

Chapter 11

A Resource-Based Theory Perspective of Logistics

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ABSTRACT

The Resource Based Theory (RBT), where specific sets of resources are bundled into precious, scarce, and hard-to-imitate capabilities, has been demonstrated to be helpful for explaining why some companies have been better than others over time. Accordingly, this chapter, drawing on the related literature, proposes that the RBT has the potential to be applied to important areas of logistics research. Since no clear exposition of the resource-based approach has been provided in the logistics literature, this study helps to understand the critical effects of logistics capabilities in creating competitive advantage. RBT is described with relations and interactions among resource and capability. Authors illustrate how the RBT represents the underlying theoretical support for one of the central propositions of distinctive logistics capability. The chapter examines past researches and illustrates how RBV theory is an appropriate theoretical lens to advance the much-needed understanding of the logistics capabilities.

INTRODUCTION

When the literature concerning competitive or sustainable advantage is examined, the dominance of the two distinct approaches is apparent. The first approach, the industrial organization view (outside-in), also known as Porter's theory, links superior performance as an industry structure function and the position of the company in the industry. According to Porter, five forces namely power of suppliers, competitive rivalry, threat of substitutes, threat of potential entrants, and power of buyers are determined to create sustainable advantages in such a destructive competitive business world. The industrial organization (I/O) model focuses an external perspective and claims that forces outside of the organization shapes a firm's

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strategic actions and thus the industries and markets in which firms operate have a higher influence on firms' economic performance than strategic actions relating resources, capabilities, and core competencies.

The second approach, Resource Based View (inside-out) suggests choosing a strategy which privilegedly uses firm's resources and capabilities rather than external opportunities (Grant, 1991; 115). Researchers have argued that internal resources such as employees, knowledge, skills, information, patents, trademarks, copyrights, and so forth are more significant for a firm in accomplishing and maintaining competitive advantage relative to external factors (Grant, 1991; Barney, 1991). This proposition is shared by several related concepts: "strategic resources" (Barney, 1986; Dierickx & Cool, 1989), strategic assets (Amit & Schoemaker, 1993), "distinctive competence" (Snow & Hrenibiniak, 1980; Selznick, 1957), "core competence" (Prahalad & Hamel; 1990), absorptive capacity (Cohen & Levinthal, 1990), "invisible assets" (Itami & Numagani; 1992), "dynamic capabilities" (Teece, Pisano & Shuen, 1997; Helfat & Peteraf, 2003). As new theories and concepts are brought into the field, old ones begin to lose popularity and usage. However, it should be noted resource-based view (RBV) does not replace the I/O approach although it has been one of the most efficacious and much-cited theories recently. Therefore, the competitive advantage may likely be achieved by complementary and integrated use of both views (Mahoney & Pandian, 1992; Peteraf, 1993; Peteraf & Barney, 2003) and recognizing reciprocity interplay between the market environment and company capabilities. A careful look at how capabilities and the market environment affect each other may be one of the next great opportunities for strategy research. (Henderson & Mitchel, 1997; 5).

After confirming that an integrative approach is beneficial and both approaches have unique contributions to strategic management literature, this study intends to focus on RBV because recently, there has been prevalent recognition among scholars and practitioners that resources is so crucial in sustaining competitive advantage. RBV scholars claim that organizations are mixed-bag with regards to the resources and capabilities they possess and thus these miscellaneous resource positions express reasons of different performances of firms. (Penrose, 1959; Wernerfelt, 1984; Barney, 1991; Grant, 1991; Peteraf, 1993; Henderson & Cockburn, 1994). This heterogeneity of resources results from idiosyncratic situations that lead to path-creating. Hence, intra-industry heterogeneity resulted from creative sources employment prevents their diffusion throughout the industry (Popadiuk, Rivera & Bataglia; 2014). Accordingly, this study explores firm heterogeneous resources in the context of logistics that represent sufficient conditions for producing sustainable advantage. The remainder of this study is regulated as follows:

The first part reveals an evaluation of past researches on RBV. The second section proceeds from RBV literature to how RBV stands for a theoretical background for one of the central proposals of distinctive logistics capability. Then, the author develops some ideas of how RBV theory is a valid theoretical perspective to progress the much-required understanding of the logistics capabilities. Finally, the paper draws conclusions and discusses how logistics researchers and operators can implement them professionally and also a suggestion for further researches is taken into consideration.

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