes unfold. The role of organizers in affecting inflection episodes was perhaps particularly noticeable throughout Dobbin and Dowd’s study. State regulatory agencies first expended considerable organizing efforts to encourage cooperation among competing railroad firms in Massachusetts, often by providing subsidies for cooperative actions and responses. Such encouragement led railroad firms to create train cartels as meta-organizations that, taken together, came to involve almost all Massachusetts railroad firms. These firms continued competing against one another, but the locus was distributed to also encompass competition among cartels. Then, federal regulatory agencies launched strict antitrust regulation as part of extensive organizing efforts to discourage cooperation among competing railroad firms. Such discouragement led railroad firms in Massachusetts to dissolve their cartels. This dissolution consequently implied the locus was concentrated to only encompass competition among firms.

Recent conceptualizations of competition as a socially constructed phenomenon suggest certain actors expend substantial organizing efforts in attempts to generate, sustain or alter competition. Arora-Jonsson *et al*. (2021) approach these actors as organizers of competition. Their primary role does not consist of competing, but of organizing the rules and/or norms through which competition is supposed to unfold (cf. Beckert, 2009; Barnett, 2017). The notion of organizers recognizes that competition may emerge and evolve among competitors through mutual and gradual adjustment, which “merely happen[s] rather than being decided” (Ahrne and Brunsson, 2011, p. 90; see also Aspers, 2021). But this notion simultaneously recognizes that organizers—such as rating institutes, platform creators or regulatory agencies—can exert considerable influence on the emergence and evolution of competition (Barnett, 2017). Dobbin and Dowd (1997, p. 503) highlighted regulatory agencies as important organizers in mentioning that "regulatory regimes can virtually eliminate competition, as when states sponsor cartels, or bring competition to a head, as when states vigorously enforce antitrust". Despite this importance of organizers, competitive dynamics scholarship only attends to competitors (cf. Chen, 2009). Competitive dynamics scholars could thus benefit from broadening their studies to consider the role of organizers, in general, and the ways that organizers encourage or discourage (or demand or prohibit) cooperative relationships among competing firms, in particular. Organizers may even merit a key position in competitive dynamics scholarship, as they expend organizing efforts affecting the "how", "who" and "where" of competition within various empirical settings. The importance of organizers will, however, be bypassed if competitive dynamics scholars remain wedded to competition as it unfolds among competing firms.

4.3 Future research avenues on locus inflection episodes

My theorizing captures endogenous changes, focusing on when the locus of competition is affected by actions and responses originating within the process of competition. This focus is a limitation, and it implies I do not capture exogenous shocks—such as wars, disasters and/or epi/pandemics originating beyond the process of competition—that can rapidly and simultaneously affect the locus of competition across several empirical settings (cf. Czakon and Dana, 2013). Moreover, my theorizing incorporates organizers as actors that may spark locus inflection episodes, but it discounts whether such sparking could be moderated by structural aspects pertaining to the number of competing firms (cf. Lábaj *et al*., 2018). This discount is another limitation, and it implies I may overstate the potential of organizers to spark inflection episodes in certain settings featuring numerous competitors. Finally, my theorizing relies on management studies that have already been published. This reliance is an additional limitation, and it implies I base my illustrative cases on data collected by other scholars for their own particular purposes. Such data reduce the range of questions I can pursue.

Taking these limitations into account, I suggest my paper opens avenues for future research that have hitherto remained unexamined among competitive dynamics scholars. One avenue concerns a need for studies within which the locus of competition is placed center stage. My two cases drawn from management literature not only highlight when the locus of competition may be affected, but they also underscore that changes affecting the unfolding of competition should be examined in a systematic manner. Future research within competitive dynamics scholarship could thus systematically examine when the process of competition affects the locus of competition, and particularly when the locus is affected by new actors that competing firms strategically create or dissolve during the process. This highlights the relevance of approaching competition as a socially constructed phenomenon that firms themselves may affect by deploying various actions and responses. Several questions remain unanswered: How are locus inflection episodes affected by the perceptions that competing firms hold about one another? Do certain firms play a larger role in affecting inflection episodes than other firms? If so, what firms become first movers and late movers?

Closely connected, another future research avenue concerns a need for studies that investigate the role of organizers throughout locus inflection episodes. When organizers launch rules and/or norms that affect the locus as intended, competition may unfold in a relatively predictable manner over time (cf. Barnett, 2017). Such predictability could lead organizers to abstain from launching further efforts that risk engendering unintended effects on the locus of competition. However, there is always a risk that organizing efforts may generate unintended effects (Ahrne and Brunsson, 2011). This, in turn, raises multiple questions when it comes to organizers and locus inflection episodes. How do organizers deal with and learn from unintended inflection episodes? And how do organizers leverage their experience of past locus inflection episodes to influence future inflection episodes? These avenues and questions, in sum, constitute an invitation to begin engaging with a dynamic locus that impacts the process of competition throughout various societal spheres.

Notes

1. Situations in which certain competitors cooperate have often been conceptualized as "co-opetition" (Brandenburger and Nalebuff, 1996; Gnyawali and Ryan Charleton, 2018). However, I believe it is more accurate to conceptualize such situations as competition than to conceptualize them as co-opetition. Cooperating with certain competitors—and not with others—is a common way of competing that the concept of competition already seems to capture.
2. Certain cooperative dimensions of mutual forbearance have been deemed illegal by regulatory agencies. For instance, Colgate-Palmolive, Johnson and Johnson, Procter and Gamble, and other personal care firms were fined in 2014 by French regulatory agencies for price-fixing (Regan, 2014). Google and Facebook have similarly been accused of price-fixing by regulatory agencies in the US and Europe (Nieva, 2021).
3. Ingram and Inman (1996) concentrate on the role of institutions to safeguard collective resources among firms, whereas Dobbin and Dowd (1997) concentrate on the role of policy regimes in shaping markets that either encourage entrant firms or incumbent firms.
4. There are two—largely disconnected—streams of literature on meta-organizations. One of these streams derives from Ahrne and Brunsson's (2008) work on organizations whose members are other organizations (see also Berkowitz and Dumez, 2016; Dumez and Renou, 2020; Bor and Cropper, 2023). Another literature stream derives from Gulati *et al.*'s (2012) work on organizations whose members are both individuals and other organizations (see also Gawer, 2014; Kretschmer *et al.*, 2020). I align with the Ahrne and Brunsson stream, as my paper does not deal with an individual-level of aggregation.

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