

# RESOURCE BASED VIEW APPROACH

*The resource-based view (RBV): is a model that sees resources as key to RBV is an approach to achieving competitive advantage that.*

The parameters deciding this are 1. Land, buildings, machinery, equipment and capital – all these assets are tangible. Major proponents were Wernerfelt, B. Imperfectly imitable - not easily implemented by others. Question of Imitability. Organization Control mechanisms such as formal reporting structures, compensation packages and a collaborative environment tie these 3 points together, thus helping you capture the actual value they bring in. This also helps your future projects follow a better cyclic process. Immobilizing them may seem like a step backwards. What one company would do, the other could simply follow and no competitive advantage could be achieved. Rare - Resources have to deliver a unique strategy to provide a competitive advantage to the firm as compared to the competing firms. The resources that cannot meet this condition, lead to competitive disadvantage. The VRIN characteristics The important features for a resource to be strategically important are as below Valuable - When resources are able to bring value to the firm they can be a source of competitive advantage. Although scholars debate the precise categories of competitive positions that are used, there is general agreement, within the literature, that the resource-based view is much more flexible than Porter's prescriptive approach to strategy formulation. On the surface these companies can have product portfolios that seem idiosyncratic. Technology touches lives, and as such evolves in response to changing requirements. Why are Core Competencies Important? Fundamentally, this theory formulates the firm to be a bundle of resources. While history gets distorted easily, knowledge integration lets you learn from previous mistakes made. In addition, management must invest in organisational learning to develop, nurture and maintain key resources and competencies. Resources are valuable if they help organizations to increase the value offered to the customers. Intangible resources usually stay within a company and are the main source of sustainable competitive advantage. However, the resource must also be costly to imitate or to substitute for a rival, if a company wants to achieve sustained competitive advantage. Develop, nurture and protect resources that pass these evaluations. The more experienced your resource pool, the smarter their strategy is at embracing newer information. Intangible resources, such as brand equity, processes, knowledge or intellectual property are usually immobile. The so-called positioning school had dominated the discipline throughout the s. Tangible resources include: physical assets such as financial resources and human resources including real estate, raw materials machinery, plant, inventory, brands, patents and trademarks and cash. Which is why investing in training, workshops and certifications is a worthwhile cause. In contrast, the resource-based view argued that sustainable competitive advantage derives from developing superior capabilities and resources. Resources, no matter their nature, create and sustain value by: 1. The lowered pricing model and lasting efficiency rapidly gained widespread popularity which helped Toyota retain consumer loyalty. They use their wealth of experience and skills to resolve bugs that crop up. Such resources are substitutable and so are not sources of sustained competitive advantage. In RBV model, resources are given the major role in helping companies to achieve higher organizational performance. Therefore, RBV assumes that companies achieve competitive advantage by using their different bundles of resources. But when you combine it with the heterogeneity that we mentioned earlier, both resources and capabilities acquire rarity. Apple competes with Samsung in tablets and smartphones markets, where Apple sells its products at much higher prices and, as a result, reaps higher profit margins.