Dissolving the Resource-Based View: Why Dynamic Capability Theory Fails to Account for Institutional Voids in Emerging Market Polycentrism

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Abstract. The Resource-Based View (RBV) and its Dynamic Capability (DC) extension have dominated strategic management scholarship for over three decades, yet their applicability to polycentric emerging market configurations remains empirically contested. This study systematically interrogates the theoretical coherence of DC frameworks when applied to firms operating within institutional voids, drawing on a mixed-methods design encompassing 214 firm-level panel observations across six emerging economies (2018–2023) and 32 in-depth executive interviews. Our structural equation modeling reveals that VRIN-conditioned resource heterogeneity loses predictive salience under high institutional uncertainty, while relational governance mechanisms demonstrate superior explanatory power. These findings challenge the universal ontological claims of DC theory and advocate for a void-sensitive strategic reconfiguration paradigm, with direct implications for corporate strategy formulation in sub-Saharan Africa, South and Southeast Asia, and Latin America.

Keywords: dynamic capability theory, resource-based view, institutional voids, emerging market polycentrism, strategic reconfiguration, relational governance, VRIN heterogeneity, corporate strategy formulation, structural equation modeling

Introduction

The Resource-Based View (RBV), codified through the foundational contributions of Wernerfelt (1984), Barney (1991), and later extended into the Dynamic Capability (DC) framework by Teece, Pisano, and Shuen (1997), constitutes perhaps the most influential theoretical scaffold in contemporary strategic management. For decades, scholars and practitioners alike have relied upon the VRIN criteria—value, rarity, inimitability, and non-substitutability—as the conceptual bedrock for explaining sustained competitive advantage. The DC extension further posits that firms competing in Schumpeterian high-velocity environments must continuously sense, seize, and reconfigure their resource bundles to maintain positional superiority. These constructs have achieved near-paradigmatic status, routinely informing corporate strategy curricula, board-level deliberation, and cross-national benchmarking frameworks. Yet as the global economic center of gravity continues its well-documented eastward and southward shift, with emerging market economies collectively accounting for over 57% of global GDP by purchasing power parity as of 2024 (IMF World Economic Outlook, 2024), the universalist ontological assumptions embedded within RBV and DC theory face increasingly acute scrutiny. Emerging markets are not simply scaled-down replicas of advanced capitalist economies; they are structurally distinct configurations characterized by polycentric governance architectures, pervasive institutional voids—understood as the absence or chronic underperformance of market-supporting institutions such as enforceable contract law, transparent capital markets, and stable regulatory regimes—and network-embedded relational logics that fundamentally alter the firm-environment interface. In such contexts, the assumption that strategically valuable resources can be identified, bundled, and protected through firm-internal mechanisms, independent of extra-firm institutional scaffolding, becomes not merely empirically suspect but theoretically untenable. The 2024–2026 global strategic landscape compounds these concerns. Escalating geopolitical fragmentation, the proliferation of state-capitalist hybrid models in Brazil, Indonesia, Nigeria, and Vietnam, alongside post-pandemic supply chain restructuring, has further eroded the clean analytical separation between firm-level resource endowments and the meso-institutional environments in which those endowments are activated. Firms operating across these polycentric terrains increasingly report that competitive advantage is less a function of resource ownership and more a product of relational positioning within fragmented institutional fields—a finding that existing DC frameworks are structurally ill-equipped to theorize. This paper proceeds as follows. Section 2 provides a systematic critique of DC theory's assumptions of institutional completeness and examines the construct validity of VRIN criteria under void-intensive conditions. Section 3 presents the mixed-methods research design, including panel data construction and semi-structured interview protocols. Section 4 reports structural equation modeling results alongside qualitative thematic findings. Section 5 introduces a void-sensitive strategic reconfiguration framework as a theoretical corrective. Section 6 discusses implications for corporate strategy in emerging polycentric markets, and Section 7 concludes with limitations and directions for future inquiry.

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