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Towards Parsimony in Terminology Used in the Value Creating Process for Sources of Sustainable Competitive Advantage: the Activity-Resource-based View (ARBV) Perspective

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I. Introduction

The need exists to review the definitions of terminologies currently in use in the debate on sources of sustained competitive advantage. Hill and Jones (2009) postulates that the distinction of the terms resources, capabilities and competencies, is critical in understanding what creates sources of sustainable competitive advantage. Currently, the definitions of these terminologies, especially resources, capabilities and competencies are expansive, thereby hindering interpretations of study findings as well as hampering the choices regarding the most appropriate research methodologies to use. Armstrong and Shimizu (2007) lists one central criticism of the resource-based view research as the broad definition of the term, 'resource' (Barney 2001, Barney, Wright and Ketcher 2001).

The research methodological challenges posed by the expansive nature of definitions of terminologies used in the process of creating and sustaining competitive advantage have also been of concern to other scholars and researchers (Denrell, Fang and Winter 2003, Hoopes, Madsen and Walker 2003, Newbert 2007, Sheehan and Foss 2009). These research methodological challenges emanating from the broad use of the terminologies resources, capabilities and competencies, can be circumvented, as is done in the study under review for this article (Gaya, Struwig and Smith 2013) through clarification of distinct definitions.

This paper asserts that the second way of achieving clear terminologies in use in the creation of sustainable competitive advantage is achieved and appreciated by locating the research within the ambit of the all-encompassing theoretical or conceptual framework, the activity-resource-based view (ARBV). The activity-resource-based view framework was generated by empirically integrating and using two theories: the activity and resource-based views in a previous study which serves as the basis for this article (see Gaya *et al.,* 2013, Gaya and Struwig 2016).

By integrating the two main theories of sustainable competitive advantage, the resultant activity-resource-based view framework explains the actual value creation process by resources possessing sustainability characteristics of rarity, valueableness, inimitability and unsubstitutability. This is supported by early and new literature (Barney 2001, Barney and Arikan 2001, Foss and Knudsen 2003, Sheehan and Foss 2007, 2009).

The study under review effectively integrates the resource and activity-based views, by introducing the *activity concept*, through activity drivers of scale, location and capacity utilization acting on the discrete firm activities of sales, service and spare parts supply to explain how tangible resources combine with competitive capabilities, to generate core competencies, which in turn, are the direct sources of sustained competitive advantage, through the creation of customer value. Customer value was created, through superior service efficiency, service process innovation, quality after sales service and effective spare parts support, leading to superior customer responsiveness and customer satisfaction. These core competenies resulted in the generation of both low cost and differentiation competitive advantages for the

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consistently high performing firm in the motor service industry.

The study justified and adopted a qualitative single case study research design and methodology, modelled on the conceptual framework, to study a consistently high performing firm in the motor service industry in Kenya; that is, a single firm, in a single industry. In order to meet the study objectives, in depth semi-structured face to face audio-taped interviews were conducted based on a previously agreed study rationale with key interviewees comprising five senior managers and the chairman and CEO of the consistently high performing firm. A further two interviews were conducted with supervisors, making a total of nine key informants, to achieve broad based views, to enable case development and case interactions and lastly, to achieve triangulation as recommended in a number of literature (Hyett, Kenny and Dickson-Swift 2014, Creswell 2013b, Yin 2002, 2009, 2012).

This article asserts that through the application of discrete firm activities of sales, service and spare parts availability, acting on firm resources possessing the sustainability characteristics of rarity, value, inimitability and unsubstitutability, competitive capabilities was created, which in turn generated core competencies that resulted in low cost and differentiation advantages for the customers. Through activity drivers of location, scale and capacity utilisation, differentiation and low cost structures are generated and sustained for the study firm which subsequently resulted in superior firm performance and market dominance (Gaya and Struwig 2016, Hill and Jones 2009, Hitt *et al.,* 2007, Porter 2004, Sheehan and Foss 2009).

This article also posits that through the clear explanation of the actual value creation process in the study under review, the definition of key terms and concepts to comprehend the demarcations of the terms resources, capabilities and competencies and the distinct differences and position in the hierarchy in the creation of sources of sustainable competitive advantages, clearly comes to the fore (See Figure 1- The conceptual framework).

This article concludes that the study findings as supported by literature, succeeds in reviewing the distinct definitions and use of the key terms and concepts used in understanding and analysing the actual process of creating and sustaining competitive advantage for firms in the motor service industry. In addition, the article submits that these three terms, resources, capabilities and competencies, should not be used interchangeably or substituted to bear different meanings (Gaya and Struwig 2016, Hill and Jones 2009, Hitt *et al.,* 2007)

The first section of this paper gives the importance of the paper and the justification of the study under review. The next section on literature review gives brief outlines of the main theories and key terminology used in understanding the actual process of creating sources of sustainable competitive advantage. Characteristics of resource sustainability are last in the literature review section. Then a conceptual framework section follows that explains how resources are integrated into activities, through activity drivers, to integrate the activity and resource-based view theories. The background of the research design and methodology follows. The findings of the study under review is then given and discussed. The next section gives the development of the new theoretical model from the study and literature. The paper concludes with study implications and recommendations for future research and theorizing.

II. Importance of The Paper

A number of reasons for the justification for the in depth, semi-structured face to face, single case qualitative study are identified. The reasons include extention of both the activity and resource-based view theories, the need to find a linkage between the two theories in order to address the numerous criticisms levelled at the two theories, review of the definitions of the key terminologies used in both theoretical and empirical literature, the suitability of the research design and methodology used in previous studies, and recommendations for further research by previous researchers in the realm of strategic management (Priem and Butler 2001, Priem 2007, Sanchez 2008).

According to Porter (2004) activity-based view of the firm is a comprehensive strategic framework which examines sources of competitive advantage at the firm level, using activities as the unit of analysis (Porter 1991, 2004, Sheehan and Foss 2007, 2009). Porter (2004) and Priem (2007) propose that the key to improving firm performance is to understand how value is created.

On the other hand, the resource-based view is considered one of the main theories of determining sources of sustainable competitive advantage (Armstrong and Shimizu 2007, Barney 2001, Barney, Wright and Ketchen 2001, Hitt, Ireland and Hoskisson 2007, Hoopes, Madsen and Walker 2003, Kraaijenbrink, Spender and Groen 2010, Newbert 2007, Priem and Butler 2001).

The actual process of value creation, ultimately the sources of sustainable competitive advantage in this study is based on both the activity and resource-based view theories. This study introduces the activity-resource-based view (ARBV) framework through the integration of these two theories, proving that a linkage between these two theories explains the actual process of value creation for the customers by resources possessing competitive resource characteristics. This integration is advocated in earlier literature (Porter 1991, 2004, Ray, Barney and Muhanna 2004, Sheehan and Foss 2007, 2009). Literature review is next.

III. Literature Review

In this section, key and controversial terminology and concepts used in the actual process of creation of sustainable competitive advantage for firms are briefly discussed. The definitions match the underlying assumptions of the study and those needing justification are supported by authoritative sources; in this case, the findings of this study are relevant to the body of literature. The definitions of concepts, theories and terms follow.

a) Resource-based view

Understanding of the firm performance remaims todate one of the most important challenges in strategic management research. The question as to why firms differ even in the same market and operating under the same competitive environment continue to persist. In mid 1980s and early 1990s, focus regarding the actual sources of sustainable competitive advantage shifted from the external perspective to search internally in the firms (Spanos and Lioukas 2001, Sheehan and Foss 2009).

Initiated in the mid-1980s by Wernerfelt (1984) Rumelt (1984) and Barney (1986) the resource-based view (RBV) slowly grew into one of the main frameworks for understanding sources of sustainable competitive advantage. The central premise of the resource-based view is that firms compete in the market on the basis of their internal resources, capabilities and competencies (Peteraf and Barney 2003). This inward-looking approach opened new lines of thinking and analysing about the actual sources of sustainable competitive advantage, according to Foss and Knudsen (2003). Over time, the resource-based view has become a victim of numerous criticisms by scholars and researchers in the realm of strategic management (Priem and Butler 2001, Sanchez 2008).

Resource-based view holds that firms differ in performance because each possesses a unique bundle of internal competitive resources (Barney 2001, Grant 2010, Hoopes *et al.* 2003, Rumelt 1991, Thompson, Peteraf, Gamble and Strickland 2012). Each firm develops core competencies from the combination of the competitive resources and competitive capabilities, which when identified, developed and deployed are able to create competitive advantages (Grant 2010, Hill and Jones 2009, Hitt *et al.* 2007). Where the resources are rare, valuable, inimitable and non-substitutable, the competitive advantage created can be sustainable (Barney 1986, 2001). The resource-based view therefore, explains how firms may outperform their competitors, even for firms with the same resources (Rumelt 1994, Sheehan and Foss, 2009).

This paper therefore underscores the importance of refining and extending the resource-based view with other contributions in the strategic management realm, including integration with the activity-based view, in order to bridge the gaps in the strategic management theory. This necessity is achieved through the generation of a new theory, the activity-resource-based view (ARBV) theory of sustainable competitive advantage (Gaya and Struwig 2016).

This paper asserts that the activity-resource-based view is a new framework to offer guidance to future research as well as theorizing on the actual process of value creation. In addition, the activity-resource-based view framework clearly defines and demarcates the terms resources, capabilities and core competencies in sustainable competitive advantage value creation discourse (Gaya et al., 2013).

b) Activity-based view

According to Porter (2004), activity-based view of the firm is a comprehensive strategic framework which examines sources of competitive advantage at the firm level, using activities as the unit of analysis (Porter 1991, 2004, Sheehan and Foss, 2007, 2009). Porter (2004) and Priem (2007) propose that the key to improving firm performance is to understand how value is created.

Other scholars consider the activity-based view an approach that acknowledges the role of a firm's activities in the creation of sustainable competitive advantage (Porter 2004, Ray *et al.* 2004, Sheehan and Foss 2007, 2009). Ray *et al.* (2004) postulate that activities of a firm are the means through which a firm's competitive resources, competitive capabilities and core competencies create value for the customer and through low cost and differentiation competitive advantage, through the efficiency and effectiveness of the responsiveness of customers' needs and expectations.

The activity-based view also postulates that resources have to be placed in activities to understand how competitive advantage is created and sustained, usually through the activity drivers such as capacity utilization, location and scale (Ghemawat 2008, Hoopes *et al*. 2003, Porter 1991, 2004, Sheehan and Foss 2007, 2009). The Activity-based view holds that the unit of analysis of a firm's competitive advantage is in the discrete or core activities the firm undertakes to create customer value and isolated through the firm's value chain analysis. For instance, capacity, location and scale are listed as main activity drivers of differentiation and cost (Ghemawat 2008, Ray *et al.,* 2004, Sheehan and Foss 2007, 2009).

In supporting Sheehan and Foss (2009) this paper considers activity drivers, as the key link between competitive resources, competitive capabilities and core competencies of a firm to the firm's core activities. This consideration is the rationale for integrating the activity and resource-based views into a single framework, the activity-resource-based view (ARBV) framework, which is the new theory proving a linkage between firm discrete core activities and firm competitive resources and capabilities, through activity drivers such as location, scale and capacity, to generate core competencies that are then the direct sources of sustainable competitive cost and differentiation advantages of the study firm (Porter 2004, Ray *et al.* 2004, Sheehan and Foss 2007, 2009).

Manipulation of activity drivers forms the basis for successfully positioning the firm as low cost or giving higher value at the activity levels compared to the firm's rival (Porter 1991, 2004, Sheehan and Foss 2009). Managers of the firms can either reconfigure their core activities, which imply new and different ways of doing things. Alternatively, managers of competiting firms can improve coordination of current core activities through manipulation of activity level drivers including capacity utilisation, location and scale (Ghemawat 2008, Porter 2004, Sheehan and Foss 2009)).

c) Resources

Resources are inputs of a firm's production process, such as capital equipment, the skills of employees, finances and skilled managers, owned and controlled by the firm (Grant 2010, Haberberg and Rieple 2008, Hitt *et al.* 2007). Resources in this study are physical, financial, social or human, technological, plant, equipment and other factors that allow a firm to create value for the firm's customers (Hill and Jones 2009). In general, a firm's resources can be classified into three categories: physical, human and firm capital. Resources are either tangible or intangible in nature.

For the purpose of this paper, resources do not include capabilities and competencies and the terms cannot be used interchangeably (Hill and Johnson 2009, Hitt *et al.,* 2007). Resources will also refer to a unique combination of a number of facilities, such as state of the art car sales showroom, service repair workshop and spare parts warehouse and supply network (Gaya *et al.,* 2013). Resources are competitive only when they possess sustainability characteristics of being rare, valuable, inimitable and unsubstitutable (Barney 2001, Grant 2010, Pearce and Robinson 2011, Hitt *et al.* 2007). Car sales through the ultra modern showroom, car repairs as carried out in the service workshops, and spareparts availability as distributed efficiently through the distribution network, are the typical firm discrete activities as decomposed by motor industry value chain analysis.

d) Capabilities

Competitive capabilities are the skills and the ability and ways of combining resources, people and processes that a firm utilises to convert inputs into outputs. Capabilities are also the capacity for a set of resources to perform a task, a set of tasks or an activity. Critical to the building of competitive advantages, competitive capabilities are based usually on developing, carrying and exchanging information and knowledge through the firm's human capital. Consequently, competitive capabilities are developed over time (Grant 2010, Hitt *et al.* 2007). Competitive capabilities refer to a firm's skill at coordinating the firm's resources and putting the resources to productive use, hence competitive capabilities also reside in a firm's structures, systems, processes, routines and procedures (Hill and Jones 2009, Thompson *et al.,* 2012). In this study, capabilities are those that the study firm possesses or has the capacity to carry out. These include Information, communication and technology (ICT). Competitive capabilities are generated from competitive resources, by acting on the firm's core activities.

e) Core competencies

Core competencies, sometimes referred to as distinctive competencies are firm-specific strengths that enable a firm to differentiate its services and or achieve substantially lower costs than the firm's competitors and therefore gain a sustainable competitive advantage (Haberberg and Rieple 2008, Hill and Jones 2009, Thompson *et al.* 2012). Core competencies are created from a combination of competitive resources and competitive capabilities, through activity drivers such as capacity utilization, location and scale (Hill and Jones 2009, Hitt *et al.* 2011). Core competencies distinguish a firm competitively and represent its personality in the competitive industry (Hitt *et al.* 2007).

Core competencies are valuable, rare, and costly to imitate and non-substitutable. They are the actual sources of sustained competitive advantage for the firm over the firm's rivals (Hill and Jones 2009, Hitt *et al.* 2007). Core competencies, which are the building blocks of competitive advantage, are listed by Hill and Jones (2009) as service efficiency, service process quality, process innovation and superior customer responsiveness. These four are referred to as generic core competencies, are highly interrelated and enable a firm to differentiate its service offerings; they offer more value to the customers, and lower cost structures (Hill and Jones 2009, Pearce and Robinson 2011).

IV. Characteristics of Resources Sustainability

The resource-based view theory of the firm proposes key guidelines that help determine what constitutes a competitive resource. In terms of sustainability characteristics, these are valuability, rarity, inimitability and non-substitutability (Barney 1986, 2001, Haberberg and Rieple 2008, Hill and Jones 2009, Hitt *et al.* 2007). These characteristics are described below.

a) Valuableness

Resources that enable the creation of competitive capabilities which generates core competencies that better respond to customers' needs and expectations than the competitors are categorised as valuable or competitively superior. For example, where car service workshops offer similar routine services but one is located more conveniently and accessible to motorists, the convenient location enables superior customer service responsiveness and hence creates value through a differentiation advantage. It is important to recognise that only resources that contribute to competitive superiority are valuable (Barney 2001, Haberberg and Rieple 2008, Hitt *et al.* 2007, and Thompson *et al*. 2012). In this study, a resource which causes customers to choose one firm over another due to quality in service offering or lower pricing, is a valuable resource (Gaya *et al.,* 2013).

b) Rarity

When a resource is in short supply, the resource is termed rare or scarce. When a firm possesses a rare or scarce resource and only few competitors do, and the rare or scarce resource is central to fulfiling customers' needs, the rare or scarce resource results into a core competence for the firm. Resource rarity or scarcity creates value for the customer when the rare or scarce resource is sustainable over time (Barney 2001, Grant 2010, Hitt *et al.* 2007, Thompson *et al.*2012). In this study, a resource that cannot be easily obtained due to being short in supply or not available is accepted as a rare resource.

c) Inimitability

A resource is inimitable when the resource is not easily copied or easily and cheaply acquired in the resource market. A resource that competitors can easily copy or acquire or replicate only generates temporary value and cannot generate a long-term competitive advantage. Inimitability does not last forever. Competitors always match or better any resource creating value as soon as the resource is identified. It should be obvious, then, that the firm's ability to forestall this eventuality is very important (Barney 2001, Grant 2010, Haberberg and Rieple, 2008, Hitt *et al.* 2007). For the purpose of this study, the resources bearing the following four characteristics will be difficult to imitate or duplicate:

- *Physical uniqueness*

Physically unique resources are always hard to imitate. A real estate situated in a location that is no longer available, as the location of the aftersales service facility in this study, are examples of tangible resources that cannot easily or cheaply be imitated (Pearce and Robinson 2011, Thompson *et al.* 2012).

- *Path-dependency*

Path-dependent resources can be hard to imitate because of the complexity of the path another firm has to take to create the competitive resource. Path-dependent resources cannot be easily acquired as they need time to create and invariably are very expensive. Creation of path-dependent resources cannot be speeded up (Haberberg and Rieple 2008, Pearce and Robinson 2011).

- *Causal ambiguity*

Causal ambiguity is the third way resources are difficult to imitate. Causal ambiguity refers to cases where difficulty is encountered in understanding exactly how a firm creates and sustains the competitive advantage it enjoys and competing firms are unable to discern exactly what the competitive resource is, or how the firm's resources are combined and coordinated to create and sustain the competitive advantage. Causally ambiguous resources generate competitive capabilities that arise from subtle combinations of tangible and intangible resources and culture, processes, and firm attributes possessed uniquely by the firm (Hitt *et al*. 2007, Pearce and Robinson 2011).

- *Economic deterrence*

Economic deterrence occurs when a large capital outlay has been expended in resource acquisition needed to create and sustain competitive advantage for the acquiring firm (Grant 2010, Pearce and Robinson 2011). Economic deterrence also occurs in limited market size that cannot support two major players. Economic deterrence also occurs where the price of acquisition is extremely high or unaffordable in comparison to future returns. Inimitable resources are considered to be protected by a barrier to resource mobility. This is also called isolating mechanism and shields the resource from being imitated or duplicated through acquisition (Foss and Knudsen 2003).

d) Unsubstitutability

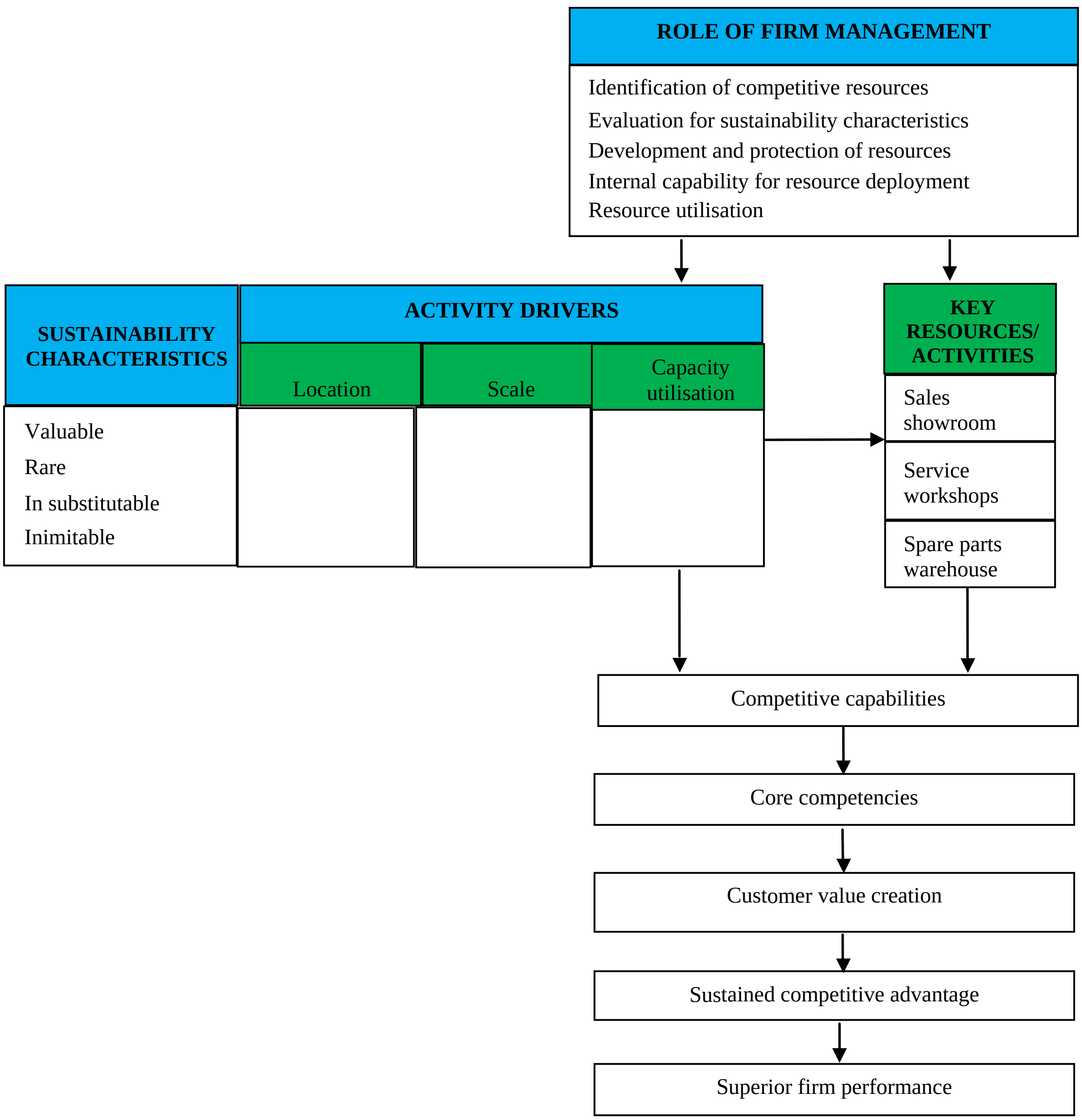
Unsubstitutability is a term used when other alternatives for a product, service or resource are difficult to obtain at a low cost. Economic deterrents and time compression are conditions that render a resource not cheaply or easily substitutable. In general, the strategic value increases as the resource becomes more difficult to substitute (Barney, 2001, Haberberg and Rieple, 2008, Hitt *et al.* 2007, Thompson *et al.* 2012). For the purpose of this study, a resource will be unsubstitutable when rivals do not possess other types of competitive resources that can combine with competitive capabilities from core activities to generate core competencies.

Resouce immobility or imperfect mobility also points to the existence of factor market imperfections as a necessary condition for sustainability. Immobility includes imperfect substitutability, the condition for sustainability quoted by Barney (2001). This condition also includes all cases where the sunk costs induce competitors not to imitate the resource bundle functionality (Foss and Knudsen, 2003).

V. Conceptual Framework

The need for a conceptual framework is justified by several researchers, who submitted that an ideal research ought to be anchored on theory, in order for the findings to easily fit in the existing body of knowledge (Stake 2000, 2005 and Yin 2002, 2009). The conceptual framework used in this study illustrates a modification of Fahy's (2000) model to include the activity-resource-based view framework, obtained by the integration of the resource-based and the activity-based views, to form the conceptual framework for the study under review.

Figure 1 illustrates the contribution of a number of scholars and researchers. Fahy (2000, 2002) contributes the original framework. Sheehan and Foss (2007, 2009) contributed to the conceptual framework through the introduction of the activity concept, including the activity drivers. Porter (2004) brings in activity drivers of capacity utilization, location and scale, alongside the core firm activities of sales, service and spareparts, through the value chain concept (Ghemawat 2008, Porter 1991, 2004). Barney (2001) proposes a framework using four primary characteristics of resource sustainability. These are value, rareness, inimitability and non-substitutability.



Source: Gaya *et al.,* (2013)

Figure 1 : A Conceptual Framework for creating sources of sustainable competitive advantage

The conceptual framework (Figure 1) guided the entire study, including the development of the study rationale, data collection instrument design, data collection, preparation and subsequent data analysis. The conceptual study model also facilitated research findinds discussion, reporting and conclusions.

VI. Integrating Resources into Activities

This subsection explains how resources are integrated into activities through activity drivers in the conceptual framework (Figure 1.).

According to Sheehan and Foss (2007, 2009) more research is needed to link Porter's (1991, 2004) activity-based and Wernerfelt's (1984, 1995) resource-based views. A number of conceptual papers have been written, with different themes seeking to link activity-based and resource-based views. Other literature promoting an integration of activity with resource-based views includes Porter (2004) and Sheehan and Foss (2009). The study under review (Gaya *et al.* 2013) is the first attempt to empirically integrate the activity-based with the resouce-based views using a theoretical and conceptual framework built on both the activity-based view and resource-based view literature.

This paper posits that the resultant framework, the activity-resource-based view (ARBV) framework explains how key internal competitive resources of a firm create value both for its customers and for appropriation by the firm, by acting on the firm's discrete core activities of sales, service and spareparts supply through the activity drivers of capacity, location and scale. The resultant competitive capabilities generate core competencies that are the direct sources of sustainable competitive advantage. Most importantly, this paper postulates that the core competencies of service efficiency, service quality, service process innovation and superior customer responsiveness create customer value and customer satisfaction through low cost and superior service differentiation advantages. The low cost and service differentiation advantages subsequently result in superior firm performance, hence market leadershipthe (Gaya and Struwig 2016, Hill and Jones 2009, Porter 2004).

VII. Research Design and Methodology

The study under review for this paper used a qualitative single case study where the combined research methodology was used successfully to generate a new theory; the activity-resource-based view (ARBV) theory of a consistently high performing firm in the motor service industry in Kenya (Gaya *et al.,* 2013, Siggelkow 2007). In Gaya *et al,* (2013) the activity-based view and the resource-based view theories were integrated through additional theory and a conceptual framework, to explain how competitive resources actually created and sustained competitive advantage for the firm (Ray *et al.,* 2004, Sheehan and Foss 2007, 2009).

Among the findings in the study, is that a single case study and qualitative research design and methodology is one of the most appropriate methodology for consideration in the realm of strategic management research, especially when generation of theory or theory testing is envisaged (Creswell 2013b, Denzin and Lincoln 2011b, Eisenhardt 1989, Eisenhardt and Graebner 2007, Merriam 1998, 2009, Siggelkow 2007, Yin 2002, 2009, 2012).

The needed rigour in the qualitative single case study was built (Gibbert, Ruigrok and Wicki 2008). This can act as a guide and a focus to other researchers, journal editors and article reviewers in the strategic management research realm, in how to overcome the limitations of lack of rigour, credibility, generalisability, quality and reporting limits in qualitative case study research (Creswell 2013b, Denzin and Lincoln 2011b, Hyett, Kenny and Dickson-Swift 2014, Merriam 2009, Yin 2009, 2012).

In order to meet the study objectives, face to face semi-structured in-depth interviews that were audio-taped were carried out guided by a previously agreed study rationale with key interviewees (or multiple key informants) comprising five senior managers, the chairman and CEO of the selected firm. A further two interviews were conducted with two managers holding supervisory responsibilities to make a total of nine key informants.

The nine key informants were employed to ensure multiple sources of information, further case development, shaped by context and emergent data. The nine key informants also ensured triangulation, to guarantee study integrity, build rigour, validity, credibility and reliability, as recommended in Creswell (2013b) and Denzin and Lincoln (2011b). Though considered a motor service industry expert, the interviewing of the chairman and CEO were meant to guarantee unfettered accessibility to the consistently high performing case study firm, a key quality requirement in single case study research design and methodology (Eisenhardt 1989, Siggelkow 2007).

VIII. Data Collection

According to Creswell (2013b) Easterby-Smith *et al*. (2009) Hyett *et al.* (2014) Merriam (1998, 2009) and Yin (2002, 2009, and 2012) face-to-face detailed in-depth interviews are the most regular sources of data in qualitative case studies. In the qualitative case study under review, the recommendations of Eisenhardt and Graebner (2007) and Yin (2009, 2012) were adopted, to ensure a rigorous, extremely comprehensive and systematic research methodology in the conduct of the qualitative case study research: preparation was made for data collection, collection of evidence, analysis of the evidence and the composition of qualitative case study report.

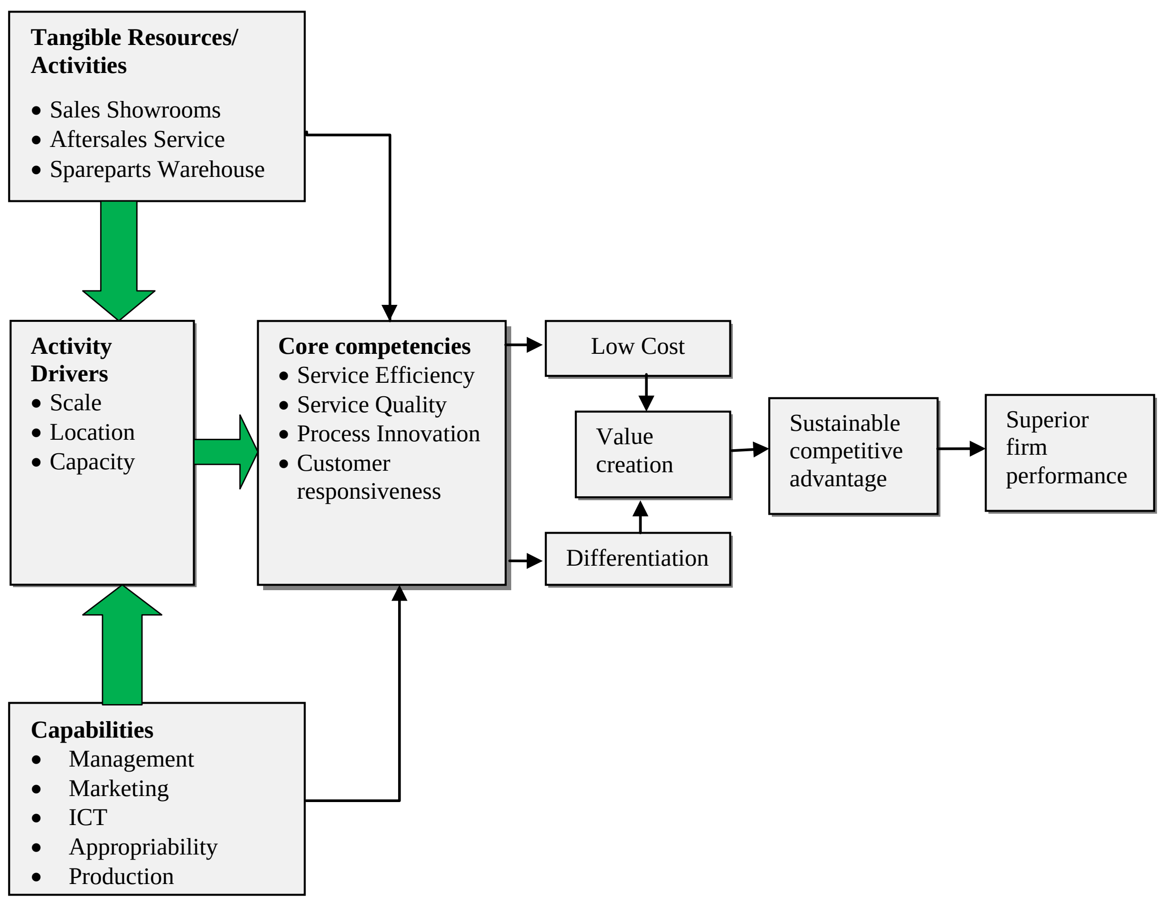
IX. Data Analysis

Regarding data analysis, the qualitative single case study research followed the recommendations of a number of researchers (Easterby-Smith *et al*. 2009, Eisenhardt and Graebner 2007, Hyett *et al.* 2014 and Yin 2009, 2012) who propose relevant strategies for data analysis, as well as noting Merriam's list of a number of data analysis strategies within a qualitative case study research (Creswell 2013b, Merriam 1998, 2009). As recommended in Yin (2002, 2009, 2012) the rich data was systematically recorded and managed, through a data base. Data analysis included construction of categories. The categorisation of data collected increased the quality of the data analysis.

Tables were used extensively to present the findings, illustrating the respective data themes and facilitating systematic analysis and reporting as recommended in the literature (Creswell 2013b, Hyett *et al.* 2014, Yin 2009, 2012). Working from the transcripts and guided by the data themes agreed upon earlier, the firm's activities formed the basis for the interpretation of the phenomena gleaned from the key informants' responses.

X. Findings and Discussion

The findings of the study under review are captured in Figure 2 below.



Source: Own construction based on research findings

Figure 2 : Activity- and resource-based framework of sustained competitive advantage

All nine key informants mentioned superior responsiveness to customers as the objective of the case study firm's investment, development, maintenance and the establishment of the firm's state of the art car sales, aftersales service and spare parts availability are core activities in the car firm value chain, focused on creating value for the customer by providing efficient and quality car sales, customer aftersales repairs and service and spare parts availability and distribution when needed.

The superior responsiveness to customers in car sales, after sales workshop repair service and spare parts availability are core activities geared to achieving customer satisfaction, to build customer trust and loyalty, and in turn secure customer retention. This finding is supported by early literature, especially by

Porter, when he asserts, 'resources are only valuable when placed into core firm activities, which generate lower cost or high value than rivals (Porter 1991, 2004). Porter is supported in recent literature by Sheehan and Foss (2009) who postulate that, ' it is when the activity-based view is integrated with the resource-based view that they together provide the most comprehensive explanation of firm value creation (Sheehan and Foss 2009:255).

In achieving superior responsiveness to customers and hence gaining customer satisfaction, the competitive resources identified generated competitive capabilities and core competencies that formed the building blocks of sustained competitive advantage. The four core competencies so generated, of superior operating efficiency, quality aftersales service, service process innovation and superior responsiveness to customers, allow the firm to differentiate its service offering in the motor service industry, and hence offer more utility to the customers and secondly, to lower the firm's cost structure in order to earn more profits as well as to pass on the low cost advantages to the customers through competitive pricing. This conclusion of the actual value creation for customers is supported in the literature (Gaya and Struwig 2016, Hill and Jones 2009, Hitt *et al.*2007).

XI. Paper's Implication for Literature

First, this paper emphasises that firm performance differences are attributable to the unique competitive resources, competitive capabilities and core competencies owned, developed, protected and deployed by the firms, through strategic choices made by the top management, to meet customer needs and expectations. This is explained by integrated activity-resource-based view (ARBV) framework (Gaya and Struwig 2016, Hitt *et al.* 2007, Porter 1991, 2004, Sheehan and Foss 2007, 2009)).

Second, in order to understand the actual process of creation of sustained competitive advantage, this paper advocates the distinct differences and meaning of the terminologies used in the process of the actual value creation of sustainable competitive advantage ought to be understood and respected in their use in literature. Such understanding provides not only a basis for selecting a strategy that exploits key competitive resources, competitive capabilities and core competencies of a firm but also gives an opportunity of filling research and literature gaps in the realm of strategic management (Grant 2010, Hill and Jones 2009; Hitt *et al.* 2007, Sheehan and Foss 2007, 2009).

Third, this paper contributes in addressing a number of criticisms levelled at both the activity and resource-based views respectively, by explaining the actual process of value creation and advocating reliance on the integrated activity-resource-based view framework, as well as by strongly advocating for clear and distinct meanings and use of terminology resource, capabilities and core competencies (Hill and Jones 2009, Priem and Butler 2001, Priem 2007, Ray *et al*. 2004, Sheehan and Foss 2007, 2009, Porter 1991, 2004). The need for an explicit distinction of terminology and the actual process of value creation is supported by recent literature (Gaya and Struwig 2016).

Fourth, in Figure 1, it is seen that there is a clear line of causality from competitive resources, through competitive capabilities and core competencies to value creation, then to superior firm performance. This implies that competitive resources lead to superior firm performance, thereby allowing systematic management of resource implementation, which, according to Sanchez (2008) is the main practical value of the resource-based view as a managerial tool. The implication of this clear line of causality between competitive resources and firm performance is that the relationship illustrates how the competitive resources actually contribute to a firm's competitiveness. Understanding the actual value creation process answers an additional critique, that the resource-based view was incomplete and did not therefore meet the conditions necessary for the resource-based view to be classified as a scientific theory (Newbert 2007, Sanchez 2008, Sirmon *et al.* 2008).

Last, by advocating the use of the integrated activity-resource-based views framework to explain the actual process of value creation, this paper succeeds in proving that the two dominant theories are complements, not rivals, each addressing different aspects of how internal resources, capabilities and core competencies in firms contribute to sustainable competitive advantage for firms in the services industry (Sheehan and Foss, 2009:255).

This paper has therefore built on and added to the search for a link between the activity and resource-based view theories in addition to helping their refinement and extentions with other contributions in the strategic management theory, in order to bridge the literature gap and also in order to offer guidance to future research (Sheehan and Foss 2007, 2009, Porter 2004, 2008).

XII. Future Research Implications

According to literature, one of the main criticisms of the resource-based view research is the distraction from the appropriate methodology that the broad definition of the term resource has caused (Armstrong and Shimizu 2007, Denrell *et al.* 2003, Hoopes *et al.* 2003, and Newbert 2007). It would be interesting to carry out further research, with the recommendations about the universal and distinct use of the terms resources, capabilities and competencies.

The activity-resource-based view framework could also be tested further to examine the impact of the distinct definitions on the actual process of value creation and generation of sustainable competitive advantage for firms outside the motor industry and the services sector.

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