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Sustainable Strategic Management Resource Assessment - Way towards Achieving Sustainable Competitive Advantage

[1]Dr.Vibhor Paliwal, [2]Dr. Mukesh k. Sharma, [3]Dr. Deepak Dixit
[1] Professor and Dean School of Management Studies, Sangam University, Bhilwara (Raj).
[2]Associate professor, School of Management Studies, Sangam University, Bhilwara (Raj).
[3]Assistant Professor, Alabbar School of Management, Raffles University, Neemrana (Raj)

Abstract-In Strategic Management Resources are always considered the capabilities, assets and intangible qualities that an organisation possess therefore resources are the cornerstone of competitive advantage. Achieving sustainable competitive advantage involves developing and leveraging resources that are valuable as well very difficult to imitate. When it comes to firm assessment that how a firm can achieve sustainable competitive advantage than there are some ways like your key resources, their availability and your resource management. Keeping in the perspective, the research paper is an attempt to discuss about way towards achieving firm's competitive advantage and how perceived value is created.

Keyword-Strategic Management, Competitive Advantage, Sustainability, resource, asstes

Introduction

Sustainable Management Practices also known as sustainable business practices or corporate sustainability involving three important pillar of triple bottom line that is People, Planet and Profit. Sustainable strategic management resource assessment is an important step to determine the existence of the resources which are there in the firm. The strategist usually looks for two type of information for carrying out the sustainable evaluation of the firm. The first type of information usually comes from the external environment which consists of opportunities and threats while the second information comes from internal from the organization. In these two types of information the internal information is of utmost importance as this information is about the resources of the firm. As per the researchers the resources of the firms are considered as the corner stone's of the competitive advantage. To analyze the resources internally three steps are involved.

1. It involves the complete audit of the firm's resources.
2. Analyzing the capabilities and resources
3. Determination of competitive advantage and core competency

Core competencies are important and vital for the success of the firm and ultimately lead to the competitive advantage. In modern times when cut throat competition is prevailing in the market, the promoters and strategist are putting emphasis on sustainable competitive advantage in place of only competitive advantage.

Objectives

1. To understand Sustainable Strategic Management Resource Assessment Method

2. To understand various types of Capitals

Framework for Strategic Advantage

The model for explaining the relationship between the strength, weaknesses, synergic effects, core competencies, competitive advantage can be well understood with the model which has been described by Azhar Kazmi (A renowned strategic management author). According to this model the organizational resources combines with the intangible attributes of the firm and lead to the formation of the strengths. Strengths are actually the strong abilities which are possessed by the firms which helps them in gaining the strategic advantage. On the other hand weaknesses are inherent limitation which leads to strategic disadvantage. Strength and weaknesses can exist in any of the functional department of any department. For example a particular firm might have a financial strength of utilizing its funds in a proper manner and that particular firm might have a weakness in the operations functional area in form of obsolete plant and machinery. With this example we can say that strength and weaknesses do not exist in the isolation and they combine in a manner which has an impact on the organizational performance.

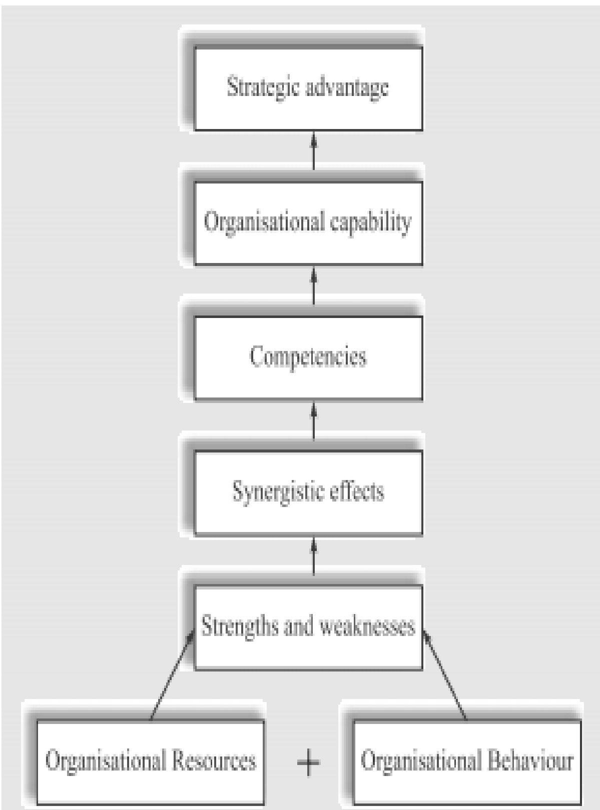

Figure 1: Framework for the development of strategic advantage by an organization

(Source: Strategic Management, 4th Edition, Azhar Kazmi, Adela Kazmi, 2015, Mc Graw Hill Education)

Two positive strengths combine to produce synergic effects. The concept of synergy is very much applicable in the field of strategic management. As per the strategist two strong points in the particular functional area when add up to produce more than double the strength then it is called as synergy. The other way of understanding it is one plus one is equals to eleven. The positive synergic effects lead to the core competencies. The core competencies are defined as the special quality possessed by the organization which helps them to gain competitive advantage. Not only this but also competency help the firm to withstand the pressure of the competition in the market. For example Sony has been known for miniaturization and likewise Philips has core competency in the field of electronics. When you talk about the supply chain and distribution than wall mart is a familiar name. As it is clear from the above discussion that resources of the firm are important since they not only leads to the establishment of the core competency but also helps the firm in gaining the strategic advantage.

Internal resources of the firm

The organizational resources can be best understood on the basis of theory proposed by Barney 1991 also called as resource based theory of the firms. As per Barney an organization or a firm is actually the bundle of the resources which are tangible and intangible. The tangible resources consist of the plant setup, machinery, equipment and etc. An intangible resource includes the knowledge ecosystem, information and capabilities. It also includes the moral, confidence and ability of its employees. The resources comes into existence in two ways, either the resources are acquired by the firms or the resources are built by the firms. Thus we can say that the performance of the firm is a direct function of resources whereby resources can be considered as independent variables while the performance can be designated as the dependent variable. Each firm tries to create value and value creation is at the heart of the firm resource assessment. Figure 2 describes the resource assessment which has been done keeping in view the concept of sustainability. In this figure there are three strategic business units and the resource assessment of the third strategic business unit is being done.

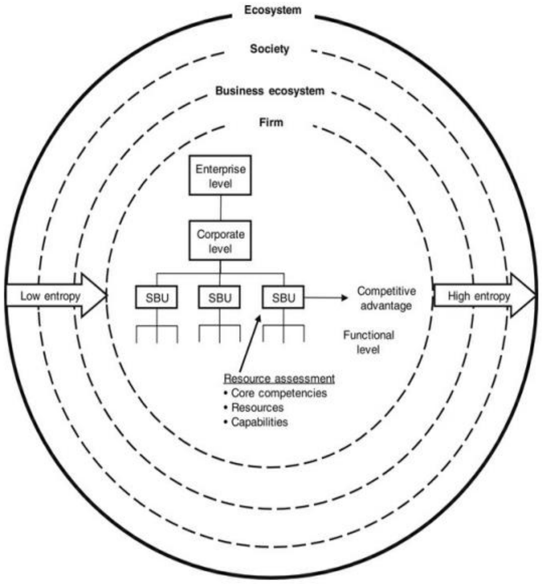

Figure 2: Sustainable strategic management resource assessment

(Source: Sustainable strategic management, 2nd edition, Garner Stead, A Greenleaf publishing book, Tailor & Fransis Group, London & New York, 2014)

Co evolution of capital

Resources are the wealth generating capital of the organization. There are various types of capital which exist in the firms. The capital can be categorized into tangible capital and intangible capital. For many years in industrial revolution only two forms of capitals were considered. First used to be the capital and other used to be the labor. With the passes of the time the third factor of production came into existence and it used to be called as the financial capital. Financial capital helps to create wealth in the organization. As the industrial evolution progress and when the concern for the human resources arouses then a new type of capital immersed which is called as the human capital. Now a day's human capital is considered as instrumental in the progress of the firm.

Over the time other type of capitals also started emerging. Among them is the intellectual capital and knowledge capital. When the concept of sustainable economic development started gaining ground in early nineties then a new capital emerge which is called as natural capital. Natural capital place due weight age on nature and ecosystem and it is assumed that the firm operations are part and parcel of the environment in which it operates. This is because of the fact that all the firms exchange resources with nature and environment.

With the advent of the concept of corporate social responsibility a new form of capital emerged as social capital which helps in building networks and relationships within the society. When the firm's business increase and when the firm emerged as conglomerates than reputational capital came in to existence which takes care of the shareholder and stockholders of the organization. At the end a new capital has gained ground which is called as the spiritual capital which is the highest form of the capital in an organization and which can also act as a source of competitive advantage. When we move from capital and labor to spiritual capital then it means that we are moving from tangible aspects toward intangible aspects.

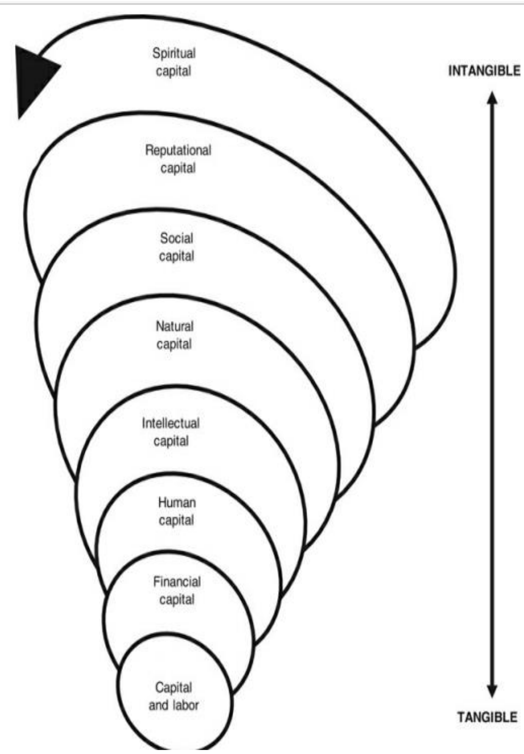

Figure 3: Co evolution of capital.

(Source: Sustainable strategic management, 2nd edition, Garner Stead, A Greenleaf publishing book, Tailor & Fransis Group, London & New York, 2014)

Conclusion

The paper has laid emphasis is on the interface between the firm's strategy and its internal resources. We have examined the co evolutionary process of resource assessment in SSM that entails profiling the resources and capabilities of the firm using the open system value chain as the basic framework, evaluating resources using internal and external data, and determining which resources or capabilities could be core competencies and potential competitive advantages for the firm.

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