## A Review on the Relationship between Organizational Resources, Competitive Advantage and Performance

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**Abstract**

Understanding sources of sustained competitive advantage has become a major area of study in strategic management. The resource-based view stipulates that in strategic management the fundamental sources and drivers to firms' competitive advantage and superior performance are mainly associated with the attributes of their resources which are valuable and costly-to-copy. As such, in order to achieve a competitive advantage level that not only can at least match those of their business rivals' but also will be able to exceed the industrial performance averages, business organizations have to initially seek understanding as to the relative degree of relationship between their organizational internal resources, competitive advantage and performance. Such a research can contribute to the body of knowledge by lending empirical support and further extending the RBV of competitive advantage by examining the relative magnitude of importance placed upon organizational resources towards attaining competitive advantage and enhancing firm's performance.

**Key Words:** organizational resources, competitive advantage and performance; resource-based view

### Introduction

The pursuit of firms' competitive advantage is indeed an idea that is at the heart of much of the strategic management literature (Burden and Proctor, 2000; Fahy, 2000; Ma, 2000, 2004; Barney, 2001a, 2001b, 2007; Lin, 2003; Fahy, Farrelly and Quester, 2004; Cousins, 2005; Porter and Kramer, 2006; Liao and Hu, 2007). Understanding sources of sustained competitive advantage has become a major area of study in strategic management (Porter, 1985, 1991; Barney, 1991; Peteraf, 1993; Ma, 1999a, 1999b, 2004; Flint and Van Fleet, 2005; King, 2007). The resource-based view stipulates that in strategic management the fundamental sources and drivers to firms' competitive advantage and superior performance are mainly associated with the attributes of their resources which are valuable and costly-to-copy (Barney, 1986, 1991, 2001a; Conner, 1991; Mills, Platts and Bourne, 2003; Peteraf and Bergen, 2003). As such, in order to achieve a competitive advantage level that not only can at least match those of their business rivals' but also will be able to exceed the industrial performance averages, business organizations have to initially seek understanding as to the relative degree of relationship between their organizational internal resources, competitive advantage and performance. By having essential information on the relative internal strengths and weaknesses of their organizational resources, management can be guided in the process of making strategic business decision in order to improve their overall organizational position.

### Competitive Advantage

Building on the assumptions that strategic resources are heterogeneously distributed across firms and that these differences are stable overtime, Barney (1991) examines the link between firm's resources and sustained competitive advantage. Four empirical indicators of the potential of firm's resources to generate sustained competitive advantage — value, rareness, inimitability, and non-substitutability — are discussed. The model is applied by analyzing the potential of several firms' resources for generating sustained

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competitive advantages. The article concludes by examining implications of firms' resource model of sustained competitive advantage for other business disciplines.

In Barney (1991), firms' resources include all assets, capabilities, organizational processes, firm's attributes, information, knowledge, etc. controlled by a firm that enables the firm to conceive and implement strategies to improve its efficiency and effectiveness. In this article, a firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors. Furthermore, a firm is said to have a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy (Barney, 1991).

Barney (1991) further argues that to have the potential to generate competitive advantage, a firm's resource must have four attributes: (a) it must be valuable, in the sense that it exploits opportunities and/or neutralizes threats in a firm's environment; (b) it must be rare among a firm's current and potential competition; (c) it must be imperfectly imitable; and (d) there cannot be strategically equivalent substitutes for this resource.

Competitive advantage is perhaps the most widely used term in strategic management, yet it remains poorly defined and operationalized (Ma, 2000). Ma (2000) makes three observations regarding competitive advantage and conceptually explores the various patterns of relationship between competitive advantage and firm's performance, namely: (i) competitive advantage does not equate to superior performance; (ii) competitive advantage is a relational term; and (iii) competitive advantage is context-specific. In addition, Ma (2000) further examines three patterns of relationship between competitive advantage and firm's performance, namely: (i) competitive advantage leading to superior performance; (ii) competitive advantage without superior performance; and (iii) superior performance without competitive advantage. The ultimate purpose of Ma's (2000) article is to help generate a healthy debate among strategy scholars on the usefulness of the competitive advantage construct for our theory building and testing.

Ma (1999b) has also argued that competitive advantage arises from the differential among firms along any dimension of firm's attributes and characteristics that allows one firm to better create customer value than do others. Generic sources of competitive advantage include ownership of assets or position; access to distribution and supply; as well as proficiency – knowledge, competence, and capability – in business operation. It has also been further argued that in order to achieve and sustain competitive advantage, a firm needs to creatively and proactively exploit the three generic sources, preempt rivals attempt at these sources, and/or pursue any combination of proactive and preemptive effort. This article advances an integrative framework that helps management practitioners to systematically analyze the nature and cause of competitive advantage (Ma, 1999b).

Competitive advantage is the basis for superior performance (Ma, 1999a). Understanding the anatomy of competitive advantage is of paramount importance to general managers who bear the ultimate responsibility for a firm's long term survival and success. Ma (1999a) advances an integrative framework called SELECT to help general managers systematically examine the various facets of the anatomy of competitive advantage: its substance, expression, locale, effect, cause, and time-span. It has been reasoned that by analyzing the causes of competitive advantage helps a firm create and gain advantage. Studying the substance, expression, locale, and effect of competitive advantage allows the firm to better utilize the advantage. Examining the time span of competitive advantage enables the firm to fully exploit the advantage according to its potential and sustainability (Ma, 1999a).

The resource-based view of the firm (RBV) has emerged in recent years as a popular theory of competitive advantage. The term was originally coined by Wernerfelt in 1984 (Fahy, 2000) and the significance of this contribution is evident in it being awarded the Strategic Management Journal best paper prize in 1994 for reasons such as being "truly seminal" and an "early statement of an important trend in the field" (Zajac, 1995; cited in Fahy, 2000).

Fahy (2000) reasoned that the principal contribution of the resource-based view of the firm has been as a theory of competitive advantage. Its basic logic is a relatively simple one. It starts with the assumption that the desired outcome of managerial effort within the firm is a sustainable competitive advantage (SCA).

Achieving an SCA allows the firm to earn economic rents or above-average returns. In turn, this focuses attention on how firms achieve and sustain advantages.

The resource-based view contends that the answer to this question lies in the possession of certain key resources, that is, resources having the characteristics of value, barriers to duplication and appropriability (Fahy, 2000). This view is not dissimilar to that proposed by Barney (1991). An SCA can be obtained if the firm effectively deploys these resources in its product-markets. Therefore, the RBV emphasizes strategic choice, charging the firm's management with the important tasks of identifying, developing and deploying key resources to maximize returns (Fahy, 2000). In summary, following Fahy (2000), the essential elements of the resource-based view are as follows: (i) sustainable competitive advantage and superior performance; (ii) the characteristics and types of advantage-generating resources; and (iii) strategic choices by management. The resource-based view is indeed an alternative perspective to analyze competitive advantage compared to that put forward by the I/O perspective. As Porter (1991) highlighted, there are four attributes of the proximate environment of a firm that have the greatest influence on its competitive advantage, namely, factor conditions, demand conditions, related & supporting industries, and firm strategy, structure and rivalry. O'Shaughnessy (1996) re-affirms the validity of Michael Porter's contribution to the discourse on competitive advantage, but suggests that his (Porter) theory is weakened by its neglect of cultural factors and historical antecedents.

Mazzarol and Soutar (1999) study of structure, strategy (marketing & entry) and competitive advantage outline a model of the factors that are critical to the establishment and maintenance of sustainable competitive advantage for education services enterprises in international markets. The variables are conceptualized as industry & foreign market structure; quality image, market profile, coalition formation, forward integration, expertise, culture and information technology. Whereas, the study by Burden and Proctor (2000) on training and competitive advantage found out that meeting customer needs on time, every time, is a significant route to achieving and sustaining competitive advantage, and training is a tool that organizations should use to succeed at this.

However, a study by Gupta and McDaniel (2002) on knowledge management (KM) and competitive advantage investigates the vital link between the management of knowledge in contemporary organizations and the development of a sustainable competitive advantage. The variables are conceptualized in terms of organizational effectiveness, efficiency, core competency, costs; knowledge harvesting, filtering, configuration, dissemination and application. Also, Goh (2004) argues that the field of knowledge management (KM) has emerged strongly as the next source of competitive advantage. Nevertheless, Lin (2003) further suggests that technology transfer (TT) can be a significant source of competitive advantage for firms in developing countries with limited R&D resources. TT is conceptualized in terms of technological learning performance, organizational intelligence, causal ambiguity, firm specificity, complexity, maturity, employee qualification, and innovation orientation.

Fahy, Farrelly and Quester (2004) reveal that the increasingly important role played by sponsorship in the marketing mix has given rise to the view that it should be considered as a significant strategic activity with the potential to generate a sustainable competitive advantage in the marketplace. However, Ma (2004) has further advanced an integrative framework on the determinants of competitive advantage in global competition namely creation & innovation, competition, cooperation and co-option. Whereas De Pablos (2006) explains that the competitive advantage of a transnational organization lies to a great extent in its ability to identify and transfer strategic knowledge between its geographically dispersed and diverse locations.

A study of strategic focus and competitive advantage by Cousins (2005) discovers that firms defining their competitive advantage as being cost-focused will generally consider supply as playing merely a cost-reduction role, i.e. passive and supportive, whereas firms viewing their competitive advantage as being differentiated will see supply as strategic, i.e. as a distinctive capability. The variables are measured in terms of business development, market share, relationship development; cost focus, differentiation and collaboration. In addition, Liao and Hu (2007) also further investigate the inter-relationships among environmental uncertainty, knowledge transfer (KT) and competitive advantage, which is conceptualized as ambiguity, complexity, partner protectiveness; organizational KT, group & procedural movements; reduce dependency, KT effect, technology development and technology transfer (TT).

In spite of the vast conceptual and empirical study conducted on the notion of competitive advantage, Flint and Van Fleet (2005) nonetheless argue that there is no clear definition of competitive advantage (CA) that is applicable in general term i.e. applicable in any dimension or criteria. Following Ma (2000), as far as the research on (sustainable) competitive advantage is concerned, we are of the opinion that researchers must first validate the research question and research design, and decide on the dependent and independent variables to be applied: is competitive advantage and firm (financial) performance equitable, which means other independent variables (or indeed moderating and/or mediating variables such as organizational structures, top management team composition and style, human resource management, etc) influence its outcome; or both are different concepts and constructs, which implies that firm (financial) performance depends upon its competitive advantage position. Clear and specific definition and direction of the concept of (sustainable) competitive advantage will further enhance the validity of the academic research in this specific strategic management area.

As for the continued relevancy and validity of the resource-based view on sustainable competitive advantage, we concur with Fahy (2000) that greater understanding of the dynamics of resource development continues to be essential in advancing resource-based theories of competition. We are of the opinion that though RBV has had its critics, it is still relevant and valid in conceptually explaining and underpinning the notion of firm's sustainable competitive advantage.

By incorporating evolutionary advancement as well as rapid technological changes involving firm's resources, researchers can explore empirical evidence on the impact of these factors and their effect on firm's competitive forces. In this way, the strength of the RBV can be enhanced by acknowledging that resources are dynamic in nature, and a firm's deployment of its resources in creating and sustaining its advantages may contextually differ from one firm to another. However, the basis of RBV on SCA being resources with value, rareness, inimitability and non-substitutability (VRIN) continue to be the relevant and valid conceptual foundation.

Furthermore, other studies support the importance of having a good strategy to attain competitive advantage from the resource-based view (Hult and Ketchen Jr., 2001; Ramsay, 2001; Foss and Knudsen, 2003; Gottschalg and Zollo, 2007). A well formulated and implemented strategy can have significant effect on the attainment of competitive advantage level (Richard, 2000; Arend, 2003; Powell, 2003; Porter and Kramer, 2006). The resource-based view provides an avenue for organizations to plan and execute their organizational strategy by examining the position of their internal resources and capabilities towards achieving competitive advantage (Kristandl and Bontis, 2007; Sheehan and Foss, 2007).

In this research, specific focus will be given to "competitive advantage" from the dimension of "value and quality", the main elements of which consist of "cost-based, product-based and service-based". Other previous studies have shown that there is a significant relationship between cost-based advantage and the performance of organizations. Firms that enjoy cost-based competitive advantage over their rivals, for example in terms of relatively lower manufacturing or production costs, lower cost of goods sold, and lower-price products, have been shown to exhibit comparatively better performance (Gimenez and Ventura, 2002; Morgan et al., 2004). Furthermore, it has also been identified that there is a significant relationship between product-based advantage and performance of organizations. Firms that experience product-based competitive advantage over their rivals, for example in terms of better and/or higher product quality, packaging, design and style, have been shown to achieve relatively better performance (Gimenez and Ventura, 2002; Morgan et al., 2004). Similarly, research has further illustrated that there is a significant relationship between service-based advantage and performance of organizations. Firms that benefit from service-based competitive advantage compared to their rivals, for example in terms of better and/or higher product flexibility, accessibility, delivery speed, reliability, product line breadth and technical support, have accomplished comparatively better performance (Gimenez and Ventura, 2002; Morgan et al., 2004).

### Performance

Competitive advantage and firm's performance are two different constructs and their relationship seems to be complex (Ma, 2000). Studies have shown that there is a significant relationship between competitive advantage and performance (Ma, 2000; Fahy, 2000; Gimenez and Ventura, 2002; Wang and Lo, 2003; Wiklund and Shepherd, 2003; Bowen and Ostroff, 2004; Morgan et al., 2004; Ray et al., 2004). Fahy (2000) argues that the attainment of a sustainable competitive advantage position can be expected to lead to superior performance, usually measured in conventional terms such as market-share and profitability, i.e. the financial performance measurement approach. In other words, anchoring on the view that competitive advantage and performance are two different concepts and dimensions, firms should focus their managerial strategy towards attaining and sustaining competitive advantage position over their rivals. Subsequently, such a competitive advantage position will lead to superior firm's performance. Nonetheless, we should also bear in mind the existence of the other two potential relationships between competitive advantage and performance as projected by Ma (2000), namely that competitive advantage does not always lead to superior performance. Bearing in mind the notion that competitive advantage is a relational concept and it is also context-specific, there are possibilities that competitive advantage does not result in superior firm's performance, and there are also possibilities that superior firm's performance being achieved without attaining and/or sustaining competitive advantage position.

However, more often than not, the first scenario that competitive advantage will lead to superior performance will prevail given the fact that firms focus their competitive strategy towards enhancing their resource pool (Fahy, 2000). Indeed, as Barney (1991) has argued, firm's resources which include all its assets, capabilities, organizational processes, firm's attributes, information, knowledge, etc. owned and/or controlled by a firm will eventually enable the firm to conceive and implement strategies that will improve its efficiency and effectiveness, hence superior firm's performance. Further, Gimenez and Ventura (2002) have analyzed the relationship between internal and external integration processes, and their significant effect on firms' performance and competitive advantage. The study uses variables such as competitive advantage, firm's performance, and the internal and external integration process based on supply chain management (SCM), which is measured and operationalized in terms of absolute and relative performance in areas of teamwork, shared ideas, information, planning, objectives, responsibility; sales, logistics processes and cost efficiencies.

Wang and Lo (2003) examine the important role of customer-focused performance and its significant interactive relationships with other dimensions of the overall performance system, and goes further to analyze the components and dynamics of customer-focused performance. They argue that performance should be based on a broader concept rather than just on financial performance measurement, namely, overall performance (i.e. offerings and competencies), customer-focused performance, shareholder-based performance and employee-based performance. The study measures performance in terms of products & services, internal processes, growth, capabilities & skills, quality, sacrifice, value & satisfaction, revenue, growth, return on assets, personal development, empowered teams and employee satisfaction.

Wiklund and Shepherd (2003), who studied the significant relationship between resources, entrepreneurial orientation and performance, argue that firm's performance should be based and measured on a wider dimension, namely organizational & procedural knowledge; innovativeness, proactiveness, risk-taking; net profit, sales growth, cash flow, product & process innovation, product & service quality & variety, and customer satisfaction. They further argue that resource-based view (RBV) research focuses mainly on the characteristics of resources, paying less attention to the relationship between these resources and the way firms are organized.

Bowen and Ostroff (2004) study the significant relationship between human resource management (HRM) system, work climate and firm's performance using measurements such as employee attributes, perceptions, utilization, participation and rating. They find a significant relationship in such that the strength of the HRM system can help explain how individual employee attributes accumulate to affect organizational effectiveness and firm's performance. In another study, Morgan, Kaleka and Katsikeas (2004) focus on the significant interaction among available resources and capabilities, competitive strategy decisions, competitive advantage and performance outcomes in the export venture. These variables are conceptualized in terms of experiential, financial, scale & physical resources; product-development, relationship-building & informational capabilities; cost leadership, marketing & service differentiation; service-based, product-based & cost-based advantage; economic, distributor & end-user.

While most studies examine the impact of firm-specific resources on firm's performance, the study by Ray, Barney and Muhana (2004) adopt the effectiveness of business processes as a significant dependent variable instead of firm's performance. The effective variables in this study are capabilities, business process & competitive advantage, which are measured by service climate, managerial IT knowledge, technology resources, investment; customer service quality, self-assessment, weighted retention ratio, and complaints ratio. In light of these findings and developments, indeed performance, namely superior performance, is the ultimate objective of the management of business organization. Competitive advantage is seen as the precursor to superior firm's performance. A study of performance measurement system and strategy by Franco-Santos et al. (2007) identifies the key characteristics of a business performance measurement (BPM) system by reviewing the different definitions and the necessary & sufficient conditions of a BPM system, which among others should strategically include these elements and/or items, namely, methods, information systems (IS), procedures, activities, and processes.

As Neely (2005) finds out in his study of performance measurement system and manufacturing strategy, balanced scorecard (BSC) continues to be the dominant performance measurement system applicable. BSC (Kaplan and Norton, 1992) which encapsulates not only the financial performance measures but also other related elements (customer, internal process and learning & growth perspectives) manages to capture a comprehensive outlook into the performance dimension. Neely (2005) conceptualizes performance measurement system in terms of market standing, innovation, productivity, physical & financial resources, profitability, manager performance & development, worker performance & attitude, and public responsibility.

Indeed, the issue of heterogeneous firm's performance and the determining factors to such incidence are important issues in the field of strategic management. Studies link such performance differences to either the industry-specific factors or the firm-specific factors (Hawawini, Subramaniam and Verdin, 2003, 2005; McNamara, Aime and Vaaler, 2005), with mixed empirical result exhibited. This has led some strategic management researchers to question the inability of empirical studies to consistently and objectively explain differences in organizational performance, putting the blame on the research sampling practices (Short, Ketchen Jr. and Palmer, 2002), performance measurement methods and dimensions (Denrell, 2004; Starbuck, 2004) and the effects of industry velocity (Brauer and Schmidt, 2006). In short, an effective performance measurement system should be able to capture not only the financial aspect of business performance but also the non-financial elements so as to present a clearer and wider perception and dimension of performance.

For this paper, specific attention will be accorded to "performance" from the dimension of "financial and non-financial", the main elements of which consist of "sales-based and organizational-based". Research have found that there is a significant relationship between competitive advantage and sales-based performance of organizations, where sales-based performance is measured in terms of the level of sales revenue, profitability, return on investments, productivity, product added value, market share and product growth (Wang and Lo, 2003; Neely, 2005; Falshaw et al., 2006). In addition, other previous studies have also further illustrated that there is a significant relationship between competitive advantage and organizational-based performance of organizations, where organizational-based performance is measured in terms of the emphasis on efficient organizational internal processes, customer satisfaction, employee development and job satisfaction (Wang and Lo, 2003; Neely, 2005).

### Organizational Resources

As mentioned, the resource-based view (RBV) of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage which eventually leads to superior firm's performance (Wernerfelt, 1984, 1995; Dierickx and Cool, 1989; Barney, 1991, 1995, 2001a, 2001b; Peteraf, 1993; Chaharbaghi and Lynch, 1999; Fahy, 2000; Priem and Butler, 2001a, 2001b; Miller and Ross, 2003; Morgan et al., 2004; King, 2007; Sirmon et al., 2007; Ainuddin et al., 2007). Wernerfelt (1984), in his study of resources and returns, explores the usefulness of analyzing firms from the resource side rather than from the product side. He concludes that resources such as brand names, technology, skilled personnel, trade contacts, machinery, efficient procedures and capital are the foundation for attaining and sustaining competitive advantage position. In addition, Dierickx and Cool (1989) further argue that sustainability of competitive advantage and firm's asset position depend on how easily assets can be imitated or substituted. They stress that the relationship between resources and competitive advantage are significantly influenced by elements such as asset stock, time compression diseconomies, asset mass efficiencies, inter-connectedness, asset erosion and causal ambiguity.

As duly noted by Barney (1991), firm's resources include all assets, capabilities, organizational processes, firm's attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness. The relationship between firm's resources and competitive advantage is significantly enhanced by attributes and elements such as value, rareness, inimitable and non-substitutable, i.e. the VRIN factor. Recent study and findings on resource attributes and performance in international joint ventures in Malaysia by Ainuddin et al. (2007) strengthens the significance of the VRIN factor in the resource-based view of competitive advantage.

In a study by Peteraf (1993), it illustrates the fundamentals of resource-based view in explaining competitive advantage by integrating firm's resources and the resulting firm performance. The study argues that resources must exhibit elements such as resource heterogeneity, imperfect mobility, ex-post and ex-ante limits to competition (imperfect imitability and imperfect substitutability) in order to significantly attain and sustain competitive advantage and eventually achieve superior firm performance. However, Chaharbaghi and Lynch (1999) argue that a new classification of resources has emerged, namely the hierarchical resource classification (peripheral, base, competitive and strategic resources) in order to relate significantly to the competitive and strategic advantage position. Further, they also demonstrate that rents are more relevant than profits in the analysis of firm's resources and sustainable competitive advantage.

As mentioned, the study by Fahy (2000) on competitive advantage and resources provides a detailed insight into the logic of the resource-based view and highlights its contributions to the debate on the nature of competitive advantage. The study operationalizes the significant relationship between resources and competitive advantage in terms of superior firm performance, characteristics and types of advantage-generating resources, and strategic choice by management.

Further, Barney (2001a, 2001b) explains that resource-based view (RBV) theorists argue that strategic implementation of resources and capabilities will give the firm a competitive advantage, provided such resources has elements of value, rareness, are inimitable and non-substitutable, i.e. the VRIN factor. Eventually such resources and the competitive advantage position will significantly enhance the firm's performance. Nonetheless, Priem and Butler (2001a, 2001b) in their criticism of Barney (1991, 2001a) stress that resource-based view (RBV) theorists have argued that competitive advantage results from significant superior resource, knowledge, or luck, or combination of those factors. Resources and competitive advantage should further be conceptualized in terms of capital, assets, brand names, technology, skilled personnel, machinery, efficient procedures, knowledge and value.

Miller and Ross (2003) explore the applicability of the resource-based view (RBV) at the organizational unit level by investigating why resource utilization, as measured by efficiency, might significantly differ within a firm. To measure the significant relationship between resource utilization and competitive advantage, they have conceptualized the variables in terms of scale resources, programmatic and managerial efficiency and firm performance. King (2007) studies the relationship between competencies, resources, capabilities, competitive advantage and causal ambiguity. These variables are analyzed in terms of their tacitness, complexity, interconnectedness, temporal & spatial distance, cultural & strategic distance, motivation & cognition. The purpose of this study is to clarify, deepen, and extend the theoretical understanding of causal ambiguity and its relationship with resources and competitive advantage.

A study by Sirmon, Hitt and Ireland (2007) examine resources, capabilities and competitive advantage in terms of the resource management aspects (i.e. resource structuring, bundling & leveraging) and their significant relationship with value creation. This study addresses value creation in dynamic environmental contexts in the management of firm's resources and capabilities. Eisenhardt and Martin (2000), Harrison, Hitt, Hoskisson and Ireland (2001), Hoopes, Madsen and Walker (2003), Ireland, Hitt and Sirmon (2003), Mills et al. (2003) and Morgan et al. (2004), following Wernerfelt (1984, 1995) and Barney (1986, 1991), have examined and categorized resources into tangible resources i.e. human, physical, organizational, financial; and intangible resources i.e. reputational, regulatory, positional, functional, social and cultural.

From the categories of resources cited above, the human resources (Adner and Helfat, 2003; Datta, Guthrie and Wright, 2005; Haslinda Abdullah, Raduan Che Rose and Naresh Kumar, 2007a, 2007b; Raduan Che Rose and Naresh Kumar, 2007) and the intangible resources (Oliver, 1997; Makadok, 2001) are deemed to be the more important and critical resources in attaining and sustaining competitive advantage position because of their nature, being not only valuable but also hard-to-copy relative to the other types of tangible resources (i.e. physical and financial resources). In short, conceptually and empirically, resources are the foundation for attaining and sustaining competitive advantage and eventually superior firm's performance.

In this paper, particular attention will be afforded to "resources" from the dimension of "tangible and intangible", the main elements of which consist of "physical, financial, experiential and human". The resource-based view (RBV) of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage which eventually leads to superior firm's performance. Physical resources such as the plant, machinery, equipment, production technology and capacity have contributed positively towards organizational competitive advantage and eventually result in superior firm's performance (Morgan et al., 2004; Ainuddin et al., 2007). In addition, financial resources such as the cash-in-hand, bank deposits and/or savings and financial capital (stocks and shares) have also contributed positively towards organizational competitive advantage and eventually result in superior firm's performance (Morgan et al., 2004; Ainuddin et al., 2007). Further, experiential resources such as product reputation, manufacturing experience and brand-name have contributed positively towards organizational competitive advantage and eventually result in superior firm's performance (Morgan et al., 2004; Ainuddin et al., 2007). Human resources such as the top and middle management, administrative and production employees also contribute positively towards organizational competitive advantage which eventually result in superior firm's performance (Adner and Helfat, 2003; Morgan et al., 2004; Datta et al., 2005; Ainuddin et al., 2007; Haslinda Abdullah et al., 2007a; Raduan Che Rose and Naresh Kumar, 2007).

As such, this paper advances the following hypothesis:

*H1: There is a significant positive relationship between organizational resources, competitive advantage and performance.*

## Conclusion

Examining organizational competitive advantage from the RBV is indeed crucial as it can be used as a conceptual guideline for business organization in particular to enhance their competitive advantage position and performance via application and manipulation of identified internal organizational resources. Such a research can contribute to the body of knowledge by lending empirical support and further extending the RBV of competitive advantage by examining the relative magnitude of importance placed upon organizational resources towards attaining competitive advantage and enhancing firm's performance.

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