Extending resource-based theory: considering strategic, ordinary and junk resources

Vanessa Warnier (IAE, University of Lille, Lille, France)
Xavier Weppe (IAE, University of Lille, Lille, France)
Xavier Lecocq (IAE, University of Lille, Lille, France and IESEG School of Management, Lille, France)

Management Decision
ISSN: 0025-1747
Publication date: 2 August 2013

Abstract

Purpose
The purpose of this paper is to answer the question: how to extend resource-based theory to take into account the contribution of all kinds of resources (including the less regarded ones) to performance? While recognising the importance of strategic resources in building and sustaining a competitive advantage, the authors contend that a symmetric analysis of more available resources can shed new light on the sources and mechanisms of superior performance. Thus, they aim to contribute to an extended theory of resources.

Design/methodology/approach
Based on literature review and theorization process, the authors introduce alongside strategic resources, the concepts of “ordinary resources” and “junk resources”, showing how they may contribute to performance with an appropriate business model. Several illustrative cases are discussed to demonstrate that such resources need to be studied by resource-based theory (RBT).

Findings
The authors propose shifting the focus of RBT from the study of strategic resources alone in order to consider other types as well: ordinary and junk resources. Such an approach involves significant implications for strategic management theory and management practices.

Practical implications
The paper describes the conditions under which ordinary and junk resources (more available to most firms than strategic resources) may generate a competitive advantage. The extended resource-based theory can have implications for society as it may influence managers’ and public attitudes towards underestimated resources and lead to new business models.

Originality/value
The approach developed in this article also goes beyond traditional critiques of RBT. Specifically, the authors’ analysis avoids tautological reasoning, distinguishing between: resources; perceptions of their attributes by firms; the services these resources render; the business model implemented to deploy these resources; and the effects in terms of performance. The authors build an extended resource-based theory, allowing the contribution of various kinds of resources to firm performance to be explained.

Keywords
Resources, Resource management, Resource-based theory, Intersubjectivity, Strategic resources, Ordinary resources, Junk resources, Business model

Acknowledgements
The authors are grateful to anonymous reviewers and Joao Ferreira (special issue editor) for their insightful comments. A previous version of this paper has benefited from very useful comments from Paolo Boccadelli, Benoit Demil and Gideon Markman.

Citation

https://doi.org/10.1108/MD-05-2012-0392

To read the full version of this content please select one of the options below

You may be able to access this content by logging in via Shibboleth, Open Athens or with your Emerald Account.
The extended resource-based theory can have implications for society as it may influence managers’ and public attitudes towards underestimated resources and lead to new business models, perceptions of their attributes by firms, the services these resources render, the business model implemented to deploy these resources, and the effects in terms of performance. The paper describes the conditions under which ordinary and junk resources (more available to most firms than strategic resources) may generate a competitive advantage. This shareable PDF can be hosted on any platform or network and is fully compliant with publisher copyright. Extending resource-based theory: considering strategic, ordinary and junk resources. Vanessa Warnier, Xavier Weppe, Xavier Lecocq. Management Decision, August 2013, Emerald. DOI: 10.1108/md-05-2012-0392. The authors haven't yet claimed this publication. Read Publication.

http://dx.doi.org/10.1108/md-05-2012-0392. Resource Based Theory - Resource-based theory contends that the possession of strategic resources provides an organization with a golden opportunity to develop competitive advantages. Strategic resources can be created by various strategies and resources, bundling them together in a way that cannot be copied. Distinguishing strategic resources from other resources is important. Cash is an important resource. Tangible goods, including car and home are also vital resources. From Resources to Capabilities. The tangibility of a firm's resource is an important consideration within resource-based theory. Tangible resources are resources that can have a physical presence. A firm's property, plant, and equipment, as well as cash, are tangible resources. Competing With Ordinary Resources. One classic approach to strategy revolves around gaining competitive advantage through valuable, scarce and distinctive resources — such as a strong brand or innovative technology. But there's also a case to be made for building your company's strategy around the innovative use of quite ordinary resources. Frédéric Fréry, Xavier Lecocq and Vanessa Warnier March 16, 2015 Reading Time: 22 min. Topics.