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## Can resource-based view or industry organisation theory alone achieve competitive advantage? The rbio hybrid theorising from outside-inside integrative framework

Matthias O Nkuda

Department of Management, Faculty of Management Sciences, University of Port Harcourt, Port Harcourt, Rivers State, Nigeria

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### Abstract

This research work revisited the age-long debate on the source of competitive advantage and its sustainability by a business organisation which has pitched the resource-based theory against industry organisation theory over the years. Qualitative design using idiographic philosophy and secondary data was adopted. The question: can either resource-based theory or industry organisation theory alone help business organisations to achieve competitive advantage was raised and addressed. The thrusts of resource-based and industry organisation theories in relation to source of competitive advantage were highlighted and discussed. The findings were that neither the resource-based theory nor industry organisation alone can deliver competitive advantage to business organisations because business organisations need to exchange the value created using their resources with customers in the marketplace and vice versa. Thus, equation of competitive advantage was modeled. It was concluded that the two theories be integrated based on their strengths to better achieve competitive advantage for business organisations than operate separately. Therefore, it was logical to recommend the integration of the strengths of both theories into RBIO hybrid theory for the holistic benefit of business organisations. The RBIO hybrid theory recognises that the merits of both theories will give business organisation strategic edge which spells competitive advantage through rigorous implementation. Empirical verification of the RBIO hybrid framework is also recommended to academics, practitioners and professionals in the field of strategic management.

**Keywords:** competitive advantage, resource-based theory, industry organisation theory, survival theory, resources, equation of competitive advantage, strategy

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### Introduction

The Nigerian economy like economies of other nations of the world comprises thirteen industrial sectors such as agriculture, solid minerals, education, telecommunications, construction, oil and gas, banking to mention but a few (Kale, Y. (2019) <sup>[28]</sup>. Conventionally, the launch of any business venture in a given industry ideally begins with environmental scanning of the industry concerned and perhaps more (Kazmi, 2002; Thompson & Strickland, 2003; Wheelen & Hunger, 2010) <sup>[29]</sup>. The rationale behind such a cautiously strategic step is to identify, abinitio, the attractive market opportunities and threats in the industry concerned to be exploited and counteracted respectively (Kotler & Armstrong, 2001; Kazmi, 2002; Thompson & Strickland, 2003; Wheelen & Hunger, 2010) <sup>[29]</sup>. The insights gained from the environmental scanning exercise place corporate strategists in a better footing to formulate strategies to avail the business organisations of the opportunities so identified. Premier among such strategies are the corporate strategies which help business organisations to answer the fundamental question: where do we invest to make money? (Grant, 2008). The corporate strategy enables business organisations to determine in advance the particular industry they can venture into to make profits reflected in above-average returns on their investments (Hitt, Ireland & Hoskisson, 2013; Omolaja & Eruola, 2011). The corporate strategy represents the anchor of the whole future activities of a business from which other subsidiary strategies formulated draw their strengths (Quinn, 1980).

Given the existence of many business organisations in almost every industry defining the market condition of perfect competition, hyper-competition soon sets in and triggers in the process, the quest for competitive advantage (Hirschey, Pappas & Whigham, 1993; D'Aveni, 1994; Grant, 2008; Wheelen & Hunger, 2010; Hitt *et al.*, 2013) <sup>[26]</sup>. Therefore, it may bear to state that the notion of competitive advantage presupposes the existence of competition in the operating business environment. Moreover, the ever-changing competitive landscape sufficiently informs the imperative to formulate robust and agile strategy (ies) to navigate the competitive terrain to achieve competitive advantage among other equally important economic ends. This explains why some business organisations leverage strategic management practices and competitiveness (David, 2013; Hitt *et al.*, 2013; Orga, 2017; Nkuda, 2021) <sup>[16]</sup>. Strategic management process encapsulates strategic intent, strategy formulation, strategy implementation and strategy evaluation and control (Kazmi, 2002; Thompson & Strickland, 2003; David, 2013; Hitt *et al.*, 2013; Wheelen & Hunger, 2010; Omolaja & Eruola, 2011) <sup>[16]</sup>.

Relying on David Hurst, David (2013) <sup>[16]</sup> states that the formulation of a strategy can develop competitive advantage to the extent the process can give meaning to the workers in the trenches including the customers whose patronage accounts for and makes the difference possible. The significance of this study consists in the need to kindle interest in harmonising the merits of the two key theories of competitive advantage into a single theory to better the understanding of the concept of competitive advantage and its attainment on a sustainable basis. The paper is structured into five sections notably: section 1, covers the introduction including significance of the study, section 2, deals with literature review, section 3, is concerned with methodology, section 4, treats findings, conclusion and recommendation and section 5, deals with limitations of the study.

### Literature Review

It is conventional to always ground a research work on a choice theory whether it is qualitative, advocacy paper as it is the case here or empirical work requiring quantitative analysis. Research is primarily concerned with the pursuit of knowledge founded on truth discovered using acceptable methods. This explains why Mitchell and Cody (1993) cited in (Tavallaei & Abulalib, 2010) <sup>[51]</sup> assert that every knowledge is theory-laden and all methods are theory-driven. While both theory and methods are desirable in a scientific research, theory is considered more important of the two (Murphy, 2014; Nkuda, 2018). In effect therefore this work is anchored on survival theory (Raduan *et al.*, 2009; Omalaja & Eruola, 2011) <sup>[47]</sup> even as a case is being made herein for a RBIO hybrid theorising as another strategic lens to look at and explain away competitive advantage in strategic management literature. To position a qualitative research paper can be complex in a way since certain aspects of the argument may be excluded or otherwise (Barney, 2001). The paper is positioned in relation to resource-based and industry organisation theories from which merits, a case or logic for Rbio hybrid is made. Rbio hybrid theorising stresses the focal role of customers in the equation of competitive advantage and this point has been vigorously advanced in this discourse. The customer-centric perspective helps to make meaningful sense of value creation in terms of market and/or Ricardian rents it enables business organisation to generate on the basis of which competitive advantage is either attained or lost.

### Survival Theory

As the name implies, survival or adaptation theory is linked to the work of Charles Darwin carried out in Galapagos in 1830s which focused on the notion that a fixed relationship exists between an organism and its habitat. The theory was published in 1869 with the title “origin of species” as integral part of the evolutionary theory. However, Charles Darwin actually borrowed the term “survival of the fittest” from an English sociologist and philosopher, Herbert Spencer who first used the term in 1864 after reading Darwin’s book entitled “Principles of Biology” (Cunningham, n. d.). The theory highlights the fact that the survival of an organism over time depends on its ability to adapt to changes that occur in and around its habitat. The failure of the organism to adapt automatically renders the organism susceptible to extinction with the passage of time. In other words, the biological organisms that best adjust themselves to their natural environment or habitat stand the most chance to survive and reproduce. Herbert Spencer used the idea espoused in the Darwin’s book to draw parallels with the economics issues he dealt with. From the standpoint of systems, business firms or corporate organisations are treated as entities with independent and interdependent parts that work together to achieve the goal of the systems as a whole in relation to the operating environment (Baridam, 1993; Nkuda, 2017) <sup>[4]</sup>.

Imperatively this implies that business organisations, like biological organisms, need to constantly adapt to their ever-changing environment to guarantee their continued survival and sustainability (Omalaja & Eruola, 2011). In that wise, the chance of business enterprises as corporative systems to survive on an on-going basis depends on their abilities to adapt to changes in their operating business environment. The moment any corporate organisation fails to adapt to changes such as sluggish economic growth, regulatory environment, recession or poor economic management that afflict Nigerian economy for example, it may have to grapple with imminent exit, failure or death ultimately. Undoubtedly, this explains why the business arena showcases the struggle of the survival of the fittest or survival of the fitter using the words of Thomas Malthus (Cunningham, n. d.).

It is one thing to establish a business entity and another thing entirely to ensure its survival as a profitable going concern over time. Extant literature attests to the fact that survival is one of the primary objectives of business organisations (Pearce & Robinson, 1991). The kernel of the debate on resource-based theory versus industry organisation theory revolves majorly around what makes one business organisation to do better than others to achieve competitive advantage given the environmental context in which they operate. Irrefutable truth is that it is only business organisations that survive the heat of competition in their industry that can contemplate on how to outcompete or outperform one another. Hence, the relevance of this theory within the purview of this treatise may not be negotiated or dismissed.

### Strategy

The first mention of the term ‘strategy’ was in the Old statement in relation to Moses’ encounters and challenges after exodus of Israelites from bondage in Egypt in keeping with God’s commands (Bracker, 1980; Orga, 2017). The early writing and discussion on strategy cut across military, political and philosophical spectra and great names associated with this endeavour included: Homer, Euripides, Shakespeare, Montesquieu, Kant, Mill, Hegel, Clausewitz, Liddell Hart and Tolstoy (Bracker, 1980). The application of strategic principles also spanned military and political contexts when cognizance is taken of the works of Machiavelli, Napoleon,

Bismack, Yamamoto and Hitler as well as the recent invasion of Ukraine by Vladimir Putin resulting in on-going war between Russia and Ukraine (Bracker, 1980; Drachev, 2022; Thibault, 2022). However, the first known and recorded use of the term ‘strategy’ in business had to do with the occasion of Socrates’ consolation of a Greek militarist, Nichomachides who lost election to the office of a general to a Greek businessman named Antisthenes. Socrates impressed on the Greek militarist that either in respect of the duties of a general or business, what mattered most is the plan and prudent use of one’s resources to meet identified objectives within the planned period (Bracker, 1980). The contemporary application of strategy to business started with Von Neumann and Morgestern (1947) following their work on games theory (Bracker, 1980; Nkuda, 2017).

Etymologically, strategy is rooted in the Greek word ‘strategos or strategia’ which literally translates as the art of the general or ‘army’ and ‘lead’ (Bracker, 1980; Grant, 2008; David, 2013; Fuertes, Alfaro, Vargas, Gutierrez, Ternero & Sabattin, 2020) <sup>[16]</sup>. The verbal usage of the term ‘strategos’ means “to plan the destruction of one’s enemies by virtue of effective use of resources (Bracker, 1980). Strategy has been defined in different ways by scholars in strategic management since Alfred Chadler’s definition in 1962 (Fuertes *et al.*, 2020). Strategy to Chadler (1962) <sup>[12]</sup> refers to the long run goals and objectives specifying the courses of action to be taken and allocation of the requisite resources to attain the set goals. Strategy is also viewed as a set of choices a business organisation adopts to maintain a strategic focus and direction in order to achieve its set goals in the long-run and objectives in the short-run such as competitive advantage (Kazmi, 2002; Thompson & Strickland, 2003). Barney (2001) considers strategy as a firm’s theory of how it can gain superior performance in the markets within which it operates. Porter (1980) defines strategy as “a broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals. But a set of commitments and actions designed to exploit core competencies to gain competitive advantage in an integrated and coordinated manner is another way of looking at strategy (Hitt *et al.*, 2013). Rumelt (2011) <sup>[48]</sup> states that the strategy of business organisation consists of three elements viz: diagnosis, guiding policy and coherent actions to achieve set goals. In the same vein, strategy diagnoses the business challenge or opportunity, helps to take decision or set of decisions to deal with the challenge or opportunity and a coherent set of actions to deliver on the decisions so as to create sustainable advantage and superior value over rivals (Fisher, Wiseneski & Bakker, 2022). Cohen (2014) attributing to Peter Drucker describes strategy as the orientation of a business organisation to achieve its total business objectives especially in uncertain and unforeseeable environments. Yet, Nkuda (2017) defines strategy as the process of making choices and specifying a clear direction along which corporate efforts can be aligned and galvanised, corporate resources allocated and deployed to attain set goals. Overall, strategy spells either the success or failure of a business organisation in the sense that it delineates what should be done and what should not be done in all ramifications as well as differentiates one business organisation from another (Hitt *et al.*, 2013).

Admittedly, the strategy making process is not as easy because it entails an in-depth and careful analysis of both internal and external environments of the business organisation. The analysis helps to bring to the fore the strengths and weaknesses within the internal environment and the opportunities and threats in the external environment. The process and insights from these analyses typically describe what, in the parlance of strategic management, is called SWOT analysis (Thompson & Strickland, 2003; Wheelen & Hunger, 2010). The internal environmental analysis being an inside-out approach lays bare the stock or repository of strategic resources (assets) and capabilities (strengths) as well as the strategic weaknesses to be mitigated or eliminated to enable a business organisation copes with demands of the competitive environment and survive (Hitt *et al.*, 2013). While the external environmental analysis as an outside-in approach highlights the threats to be overcome in order to seize available opportunities on which strategic resources and capabilities can be leveraged, latched and unleashed to gain competitive advantage in relation to rivals in a given industry (Hitt *et al.*, 2013).

### **Concept of Competitive Advantage**

The term ‘competitive advantage’ was first mooted by Chamberlain in 1939 and it later became popular by Porter’s seminal work around late 1970s and early 1980s (Chamberlain, 1939; Porter, 1980, 1985, 1998; Grant, 2008, Nkuda, 2021). By its very nature, competitive advantage is both a relative term and strategy-driven concept which is not context-specific and synonymous to superior performance but can also serve as the springboard to attain superior performance (Ma, 2000). Basking in the inspirations of Flint and Van Fleet (2005) and Rumelt (2008) <sup>[48]</sup>, it becomes pertinent to pose the question: what in the world is competitive advantage? Although a difficult question to answer in a clear and straightforward manner, strategic management scholars have nonetheless provided some definitions (Ma, 2000; Flint and Van Fleet, 2005; Adeniji, Oludayo & Hirmsmac, 2015) <sup>[1]</sup>. Thompson and Strickland (2003) consider competitive advantage to be the edge a business organisation has over its rivals in terms of attracting customers and holding out against competitive forces. Competitive advantage also describes the ability of a business organisation to operate successfully in ways that defy imitation by rivals in the marketplace (Schermerhorn, 2010) <sup>[49]</sup>. David (2013) identifies competitive advantage with what a firm can do uniquely well in contrast to rivals either in terms of doing something rivals cannot do or own assets that rivals desire but do not possess. Almost similarly, Hitt *et al.*, (2013) state that a firm has a competitive advantage when it implements a strategy that creates superior value for customers and that its competitors are unable to duplicate or find too costly to imitate. Yet, Al-alak and Tarabieh (2011) <sup>[2]</sup> describes competitive advantage as an advantage over competitors gained by offering customers greater value either by means of lower prices or by providing greater benefits and services that justify a higher price.

### Debate on the Source of Competitive Advantage

At the very core of this discourse is the age-long debate on the source of competitive advantage which provokes the question: how do some firms outperform others? (Barney, Corte, Sciarelli & Arikan, 2012; Adeniji *et al.*, 2015) <sup>[1]</sup>. The attempt to address this question apparently means that a business organisation has to use what it has to achieve what it wants within a given environmental context. Much as this notion holds some prospects, the circumstances and complexities or otherwise of the environment in which the business organisation operates ideally constitutes critical factors that can either make or mar the corporate efforts to achieve competitive advantage and as such, should be factored into the equation. The question has raked up three theoretical logics notably: industry organisation, evolutionary and resource-based theories (Barney *et al.*, 2012). While this treatise will be concerned with all especially resource-based and industry organisation theories, it is relevant to point out that the idea of resource-based theory was originally canvassed by Edith Penrose in 1959 (Penrose, 1959). This assertion is opposed to what is stated in some extant literatures that Wernerfelt coined the idea in 1984 (Omalaja & Eruola, 2011; Raduan, Jegak, Haslinda, & Alimin, 2009; Adeniji *et al.*, 2015) <sup>[1]</sup>. In connection with competitive advantage, the resource-based view advocates that the internal heterogeneous strategic resources of an average business organisation solely account for its sustainable competitive advantage (Wernerfelt, 1984; Barney *et al.*, 2012; Raduan *et al.*, 2009; Omajala & Eruola, 2011).

In other words, a business organisation is said to have achieved competitive advantage when it implements a strategy that none of its current or potential rivals is implementing at the same time (Barney, 1991). The resource-based theory seems not to fully recognise the role of customer in market dynamics beyond the value creation perspective it emphasises (Priem, 2007). However, these resources or strategic assets come as financial capital, physical capital, human capital and organisational capital (Barney *et al.*, 2012; Grant, 2008). In order to be able to deliver competitive advantage in fidelity to the tenets of resource-based view, these resources which can be developed and upgraded to capabilities, core competencies and distinctive competencies should possess certain attributes (Barney, 1991, Barney *et al.*, 2012; Thompson & Strickland, 2003; Grant, 2008; Wheelen & Hunger, 2010; David, 2013). The unique attributes of the resources have to do with being: valuable, rare, inimitable and non-substitutable (VRIN) (Wheelen & Hunger, 2010; Omalaja & Eruola, 2011). It is one thing for the resources to possess these attributes and adjudged to have delivered value in the past. But another thing for the same resources to consistently be able to deliver advantage to the business organisation in the future given possible changes that may occur in the industry structure and operating environment (Wright, Smart & McMahan, 1995; Adeniji *et al.*, 2015) <sup>[1]</sup>. Meanwhile, Stalk, Evans and Shulman (1992) argue that there is a difference between capabilities and competencies. But Hamel and Prahalad (1990) <sup>[25]</sup> and Grant (2008) maintain arguably that the difference between capabilities and competencies if any is a matter of semantics.

On the contrary to resource-based theory, the industry organisation approach (I/O) maintains that competitive advantage is attributable to industry structure and characteristics cogently expressed in terms of the five forces of industry attractiveness notably: threats of new entrants, threats of bargaining power of buyers, threats of bargaining power of suppliers, threats of substitute products and/or services and threats of industry rivalry underpinned by competitive strategies such as low cost leadership, product differentiation and focus (Porter, 1980, 1985 & 1998; Kazmi, 2002; Peteraf & Bergen, 2003; Grant, 2008; Diugwu, 2011; Al-alak and Tarabieh, 2011) <sup>[29, 2]</sup>. The major tenet of industry organisation is strategic positioning of the business organisation in the marketplace or the choice industry where the market conditions play major roles in favour of the business organisation (Porter, 1980, 1985). Stressing further, Porter (1998) states that no logic can be concocted or invented to justify the fact that the nature of arena in which business organisations compete is not critical and important to performance outcomes. The evolutionary theory (E/T) links competitive advantage to historic evolutionary pathway of the firm and its experience over the years amid uncertain expectations (Barney *et al.*, 2012). The evolutionary theory emphasises variation, selection and retention with respect to routines that conduce to superior performance which ensures survival of a business organisation on a sustainable basis (Nelson & Winter, 1982; Barney, 2001; Grant, 2008). It may bear to state that the foci of attention of these theories in terms of units of analysis are: markets for industry organisation (I/O), heterogeneous resources for resource-based view (RBV) and the firm for evolutionary theory (E/T).

### Drawbacks of Resource-based View and Industry Organisation Theory

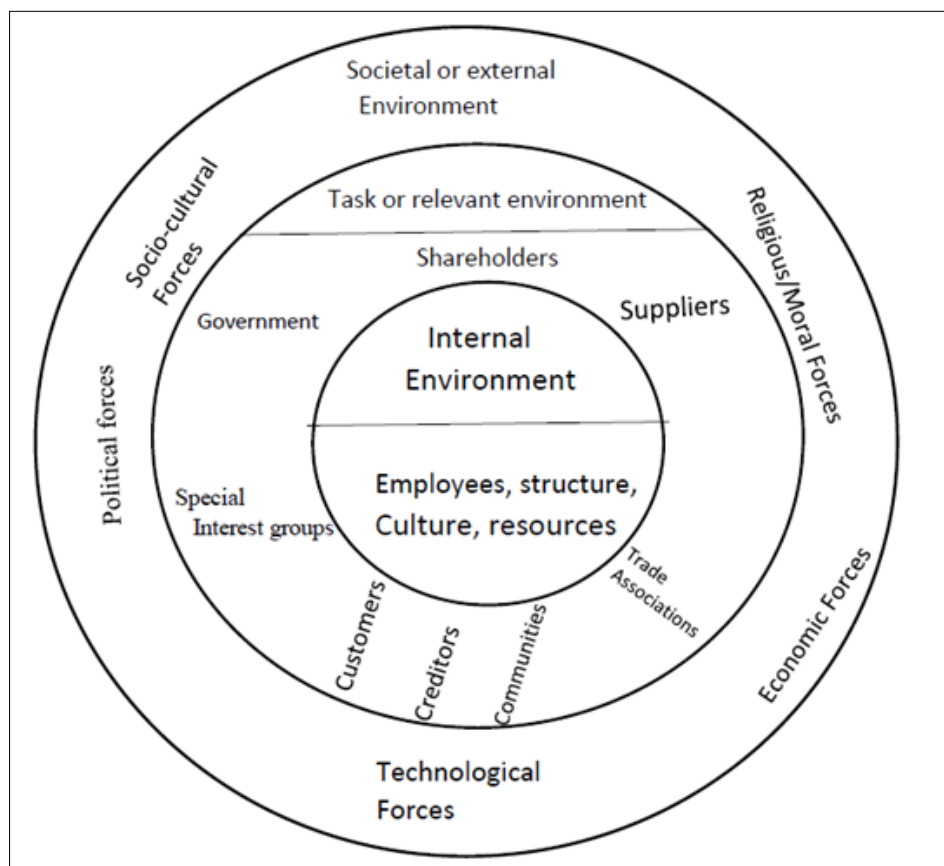
Theories are very important in scientific researches because their knowledge and understanding guide practice. Blum and Naylor (2004) and Nkuda (2021) describe theory as the root and empiricism the fruit of scientific enterprise. Normally, theories have their strong tenets and also drawbacks arising from criticisms from scholars in the chosen field(s). Hence, resource-based and industry organisation theories are no exception as they have severally received tremendous followership, exponents and critiques. Concerning resource-based theory, extant literature enumerate the drawbacks to include limited empirical works on the major tenets as opposed to conceptual researches, circular reasoning as term like value may be difficult to operationalise, assumption of stock of resources as a given and scant attention to the huge amount of time required to develop resources into capabilities, core and distinctive competencies as well as the social context in which resource selection is embedded (Oliver, 1997; Bridoux, 2004; Raduan *et al.*, 2009; Grant, 2008; Omalaja & Eruola, 2011; Nkuda, 2017). The industry organisation also suffers sharp criticisms such as being: deficient and static in nature thereby ignoring or being incapable of responding rapidly to the dynamism of business environment, treatment of competition as moderating factor in the framework and considering inter-business interactions as always

competitive amid lot of strategic alliances, mergers, syndicated consortiums and co-competition that are often forged as well as failure to incorporate complementary products as the sixth variable in the theoretic framework (Grant, 2008; Nkuda, 2017). These drawbacks inform the need to filter the strong points of the theories and integrate them into a new framework towards which end, RBIO hybrid model is proposed with its focus on the interface of value creation and customer as the nerve-centre at which point competitive advantage may be consummated to the benefits of business organisations that opt to adopt and implement it meticulously (2017).

### Business Environment and Competitive Advantage

Having teased out and settled the major thrusts of these theories which undergird the recurrent debate on the source of competitive advantage, the next cogent question that agitates the mind becomes: can either resource-based view or industry organisation theory in isolation achieve competitive advantage? As far as the polemics on competitive advantage is concerned, value creation that must be exchanged for customers' hard-earned money in the marketplace plays a central role. It is to the extent that customers' patronage for a particular business organisation's products and/or services is greater than its rivals that the business organisation concerned can be said to have achieved competitive advantage. Recourse to anatomy of a business environment shows that the bundle of internal heterogeneous resources with their attendant attributes including the value they help to create is domiciled within the internal environment of the business organisation. While the customers that patronise these products and/or services operate within the relevant or task segment of the micro-external environment of the business. The nexus between the internal environment within which resources of a business organisation lie and the external environment in which the opportunities exist and where customers wield their enormous powers comes clearly to the fore as illustrated below:

### Schema of business environment



**Source** (2022): Researcher's Desk and adapted from *Wheelen and Hunger (2010). Strategic management and business policy, achieving sustainability*, p. 64

**Fig 1:** Business Environment

### Basic Mechanics of Value Creation

Value creation refers to the conversion of organisational resource inputs into semi-finished or finished products and/or services to meet the needs of current and potential customers and consumers in the marketplace. To set about this process, definitely resources are needed in the right quality, quantity and time to pursue value creation. Hindsight from environmental analysis has clearly shown that the resource inputs a business organisation obtained from the external environment are domiciled in the internal environment of the business (Wehrich, Cannice & Koontz, 2013). The business organisation, courtesy of research and development particularly

marketing research, deploys these resources particularly the human resources to obtain relevant data from the customers and suppliers in the task environment of the micro-external environment and then transform the same into tangible products and/or services or value creation to be shipped to the larger environment for consumption (Gibson, Ivancevich, Donnelly & Konospake, 2003). From Ricardian micro-economics, it is canvassed in extant literature that in imperfectly competitive market where the supply of a piece of fertile land owned by a firm in a given area is inelastic or fixed and to which its rivals have no access, the said piece of land can be a source of sustainable competitive advantage (Barney, 2001).

The point that has to be made and abundantly clear is that the fertile piece of land can only translate into competitive advantage and perhaps, on a sustainable basis, if and only if, customers in the marketplace patronise the produce of the said fertile land in a greater amount than those of the firm's rivals. In other words, the comparative worth of the total patronage in monetary terms of the firm's customers who occupy the task segment of the external environment determines whether or not the business organisation achieves competitive advantage. It bears to state further that it is one thing for a business organisation to possess a superb pool or stock of resources and another thing entirely for those resources in and of themselves to deliver competitive advantage. Therefore, it is only to the extent that the internal heterogeneous resources are strategically leveraged to create value based on opportunities spotted in the external environment where consumers operate that competitive advantage can be achieved granted that the threats of industry notably: threats of new entrants, threats of bargaining powers of buyers, threats of bargaining powers of suppliers, threats of substitute products and/or services and threats of industry rivalry remain attractive, minimised or counteracted in one way or another (Porter, 1980, 1985, 1998). After all, the bottom line of competitive advantage is inextricably linked to creation and capture of value (Porter, 1980) which often comes by way of differences in corporate performance of one business organisation compared to others. Assertively therefore, the value of the business organisation's resources and capabilities is a function of the market context in which the business organisation operates which thus, stands it in the stead to either achieve or fail to achieve competitive advantage (Barney, 2001; Ambroz & Praprotnix, 2008; Gupta *et al.*, 2009).

### **Competitive Advantage Equation, Value Creation and Customer Patronage**

It may not be out of place to state that competitive advantage is intricately linked to and dependent on customers' patronage of the value created by business organisation. Gupta, Gallakota and Srinivasan (2009) buttress that the strategies of these firms are based on their strengths and markets in which they operate. Similarly, Ambroz and Praprotnix (2008) also corroborate that as in many other private and public service organisations, competitive advantage is strongly attached to and dependent upon customer satisfaction. Given the pivotal role of customers and their satisfaction in the agenda of competitive advantage, and even if this role is implied in the construct of resource-based view, does it not amount to non-sequitur to say that the bundles of resources of a business organisation solely account for competitive advantage when the customers for whom value is created operate in the task environment of the firm? It bears to acknowledge that value creation only makes material sense to the extent that customers accept, approve and vote for it in terms of patronage. It follows logically that however unique the value created by a business organisation may be, if the customers operating in the task environment for whatever reason(s) do not patronise the value created in amount greater than its rivals, the question of competitive advantage does not arise. On the other hand, however attractive the industry characteristics and structure of which customers and their bargaining powers are a part may be, without the value created by the business organisations, attainment of competitive advantage will equally remain elusive because exchange cannot take place in a vacuum. This inside-out and outside-in scenario describes and accentuates the need to integrate outside realities into the inside practices for a business organisation to achieve optimal performance measurable in terms of competitive advantage vis-à-vis competitions leading to what this author terms equation or model of competitive advantage expressed thus:

$$\text{IHRs} + \text{ICSs} = \text{CA}$$

Where:

IHRs = internal heterogeneous resources with unique attributes.

ICSs = industry characteristics and structure with attractive features.

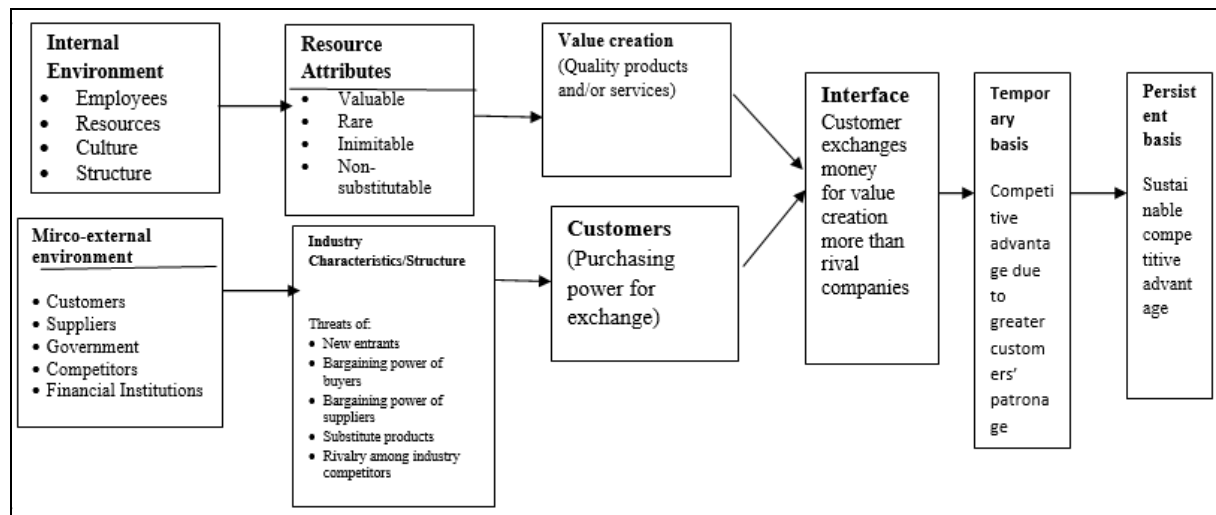
CA = Competitive advantage

### **Conceptual Framework of RBIO Hybrid Theorising of Competitive Advantage**

The above model harps on integration of the strengths of both the resource-based and industry organisation theories succinctly described by this author as RBIO hybrid theorising (Nkuda, 2017) with customer-centric orientation. Strategic scholars that have canvassed this idea in their works include Peteraf and Bergen (2003), Diugwu (2011) and Bridoux (2004). The RBIO hybrid theorising can further be explicated in terms of salient analogies to make its import obvious and discernable thus: First scenario, a driver is scheduled to cover a distance of 100km to deliver a high quality product to a valuable customer on a good road without pot-holes and the driver does so in two (2) hours, on other factors held constant, to the satisfaction and delight of the customer. In a second scenario, the same driver is detailed to embark on the same activity for the same distance but on the road with bumps and pot-holes and the driver does so in three hours thirty minutes (3<sup>1/2</sup> hours), other things

being equal, to the dissatisfaction of the customer. In comparing and contrasting the two scenarios clearly show that a valuable one hour thirty minutes ( $1\frac{1}{2}$  hours) of the company's time that could have been used otherwise had been spent and yet, the customer was not pleased.

Relating and extrapolating this analogy into the context of this treatise, identifies the adept driver, the brand new car and the high quality product as examples of the bundle of internal heterogeneous organisational resources. The state of the road network in both good and bad conditions represents instances of the industry characteristics and structure. The more satisfied and delighted are the customers that patronise the high quality products of the business organisation as in the first scenario as opposed to the dissatisfied and unhappy customers in the second scenario, the more the business organisation will achieve competitive advantage vis-à-vis their rivals in the marketplace. Burden and Proctor (2000) confirm that meeting customer needs on time, every time is a significant route to achieving and sustaining competitive advantage. The brass tacks are that the resource-based theory alone, its merits notwithstanding, cannot deliver competitive advantage. In the same vein, industry organization theory alone cannot do so likewise its strong points notwithstanding. Hence, resource-based and market-based theories are not competing but complementary synthetic lenses which, working together helps to achieve competitive advantage ( Peteraf & Bergen, 2003); Diugwu, 2011; Bridoux, 2004).



**Source (2022):** Researcher's conceptualisation with inputs from Resource-based Theory (Barney, 2001) and Industry Organisation Theory (Porter, 1980, 1985, 1998).

**Fig 2:** Integrative framework of value creation of resource-based theory and greater customers' patronage of industry organisation theory to generate competitive advantage.

### Methodology

This work adopted qualitative desk research design. Research design refers to the plan or proposal to conduct research reflecting intersection of philosophy, strategies of inquiry and specific methods (Cresswell, 2009). The research made use of secondary data obtained majorly from extant literature in the area of strategic management and related field. The philosophical posture was basically idiographic being an approach opposite to nomothetic used by Wilhelm Windelband who was a neo-Kantian philosopher (<https://en.m.wikipedia.org>).

### Summary, Conclusion and Recommendations

The synopsis of findings evidenced that resource-based theory stresses that internal heterogeneous resources solely account for competitive advantage of business organisations. The industry organisation theory emphasises strategic positioning reflected in attractiveness of industry characteristics and structure as the only source of competitive advantage. Further findings were that neither the resource-based theory nor industry organisation alone can deliver competitive advantage to business organisations because business organisations need to exchange the value created using their resources with customers in the marketplace. Again, the customers also need the products and/or services created by business organisations for consumption. Thus, equation of competitive advantage was modeled. The strategic nuggets or lessons deducible from the foregoing discourse are that the resource-based view and industry organisations have their respective strengths no doubt and also their drawbacks. But separately, these strong points in and of themselves cannot deliver competitive advantage. Therefore, their respective strengths should be integrated into RBIO hybrid model to address the question of competitive advantage holistically once and for all and thus, rest the age-long debate on either theory as strictly the source of competitive advantage. To illustrate this point in graphic terms, analogies have been drawn and equation of competitive advantage also formulated. The RBIO hybrid theory can be subjected to empirical verification by academics and researchers preparatory to its application, as it were, by practitioners and professionals in the field of contemporary management practices as a paradigm shift and addition to the repository of management theories.

### Limitations of the Research

It is purely conceptual and open to further discussions for refinement if need be in course of time since research enterprisem like a tree, has roots, stem, branches and leaves, all of which, working in tandem to make the tree functional.

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