

## MANAGEMENT AND MARKETING

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### TO THE QUESTION ABOUT THEORETICAL ASPECTS OF THE RESOURCE-BASED VIEW AS ONE OF THE MODERN MANAGEMENT MODELS

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#### Abstract

The stages of the modern management are considered. Special emphasis is placed on the current stage of its development. The most used tools of the modern management are analyzed. Such a model of modern resource management as the resource-based view is allocated.

**Keywords:** modern management, resource management, resource-based view, core competencies, outsourcing.

#### Introduction

Management originated in the third Millennium BC with the emergence of organizations. But it has become a scientific discipline in the early XX-th century when F. Taylor published «The principles of scientific management». Management is effective and efficient achievement of organizational goals by planning, organization, leading and controlling of organizational resources [1]. Production management as the science and practice of enterprise management has historically changed following the development of market relations. The main management objectives have always been profit maximization and competitive position in the market. Due to current

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market conditions, high levels of competition exacerbated by the globalization of world markets, the achievement of sustainable competitive advantages has become a difficult task for industrial enterprises. Core competencies, being the main merits or strategic advantages of the business, are a combination of pooled knowledge and technical and technological capabilities that allow this business to be competitive in the market. Understanding core competencies makes it possible for the company to invest in its strengths and to identify effective development strategies. The identification, assessment and use of core competencies permit to tap into the hidden reserves of the business, thus promoting the productivity and efficiency of its operations, which radically changes the entire logic of the resource management of the company. Building development strategies for industrial enterprises is impossible without the management's regard for the company's true core competencies, which defines the basis and criteria for their selection. A managerial emphasis on core competencies provides a logic rationale for outsourcing non-core resources or activities. At that, outsourcing serves as an essential accompanying tool to leverage hidden reserves through the allocation and development of core competencies [2].

**Materials and methods**

Modern management is a result of four scientific approaches:

1. the approach from the point of view of scientific schools;
2. process approach;
3. system approach;
4. situational approach.

The approach from the point of view of scientific schools is divided into: the school of scientific management, administrative management school (classical school), the school of human relations and the behavioral school, the school of management science. Each of the schools except the last focuses on one of the control elements and ignores the influence of external factors. School of management science fundamentally differs from the earlier schools, it relies on the using of quantitative methods, building mathematical models, finding the optimal solution, mathematical modeling of the functional processes of organizations. Its concept also interacts well with other management approaches.

The process approach is based on the ideas of classical school of management. H. Fayol formulated 5 functions of management: planning, organization, command chain, coordination and control. Modern management includes a great number of functions. But the main idea is that the process approach implies the

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consideration of the functions in continuous cooperation among themselves. According to the system approach, each organization is open and consists of a set of subsystems. And they actively interact with the external environment. The concept of system approach allows to consider the organization comprehensively and fairly. On the one hand, the situational approach is the most difficult to implement in practice, and on the other hand, it is effective. M.P. Follett is a representative of humanistic direction of management, proposed the concept of «vesting authority». It means that employees are given opportunities to act according to a specific situation, and not according to their authority. Thus, her idea was preceded by the development of this area of management. So modern management embodies all the above ideas and approaches in varying degrees. But progress does not stand still; economic, political and environmental situations in the world are changing and as a result new concepts of management are generated.

Since 1993, the influential international consulting firm «Bain and Company» conducts a survey of thousands of executives to identify the most used management methods (table 1) [3,4,5,6,7,8].

**Table 1. The most used management tools in the recent years, according to the data of «Bain and Company»**

	2000	2004	2006	2008	2010	2012
1	strategic planning	strategic planning	strategic planning	benchmarking	benchmarking	strategic planning
2	mission and vision statements	customer relationship management	customer relationship management	strategic planning	strategic planning	customer relationship management
3	benchmarking	benchmarking	customer segmentation	mission and vision statements	mission and vision statements	employee engagement surveys
4	outsourcing	outsourcing	benchmarking	customer relationship management	customer relationship management	benchmarking
5	customer satisfaction	customer segmentation	core competencies	outsourcing	outsourcing	balanced scorecard
6	growth strategies	mission and vision statements	mission and vision statements	balanced scorecard	balanced scorecard	core competencies
7	strategic alliances	core competencies	outsourcing	customer segmentation	change management programs	outsourcing
8	pay-for-performance	strategic alliances	business process reengineering	business process reengineering	core competencies	change management programs
9	Customer segmentation	growth strategies	knowledge management	core competencies	strategic alliances	supply chain management
10	Core competencies	business process reengineering	scenario and contingency planning	mergers and acquisitions	customer segmentation	mission and vision statements

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According to the latest data of 2014, the list of the most popular management tools consists of (from the most popular to the most unpopular) [9]:

- customer relationship management;
- benchmarking;
- employee engagement surveys;
- strategic planning;
- outsourcing;
- balanced scorecard;
- mission and vision statements;
- supply chain management;
- change management programs;
- customer segmentation;
- big data analytics;
- core competencies;
- total quality management;
- mergers and acquisitions;
- business process reengineering;
- satisfaction and loyalty management;
- strategic alliances;
- organizational time management;
- digital transformation;
- scenario and contingency planning;
- complexity reduction;
- price optimization models;
- decision rights tools;
- zero-based budgeting;
- disruptive innovation labs.

Analyzing the results of the beginning of the XXI-st century, the trend to focusing on cost reduction is observed in the conditions of unstable development and the presence in the list of such tools of management as «core competencies» and «outsourcing» is noteworthy. These tools strengthen their positions among the most popular from year to year. Satisfaction indicators from their use are also proof of this (table 2) [3,4,5,6,7,8,9].

These positions are fundamental to the modern model of resource management called resource-based view. It is one of the newest contemporary organizational technologies that appeared in the early 1990-ies of the XX-th century. In contrast to others, it disregards the value stream and focuses instead on resource groups. This model is based on the presentation of the enterprise as a set of resource groups and the identification of resources that are core competencies, which allows to achieve a competitive advantage. And

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the second one is the transfer of nonspecific business functions for the enterprise to third party organizations called outsourcing. According to this concept, cost minimization is achieved by concentrating on a certain combination of key resources and deliberate neglecting of other resources. It leads to profit maximization.

**Table 2. Satisfaction indicators from use of the tools: «core competencies» and «outsourcing» in the recent years (on a scale of five) according to «Bain and Company»**

	2000	2004	2006	2008	2010	2012	2014
<b>Core Competencies</b>	3,83	3,89	3,86	3,82	3,9	3,88	3,78
<b>Outsourcing</b>	3,8	3,97	3,68	3,79	3,71	3,64	3,61

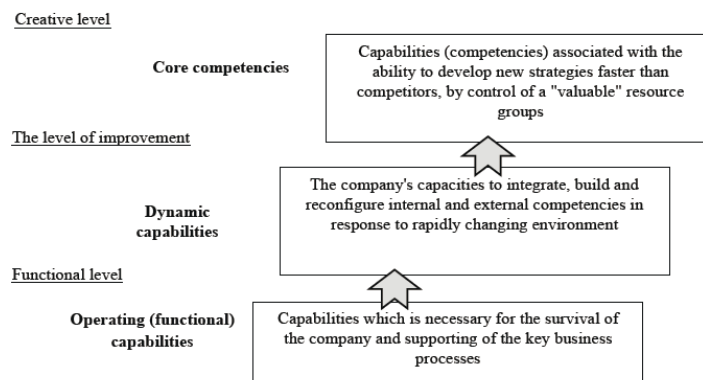
The source of the resource-based view is considered to be the thesis expressed by Danish economist B. Wernerfelt. From his point of view, the analysis of a firm from the resource position is more useful than from the products position. According to the main idea of the resource-based view, the source of economic rents are resources that can be called unique for this company. And the emphasis is on the ability to combine available resources, creating the strategic opportunities for the organization development. British economist R.M. Grant has identified these resources, that are able to generate rents as «individual». The resource-based view, studying significance of the impact of the different resource groups on the results of the company and its strategic competitiveness, attaches particular importance to the recombination of resources in response to the current market situation. Thus, the company provides the required core competencies, paying attention not to the formal analysis of the factors of production and their management, but to the quality condition of key resource groups.

Nowadays there are two conceptual variations of this model of the resource management. The first is the traditional or structural version, which comes from the fact that firms operate on markets with predictable behavior parameters. The combination of resources is set not by the firm, but is dictated by processes occurring on market. The weak point of the classical approach is its static character and the lack of response to the question - how does the resource support of an enterprise can adapt to changes of the market

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environment. The second one is the dynamic or process version, according to which internal processes have an impact on the formation of the resource combinations. In the modern conditions this variation is the most actual and it allows to analyze and estimate the business processes of an industrial enterprise. D.J. Teece suggested to complement the resource-based view by the method of «dynamic capabilities» and include to the subject of the analysis and management such components as competencies (capabilities) and organizational process. Dynamic capabilities of enterprises are important components of their competitiveness in the market conditions. It is noteworthy that they are largely determined by the available intellectual resources.

D. Collis was the first who tried to analyze the hierarchy of organizational capabilities and made conclusion that it consists from three levels. (figure 1) [10].



According to the figure, the intellectual resources of company are necessary basis for the formation of a hierarchy of organizational capabilities because these abilities are required for survival and supporting of the key business processes and they provide advancement between levels in the hierarchy.

J. Barney introduced into the resource-based view such definition as sustained competitive advantage, whose measure of achievement depends on how a certain group of resources meets to the four factors (VRIN):

- Valuable.
- Rare.
- Inimitable.
- Non-substitutable.

One of the companies with the largest capitalization in the world is the American Corporation Apple Inc. In the context of the

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resource-based view Apple Inc. can be considered. No doubt such position as «first mover advantage» based on constant comprehensive research and development, brand reputation, customer loyalty have the highest scores of all criteria, so they are core competencies that lead to the possession of sustainable competitive advantage in these areas. At the same time, the company uses a tool such as outsourcing, entrusting the processes of assembling and manufacturing to the Chinese company Foxconn.

### **Results and discussion**

Modern management is a perennial result of the development of management science. Now resource management is especially relevant. In the current economic conditions the rational using of resources by the enterprises is the key to success. The analysis of ten popular modern tools of practical management, among which are such widely applicable tools as strategic planning, customer relationship management, benchmarking, balanced scorecard revealed that the management of core competencies and outsourcing are almost always used in parallel. And assessment of satisfaction indicators from use of these tools on a five point scale consistently is striving to 4. Resource-based view is effective model of the resource management. It is extensive and dynamic program that allows to get many valid answers to the important questions of strategic management of the companies.

### **Conclusions**

Focusing on effective use of internal resources and minimizing costs are the correct trends, which have become popular in the recent time. These trends can help enterprises to survive in economically unstable periods and also increase their competitiveness. Resource-based view is very promising model of the modern management. Further development of the basic ideas of the resource management, especially the concept of dynamic capabilities, may really contribute to the solution of its central task - the identification of the sources of sustainable competitive advantages of companies in the contemporary conditions of radically transforming environment.

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