

Strategy For The Development of Algerian Companies A Perspective Grounded in The Resource and Competence Model.

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ABSTRACT

The objective of this paper is to inspect the various strategic options available to Algerian companies to deal with the economic challenges they face. The following analysis employ two theoretical frameworks, namely the growth phase model of (Greiner, 1997), and the resources and competencies model (Barney,1991 ; Birger Wernerfelt, 1995), particularly the latter's relational perspective (Dyer and Singh, 1998). These two frameworks, taken together, enable us to gain a better understanding of the problem available, and consequently to identify the stage of growth of the Algerian company and propose the appropriate development modality at this juncture.

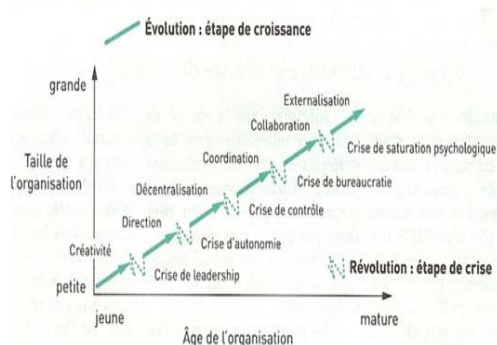
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1. Introduction

The most recent economic census conducted in 2011 by the National Statistics Office indicates that the economy is largely characterized by micro-enterprises, predominantly comprising individuals (95%). Globally, Small and Medium-sized Enterprises (SMEs) and Small and Medium-sized Industries (SMIs) play a crucial role as primary job providers and wealth generators, thus serving as the driving force behind economic growth. The current state of the Algerian economy can be attributed to various socio-cultural factors, such as the

lack of a managerial culture, as well as historical factors, including the decades-long legacy of an economy structured around a socialist model. Nonetheless, the evolution of Algerian enterprises aligns with the various growth phases that any company typically experiences over its lifecycle, reflecting a standard structural dynamic. Furthermore, as noted by E. Larry Greiner, there is a correlation between the size and age of companies, leading him to propose the existence of a phased growth process for these entities. (Figure 01).

Figure N°1 : Structural Dynamics of Enterprises



Source: Larry E. Grenier, *gérer sa croissance*, Harvard, l'expansion, 2005.

The structure of the Algerian economy, when examined through the lens of company growth as articulated by L.E. Greiner, suggests that Algerian enterprises—primarily the very small enterprises (VSEs) constituting 95% of the entities identified in the 2011 economic census—are currently situated in the decentralization phase. This stage typically culminates in a crisis of control. Upon the resolution of this crisis, these companies may transition to a new status by opening their capital, which would entail the establishment of new objectives and the adoption of new management or governance practices. While this article does not intend to delve into the evolution processes of organizations, it aims to establish an analytical framework that will serve as the hypothesis for the subject under consideration : how Algerian companies, within the previously defined context, can build competitive advantages by embracing a resource-based and skills-oriented approach, particularly from a relational perspective.

To verify the ex-post impact of management based on this approach on firm growth, we posit that marketing a new product in a highly competitive market necessitates the acquisition of new skills and expertise for effective market penetration. Initially, we will review the literature concerning the resources and skills model. Subsequently, we will demonstrate how a strategy rooted in this model—particularly from a relational perspective—can drive growth. Finally, we will emphasize the potential significance of this approach within the tourism and crafts sector in the Algerian context.

The Interest of the work :

Before addressing the main topic, it is important to clarify that our work is not an exhaustive and structured research study ; nonetheless, it seeks to stimulate reflection on a subject that

we find both interesting and promising. The competency-based approach presents significant theoretical, empirical, and managerial value. - Theoretically, most literature on strategic competencies emphasizes the phases of exploitation and enhancement of competencies, once they are supposedly identified by the organization (Mascarenhas et al., 1998). The extensive literature on this topic and its diverse developments have made the resource and competence model, or Resource-Based View (RBV), one of the principal subjects in strategic management. - Empirically, the areas of study for this approach encompass the electronics, IT, and white goods sectors. It also applies to the tourism and crafts sectors, which represent tangible opportunities for development and growth. The production and operating accounts for 2004 indicate a very low share of the net operating surplus (NOS) in the public sector "hotels, cafés, and restaurants" (indicative of tourism sector activity) compared to the private sector, and even more so in relation to the overall NOS, which was negative in 1994. - Finally, from a managerial perspective, the initial challenge for companies implementing strategic thinking based on competencies lies in identifying, analyzing, and mapping their skills within a framework designed to provide a competitive advantage. From a sectoral perspective, this approach can guide the development of sector-specific growth plans by mapping the skills and expertise of competitors to inform strategies for skill acquisition and/or the development of internal capabilities, such as through benchmarking.

2. Literature Review

The origin of the resource and competence-based model can be traced back to 1984, with the foundational article by Birger Wernerfelt. However, it is widely acknowledged that Edith Penrose, in her work "The Theory of the Growth of the Firm," addressed the limitations of O. Williamson's contractualist model. In her endeavor to explain the performance disparities among American firms with comparable levels of technical and financial capital, Penrose introduced a new paradigm that has since become the prevailing framework in strategy. She posited that "the growth of the firm is both encouraged and limited by the dynamic and interactive process that arises when management seeks the optimal use of available resources." Furthermore, she suggested that the entrepreneur's perception of the environment reflects the potential and constraints faced, asserting that the firm's perceived demand is significantly influenced by its productive capabilities. Consequently, the firm's growth trajectory and the goods it opts to produce can be analyzed through the lens of the relationship between its resources and its competitive positioning. (Penrose, 1995).

2.1 Knowledge: A Strategic Issue for the Company

In recent years, knowledge has emerged as a critical source for establishing competitive advantages within organizations. Cohendet (1997) highlights that this perspective significantly diverges from the static and dimensional view of firms promoted by advocates of the contractualist approach, who regard organizations primarily as entities addressing informational challenges, as observed in agency theory, the Coasian firm approach, and team theory. Contemporary frameworks, however, attribute organizational performance to the

capabilities and skills inherent within the firm. By transcending this reductionist viewpoint, modern theories identify knowledge as a fundamental factor influencing a company's competitiveness. Notable theories include the evolutionary approach (Nelson et al., 1982), the knowledge-based approach (Conner and Prahalad, 1996), and various learning processes (Rondeau, 2000).

Since 1984, the resource-based approach has led to various developments that assert conceptual independence while sharing common principles. These developments can be categorized into five perspectives (Prévot et al., 2010), specifically :

1. Resource theory,
2. Strategic skills management perspective,
3. Knowledge-based theory,
4. Dynamic capabilities theory,
5. Relational approach.

While a thorough discussion of all these perspectives surpasses the scope of this overview, we aim to provide a concise presentation of the theoretical foundations and key concepts of the first three. For an in-depth examination, readers are encouraged to consult Prévot et al.'s (2010) article titled "Resource-based Perspectives."

2.2 Resource theory (ressources basedview) :

E. Penrose is the foundational reference for this theory, having introduced the concept of resource services. This concept aids in elucidating the performance disparities among firms that appear similar in terms of capital and labor (identical KL). "The inputs of the production system are not the resources themselves but the services they provide. The nature of these services depends on the knowledge possessed by individuals in the company." (Prévot et al., 2010). This implies that the interaction of individuals within the company with these inputs differs across firms, as each possesses its own employees and executives. As a result, this variability contributes to performance differences and establishes a competitive advantage that maximizes resource services. This phenomenon is often referred to as causal ambiguity.

2.3 The Perspective Based on Strategic Skills Management :

Also referred to as Competence-Based View (CBV), this framework is rooted in the seminal article by Prahalad and Hamel (1990). Its evolution has established it as a distinct perspective from resource-based theories. This differentiation arises primarily from the limitations associated with ex-post explanations of strategic decisions and outcomes, alongside a preference for theories grounded in positivist principles. To address these limitations, a holistic approach is recommended.

The core concept of this theory is "competence," which, while broadly defined, is specifically articulated in the context of strategy as an organization's ability to cultivate a competitive advantage. According to Collis (1991), Hamel (1994), and Prahalad and Hamel (1990), the idea of "core competence" is introduced, emphasizing that it is developed through experiential learning and application. This competence enables organizations to perform activities more efficiently, flexibly, and with higher quality than their competitors.

Freiling (2004) enhances the competence-based perspective by proposing a new formulation that centers on the concept of organizational atmosphere. He posits that this emerging notion provides the organization with protective and catalytic forces that enhance its asset endowment. The dual role of the organizational atmosphere is to safeguard against competitive threats while facilitating the development of the firm's resources and capabilities.

- **Knowledge basedview :**

The objective of this theory is to present a revised perspective of the firm, grounded in its capacity to assimilate knowledge possessed by competitors, potentially coordinate this knowledge, and generate new insights. In a study titled « How do organisations manage to develop collaborative innovation ? The case of the tactical strike and reconnaissance aircraft (TSR-2) »(Barbaroux, 2011).

This study shows that «, we suggested that collaborative innovation requires that the organisation is capable of designing and aligning four dimensions: product architecture and organisational forms, governance mechanisms and cultural values. It is only by integrating the dimensions of design, interaction, governance and culture that the organisation becomes capable of leveraging complementarities between internal and external resources, and develops collaborative innovation. »

L'innovation collaborative exige que l'organisation soit capable de concevoir et d'aligner quatre dimensions : architecture produit et les formes d'organisation, les mécanismes de gouvernance et les valeurs culturelles. C'est seulement en intégrant les dimensions de la conception, de l'interaction, de la gouvernance et de la culture que l'organisation devient capable de tirer parti des complémentarités entre les ressources internes et externes, et développe l'innovation collaborative ».

Spender (1996) proposed a dynamic theory of the firm, emphasizing that the knowledge possessed by an organization and its application must continually evolve. This concept was further advanced by Nonaka and Takeuchi (1997) and Nonaka et al. (2000), who formulated a knowledge creation theory that seeks to explain the firm's existence through a dynamic of innovation and ongoing knowledge creation. They introduced the concept of "Ba," defining it as a shared atmosphere or context in motion, which they positioned at the core of this theory. The extensive literature on the resource and skills approach, along with recent advancements employing various analytical frameworks, reflects both the research community's interest and the significant impact on managerial strategies. One area of focus is cooptation and skills management, which examines and delineates the company's position regarding skills management by referencing two strategic domains : skills and cooperation. This perspective, extensively developed by Brandenburger and Nalebuff (1996 ; 2011), will not be elaborated upon in this paper. Instead, we will adopt a reading framework proposed by Prévot et al. (2010), who drew significantly from the work of the aforementioned authors. They offer a framework organized along two dimensions : the first pertains to the nature of the relationship, characterized by a predominance of either cooperation or competition, while the second relates to the actions undertaken regarding skills within the context of the

relationship, oriented either toward the creation of new skills or the deepening of existing skills.

The study identifies four distinct areas of research :

- Skill sharing : fostering cooperation and enhancing existing skills,
- Skill protection : promoting competition and refining existing skills,
- Learning from other organizations' skills : engaging in competition and developing new skills,
- Joint skill creation : facilitating cooperation and establishing new skills.

These dimensions are regarded as managerial strategies that firms should implement in accordance with their respective environments. In the context of Algeria, as discussed in the introduction, we assert that these strategies should be informed by the company's situational context.

To illustrate these research areas, we can outline a two-dimensional axis representing the degree of cooperation on one side and the intensity of competition on the other. This diagram can be superimposed on the curve illustrating the evolutionary cycles of L.E. Greiner's organizations. Consequently, we can recommend specific strategies for Algerian firms based on their evolutionary stage.

3. Evaluation and analysis methodology

To assess the relevance of this analysis, two key elements must be verified :

1. Has the evolution of the Algerian company occurred in accordance with the Greiner model ?
2. What managerial strategy is employed by the CONDOR company, which serves as our reference for this work ?

The first question will clarify the Algerian company's status in relation to this analysis and may validate or invalidate the Greiner model within the Algerian context. This initial work will propose an approach that involves analyzing a sample of companies based on age, size, turnover, and added value. Through statistical data analysis techniques, we will attempt to identify various correlations between these variables.

A. Managerial Strategy of the CONDOR Company :

The second question aims to elucidate the nature of the managerial strategy employed by the CONDOR company and its relationship with the resources and skills model. We will hypothesize that the marketing of new products necessitates the acquisition of new skills, which may arise from sharing or learning but not from joint or internal creation, as there have been no marketed products resulting from innovation, either independently or through partnerships. This observation supports the hypothesis that, within the Algerian context, companies may only adopt a strategy of skill acquisition based on resource sharing and/or learning.

Practically, we propose a statistical approach under the assumption that successful penetration into a competitive market depends on the acquisition of new skills. This approach will involve collecting data on the marketing dates of new products, the number of technical managers recruited during the relevant periods, the number of trained managers, and the turnover and added value during those financial years. A principal component analysis could uncover correlations between these variables, indicating interdependencies that may serve as indicators for measuring the mastery of new skills. Once these two questions are addressed, it would be valuable to transpose the conclusions to the tourism and crafts sector with necessary adjustments to provide decision-makers with information that will aid in developing a recovery plan for this strategic sector, which is essential for job creation. Algeria possesses natural assets that could attract foreign partners for sector development and skill acquisition.

4. Conclusion

This work, while empirical, could benefit from further exploration, particularly as the aspect of managerial strategy is frequently overlooked by Algerian companies, especially in the public sector. Moreover, it is imperative for these companies, prior to Algeria's full accession to the WTO, to transition to a new organizational structure (from individual enterprise to company formation and capital opening) and, importantly, to acquire fundamental skills, whether managerial or technical, as these are essential for their survival.

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