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The Significant Relationship Between Resource-Base View and Organizational Strategic Growth

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Abstract

The area of strategic management has shifted toward a resource-based perspective of organization, but organization theory has been surprisingly unaffected by this trend. In this study, we are more concerned with presenting an understanding of the significant relationship between resource-based view and organizational strategic growth. The resource-based view of strategic management has received a lot of attention recently, but there hasn't been much scholarly or managerial discussion or debate about it. As a result, this work provides a unique instance of critical reasoning in addition to excellent analyses and information about the connection between the resource-based view and Organizational Strategic Growth. The study looks at those key elements of a resource-based view that are most important in ensuring an organization's ability to pursue innovation. The work joins other pertinent academic discourse and empirical evidence to achieve such a fit and viewpoint. To achieve this, a respectable quantity of contributions would have to be made to lay the groundwork for future empirical studies. Furthermore, its subsequent merits and relevance serve as a foundation for the study: First off, a resource-based perspective perceives resources as heterogeneous, which creates a strong point of strength and gives organizations a competitive edge. To put it another way, a company can get a competitive advantage if its resources are used in a distinctly valued way that is superior to that of its intended competitors. Second, the application of a resource-based view has a big impact on identifying the actual resources that are present within the business to locate capabilities that, when used, will bring more profitability to the organization. So, in this fiercely competitive and developing market, there will be fundamental sustainable growth and success. As a result, to provide a brief description of the fundamental methodologies, the study adopts both a qualitative and quantitative approach, to gather input from a large number of people to establish and identify key organizational resources. This will help resource managers gain a competitive edge while also generating a steady increase in profit. To assess RBV's performance within the organization, a comparison approach and analysis were also applied. The study's findings include the following, which are some of its key conclusions: It is obvious that resource-based view and the development of organizations that can compete. More specifically, the majority of firms have heterogeneous resources housed within them, but not all businesses do, as some have intentionally and shrewdly adopted the principles of a resource-based view to enhance the variety of resources that enable organizations to acquire a competitive edge. Other research findings show how managers view resource-based views in terms of how resources are applied and transformed to reach a profitable goal. In light of this, the significance of the resource-based view cannot be seen as one central and distinctive strategy that emphasizes internal resource generation or sourcing while also overemphasizing the need to use these resources diligently to increase or gain a competitive advantage.

Background to the Study

Barney (1991) offers the resource-based view (RBV) as a paradigm to address the limitations of environmental models of competitive advantage. He also makes an effort to draw a connection between the strategic or competitive advantage that an organization has and the heterogeneous resources that it controls, as well as the mobility of those resources within a particular industry. A company uses its resources to create strategies that may be rather different in order to increase the overall efficacy and performance of the firm (Lowe and Teece, 2001). More so, one of the most effective theoretical approaches in the area of strategic management has been the resource-based view (RBV) in an organizational setting. In conjunction with the five-force concept, it has attained a level of dominance uncommon in any academic field. Its dominance also extends to research and instruction, where it is covered in almost every obligatory business strategy course. Furthermore, RBV has secured its place in the academic history of corporate strategy over the years. Instilling and maintaining competitive advantages in every business requires a significant interaction between resource-based vision (RBV) and organizational strategic growth. Numerous studies have examined the value of innovative processes and organizational competitiveness (Schoemaker, 1993).

However, there are still a lot of innovations and competitive models, and only a few academics have looked into the connection between innovation and core competencies. All of these studies agree that while innovation and core competencies are complex topics, they are crucial for affecting an organization's sustainability. In fact, the goal of every company or organization is to provide top-notch customer service that influences customers' decisions to return for more. This is something that RBV consistently promotes by providing clients with services that are centered on resource management. According to the RBV of strategy, an organization's outstanding achievement and edge over its rivals are attributed to the uniqueness of its strengths and weaknesses. On the other hand, Gerald and Theodore (2021) note that the company philosophy is one area where it has been much less noticeable. Management theory and strategy appear to be conjoined twins from the outside. Since organizational theory and strategic management appear to be studying the same subject, new members of the Academy of Management may ask why there are different divisions for each. Scholars from both perspectives regularly work together in the same management department at business schools and frequently publish in each other's publications. However, it is startling how little overlap there is across the fields when it comes to published research. Particularly, organization theorists appear to know very little about RBV.

All of these studies agree that while innovation and core competencies are complex topics, they are crucial for affecting an organization's sustainability. In fact, the goal of every company or organization is to provide top-notch customer service that influences customers' decisions to return for more. This is something that RBV consistently promotes by providing customer service from a resource-based strategy standpoint (Hafeez et al., 2002). According to the RBV of strategy, an organization's superior performance and competitive advantage are attributed to the uniqueness of its capabilities. RBV of tactical management and organization theorists are less interested in the elements that influence performance because strategy is downstream from organization theory in the intellectual value chain, and the two fields don't appear to perceive the need to collaborate. The rapid dissemination of RBV in strategy literature and other managerial cadres is a sign of the importance of this discipline. Another goal of the study is to comprehend the significance of resources as a component of strategic capability. Due to earlier research on RBV, this study is well-positioned to clarify and highlight the connections between RBV and organizational innovation. Beyond this, the study will pay close attention to those RBV components that significantly contribute to the firm's ability to innovate. The study also compiles pertinent theoretical and empirical facts, highlights a number of valuable academic research contributions, and emphasizes managerial viewpoints. RBV, theories, and postulates about RBV as a process of development. As was already said, the purpose of this study is to examine RBV, innovation, and the identification of important relationships in an organization. Organization theorists are less interested in the elements that influence performance because strategy is downstream from organization theory in the intellectual value chain, and the two fields don't appear to perceive the need to collaborate. The death of the corporation as a social institution is the next topic we discuss, one that should present existential problems for both organization theory and RBV and should serve as a starting point for further discussion.

However, the study tends to emphasize the following goals in more detail when examining the substantial relationship between resource-based view and organizational strategic growth: Recognition of a substantial Relationship in an organization-specific term:

i. Recognize the significance of resources as a component of strategic capability.
ii. Take into account the ways in which managers might enhance businesses' strategic capabilities by talking about the organizational resources and skills that are essential, powerful, and enable innovation.

Furthermore, in the resource-based model of strategic management, evidence and hypotheses about rare, non-imitable, and non-substitutable resources in firms may be found in organizational theory and organizational behavior. In fact, a resource-based approach to studying persistent competitive advantage expects a closer integration of the organizational and the economic (Barney, 1991).

Literature Review and Theoretical Background

The RBV of the firm is in fact gaining popularity as the "brain box" or "black box" that can change the course of modern organizations and even entire nations. In principle, the revolutionary tenets of RBV focus on the fundamental questions of why nations or organizations normally differ from one another and how organizations flourish to acquire and, most crucially, preserve a competitive edge by deploying and exploiting their resources or potential. Clearly, none of these concepts or ideas are brand new. In reality, throughout the past few decades, a multitude of management researchers have generously contributed to, improved, and developed the topic of RBV (Andrew, 1971). First, let's look at the contributions made by Selznick (1957), who suggests that RBV is directly related to or connected to an organization's or a country's ability to stand out from the competition. Another addition is the idea put forth by Chandler (1962), according to which the RBV-operating organizational structure employs strategies for achieving goals and making use of capabilities. More so, the internal assessment of competencies, strengths, and weaknesses invariably results in the discovery of the organization's unique competitive edge (Chandler, 1962). On the other hand, Andrew's (1971) point of view is regarded as the most exceptional and ground-breaking concept for perceiving the collection of potentials and resources of an organization.

Additionally, Andrew (1971) stated that each organization has its own distinct character or nature of special competence due to the variability of the productive services available from its resources. In other words, the foundation of RBV is the heterogeneity of organizational resources (Andrew, 1971). Given the foregoing, it is rather important that Wernerfelt and Montgomery (1988) were the first to introduce the concept of resources as a new path in the study of strategic management. They pointed out and suggested that assessing companies in light of their unique and heterogeneous resource mix could reveal more in-depth knowledge and information that might be at odds with the conventional point of view. This influenced Barney's (1991) choice to provide a more thorough and concise framework to identify the many organizational resource characteristics that build a long-lasting competitive advantage and competence.

Also, Barney (1991) recognized these qualities as valuable resources that are categorized under the cadre of exploiting opportunities or capable of quenching or reducing environmental threats. In addition, exceptional or unique resources amid an organization's immediate, current, and potential rivalries are inimitable and non-substitutable. Barney's perspective has been expanded by several researchers, including Hafeez et al. (2002), Peteraf (1993), Amit and Schoemaker (1993), and Mahoney and Pandian (1992), to include qualities and characteristics including resource durability, non-tradability, and distinctive nature. Evidently, over time, the majority of the strategy literature has been critical and has focused on internal firm resources as the main driving factor behind organizational profitability and acquiring a competitive edge. This change in managerial and academic focus from an industrial organization (IO) economic standpoint to an RBV strategy has occurred for a variety of reasons, including: Such factors include the speed of change in terms of new items coupled with new technology as well as the significant shift in client preferences. And most importantly, enough tools for developing organizational strategy in a setting that is becoming more dynamic (Bettis and Hitt, 1995). However, as time and time management are frequently viewed as sources of competitive advantage, the growing rate of change has increased pressure on organizations to react more rapidly and appropriately (Stalk and Hout, 1990).

Traditional industrial borders are indeed blending, say Bettis and Hitt (1995), especially in sectors related to information technology. However, IO strategic thinking and many tools for strategic analysis, such as competition analysis, strategic groups, and diversification typologies, are built on stable industries. Finally, and intriguingly, all of these arguments suggest that while businesses may search internally for strategic opportunities, they must also be able to envision how their industry will develop over time and critically evaluate both existing and potential competitors. Resources, abilities, and competencies RBV's main thesis is that organizations differ in terms of the strategic resources they possess and have firm control over. According to Barney (1991), the relationship between resource immobility and resource-market inefficiencies is what causes heterogeneity. Without a doubt, resources form the basis of RBV analysis. In other words, resources are assets that are connected to an organization on a semi-permanent basis (Maijoor Witteloostuijn, 1996). Resources are the assets that businesses own or have access to (for example, from partners or suppliers). These include the monetary, physical, human, commercial, technological, and organizational resources that businesses employ to create, develop, and provide goods and services to their clients. Resources can be categorized as either physical (both economic and technical) or immaterial (e.g., personnel expertise, abilities, and skills; business image; trademarks; and institutional practices).

Strategic Concepts of RBV

According to Carter (2013), the key idea of the modern era that has taken the place of earlier management practices like "administration" or "planification" is "strategy." The definition of "strategy" began in the military, and it derives from the Greek term "strategos," which means "general" (Mackay and Zundel, 2016; Tzu, 2012). Its significance has changed throughout time as it has been used to describe many human endeavors, particularly corporate operations. Numerous authors have tackled the idea of strategy over time. One of them is Chandler (1962), who suggests that a company's strategy is the definition of its long-term goals and objectives, the adoption of actions, and the allocation of the resources required to attain those goals. According to Andrews (1971), a strategy is a set of goals, strategies, and policies that define the type of business a company is or will be by addressing them in a certain way. Porter (2008) asserted that strategy is to choose the group of activities in which a company stands out to develop a durable difference in the market; the distinction emerges from the activities chosen and the manner in which they are carried out. Instead, Farjoun (200) believes that the mechanical approach is constrained and offers a dynamic and organic perspective. According to the latest theories in the natural and social sciences, strategic processes are not merely rationalist models of unitary agents but also give weight to the complexity of soft variables and take into consideration reality's messy side. It contends that in contrast to the mechanical perspective's defined, directed, and differentiated approach to strategy formulation, the organic perspective is dynamic, unpredictable, interactive, and integrative.

According to Andrews (1971), a strategy is a set of goals, procedures, objectives, ambitions, and strategies that are addressed in such a manner as to define the type of business the organization is or will be in order to achieve them. Whereas Porter (2008) asserts that a company's strategy should be to choose the set of activities in which it stands out in order to create a durable difference in the market, differentiation originates from the activities chosen and the manner in which they are carried out. A large part of the responsibility rests on how successfully administrators carry out their duties and plans frequently determine how effectively a company achieves its goals while serving the expectations of the customer (Guillermo et al., 2020). The development of high-level leadership abilities is crucial to ensuring the long-term upkeep and effective expansion of a company's competitive advantages. The top manager is in charge of making crucial decisions on the allocation of personnel and financial resources; these decisions frequently impact the future of entire industries across the nation. In other words, Guillermo et al. (2020) believe that strategies determine how effectively a company achieves its goals while serving the demands of the customer, as a large portion of the responsibility depends on how effectively administrators carry out their duties. The development of high-level leadership abilities is crucial to ensuring the long-term upkeep and effective expansion of a company's competitive advantages. The top manager is in charge of making crucial decisions on the allocation of personnel and financial resources; these decisions frequently impact the future of entire industries across the nation.

Resources and Capabilities/Competence

According to Giménez, van der Vaart, and van Donk (2012), "strategic assets and capabilities that support sustainability growth in the economy will serve as the foundation of strategy and competitive advantage in the next few years. (Deniz Eris, Ozmen, and Neczan, 2012) refer to competencies as intriguing intangible assets that must be produced internally because they are not readily available on the market. The field of strategic management is where the resource-based perspective first emerged. In accordance with RBV, a business's ability to establish and preserve a competitive edge and enhance efficiency is influenced by its recognition and management of key resources within the company (Sund, Bogers, Villarroel, and Foss 2016, Barney 1991). According to Barney (1991), Crook et al. (2008), Turber and Gassmann (2015), and others, a resource is deemed crucial if it satisfies certain requirements, including being valued, irreplaceable, uncommon or precise, distinctive, and essential to increasing the profitability of the firm. This viewpoint is defined by four features:

1. Value is the degree to which resources are coordinated with their surroundings in order to take advantage of potential advantages and lessen dangers.
2. Resource rarity: The perceived scarceness of resources in market conditions is referred to as resource rarity.
3. Imperfectly imitable: difficult for rivals to use. According to Barney (1991) and Hansson (2015), inimitable resources are those that are either impossible for rivals to obtain or copy or that can only be done at a large cost premium.
4. Non-substitutable: the degree to which rivals are unable to produce identical assets (Rhoads,

RBV's main thesis, however, is that organizations vary with regard to what strategic resources they possess and have strong control over. Inconsistencies in the capacity market and financial inactivity, in Barney's view (1991), are effects or links of heterogeneity. In a related approach, Wernerfelt and Montgomery (1988) asserts that each organization may be thought of as a unique collection of both tangible and intangible resources and capabilities. The resource evaluation for RBV is unquestionably based on resources. To put it another way, resources are assets that are connected to an organization only sporadically (Maijoor and Witteloostuijn, 1996). Resources, in the broadest sense, are the possessions or sources of support that organizations may rely on (such as partnerships or suppliers). These are the resources that businesses employ to produce and provide goods and services to their clients, such as money, supplies, and labor, human, commercial, technological, and organizational resources. The categories of resources accessible include both tangible (financial or material) and intangible (staff knowledge, corporate reputation, brand name, and organizational practices). Strategic capabilities competencies, however, are organizational skills and knowledge of how to transfer and arrange an organization's resources in order to achieve a desirable and sustainable result (Kouraklis, 2013; Amit and Shoemaker, 1993). Shoemaker, also referred to as "what the organization does well or is good at doing," is the way in which these resources are used or used successfully in a certain corporation. The abilities, tasks, and assets that collectively provide customers with value, distinguish a business from its rivals, and can be expanded and enhanced as markets shift or new possibilities arise are referred to as core competencies (Prahalad and Hamel, 1990). A logical extension of an organization's competencies are its core competencies.

Growth Strategies in Business

According to Rick (2019), startup businesses frequently encounter particular difficulties. In the past, specific tactics have been utilized to launch a small firm, such as discovering product strengths, altering pricing, or buying another company. Entrepreneurs can succeed by grasping these tactics and successfully putting them into practice. The majority of small businesses have ambitions to expand their operations and boost sales and earnings. Companies must apply a certain set of techniques to accomplish a growth strategy, though. The strategies an organization employs to grow its business are often heavily influenced by its financial status, the level of competition, and even governmental regulations. Market penetration, market expansion, product expansion, diversification, and acquisition are a few common corporate growth tactics. (Rick, 2019). In other words, it takes strategic planning and the implementation of efficient growth strategies to achieve growth and success in the cutthroat business environment of today. Having a clear growth strategy is crucial, whether you're an entrepreneur starting a tiny business or managing the operations of an existing one. The ten growth techniques that every business owner should be aware of are covered in this article. These tactics include a range of corporate operations and can promote long-term success and sustainable growth. The following are some of the strategies needed to grow various business organisations:

Market Penetration Strategy
Market penetration is one corporate growth technique. When a small business decides to promote current products in the same market it has been using, it employs a market penetration strategy. According to small business experts, expanding market share is the only way to expand using current products and markets. Market share measures how many units and dollars of sales a company generates in comparison to all of its rivals in a certain market. Lowering pricing is one strategy for gaining more market share. For instance, a lower price might aid a business in gaining market share in situations where product uniqueness is minimal.

Market Development or Expansion
Selling current items in a new market is a component of the market expansion growth strategy, also known as market development. A corporation may consider a market growth plan for a number of reasons. First, there could not be any place for expansion within the current market due to the level of competition. A company cannot boost sales or profits if it does not discover new markets for its goods. If a small business discovers new applications for its product, it may also employ a market growth plan. A tiny soap distributor, for instance, that only sells to retail stores might find that manufacturing workers also use its product.

Product Expansion Strategy
To boost sales and profitability, a small business may also add new features or broaden its product offering. Small businesses that use product development, also known as product expansion, keep selling into the current market. When technology changes, a product expansion and growth strategy frequently succeed. A small business could also be compelled to launch new products to replace outdated ones.

Growth through Diversification
Diversification is a component of growth strategies in business, and it entails a small organization selling new items to new markets. This kind of tactic carries a lot of danger. If a small business chooses to employ a diversification growth strategy, meticulous planning is required. Marketing analysis is crucial since a business has to know whether customers in the new market could be interested in the new products.

Acquisition of other Companies
A business's growth strategies may also involve acquisitions. A company acquires another business to broaden its operations. Such tactics are often employed by small business ventures to broaden their product offerings and pin down new markets. Risky, but not as risky as a diversification plan, is an acquisition growth strategy. The fact that the market and products are already established is one factor. Because of the large investment needed to undertake an acquisition plan, a company must be crystal clear about the goals it wants to accomplish.

Conclusion

It is crucial to remember that not every corporation may benefit from every growth plan when it comes to organizational strategic growth. Therefore, only innovative business strategists can meet the task of figuring out which growth plan is best suited to the company and its specific market. It is critical to determine if the company sells new or emerging products in an existing or emerging market because the wrong strategy could entirely devastate the business. To succeed, a company may occasionally need to use different strategies. It can demand stability, retrenchment, or any other tactic; choosing the best one for the firm at the time calls for creative individuals. More, so, understanding the competitive landscape and determining how competition impacts a company are two of the main issues business strategists face today, according to Cattani, Porac, and Thomas (2017). The investigation of categories and competition must therefore once again be emphasized in research projects that examine strategic management (SM). Chandler (1962) contends that identifying a business's objectives and goals for the future, adopting actions, and allocating the resources required to achieve those goals constitute a strategy. This supported Andrews' (1971) perspective on strategy, according to which organizational strategy frequently serves as a model for the goals that underpin organizational purpose for both employers and employees.

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