STRATEGIC HUMAN RESOURCE MANAGEMENT THROUGH THE RESOURCE-BASED VIEW: BUILDING SUSTAINABLE COMPETITIVE ADVANTAGE

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Abstract

In an increasingly competitive business environment, organizations seek sustainable sources of competitive advantage that cannot be easily replicated by competitors. The Resource-Based View (RBV) has emerged as one of the most influential strategic management perspectives, emphasizing the importance of valuable internal resources and organizational capabilities in achieving superior performance. This paper examines the fundamental principles of the RBV and explores its application within strategic human resource management (SHRM). It discusses how human capital, organizational knowledge, leadership, and HR practices contribute to the development of unique organizational capabilities that support long-term competitiveness. The paper also reviews the VRIO framework as a practical tool for evaluating strategic resources and highlights the role of human resource systems in creating value through employee competencies, learning, and organizational culture. By integrating key theoretical contributions from the RBV and HRM literature, the study demonstrates that sustainable competitive advantage depends not only on possessing valuable resources but also on the organization's ability to effectively develop, combine, and utilize them. The paper contributes to a deeper understanding of the strategic importance of human resources as a source of organizational success.

Keywords: Resource-Based View, strategic human resource management, sustainable competitive advantage, human capital, organizational capabilities, VRIO framework, organizational resources, strategic management.

Introduction

The growing complexity of today's business environment has increased the need for organizations to identify internal factors that support long-term competitiveness. While traditional strategic approaches largely focused on external market conditions, contemporary management theories increasingly recognize that sustainable success is driven by the effective utilization of internal organizational resources and capabilities. Among these perspectives, the Resource-Based View (RBV) has become one of the most influential frameworks for explaining why some organizations consistently outperform others.

The RBV argues that competitive advantage is created through resources and capabilities that are valuable, rare, difficult to imitate, and effectively organized. These strategic assets include not only physical and financial resources but also intangible factors such as organizational knowledge, employee expertise, leadership, innovation, and organizational culture. Because these resources are embedded within the organization and are often difficult for competitors to replicate, they provide a foundation for sustained superior performance.

Human resources have become increasingly recognized as one of the most critical strategic assets within the RBV framework. Employees' knowledge, skills, experience, creativity, and commitment contribute significantly to organizational capability and innovation. Consequently, strategic human resource management extends beyond traditional personnel administration by aligning HR policies and practices with organizational strategy to develop and retain valuable human capital.

This paper examines the theoretical foundations of the Resource-Based View and its relevance to strategic human resource management. It reviews the key characteristics of strategic resources, discusses the VRIO framework as a tool for evaluating competitive advantage, and analyzes the role of human capital and HR practices in developing organizational capabilities. The study aims to demonstrate how effective management of human resources enables organizations to build sustainable competitive advantages and improve long-term organizational performance.

Strategic capabilities

Resource-based view (RBV) is examined in the literature for discussing the competitive advantages of the organization. RBV specify that company capabilities may provide sources of long-term competitive advantage of the organisation (Peteraf, 1993). RBV evaluates internal resources of the organization. Capabilities of the organisation (internal forces) characterise the competitiveness and performance of the firm in the market. According to Barney (1991, 2011) organisational resources should be heterogeneous, immobile, and imperfectly imitable to competitors. The main concept of the RBV framework is that organisations with valuable, rare, imperfectly imitable, and non-substitutable resources will gain competitive advantage in the market among competitors which in turn increase company performance level and profitability (Barney et al., 2001). In order to be competitive in the market organisation should have resources that are heterogeneity (different from competitors) and immobility (exclusive or costly to purchase) (Barney, 1991, 2001). In order to achieve heterogeneity and immobility resources of the organisation should be: valuable, rare, imperfectly/costly imitable, and supported by organisation (Barney, 1991, 2001). When a resource contributes to the construction and/or execution of strategies that will increase the organization's productivity and effectiveness, it is considered *valuable*. *Rare* resources are unique, difficult and costly to obtain for competitors, which help to gain sustainable competitive advantage in the market. In order to gain advantage in the market for long-term period it is important that the resources are also *imperfectly imitable*. According to Barney (1991, 2001) imperfectly imitability of the resources could be reached if they are: historical, causal ambiguity, and social complexity. Rich experience in the market helps to build reputation and brand name that are one of the most valuable resources of the organisation that helps to attract more customers and increase trust and brand loyalty (Boyd et al., 2010). Causal ambiguity is “when the causal relationship between a resource and the competitive advantage it creates is not clearly understood” (Barney, 1991, 2001). Causal ambiguity provides difficulty for competitors to observe and detect a specific resource that gives the sustained competitive advantage that in turn makes it hard to copy. Social complexity is social relationships in the company that are hard to identify and copy (Barney, 1991, 2001). Even if resource is valuable, rare and inimitable it is important that there is no another substitution in the market by using which competitors can reach sustainable competitive advantage. According to (Molloy et al., 2011) by providing the best resources not always mean to have the best performance. It is critical to understand firm complexity not only in terms of the resources they have, but also in terms of how those resources are used.

Competences and capabilities of the company help to use resources in more productive way which leads to competitive advantage. The VRIO framework (Barney, 2002) has become the standard method for determining whether a company's resources meet the requirements for long-term competitive advantage. VRIO has been proposed as a tool for determining which resources are valuable to a company and why they are valued, as well as how easily they can be copied by competitors and how the company can use them to gain the market.

The organisation can gain competitive advantage in the market if resources are valuable, rare, inimitable, nonsubstitutable and difficult to copy. RBV framework suggests that every capability and resources (both tangible and intangible) of the organisation that is valuable, uncommon, inimitable, and nonsubstitutable should be introduced in a resource analysis since they can provide a foundation for long-term competitive advantage (Barney, 2001).

Resource-based view for HRM

Strategic management and human resource have close relationship. In case of HRM, RBV helps to examine people as resources of the company as well as rational exploitation of potential source. In order to gain competitive advantage in HR strategy it is important to pay attention to the human capabilities such as knowledge, learning organizations and leadership as a resources (Argote and Ingram, 2000; Fisher and White, 2000; Finkelstein and Hambrick, 1996). Cappelli and Singh (1992) looked at the connection of the RBV and SHRM. They pointed out that most HRM models presume that (1) a specific business strategy necessitates a particular set of employee behaviour and attitudes; and (2) specific human resource policies reveal certain employee responses. Lado and Wilson (1994) argued that each organisation can gain sustainable competitive advantage in the industry by having unique HR system practices. In their research they concluded that system (not the individuals) of HR practices is hard and even impossible to copy. However, Wright et al. (1994) concluded that since any particular HR activity could be easily replicated by competitors, HR practices could not have a sustainable competitive advantage. They suggested that highly qualified, skilled and motivated human resource that provides productive behaviour had a greater chance of being a source of sustainable competitive advantage. Boxall (1998) argued that in order to gain human capital and organizational process advantage, it is important to develop a culture that responds to alignment of interests as well as provide learning and development opportunities within the industry. Youndt and Snell (2001) concluded that competitive pay, trainings and promotion are one of the most important factors for identifying high levels of human capital in the company. People are important factor in gaining human competitive advantage, in order to be successful in the market RBV literature suggests to develop human capital (Hitt, at all., 2001), intellectual capital (Edvinsson and Malone, 1997) and knowledge (Matusik and Hill, 1998) as a main components.

Capabilities, according to the RBV, can equip with potential sources of long-term competitive advantage. Understanding of effective use of human resources and knowledge capital for the strategic advancement of the organization's capabilities is a crucial problem for organisations seeking a sustainable competitive advantage over their competitors. The RBV framework provides better understanding of the strategy complexities and, as a result, be better able to contribute to firm strategic management.

Conclusion

The Resource-Based View provides a comprehensive theoretical foundation for understanding how organizations achieve and sustain competitive advantage through the effective management of internal resources. Unlike approaches that primarily emphasize external market conditions, the RBV highlights the strategic importance of organizational capabilities, knowledge, and human capital in generating long-term business success.

The review demonstrates that human resources represent one of the most valuable strategic assets because employee competencies, organizational knowledge, leadership, and collaborative relationships are difficult for competitors to imitate. However, sustainable competitive advantage is created not simply by possessing talented employees but by developing integrated HR systems that effectively attract, develop, motivate, and retain human capital while aligning these practices with organizational objectives.

The VRIO framework further supports this perspective by providing a systematic approach for evaluating whether organizational resources possess the characteristics necessary to create lasting competitive advantage. Organizations that successfully develop valuable, rare, inimitable, and well-organized human resource capabilities are better positioned to respond to changing business environments and achieve superior performance.

Overall, the Resource-Based View reinforces the strategic role of human resource management in organizational success. Investing in employee development, knowledge creation, leadership, and organizational learning enables firms to strengthen their internal capabilities and build sustainable competitive advantages that are difficult for competitors to replicate. Future research may further explore how emerging trends such as digital transformation, artificial intelligence, and data-driven HR practices influence the development of strategic organizational capabilities within the RBV framework.

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