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ABOUT THE RELATIONSHIP BETWEEN RESOURCES, CAPABILITIES AND COMPETENCES – THE RESOURCE-BASED PERSPECTIVE

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Abstract: Firms are permanently looking for ways and for tools conditioning the creation of lasting, long-term competitive advantage. A firm's strategic potential, its resources, capabilities and competences, is an important tool. The article delves into the relationship between these potentials as identified from the perspective of the resource-based view. Herein, particular emphasis is placed upon competences, as this is most distinctive strategic potential of a firm because it plays a key role in building and maintaining competitive advantage.

Keywords: Resources, capabilities, competences, resource-based view.

Introduction

In accordance with the resource-based view, all profitable businesses continuously look for the resources, the ways and tools, that bring competitive advantage. Hence, in this sense, the achieved competitive advantage is embedded in the firm's competence in integrating its resources (compositions of resources) and capabilities (compositions of capabilities).

The aim of the article, therefore, is to identify the most important relationships that exist between resources, capabilities and competences from the perspective of the resource-based view. In particular, the article highlights the significance of a firm's competences as perceived as holding the most distinctive strategic potentials that contribute to building and maintaining competitive advantage.

The article has a conceptual character. It presents the most important assumptions of the resource-based view, the premises indicating that a firm's competences are a key strategic potential. The article also brings to light the relations between these and the other strategic potentials, i.e. the firm's resources and capabilities versus the firm's competences, from a resource-based perspective.

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Resources, capabilities and competences as strategic potentials – from the resource-based view perspective

In the area of management sciences, and especially within the strategic management field, one may notice the endlessly growing significance of the so-called 'strategic potentials' of a firm. These are comprised of the firm's: (1) resources, (2) capabilities and (3) competences (Day, 1994; Foss, 1996; Knudsen, 1996). In general, the strategic potentials of a firm may be perceived as the factors influencing the expected market and economic outcomes. Herein, among the most significant expected market outcomes are: (1) customer satisfaction, (2) customer loyalty, and (3) enhanced market share. In turn, among the most significant, expected economic outcomes are: (1) profit, (2) profitability and (3) return on invested capital (Day, & Wensley, 1988).

The expected market outcomes and economic outcomes are the results or effects of the tasks planned and performed by a firm, and are related to the achievement of set goals. In this sense, the gained market and economic outcomes are the most important symptoms of a firm's success. Still, apart from the aforementioned, one may also point out the factors that a firm's success is built upon. These comprise the various strategic potentials of the firm, including its resources, capabilities and competences. Both terms, i.e. the firm's success factors, as well as the firm's success symptoms, play important roles in the resource-based stream of strategic management. At the same time, market and economic outcomes achieved by a firm are the basis for the creation of long-term business competitive advantage.

From the resource-based view perspective, competences being the firm's most significant strategic potentials

Competences are of key importance among the strategic potentials that condition not only the firm's expected market and economic outcomes, but also the gaining and maintaining of a long-term competitive advantage. The condition for the firm's competences development is, first of all, the availability of adequate resources. Thus, the issue of resources management has been a subject of long-term academic interest.

The term 'competences' may be perceived and defined at least from two major points of view or perspectives: (1) from the personal perspective and (2) from the managerial perspective. From the personal perspective, competences are primarily associated with the characteristics (human features) of people that allow them to perform entrusted tasks. The issue of competences captured from this perspective has been the subject of detailed considerations in the area of human resource management, and many advanced and complex approaches, concepts, models, etc. have been found (Dubois, 1993; Illeris, 2009).

In turn, from the managerial perspective, which is associated mainly with the resource-based strategic management stream, a firm's competences is comprised of a firm's held capabilities (compositions of capabilities), allowing for effective and efficient use of the resources that it possesses or can gain. In this case, one may talk about both the firm's competences (Matwiejczuk, 2014), and, in a broader point of view, about competence-based strategic management.

In resource-based strategic management, it is emphasized that resources are the basis for the firm's function and are referred to as its 'strategic business units'. In trying to use a firm's resources effectively and efficiently, it is necessary to develop adequate capabilities that, in turn, may co-create individual competences. In taking this into account, one may say that the primary condition for the development of a firm's competences are both the integration and the coordination of resources and capabilities. Thus, knowledge is a key type of resource possessed by any firm.

The term 'competences', and more precisely the term 'distinctive competences' were introduced into sociology by P. Selznick (Selznick, 1957). Within the area of strategic management, the notion of competences was for the first time applied by I.H. Ansoff and K.R. Andrews (Eriksen, & Mikkelsen, 1996; Ansoff, 1965; Andrews, 1971). Along with the development of strategic management, competences were more often perceived as the distinctive strategic potentials of a firm, occupying a key place in its value chain, as well as affecting the possibilities of achieving and maintaining long-term competitive advantage (Mahoney, & Pandian, 1992).

According to R. Sanchez and A. Heene (Sanchez, & Heene, 2004), competences are the capabilities thanks to which a firm is able to use its resources in a coordinated way and, as a consequence, actively manage its resources, hence enabling and/or stimulating the achievement of set goals. J. Wallin (Wallin, 2005) emphasizes that capabilities are the result of the operationalization of competences, manifested in detailing a firm's competences into specific capabilities. This implies that a firm's competences are the special capabilities (types or groups of capabilities) held by the firm that are associated with specific compositions of the firm's resources, and that enable effective and efficient ways of achieving set goals.

R. Sanchez lists four basic criteria describing the conditions that the firm's competences should fulfil (Sanchez, 2004):

1. Competences should enable a proper reaction to the dynamic changes taking place in the firm's environment, as well as within the firm.
2. Competences should take into account the assumptions and elements of the systematic approach to business management and its relations with other firms.
3. Competences should contribute to value creation for both the customer and the firm.

4. Competences should take into account the holistic nature of a firm's relationships with its stakeholders.

The above conditions concern the individual capabilities that co-create competences (groups of competences), and that is why they are described in detail later in this article.

From the perspective of the resource-based strategic management stream, a firm's competences are its long-term capabilities in resources use that are utilized in implementing set goals and tasks, and which, in turn, lead to the achievement of expected market outcomes and economic outcomes by the firm, as well as to create competitive advantage. The basis for the development of such understood competences is the integration and coordination of the firm's resources and the firm's capabilities, taking into account the specific type of resource that the firm's knowledge is (Matwiejczuk, 2014).

Resources as the basis of the resource-based view of a firm and their relations to competences

The resource-based view is crucial in developing resource-based strategic management. Indeed, for some authors, this concept is, to a greater or lesser extent, even identified with the entirety of the resource-based stream (Barney, 1991; Barney, & Arikan, 2001; Barney, & Clark, 2007; Grant, 1991). In the resource-based view concept, sometimes referred to explicitly as the 'resource concept', it is assumed that the primary condition for achieving a firm's success, otherwise known as 'gaining and maintaining a competitive advantage', is the possession of valuable and rare resources that are difficult for competitors to obtain or copy, as well as the possession of the capabilities of employing these resources to achieve the firm's set goals (Grant, 1991).

The resource concept primarily draws attention to the strategic importance of resources in achieving the aim of enabling the firm to gain competitive advantage. Thus, the firm resources are perceived as the most important type or group of strategic potentials in that firm. In addition, the resource concept emphasizes the need for a firm to have adequate capabilities to effectively and efficiently use its resources, but at the same time, it is noted that the firm's capabilities are also one of the firm's types of resources (Teece, 1984). By means of effective and efficient use of both resources and capabilities, the firm can offer products and services that not only meet the preferences and expectations of customers, but are also more advantageous in cost or capability when compared to the competitors' offer, thus enabling the firm to gain competitive advantage.

According to B. Mikus, resources constitute the specific 'properties' of a firm that allow the use of market services to obtain and/or enrich the benefits from competition (Mikus, 2003). Creating a resource-based competitive advantage requires appropriate defining of methods and tools for value creation. In this sense, resources can be perceived as both the tangible and intangible assets of a firm that are the basis of the value creation process (Grant, 1991). The most significant result of this process is the generated value for both the customer and the firm. Therefore, it may be said that resources are the basic driver of the value that is created and delivered to customers in the form of a specific offer of products and services. By offering to the customers values that match their need and expectations, the firm can generate its 'own' value in the form of sales revenue.

Sometimes the firm's competences are encompassed within the widely perceived notion of enterprise-held resources. As a result, competences are then perceived more or less directly as a group of resources. However, a firm's competences can only be considered as a special type (group) of resource in a contractual way that emphasizes the different nature of both terms, as well as the relationships occurring between the term 'resources' and the term 'competences' (Matwiejczuk, 2014). In the light of the competence-based management concept development, the relations between the terms 'resources' and 'competences' should be well recognized, taking into account a number of references in the concept that are related to competences in relation to the previously created 'basic' concept of management as built upon resources. The resource concept is the basis for the development of other concepts, that, on the one hand, are placed in the resource-based strategic management stream, and on the other hand, deepen and develop many assumptions and elements of the 'basic' resource concept.

Capabilities within the resource-based view of a firm and their relationship to resources and competences

The term 'capabilities' was introduced and disseminated by I. Ansoff (Ansoff, 1965). In general, the firm capabilities constitute a 'bundle' (collection) of individual skills and abilities for the implementation of activities and/or tasks (Prockl, 2007). The basic feature that is the most important symptom of a firm's capabilities is their orientation towards achieving expected outcomes. These outcomes are obtainable due to purposeful and coordinated methods of actively involving resources (compositions of resources) in achieving the firm's set goals.

In the opinion of M. Bratnicki (Bratnicki, 2008), the firm's capabilities refer to the specific abilities held by that business entity to perform a given task, function or activity at a satisfactory level. M. Bratnicki holds that such perceived capabilities include the combinations of skills, abilities and processes that are accumulated, mainly due to organizational learning.

Several important features characterize the notion of capabilities serving as the basis (next to resources *sensu stricto*) for the firm's development of competency (Matwiejczuk, 2016).

Firstly, the capabilities should enable the firm's quick, as well as effective and efficient response to the dynamic changes taking place both in its environment (especially the market environment and the competitive environment), and within the firm (changes within the internal processes implemented in the firm, as well as changes related to the outcomes of these processes).

Secondly, the capabilities should create conditions and circumstances for the systemic management of the firm and its relations with other firms, taking into account the complexity of the relationships that occur between the specific firm's subsystems (decision subsystems, management concepts components, management functions, functional areas, etc.), as well as between the firm and its suppliers, intermediaries, customers and competitors. In this context, the capabilities enable coordinated use and active management of the resources possessed by the firm.

Thirdly, the firm capabilities should enable the achievement of the expected level of effectiveness and efficiency, assessed both within the market dimension (i.e. from the perspective of values and benefits for the customer), and within the economic dimension (i.e. from the perspective of the values and benefits for the firm). The customer value creation should, on the one hand, take into account the structure and diversity of the customers' needs and preferences, and on the other hand, 'secure' the value creation for the firm.

Fourthly, the firm capabilities should comprise the management of multidimensional relations between the firm and its stakeholders (which are of a holistic nature, i.e. they form a system covering a range of multidimensional relationships with various entities). By means of the development of held capabilities and the resources on which the firm competences are 'embedded', the business entity can more effectively and efficiently achieve the set goals related to the creation of customer value, firm value, as well as values for individual stakeholders.

As aforementioned, the resource-based view concept is the foundation of the resource-based strategic management stream development, and, at the same time, the leading concept of that stream. However, one of the most important reservations formulated with regard to the resource-based view concept is the 'incorporating' of the capabilities and other strategic potentials of a firm into the broadly understood resources. As a result, the capabilities are then perceived as an element contained within the firm's resources group that enables the firm's expected market and economic outcomes (Enders, 2004).

A concept that not only 'shifts' the central point of gravity from resources towards capabilities, but also significantly enhances the importance of the capabilities that are perceived as important, and, simultaneously, are clearly 'separated' from the resources strategic potentials of a firm that affect the creation of competitive advantage, is the concept of dynamic capabilities.

As emphasized by M. Bratnicki (Bratnicki, 2008), the resource concept shows that those firms that are able to develop and use unique, difficult to follow and valuable capabilities and competences, can gain a competitive advantage and achieve above-average incomes. The author highlights that, especially from the perspective of the concept of dynamic capabilities, it can be said that a firm 'simply owning' (possessing) resources is not a sufficient condition for gaining a competitive advantage.

At the same time, an important condition for gaining and maintaining a competitive advantage is the skilful development of a firm's resources, the creation of new combinations, as well as the proper use of capabilities and competences that make it possible to meet market and environment requirements. Consequently, within the concept of dynamic capabilities, significant attention must be assigned to the strategic importance of a firm's capabilities, perceived herein as 'the integration mechanisms', concerning the various resources compositions that the firm possesses (Teece, Pisano, & Shuen, 1997; Eisenhardt, & Martin, 2000). The integration of resources (compositions of resources) and capabilities (compositions of capabilities) allows for the simultaneous use of these two types of the strategic potentials in achieving the firm's goals. This is particularly important from the perspective of the firm's development of competences resulting from the integration and coordination of the resources and capabilities that the firm possesses.

Conclusion

In the strategic management area, one may notice the growing importance of the notion of the resource-based stream within which a particular role is attributed to the firm's strategic potentials (including resources, capabilities and competences) being perceived as factors affecting the creation of the firm's competitive advantage. The competitive advantage is then the final result of using resources, capabilities and competences in the firm's pursuit of success.

The issue of the firm's strategic potentials occupies an important place in the resource-based strategic management stream. The basis for the development of this stream is the concept referred to as 'resource-based view', in which resources are perceived as the most important element of the firm's strategic potentials, and in which resources have a key importance in striving to achieve and maintain long-term competitive advantage.

Within the resource-based strategic management stream, there are also other concepts in which a significant role in creating competitive advantage is attributed, respectively, the firm's capabilities and the firm's competences. In this sense, the 'basic' resource concept (resource-based view concept), which constitutes the specific 'core' of the strategic management resourced stream, is expanded and enriched by the addition of the assumptions and elements of concepts such as the dynamic capabilities concept. This emphasizes the key importance of the firm's capabilities, as well as the competence-based management concept in adding value to the firm's competences. The triad of 'resources – capabilities – competences' is a composition of the most important types (groups) of strategic potentials of a firm, perceived and assessed from the perspective of creating the firm's competitive advantage.

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