

8030 Post 2 – Resource Capabilities

Name

Institution

8030 Post 2 – Resource Capabilities

The importance of effectively managing an organization and its resources whether financial or human is quite significant these days since the competitions has increased in almost all the industries. Effective managing requires a manager to have good leadership qualities and a leader to possess the qualities acquired by a manager. In short, managing and leadership both are interrelated terms that must go hand in hand for proper management. The paper talks about the resource capabilities, its management, and its impact on several organizational activities.

Starting from the strategies that are designed by the organizations to cope with the market and run the business in favorable directions, resource capabilities play a vital role in shaping those strategies. The strategies might be related toward dealing with competitors, customers, and suppliers. There is no doubt that an organization's capabilities and strengths depend mostly upon the resources that it actually possess. The resource a firm might possess can be divided into three main categories, human, intangible and tangible. The tangible resources include hard money, securities, physical assets like a plant, office, or equipment. Intangible resources include technology, copyrights, trademarks, patents, brand image, relationships, and the culture an organization has. And finally, its human resources that influence and shape the tangible and intangible resources through their skills, knowledge, abilities, collaboration, and motivation. (Youtube, 2010)

Resource capabilities have a great relationship with an organization's competitive advantage. It is in a way that once a firm has tapped into the markets and customers properly by utilizing its resources effectively, it can move on to build certain strategies or tactics that might

benefit it in flourishing the business. Again, it all depends on ‘how’ the company makes use of its resource capabilities in which human resources play a substantial role. (Grant, 2010)

Talking about different levels of an organization, each of them has its own function and is driven by the relevant capabilities. For instance, corporate functions require management, strategic innovation, acquisition dealings, and financial control. An operation side requires capabilities including manufacturing, volume control, improvement in operations efficiency, and flexibility; whereas, sales and distribution side requires customer service capabilities, good communication skills, speed processing and distribution.

Manufacturing firms often have a whole Porter’s value chain that includes all the primary activities and all the supporting activities. The supporting activities include the infrastructure a firm has, its human resources, technologies and procurement facilities. While the primary ones include the logistics, operational work, marketing, and services. It is the resource capabilities of a firm that shape all these activities, determine their nature, and decide their success or failure. For instance, the manufacturing organization’s capabilities would include the cross functional ones that deal with new product development, customer support, and quality management. Broad functional capabilities would be R&D efforts, MIS capability, marketing, and HRM capability.

The profitability of an organization also depends on the resource capabilities because it is the capabilities that build and maintain flexibility within the business activities. And in result those activities benefit a firm in terms of having competitive advantage, sustainability of that competitive advantage, and appropriability. Moreover, these are the resource capabilities that

determine an organization's strengths and weaknesses; they can either take a firm on the top or simply put it down in the market. In short, the strategies, strengths, weaknesses, competitive advantage, and the effectiveness of different functional-level activities are dependent over the resource and its capabilities that an organization possesses. (Grant, 2010)

References

Grant, R. M. (2010). *Contemporary strategy analysis* (7th ed.). Malden, MA: Blackwell Publishing.

Youtube. (2010). *Henry Mintzberg on Managing – Pure and Simple*. Retrieved from <http://www.youtube.com/watch?v=TVBPhCJh-dw&feature=related>