

Miesięcznik TNOiK Założył Karol Adamiecki w 1926 r.

# RELATIONAL RESOURCES IN THE CREATION OF A COMPETITIVE ADVANTAGE AND IMPROVING VALUE ADDED: THE THEORETICAL APPROACH

## Iwona Otola

https://doi.org/10.33141/po.2013.09.10

Organization Review, No.9, 2013, Vol. 884, pp. 57-63 www.przegladorganizacji.pl/en ©Scientific Society for Organization and Management (TNOiK)

## Introduction

volution is a natural process that occurs in every domain of economic life of any enterprise. Changes observed in the present reality have influenced not only the environment and its surroundings but also

the approach of many researchers to the problems of management. More and more emphasis in the literature is put on the paradigm of relations that focuses on relational resources as a way of managing enterprises

in order to build competitive advantage and generate higher value added [Stańczyk-Hugiet, 2011, pp. 8-11, Castaldo, 2007, p. 11]. Global market today, driven by intensifying competition and pressure that results from a variety of sources, causes that the enterprises are forced to search for new solutions in the process of pursuing company value and the related competitive advantage. Having a competitive advantage in the market is connected with the ability of the enterprise to effectively utilize the resources they have and to ensure that the value added is generated [Grabowska, Otola, 2013, p. 85].

Previous concepts connected with competitive advantage related to the markets and evolved towards resources and competencies. Based on the resource-based theory, the relational resources are viewed as valuable and precious resources that guarantee a success of the firm in the market. Synergy effects [the problem of synergy was discussed in detail in: Otola, 2007, pp. 62-74], which result from the properties of the system have been long known in the literature. This explains turning towards relational resources, which are connected with cooperation and team work and might be the source of generating value added. The aim of the paper is to discuss, based on the literature studies, the relational resources and their effect on creating company value.

# Category of relational resources

here are a variety of different typologies of resources in the literature. The most popular division distinguishes between tangible and intangible assets. However, when analysing the enterprise's resources from the standpoint of its development, the primary importance is from the resources which allow for gaining a competitive advantage. In this context, researchers emphasize specific characteristics of the resources that help enterprises become successful in the market and maintain the competitive advantage. J.B. Barney presented a model of resource-based theory which points to the resources that have to meet VIRN criteria, i.e. valuable, inimitable, rare and non-substitutable [Barney, 1991, pp. 99-120]. The valuable resources are regarded by their nature as strategic since having them allows firms to create a competitive advantage. At the initial stage of development of sciences in the field of management, strategic resources included land, capital and labour. However, they are no longer the only factor to determine a success of contemporary enterprises. Competitive enterprises today are focused on non-material resources, which, according to B. de Wit and R. Meyer, include competence resources (knowledge, skills, attitudes) and relational resources (reputation and relations) [see de Wit, Meyer, 2007, pp. 163]. Essence of relational resources was demonstrated in a survey conducted by R. Krupski. In his study, 62% of the firms surveyed (research sample N=151) claimed that their current market position depends on the most valuable resource, which is informal relations with different entities that are present in their environment [Krupski, 2006, pp. 7-9].

Each firm, with their unique resource base, is connected with many other entities in a number of ways e.g. through relations. The problem of relational resources can be therefore viewed in two ways. Firstly, each relationship contains a combination of the existing physical and organizational resources which might be developed together with the development of the relationships. Secondly, different relationships between firms cause an increase in combinations of physical and organizational resources, which consequently translates into the increase in the value of these firms [Hakansson, Snehota, 2006, pp. 271-274].

What are the relational resources then? Let us assume the lexical approach to the term relation, which is understood to mean "a relation or dependency between objects, concepts and values" [Nowa Encyklopedia Powszechna PWN, 1996, p. 489] and focus on the relations in the science of management. Given the above, A. Stabryła argues that "relations are regarded as the relationships that organize a system and as interactions which help cooperate in the area of management and operational (economic, technological etc.) processes [Stabryła, 2007, p. 9]. Therefore, the starting point for the definition of relational resources in the enterprise is to relate them to the processes of management. This causes that relations are a process were two enterprises establish strong and intensive relationships of social, economic, services-related and technological character, aiming at reduction in total costs and increasing value added, thus reaching mutual benefits [Lefaix-Durand, Poulin, Kozak, Beauregard, 2005, pp. 4-29]. It has been emphasized in the literature that the focus on relational resources represents an attempt to generate company value, which is an overriding strategic goal in contemporary enterprises [Lefaix-Durand, Poulin, Kozak, Beauregard, 2005, pp. 4-29, Kwiecień, Żak, 2013, pp. 178-179].

The typology of relations presented in Table 1 does not exhaust all the possible types. This presentation of typology is aimed at pointing to a variety of interrelations that result from the firm's needs. The purpose of building relations is to generate additional value in enterprises through the use of tangible and intangible resources which are impossible to be acquired independently by managers in a particular entity. The specific factors contributing to the value of relation can be distinguished in the creation of company value. These factors are benefits that relate to [see Ulaga, Eggert, 2005, pp. 73-99]:

• products: relations of manufacturers and suppliers of input products used for their transformation. The value of relations reinforces technical and economic benefits and affects the quality of product and key

- solutions in the process of production;
- services: relation of manufacturers and suppliers of services, connected with offering and supplying services necessary for core activities in the firm. In highly competitive markets, providing all the services connected with a product offer (e.g. product warranty service, distribution) or services which do not directly influence on the increase in the value of the enterprise (e.g. accounting and legal services) should be ensured within external functions:
- deliveries and time of market launch: relations allow for e.g. entering new markets, effective distribution connected with timely deliveries and flexibility, quick reception of semi-finished products and materials used in manufacturing, efficient inventory cost management;
- · know-how: access to demanded resources and competencies. Relations positively affect the process of learning and acquisition of knowledge, innovativeness (development of new products, integration in the field of new technologies), optimization of the internal resources;

Table 1. Typologies of criteria adopted to classify relationships

Main criteria	Specyfic criteria	Examples of relational typologies	
Numerousness and identity of the involved subject in relation	Number of relation	Dyad Triad Network	
	Involved subjects	Business to Business Business to Consumer Consumer to Consumer	
	Possition with the supply chain	Dystributive Consumption Supply	
Parties' orientation of relations and behavioural variable	Temporal level	Short term Mid term Long term	
	Commitent level	High motivational intensity  Low motivational intensity	
	Tie strenght	Strong ties Weak ties Tighly copuled relations Loosely copuled relations	
	Types of agreements	Contractual Non-contractual Based on capital ties	
	Power/ dependency level	Balanced relations Relations with a recognized leader	

Main criteria	Specyfic criteria	Examples of relational typologies	
Relationship object	Content strategic value	Strategic Tactic	
	Functional specificity of relationship	Marketing Distribution Technological Productive Financial	
Relationship dynamics	The stages of relationship – evolutionary models	Evolutionary process of relation: 1. Awareness 2. Exploration 3. Expansion 4. Commitment 5. Dissolution Model applied to relation B2B: 1. Pre-relationship 2. Early stage 3. Development stage 4. Long term stage 5. Final stage	
	The stages of relationship – customer loyalty	Satisfaction and trust     Behavioural loyalty     Mental loyalty     Loyalty.	
	Categories of customres	Procpects     First time buyers     Early repeat buyers     Core customers     Core defectors	
Multidimen- sional criteria	Relationship intensity and forms of dependency	Market relationships Authority relationships Bilateral relationships	
	Relational goal and orientation of firms	Collaborative marketing Cooperative marketing Supplier partnership Special supply agreements Strategic alliances Cartels Clusters Network organization Virtual organization	
	Trust and risk level	Hierarchical Market Recursive Relational	

Source: author's own elaboration based on [Castaldo, 2007, pp. 19-20; Knop, 2007, pp. 251-252; de Wit, Meyer, 2007, p. 163]

• human resources: this relates to satisfaction with the relations established, respect for the staff, integration in decision-making processes.

Creation of satisfactory relations between firms and monitoring them might contribute to generation of value added for the firms involved in these relations.

# Relations between firms in the creation of competitive advantage

The enterprises that operate in global markets strive for reinforcing their operation through building an international networks, which leads to increasing their share in a particular market, reduction in the risk of operation, costs of research and development and costs of marketing through division into individual partners. A variety systems of cooperation between the enterprises can be found in the business practice, whereas the differences between these systems result from different types of entities, relationships, their firmness or the degree of coherence in the system.

In the context of globalization processes and competitiveness, A. Koźmiński argues that "no isolated enterprise is able today to meet all the requirements of the international competition" [Koźmiński, 1999, p. 122]. Similar views were presented by J. Moore and Sh. Curry, who noted that the traditional fight with competitors is no longer observed and the enterprises should evolve with their environment and establish new forms of relationships with competitors [Moore, Curry, 1996, pp. 142-144]. This means that the enterprises do not compete with each other independently. It is groups of enterprises connected into the networks

of cooperation that fight for their competitive position while its firmness is determined by the intensity of cooperation in the network and quality of business environment [Skawińska, Zalewski, 2009, p. 65]. Therefore, the process of cooperation and building international ties among the enterprises is natural. Network structures are developed based on a variety of groups of factors such as: organizational relations (e.g. property rights of the companies in the network), market relations (through manufacturer-supplier ties), local relations (functioning in the same region e.g. cluster) or informal relations (e.g. social relationships) [Kowalski, 2011, pp. 30-42].

The investigations of the networks of business relations between enterprises have been typically analysed in the context of their vertical relationships i.e. buyer-seller, which is easier to be captured as these enterprises function within the supply chain. This approach was presented by M. Nowicka-Skowron, who pointed out that competition affects the supply chain (thus it has lower effect on individual enterprises) and presented the measures for evaluation of effectiveness of this chain [Nowicka-Skowron, 2009, p. 350]. Vertical relationships in networks allow for distinguishing Porter's components of the value chain, such as:

- inputs, connected with supplying semi-finished products and raw materials,
- transformation processes which include the processes of production of final goods and services,
- outputs, connected with the demand for goods and services.

However, building a network of relationships also involves horizontal relations between enterprises or, more specifically, relations between previous competi-

Table 2. Characteristics of horizontal relations between the enterprises

Type of relation	Type of relationship	Trust and character of the relations	Competitor's goals
Coexistence	Lack of business exchange Relationships based on information and social ties	High level of trust Informal but firm norms, lack of defined rules	Independent and different goals
Cooperation	Relationships based on frequent exchange of business activities Information and social ties	Possible distrust between competitors  Relation built based on formal (alliances and other partnerships) or informal (trust and social norms) agreements	Shared goals
Competition	Lack of common relationships Acting through copying, action-reaction	Norms based on informal rules Rules are known to everyone	Convergent but independent goals
Co-opetition	Relationships based both on economic and non-economic factors	Frequent formal agreements from the standpoint of cooperation Informal relationships from the standpoint of competition	Shared goals from the standpoint of cooperation Converging goals from the standpoint of cooperation

Source: author's own elaboration based on [Bengtsson, Kock, 1999, pp. 178-193]

**Number of relations** 

tors. An interesting concept of horizontal relationships between enterprises in the networks was presented by M. Bengtsson and s. Kock. These authors created a classification of horizontal relations between enterprises in the four categories, and the results of their studies show that the same enterprise might enter into a variety of horizontal interactions. Furthermore, the relationship between an enterprise and its competitor might vary due to a dynamic character of business activities [Bengtsson, Kock, 1999, pp. 178-193]. The vertical relations between enterprises have been broadly discussed in the literature on the subject and presented mainly with the supplier-customer approach. In the horizontal arrangement, a variety of relations might occur between competitors since it is clear that presence in the network necessitates, on the one hand, a specific level of competition, and, on the other hand, establishing firm relations.

The forms of relations between enterprises presented in the Table 2 are characterized by varied degree of mutual interactions. The lowest degree of interactions between the business entities occurs in the case of co-existence, which points to the independent goals of the enterprises. Thus, the relationships are based on information and social ties. Furthermore, no business exchange occurs between the enterprises. The competition, extensively discussed in the literature, accentuates convergent goals of business entities whereas relations between each other are based on a market play of action-reaction. The interesting examples of relations are cooperation and co-opetition. The former type, cooperation, is focused on striving for achievement of the common goals. The relationships, which might be both formal and informal, concern all the domains, i.e. business, infor-

mation and society. These relations are largely based on mutual trust of the cooperating enterprises and, if the division of authority and scope of duties between both parties is defined, conflicts occur very rarely. The latter type of relations (co-opetition) is characterized by the complexity of relations since, business entities compete and cooperate with each other at the same time. The relations in co-opetition encompass different levels of management and might adopt a variety of organizational forms, depending on the needs and conditions of enterprise's operation, which emphasizes the broad range of different co-opetition solutions, from those simple and clear to extremely complex that involve even several tens competitors [Cygler, 2009, pp. 86-96]. Furthermore, competition and cooperation aims to ensure maximum benefits to enterprises. The presented forms of relations between enterprises accentuate their complexity, which translates into the difficulties in managing enterprises, in consideration of their complex and multi-aspect business relationships, whose main goal is to derive benefits. In this context, an important notion for operation of contemporary enterprises was presented by J. Stachowicz and A. Stachowicz-Stanusch, who argued that "management processes in contemporary organizations are structured not in the hierarchical networks only (e.g. those which organize responsibility and activities of the members of the organization, managers, subcontractors according to the Max-Weber's bureaucratic model) but rather dually i.e. both in the networks that structurize horizontal flows of knowledge, values and in the hierarchical networks [Stachowicz, Stachowicz-Stanusch, 2011, p. 11].

Z. Olesiński attempted to characterize relations that occur between enterprises. This author found 9 types

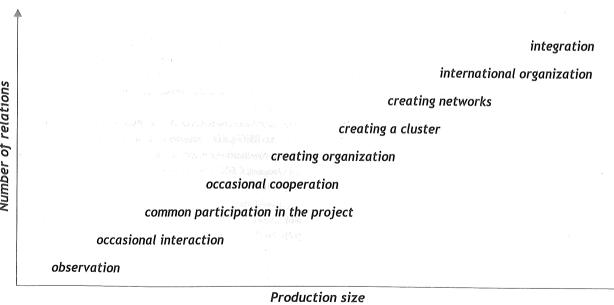


Figure 1. Typology of relations between enterprises in the context of number of relations and production size Source: author's own elaboration based on [Olesiński, 2010, p. 133]

of relations due to the frequency of relations and their effect on increased production, illustrated in Figure 1 [Olesiński, 2010, pp. 131-134].

The presented types of relations between enterprises are organized increasingly depending on their effect on production size and number of relations. Observation or occasional interaction suggests the lack of constant relations and is characterized by non-committal cooperation started several times a year and leads to insignificant increase in production. Another type of relations are characterized by firm relationships and allow for a certain increase in production (taking part together in a project, occasional cooperation). The third type helps create a number of fixed relations in clusters and networks, contributing to stabilization of the increase in production. The most intensified interorganizational relations allow for stabilization of enterprise development, using the economies of scale and scope in the relations created and are typical of transnational enterprises. A varied configuration of relations allows enterprises to derive benefits from cooperation that manifest themselves in the synergy effect and enhanced value added.

# Conclusion

reation of value added in modern enterprises cannot occur without relational resources. Gaining a competitive position by an isolated enterprise seems to be impossible in the contemporary global world. Having the resources which determine the competitive position today, i.e. knowledge, skills and technology might, from the standpoint of a single enterprise, be unattainable. Exchange of information, know-how and other resources might produce mutual benefits for all the enterprises. One solution is building relations between enterprises. Relations result in configuration of enterprise's own resources with the resources that come from the partner. Furthermore, the relations allow enterprises to configure the resources so that they generate value to the partners. Development of relations depends on the goals the individual partners in these relations want to achieve. Establishing fixed relations represents a non-zero sum game since the value added is no longer the domain of a single but all the enterprises involved in the network. On the one hand, the relational paradigm creates the conditions for increasing the value added in enterprises. On the other hand, it should be remembered that enterprises are losing their own independence.

dr inż. Iwona Otola Politechnika Częstochowska Wydział Zarządzania Instytut Logistyki i Zarządzania Międzynarodowego e-mail: iwotola@gmail.com

### References

- BARNEY J.B., Firm Resources and Sustained Competitive Advantage, "Journal of Management" 1991, Vol. 17, No. 1.
- BENGTSSON M., KOCK S., Cooperation and Competition [2] in Relations Between Competitors in Business Network, "Journal of Business and Industrial Marketing" 1999, Vol. 14, No. 3.
- [3] CASTALDO S., Trust in Market Relationship, Cheltenham
- CYGLER J., Kooperencja jako tendencja w zarządzaniu przedsiębiorstw w dobie globalizacji, "Studia i Prace Kolegium Zarządzania i Finansów", Zeszyt Naukowy 94, Szkoła Główna Handlowa, Warszawa 2009.
- CZAKON W., Istota i przejawy kompetencji relacyjnej, Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu 2008, No. 20.
- DE WIT B., MEYER R., Synteza strategii, PWE, War-**[61** szawa 2007.
- GRABOWSKA M., OTOLA I., Wartość dodana determinantą konkurencyjności przedsiębiorstwa, [w:] DURAJ J., SAJNÓG A., Ekonomiczne i pozaekonomiczne czynniki zarządzania wartością przedsiębiorstwa, Wyd. Uniwersytetu Łódzkiego, Łódź 2013.
- HAKANSSON H., SNEHOTA I., Comment "No business is an island" 17 years later, "Scandinavin Journal Management" 2006, Vol. 22.
- KNOP L., Wielostronne strategie relacyjne koncepcja tworzenia, [w:] HERMAN A., POZNAŃSKA K., (ed.), Przedsiębiorstwo wobec wyzwań globalnych, Vol. 1, Szkoła Główna Handlowa, Warszawa 2008.
- [10] KOWALSKI A., Wpływ kryzysu gospodarczego na procesy współpracy i konkurencji, "Master of Business Administration" 2011, No. 2.
- [11] KOŹMIŃSKI A., Zarządzanie międzynarodowe, PWE, Warszawa 1999.
- [12] KRUPSKI R., Strategiczność zasobów, "Przegląd Organizacji" 2006, No. 9.
- [13] KWIECIEŃ A., ŻAK K., Budowanie relacji w strukturach sieciowych, [w:] DURAJ J., SAJNÓG A., Ekonomiczne i pozaekonomiczne czynniki zarządzania wartością przedsiębiorstwa, Wyd. Uniwersytetu Łódzkiego, Łódź 2013.
- [14] LEFAIX-DURAND A., D. POULIN, R. KOZAK, R. BE-AUREGARD, Interfirm Relationships and Value Creation: A Synthesis, Conceptual Model and Implications for Future Research, CENTOR, Quebec 2005.
- [15] MOORE J., CURRY SH., The Death of Competition, "Fortune" 1996, Vol. 133, Iss. 7.
- [16] Nowa Encyklopedia Powszechna PWN, Tom 5, Warsaw 1996.
- [17] NOWICKA-SKOWRON M., Pomiar funkcjonowania łańcucha dostaw, [w:] KISPERSKA-MOROŃ D., KRZY-ŻANIAK S., Logistyka, Wydawnictwo Instytutu Logistyki i Magazynowania, Poznań 2009.
- [18] OLESIŃSKI Z., Zarządzanie relacjami międzyorganizacyjnymi, Wyd. C.H. Beck, Warszawa 2010.

- [19] OTOLA I., Synergy Effects in the Aspect of Local Development of Communities, "International Journal of Public Administration in Central and Eastern Europe" 2007, No. 1.
- [20] SKAWIŃSKA E., ZALEWSKI R.I, Klastry biznesowe w rozwoju konkurencyjności i innowacyjności regionów, PWE, Warsaw 2009.
- [21] STABRYŁA A., Podejście podmiotowo-relacyjne w doskonaleniu struktury organizacyjnej, "Zarządzanie Zasobami Ludzkimi" 2007, No. 6.
- [22] STACHOWICZ J., STACHOWICZ-STANUSCH A., Klastry – współczesną i przyszłościową formą organizacji potęgującej wiedzę i wartości, "Organizacja i Zarządzanie" 2011,
- [23] STAŃCZYK-HUGIET E., Koopetycja, czyli dokąd zmierza konkurencja, "Przegląd Organizacji" 2011, No. 5.
- [24] ULAGA W., EGGERT A., Relationship value in business markets: The construct and its dimensions, "Journal of Business to Business Marketing" 2005, Vol. 12, No 1.

Zasoby relacyjne w procesie tworzenia przewagi konkurencyjnej i kreowania wartości przedsiębiorstwa - ujęcie teoretyczne

#### Streszczenie

Celem artykułu jest wskazanie na kluczową rolę zasobów relacyjnych w procesie generowania wartości dodanej dla przedsiębiorstw. W artykule zaprezentowano różnorodne definicje i typologie zasobów relacyjnych oraz określono korzyści wynikające z relacji między przedsiębiorstwami. Wskazano także na rodzaje powiązań między przedsiębiorstwami w ujęciu horyzontalnym oraz zaprezentowano więzi w odniesieniu do takich czynników, jak wielkość produkcji i liczba relacji.

Słowa kluczowe: zasoby relacyjne, wartość przedsiębiorstwa, przewaga konkurencyjna