

Towards a Conceptualization of the Relational Capabilities of Exporting SMEs

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ABSTRACT: This article aims to conceptualize relational capacities as a determinant of SME export performance. It highlights the role of these capabilities as a source of competitive advantage leading to performance. The article begins with a preliminary exploration of conceptual and terminological clarity. It discusses the choice of terms in strategic management, specifically the preference for the term "capacity" over "competence." The article then provides a reminder of the origins and foundations of the Resource-Based View (RBV) and its various approaches. It emphasizes the postulates of heterogeneity and specificity, which explain the differences in firms' performance based on their unique strategic resources. The article also addresses the need for terminological clarification between resources, skills, and capabilities, presenting different typologies proposed by authors. It further distinguishes between resources and capabilities, highlighting the dynamic nature of capacities and their transformative role. The article concludes by discussing the circularity of definitions and criticisms of the RBV, while emphasizing the importance of organizational capacities as crucial sources of competitive advantage.

KEY WORD: Relational capacities, SME export performance, Resource-Based View, Competitive advantage, Organizational capacities

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I. Introduction and literature review

The present work aims to achieve a conceptualization of relational capacities as an antecedent of the export performance of the SME. We will strive to highlight the role of these capabilities as sources of competitive advantage leading to performance. However, before embarking on this enterprise, the opening of a preliminary site is necessary. It is a question of undertaking a work of conceptual and terminological purification.

Indeed, if it is well accepted that the choice of terms is never neutral in management, we note that the term capacity tends to impose itself in strategic management, supplanting that of competence (Marchesnay, 2002). Due to the many openings and academic debates aroused by the RBV, one of the redundant problems of this approach concerns the need for standardization and clarification linked to the "plethoric overflow of concepts and notions which borders on proliferation" (Quelin and Arrègle, 2000, page 11)¹. In order to remain consistent throughout this research, we will limit ourselves to the evocation of the multiple definitions of the basic concepts and classifications proposed by the APR. Our objective will be to highlight the key concepts inherent in our investigation and to maintain precise definitions. Our purpose consists less in dissolving the ambiguities of the literature than in circumscribing the full meaning of the notion of relational capacity.

Initially, we strive to determine the meaning and scope of the notion of resource while taking into account the semantic "multivocality" illustrated by the diversity of definitions proposed by the literature. Then, to define the notion of relational capacities, we will dwell on the definition of the notion of capacity, and this, by qualifying it in relation to certain similar notions while highlighting its articulation with the notion of resource.

¹ Arrègle .J-L et Quélin.B (2001) : « L'approche fondée sur les ressources », in « Stratégies : actualités et futurs de la recherche », sous la coord, A-C.Martinet et R-A.Thiéart, Vuibert, pp.273-28

1. REMINDER OF THE ORIGIN AND FOUNDATIONS OF THE RBV

The remote origins of the RBV could be traced to Penrose (1959)². Since the seminal contribution of this author, a number of writings taking advantage of his work have developed to constitute today a theoretical corpus in its own right. So, it is possible to distinguish different approaches that are part of the RBV approach and which have borrowed differently from the wake traced by Penrose: the "Resource-based view" (Wernerfelt, 1984; Barney, 1986, 1991), fundamental skills theory (Hamel and Prahalad, 1990), and dynamic capabilities theory (Teece, Pisano and Shuen, 1997). These three currents all agree on the idea that firms are profoundly heterogeneous in terms of the resources they can mobilize. On reading the precursor works, in particular those of Wernerfelt (1984) and Barney (1991), we realize "that it is difficult to speak of ONE theory of resources (...) At the very least, we will talk about an emerging paradigm, asking ourselves if the currents that cross it tend to converge or are, on the contrary, intended to enrich disciplines different in their episteme, essentially economics, confronted with management sciences" (Marchesnay (2002)³). This would explain the difference in terminologies encountered in the literature; whereas the term "Resource Based Theory" is found in the work of certain researchers, in particular Das and Teng (2000)⁴; others, more conservative like Barney (2001)⁵, stick to the term "RBV".

1.1. The RBV, conceptual foundations and postulates

1.1.1. The origins and basic assumptions of the RBV

In general, the resource-based approach arose from a need to explain firm performance by exploring the "organizational black box". Indeed, Wernerfelt and Barney (1984) developed a definition of the RBV where the company is not considered through its portfolio of activities (products, markets) but as a unique set of tangible and intangible resources; it constitutes "a single node of productive resources"⁶.

The RBV approach thus apprehends the organization as "a constellation of resources whose character idiosyncratic behavior explains the heterogeneity of firms and their performance" (Boughattas and Bayad, 2008)⁷. Proponents of the RBV thus attempt to propose an approach that makes it possible to study the differences between companies. The objective is to arrive at a model highlighting the existing link between the internal characteristics of the company and its performance. This idea is very explicit in the work of Barney (1991), who indeed posed the two hypotheses which remain the basic postulates of all schools of the RBV:

- **the postulate of heterogeneity** : firms within the same industry can be heterogeneous depending on the strategic resources they control;

- **the postulate of specificity** : resources can only be imperfectly mobile between companies.

Based on these two postulates, the heterogeneity of companies in terms of performance could be explained by their unequal capacities to possess and deploy distinctive strategic resources. However, the literature offers various terminologies to designate these resources.

1.1.2. The notions of "resources", "skills" and "capabilities" and the need for terminological clarification

What do the authors mean when they talk about resources? How can we differentiate between resources, skills and capacities? The taxonomic obsession that seems to have gripped researchers has led to a proliferation of definitions that are not always consistent with one another (Arrègle and Quélin, 2001)⁸. Resources are usually thought of as stocks of available factors, tangible or intangible, which are owned or controlled by the firm and converted into products or services using a variety of other resources and mechanisms. However, there are several types of resources that emphasize different criteria. In a recent contribution, Nurbet (2012) admits the difficulty of producing a single and unique meaning of the notion of resource, "as long as it is defined both by what it is and

²In fact, it is Birger Wernerfelt who is considered the father of the RBV in the field of strategic management. Birger Wernerfelt was the first to clearly use the term "Resource-based view" in an article published in 1984.

³ Marchesnay.M (2002) : « Pour une approche entrepreneuriale de la dynamique ressources compétences : essai de praxéologie », Editions de l'ADREG, page 82

⁴Das, TK, & BS Teng (2000), "A Resource-Based Theory of Strategic Alliances," Journal of Management, Vol. 26, No.1, pp.31-61.

⁵ Wernerfelt.B (1984) : "A resource-based view of the firm", Strategic Management Journal, pp. 171-180.

⁶"A unique bundle of productive resources"

⁷ Boughattas Y., Bayad M. (2008), « Métier d'entrepreneur : étude exploratoire pour identifier et évaluer les compétences », congrès de l'AGRH, Dakar.

⁸J.L. Arrègle, B. Quélin, 2001, "L'approche Resource Based" in *Stratégie : actualité et futur de la recherche*, A.C. Martinet and R.A. Thiétart (editors), Vuibert.

by what it makes possible". (Nurbert , 2012, page 212)⁹; that is to say, by its nature and by its finality in action. For this author, the notion of resources can only be defined according to “ *the level of generality that it assumes or can assume* ” (Nurbert , 2012, page 213).

To capitalize on the contributions of researchers, we propose a classification of resource categories as presented in the literature. In the following table, we have summarized the main typologies proposed by certain authors. For each typology, the number of categories and a brief description are proposed.

Table 1: A summary of resource categories (inspired and supplemented by the work of Argèle)¹⁰

Author ¹¹	Number of categories	Description	
Barney (1991)	3 categories	Physical resources	Technology, plant and equipment, geographic location and access to raw materials;
		Human resources	Training, experience, judgment, intelligence, relationships, individual insight of managers and workers in the firm
		Organizational resources.	Formal structure, formal and informal planning, controls and coordination systems
Miller and Shamsie (1996)	2 categories	Property-Based Resources	Property rights, contracts giving exclusive access to certain inputs, etc.
		Knowledge-Based Resources	Know-how, specific technical, functional and creative, expertise in design, production and marketing
St-Amant and Fox (2004)	3 categories	Financial resources	The “financial means available to the organization to ensure its daily activities as well as its development projects.
		Technological resources	These are technical artifacts such as instruments, tools, machines that are used to carry out productive activities within the organization, but also the processes, patents, methods that relate to them. Information and communication technologies are a sub-category of technological resources.
		Organizational resources	Design elements such as the structure of the organization, its way of organizing work, coordination, but also elements of social dynamics such as culture, power, labor relations, etc.

1.1.3. From resources to capabilities

It would seem that the first works on the approach of RBV did not make great distinctions between the concept of “resources” and that of “skills” or “capabilities”. For example, Wernerfelt (1984) and Barney (1991) define resources in quite similar ways. The first conceives them as “ *all the assets that are linked to the firm in a semi-permanent way that can be considered as a strength or a weakness* ”; and the second as “*all the assets, capacities, organizational processes, attributes of the firm, information or knowledge controlled by a firm, which allow it to design and implement strategies likely to increase its effectiveness and efficiency* ”. Even if these definitions underline the idea of possession and control of “assets”, we see in this term only a terminological substitute for the notion of resources. This same terminological detour seems to be adopted by Amit and Schoemaker (1993, page 35)¹² who proposed the term “factor” by announcing that “ *resources could be defined as the stock of available factors owned or controlled by a firm* ”.

⁹ Norbert Lebrument (2012), « *Intelligence économique et management stratégique, Le cas des pratiques d'intelligence économique des PME* », L'HARMATTAN

¹⁰ Arrègle.J-L et Quélin.B (2001) : « *L'approche fondée sur les ressources* », in « *Stratégies : actualités et futurs de la recherche* », sous la coord, A-C.Martinet et R-A.Thiétart, Vuibert, pp.273-288

¹¹ Arrègle Jean-Luc, (2006) : « *Analyse Resource Based et identification des actifs stratégiques* », Revue Française de Gestion, /1 no 160, p. 241-259.

¹² Amit RH and Shoemaker PH (1993), “ *Strategic assets and organizational rent* ” Strategic Management Journal, 14, 1, 33-46.

1.1.4. Capacities: the resources put into action

Grant (1991)¹³ is reputed to be one of the first authors to highlight a difference between resources and capacities. He considers that " *the individual resources of the firm include such objects as equipment and capital, the capabilities of individual employees, licenses, brands* ", while " *a capability is the ability of a team of resources to perform a task or activity* ". He concludes his reasoning by saying that " *resources are the source of a company's capabilities, its capabilities are the main source of its competitive advantage* ¹⁴". Along the same lines, Amit and Schoemaker (1993, page 36) define capability as " *the ability of a firm to deploy resources, usually in combination, using organizational processes to achieve a desired end* ".

In the same vein, Makadoc (2001)¹⁵ proposes another way of distinguishing between resources and capacities. For this author, a resource is an observable asset that can be valued and traded just like a brand, a piece of land, a license or a patent. On the other hand, a capacity, is unobservable (and necessarily intangible), cannot be evaluated and cannot be exchanged in part but as a whole. On their side, St-Amant and Renard, (2003, page 51)¹⁶, proposed another distinction between resources and capacities by stating that: " *organizational capacity is defined as an ability to achieve the deployment, combination and coordination of resources and skills through different value streams, to implement previously defined strategic objectives* ".

We then deduce that the distinction between resources and capacities could be highlighted if we consider that the resources refer to immobile factors specific to the company whereas the capacities are in some way dynamic functions of the resources. This idea is expressed in the proposed stock/flow analogy by Dierickx & Cool, (1989) and quoted by Kaleka (2012)¹⁷: " *While 'resources' are stocks of tangible and intangible, such as existing knowledge, individual skills and **relationships**, which may be used as inputs to organizational processes, 'capabilities' are these organizational processes, which transform resources to strategic outcomes. The analogy of resources and capabilities to stocks and flows provides good insights into the role of these two sources of competitive advantage* ". Other authors have used the same pictorial language to distinguish resources from capacities. For example, Krasnikov and Jayachandran (2008, page 12)¹⁸ consider abilities to act as the " *glue that holds organizational resources together and enables their deployment to achieve maximum benefit. These capacities manifest themselves in the form of several organizational processes such as purchases, the development of new products or the **management of relations*** " ¹⁹.

II. General discussion and general conclusion

In addition to clarifying the key concepts of RBV, the debates and criticisms that surround this theoretical approach also need to be discussed. Some researchers question the universal application of RBV, arguing that some resources may be easily imitable or substitutable, thereby reducing their potential for competitive advantage. Others emphasize the importance of dynamic resources and organizational learning to sustain lasting benefits. By integrating these alternative perspectives, we enrich the overall understanding of RBV and enable a more nuanced analysis of resources and capabilities in a dynamic context.

a. The distinction between the concept of "capacity" and that of "competence"

although the distinction between resources and capacities turns out to be relatively easy with regard to the articulation between the two concepts and the clarifications offered by the authors, it becomes less obvious when it comes to differentiating between capacities and skills. This is perhaps due to the sometimes synonymous uses of these two terms or probably to the semantic shift linked to the inevitable recourse to English-language literature.

¹³ Grant, RM, (1991): " *The Resource-Based Theory of Competitive Advantage: Implications for Strategy Formulation* ". California Management Review; 33, (3), p. 114–135.

¹⁴ " *A capability is the capacity for a team of resources to perform some task or activity. While resources are the source of a firm's capabilities, capabilities are the main source of its competitive advantage* ¹⁴" (p.119)

¹⁵ Makadoc R. (2001): " *Towards a synthesis of resource-based and dynamic capacity views of rent creation* ", Strategic Management Journal, 22(5), 387-402

¹⁶ Saint-Amant G. et Laurent Renard (2003) : « *Capacité, capacité organisationnelle et capacité dynamique: une proposition de définitions* », Les Cahiers du Management Technologique, volume 13, no. 1

¹⁷ Kaleka, A. (2012): " *Studying Resource and Capability Effects on Export Venture Performance* ", Journal of World Business, 47(1), 93-105.

¹⁸ Krasnikov, A. and S. Jayachandran, (2008) . : " *The relative impact of marketing, research-and-development and operations capabilities on firm performance* ". J. Market., 72: 1-11.

¹⁹ " *Capabilities act as the "glue" that holds together various organizational resources and enables their deployment in such a way that achieves maximum advantage. These capabilities take the form of organizational processes, such as order fulfillment, new product development or relationship management ...*" (page 12)

Indeed, in Anglo-Saxon literature, the term “ *competencies* ” frequently appears preceded by the adjective “ *core* ” or “ *distinctive* ”. It is sometimes interchangeable with the term “ *capabilities* ” which is also interchangeable with the term “ *skills* ”. Marchesnay , (2002) underlines observation by advancing that the term “ *capacity* ” is debatable by its translation of the notion of “ *capability* ”, which leads to confusion between the terms “ *capacity* ” and “ *competence* ”; the word *capacity* being accepted as the French translation of the English term “ *capabilities* ”. However, for Marchesnay (2002) the English term “ *capability* ” has no direct equivalent in French, the term *capacity* is the one that is generally used for its translation. This equivalence therefore seems to be justified by the semantic proximity of the two terms. Indeed, we find in the dictionary Le Petit Robert that the term *capacity* originates from the Latin *capacitas* and *capax* which refer “ *either to the idea of capacity or to that of aptitude, skill, faculty, strength or power to achieve something, as well as to the quality of someone who is in a state of understanding or doing something* ”.²⁰

If we investigate deeper, we find that the divergence between the concepts of skills and abilities lies more in the use made of these concepts than in any semantic difference. In other words, the difference between these two concepts stems less from a difference in their definition than from the style of language used by the authors and the research objectives they pursue. This is perhaps what motivated Barney (2002) to point out that it seems that “ *the debate between the terms resources and capacities or skills is useless; these terms are used interchangeably and often in parallel* ”. He supports his reasoning by bringing the question back to the central understanding of the RBV insofar as for him: “ *resources are all things that constitute a strength or a weakness of a given company* ” (Wernerfelt , 1984, page 172)²¹.

To summarize, the concept of organizational capabilities is defined by the ability or ability of the organization to carry out its productive activities efficiently by deploying its resources and skills through various value-creating processes, according to the objectives that it had previously defined; that is, assuming that the result conforms to the original intention or any change in that intention. To possess a capacity is therefore to have the ability to achieve something according to the objectives that the initial intention had defined. In other words, the concept of capacity fills the space between the intention and the result, by postulating in passing that the result should be in conformity with the initial intention. This meaning of the term “ *capability* ” corresponds to that suggested by Winter (2000) who considers that “ *to be capable of something is to have a generally reliable capacity to bring that thing about as a result of intended action. Capabilities fill the gap between intention and outcome, and they fill it such a way that the outcome bears a definite resemblance to what was intended* ” (p.2). For their part, O'Regan & Ghobadian (2004)²² describe capacity as “ *the company's ability to deploy its tangible and intangible assets to perform a task or activity in order to improve its performance* ”.

b. The problem of the circularity of definitions

In the proliferation of definitions and concepts, organizational capacities, despite the debate on their nature, assert themselves as being essential sources of competitive advantage. However, this enthusiasm for the RBV should not conceal that this approach endorses several criticisms, the most serious would undoubtedly be that decrying its tautology. The tautological character of the main concepts mobilized by the resource approach is by several authors like Teece , Pisano, & Shuen , (1997)²³, which underline the specificity of the link between capacities and resources by arguing that: “ *Capabilities , uses resources to perform their function , while they simultaneously update and nurture the stocks of company resources . Collectively, resources and capabilities designate the firm 's ability to rapidly respond to environmental change and achieve new and innovative forms of competitive advantage and superior performance outcomes* (Teece, Pisano, & Shuen , 1997, page 530).

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²¹ “ *By a resource anything is meant which could be thought of as a strength or weakness of a given firm* ”.

²² O'Regan , N & Ghobadian , A (2004), ' *Re -visiting the Strategy-Performance Question: An Empirical Analysis* ', *International Journal of Management and Decision Making* , 5 (2/3), 144-170.

²³ Teece, DJ, Pisano, G., & Shuen , A. (1997): “ *Dynamic Capabilities and Strategic Management .* ” *Strategic Management Journal* , 18 (7), 509-533.

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