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Beyond the Management View: A Ressource-Centered Socio-Economic Perspective**

In the past fifteen years, the resource based view has experienced enormous popularity and support. To the same extent that it has become established as the dominating approach in management science, its shortcomings are becoming more and more apparent. In this essay, we discuss different schools of the RBV and some of their most significant shortcomings. We believe that such shortcomings are the result of a blurred and insufficient theoretical basis. While the static versions of the RBV follow the neo-classical equilibrium model too closely, the dynamic approaches (competence-based view, capability approach) mix incommensurable elements of theory. To allow improved reasoning and possibly the integration of resource-oriented approaches we suggest socio-economics. Socio-economics offers a firm ground for overcoming the discussed weaknesses of RBV and provides tie-in points for the resource concepts of other disciplines. We thus plead for a resource-oriented socio-economic perspective which goes beyond a narrow management perspective and takes into account the social, cultural and political embeddedness of the firm.

Key words: **Resource-based view, potential-orientation, socio-economics, embeddedness**

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Introduction

The Resource-based View (RBV) has evolved as the dominant approach in research on strategic management over the last 15 years and has thus replaced the works of Porter, which were particularly influential in the 1980s. Countless conceptual and empirical works have meanwhile resulted in an extension of the original ideas that is today scarcely manageable. Some advocates of the resource approach are meanwhile even claiming to establish their own "Theory of the Firm" in competition to institutional economics (e.g. Conner 1991, Conner/Prahalad 1996; see also Freiling's article in this volume). The RBV ideas have now also become popular in management and consulting practice where the concept of core competencies (Prahalad/Hamel 1990), which can be considered a popularized variation of the RBV, has been a major factor in helping them get accepted. However, the voices of criticism have been multiplying. It is becoming increasingly clear that the RBV is not nearly able to fulfil all of the lofty hopes that have been and continue to be placed on it. In its practical application, an almost arbitrary use of the concept of core competency becomes evident: apparently everything can be a core competency and can be drawn upon to justify any course of action. A comparison to the Loch Ness monster is obvious: everyone talks about it, but no one has yet seen it … (see Deutsch et al. 1997).

What are the actual items involved in the family of resource-oriented approaches? And what constitutes their attractiveness? We will discuss these issues briefly below. Finally, we will outline the most significant weaknesses of this approach and trace these back to an inappropriate and/or inadequate theoretical foundation. We are therefore obligated to propose a suitable theory. One thing that we will surely not do, as is currently in vogue, is to resort back to institutional economics. We will draw instead on social economics, which can provide a common foundation for various resource-oriented approaches and help overcome many of its weaknesses. This decision also implies that we renounce for the time being the objective of a resource-based theory of the simplicity and consistency of institutional economics. Instead, we gain an approach that is closer to reality, and one that can also be used as a basis for other resource approaches outside of economics. We suggest the term *resource-oriented socio-economic perspective* (RSP) to describe this. Its starting point is not within the RBV, but it constructively picks up on its evolutionary way of thinking. It primarily extends beyond the management perspective and picks out the embeddedness of the firm as a central theme.

1. Strengths and weaknesses of the potential-oriented approaches

The RBV is not a closed, homogeneous approach, but rather has been formed over the last years from a variety of individual contributions having a somewhat different theoretical basis.

If we wish to discuss strengths and weaknesses, we must first make at least a rough distinction between the variants. Following Schulze (1994), we can first distinguish between a "Structural School" and a "Process School".[1] Common to both is the

[1] Foss (1996) quite similarly differentiates between "Mark 1" and "Mark 2" variants.

fact that they derive competitive advantage from *internal* factors, which is why they also serve as a counter concept to Porter's approach.

1.1 Variants of potential-oriented approaches

The *Structural School* is oriented toward a neo-classical equilibrium model. While it is not based on the assumption that markets are completely static, it presumes that a largely stable equilibrium is the "normal case". Any disequilibrium is regarded as a quickly passing exception brought about by external causes. Efficiency rents and inframarginal rents, and competitive advantages that lead to such rents, are not taken into account, since according to neo-classical assumptions one would expect competition to result in the speedy alignment of efficiency improvements, which would allow such rents to disappear. The overriding interest of the advocates of the Structural School applies to those resources that result in so-called Ricardian rents, which can be achieved even in market equilibrium (see also Schulze 1994: 134, Dagnino 1996: 220f.).[2] Representative works of this school are those of Wernerfelt (1984), Rumelt (1984), Barney (1986, 1991) and Dierickx and Cool (1989).

The *Process School*, on the other hand, assumes a situation of dynamic markets. The actions of firms are not conceived merely as exercises in adaptation to the externally pre-set market equilibrium, but must also be explained by endogenous factors. Under these conditions, firms gain rents when they better utilize existing resource combinations (efficiency rents) or creatively generate novel resource combinations (Schumpeterian rents).[3] Accordingly, it is not only the possession of idiosyncratic resources that can lead to sustainable competitive advantage, but also the active performance of management. For the Process School competitive advantage does not result directly from resources, but also from combining and coordinating organizational capabilities (or competencies), resources and actions,[4] as well as from the capability to develop new capabilities (Dynamic Capabilities, see also Teece et al. 1997; Winter 2003). The available resources of a firm (mainly the intangible ones) certainly account for the organizational capabilities, but there is no clear-cut, predetermined functional relation. Companies with identical resources can develop different capabilities. The concept of "capabilities" involves the so-called "core competencies" of Prahalad und Hamel. These authors also recognize the true source of a strategic advantage in the capabilities of management to bundle the various resources of a firm. The process-oriented variant of the RBV does not have any unified theoretical basis. As these short explanations show, it certainly does revert back to the neoclassical economic theory, but mingles it with elements of other theoretical traditions, such as behavioural science theories of learning or approaches of evolutionary

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2 Regarding rent concepts, see also Rumelt 1987, Peteraf 1993, Dagnino 1996 and Duschek 2002.

3 See also Rumelt 1987, Schulze 1994: 135ff.

4 Penrose (1959) has already made a similar distinction between resources, the capacity to use them and the "services" that result from them. Although Penrose is viewed as a significant "ancestress" of RBV, the Structural School does not make a corresponding conceptual differentiation.

economics (mainly Nelson/Winter 1982).[5] Early on, it was Penrose who did not present his arguments based on (neo-classical) economic theory, but instead on evolutionary and subjective ones (see also Foss 2000: 18). The most influential works of the Process School are: Prahalad/Hamel (1990), Kogut/Zander (1992), Amit/ Schoemaker (1993), Hamel/Heene (1994), Hamel/Prahalad (1994) and Teece et al. (1997).

This structuring could be continued. Duschek (2002), for example, subdivided the process-oriented variant into a formal-theoretical and a management-oriented ("appreciative") category. Such fine points are of less significance for our argumentation, however, than works which emphasize particular resources or capabilities, such as the "Knowledge-based View" (e.g. Grant 1996), or which make reference to previously ignored factors, such as the "Relational View" (Dyer/Singh 1998; see also the article by Duschek in this volume). These supplements mainly follow the Process School.

The common ground of all approaches dealt with here can be seen in the *potential orientation*. *Potential Oriented View* (POV) would accordingly be more suitable as an umbrella term than RBV, because it does not conceal the differences of the individual approaches.

1.2 Strengths of the potential-oriented approaches

Various reasons can be cited for the success of the potential-oriented approaches. Some of the more general ones were already mentioned in the editorial, such as better potential for explanation in the case of progressive dematerialization and virtualization of the economy. In strategy research, the RBV (in the form of the "Structural School") is considered to be a significant contribution to the "economic turn", which started up in the early 80s with Porter's "Competitive Strategy" (Porter 1980). After its largely atheoretical beginnings, which were marked by consulting tools, case study methodology, checklist knowledge and the famous SWOT concept as "Everyman's conceptual scheme" (Learned et al. 1969: viii), people were hoping for a sound theoretical basis from economics in order to further establish strategic management as a scientific discipline to be taken seriously. People also feel (felt) that with economic-based approaches they could better interpret the information acquired in inductive empirical research and thus be able to dispel the reproach of "aimless number crunching" (Hambrick 1990: 242).

Porter's approach did not quite meet expectations, because he is unable to satisfactorily explain performance differences within an industry. Moreover, the inherent (industry structure) determinism taken over from industrial organization economics through the so-called structure-conduct-performance paradigm basically contradicts the core idea of strategic management of *economic freedom of action*. The POV breaks through *this* determinism with the basic assumption of organizational heterogeneity, which results from an unequal distribution of immobile resources. It offers a view into the interior workings of the firm and (in the process-oriented

[5] See also Winter 2003. To common ground and differences between the RBV and evolutionary economics: Foss et al. 1995.

variant) helps to do away with the contrast between "content" and "process" in strategic research, because at this point the process of strategy formulation and implementation itself becomes part of the content of the strategy concept (the meta-capability to implement a strategy can also represent a core competency). With its reference to *path dependencies,* it also brings the firm history into the picture, thus breaking away from the ahistoric understanding of the firm typical in economics (see Dierickx/Cool 1989, specifically).

With its acceptance of a relative organizational autonomy, the POV actually appears better suited than Porter's approach *for deriving strategic action recommendations*. Thus even Foss and Robertson (2000: 1), presume that the appeal of the approach is "a matter of combining relative analytical rigour with apparent managerial relevance." The emphasis on autonomy (particularly in the core competency approach) renders the POV more attractive even for corporate practice than deterministic concepts, which urge adaptation to external conditions. For those more interested in practical aspects, this approach therefore offers very good potential for o*rientation and motivation.* It reinforces the view that *acting in other ways* is almost always *possible,* and at the same time clarifies the fact that longer-term investments in setting up genuine resources or capabilities are necessary in this case. The POV, at least in the process-oriented variants, furthermore substantiate the fact that acting differently is *necessary* in order to distinguish oneself. They therefore systematically throw a wrench in the works of preachers of best practices, and help firms not to fall for them without reservations.

Ultimately, the increasing or increasingly perceived *significance of immaterial resources,* such as reputation, culture, but above all knowledge, promotes the attractiveness of the potential-oriented approaches both in scientific circles and in practice. This is because the POV indeed emphasizes the importance of these specific intangible resources, because they are very difficult to imitate and substitute.[6]

1.3 Weaknesses of the potential-oriented approaches

As mentioned, some critical controversy has evolved recently regarding the RBV(s) and/or the POV. We want to consider only what are, in our opinion, the most important critical issues and add to them a few of our own thoughts on the matter.

(1) No explanation of the creation of competitive advantage

The potential-oriented approaches represent the claim (like Porter) of explaining the question as to the "sources of sustained competitive advantage" with prescriptive intent (Barney 1991: 99). Irrespective of the non-uniform and unclear use of the resource and competency concept, Barney's criteria set (1991), according to which resources lead to a sustainable competitive advantage when they are valuable, rare, inimitable, and non-substitutable, has largely become accepted.[7] The last two conditions, however, only substantiate the sustainable continued existence of a competitive ad-

6 Conner and Prahalad (1996: 477) therefore say: "As the literature makes increasingly clear, a knowledge-based view is the essence of the resource-based perspective."

7 This criteria set is also cited in the Process School as means for a competence assessment (e.g. Collis/Montgomery 1995).

vantage. The criterion of rareness remains unclear, or coincides with that of value in an economic perspective. What actually constitutes the value of a resource, however, is not clarified. The representatives of RBV get caught up in a tautology here: a competitive advantage results from superior resources and their combination; which resources (resource combinations) are superior is shown ex post by rents achieved as a result of a competitive advantage (see also Priem/Butler 2001a, Priem/Butler 2001b, Powell 2001).[8] So it must be stated "that the RBV [...] contains a theory of sustainability but *not* a theory of competitive advantage (i.e., *value creation*)" (Priem/Butler 2001b: 64).[9]

(2) Determinism and voluntarism

The inability to get involved in aspects of value creation is the result of the resource determinism of the Structural School. Based on the orientation toward the economic equilibrium model and the concentration on Ricardian rents, dynamic action on the part of management cannot be conceived of in this approach. The resources are presumed to be given and objectively analysable. The guiding question is: how can one internally discover, utilize and protect unique resources? (Schulze 1994: 137)

While the Process School certainly places its emphasis on the active creation and combination of resources, capabilities and competencies, it is also unable to consistently explain this process. It gets lost in a certain voluntarism, which in the end does not play a large role in guiding actions. In principle, every capability can be developed, and every capability can be outbid by a meta-capability. Anything can be achieved. This is truly a perspective that can release powers similar to the dishwasher's dream about the possibility of rising to become a millionaire. But a theory of operational activity, which does not wish to rely on self-fulfilling prophecies in a constructivist manner, must keep the *restrictions* of action in mind along with the *potential* of action.[10] And it must also attempt to model them together, in their contingency and interaction. In the scientific explanation as well, the voluntarism of the Process School hinders valid results: „Every failure of a test to demonstrate a link between capabilities and performance can be rescued by arguing that a higher-order capability will explain the remaining variance" (Collis 1994: 148).

(3) Vagueness of the central terms

The voluntarism of the Process School is also associated with the ambiguous use of the terms competencies, capabilities, dynamic capabilities, etc. There is confusion, between capabilities and resources, and a lack of differentiation between different

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8 Porter (1991: 108) has already criticized this earlier: „At its worst, the resource-based view is circular." See also Foss 1997, Foss/Knudsen 2000, Bromiley/Fleming 2002 regarding a reproach of tautology.

9 Moran and Ghoshal (1999: 408f.) see a similarity here to Porter's approach. Porter (1991: 105) himself admits that his frameworks of the five forces and the value chain with respect to imaginative creation of a competitive advantage is "agnostic".

10 And as a theory of self-assertion through myths, the sociological neo-institutionalism (e.g. in the version by Meyer and Rowan 1977) has more to offer actually.

types of them. Overall, the theoretical uncertainty of the central category of the RBV is problematical, and basically unbelievable. Despite the widespread criticism, primarily criticism of the unspeakable definition by Wernerfelt (1984), according to which, in essence, everything can be a resource, the broader debates and attempts at limitation have until now not brought any satisfying results, not even in the form of clearly definable competing resource concepts.

The core competency argument, for instance, is consequently cited as the reason for every imaginable measure, e.g. for outsourcing or the abandonment of entire production sites or product lines. The actual intention of the approach, i.e. to focus on the development of new competencies and the creation of new products, services, procedures or even markets, is frequently ignored.[11]

(4) Contextless resource evaluation

On the other hand, one consequence of the theoretical popularity of the resources category is the almost consistent and *a priori positive attribution* of resources as "strengths" while "weaknesses", aside from Wernerfelt, are most often expressed as mere resource deficits (Penrose already in 1959). Working from this assumption, the only practical conclusion would have to be accumulating as many resources as possible to the maximum extent. The situation is somewhat better for the knowledge and competence-oriented movements, which are of course constantly confronted with the problem of knowledge and skills becoming obsolete. Leonard-Barton (1993) has made us aware of the risk that core competences can easily be transformed into *‚core rigidities'*. But which resources or competences have this or the other effect, and when? When and why do they turn into restrictions or threats?

(5) Impractical recommendations for action

Strategic management considers itself to be an application-oriented discipline, hoping to offer managers concrete recommendations for action. The previously described problems only prove their impracticality, however. If, for example, (in the Process School) every arbitrary capability can be countered with a higher-level meta-capability, what conclusions is a manager supposed to draw from this? In the end, the only option left is the abstract recommendation to develop universal capabilities to the extent possible – or even better: the capability for the capability of developing universal capabilities ... Application of the Barney criteria adds up to a paradox. It is specifically those resources that have an unobservable effect that are identified here as especially well suited for creating a competitive advantage. This characteristic precludes imitation or substitution by competitors. Unfortunately, it also applies to the focal firm itself. Thus Bromiley and Fleming ask with reference to the managers (2002: 327): "How could they hope to create or manage things they cannot understand?"

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11 Prahalad and Hamel (1990: 91) state this as: „Top management's real responsibility is a strategic architecture that guides competence *building*" und „Core competencies are the wellspring of *new business development*" (italics added).

(6) Unpolitical view of the firm

This item brings the next conceptional problem to light: isn't it a common, everyday occurrence that what is a resource of action for one group of actors often turns out to be a restriction for the other group? We need only think about the descriptions based on sociological control theory (e.g. Edwards 1979) and the micro-political approaches (e.g. Crozier/Friedberg 1977). Resources are *contested terrain*. The knowledge of the workers is not so easily available to the management or the firm – the "control of zones of uncertainty" associated with the possession of this knowledge forms a power potential that can be used against the rule of the management. Coff fittingly remarks (1997: 375): „The most obvious problem is that the firm's assets walk out the door each day, leaving some question about whether they will return"[12]. Wernerfelt's determination was already on the right track – as long as one views it as expounding on the problem rather than as a final solution. The problem, therefore, which the POV shares with many other management theories, is the conception of the *firm as a homogeneous actor*. For certain purposes this may be a useful abstraction, if the methodological status remains aware. This harmony bias does not exist in institutional economics. However, it overlooks other abstractions it makes.

(7) Autism: the firm as monad

The RBV also has hardly any interest in the question as to what role the *exchange relationships* of a firm with the environment play, and absolutely no interest in the question as to how the economy in which the companies are *embedded* functions. All of these issues are simply presumed, which is also the reason why no qualified statements can be made about them. The firm's environment is conceived only as a blind selection mechanism, as a source of competitive pressure. Which institutional rules and resources this environment provides, how firms themselves depend on them (e.g. Pfeffer/Salancik 1978, Pfeffer 1987) and how they can create common resources (knowledge, social capital in the form of trust and commitment, etc., see also Dyer/Singh 1998; Gulati 1999; Duschek and Freiling in this volume), all remains disregarded from a theoretical standpoint. This is for the time being only an observation. It becomes *critical,* when one assumes that the type of embedding of a firm is also a decisive factor for its success; and that intelligent management of the exchange relationships with the environment gains significance. We feel that this is precisely what is happening more and more. The image of the atomistic actor adopted from traditional economic theory "is increasingly inadequate in a world in which firms are embedded in networks of social, professional, and exchange relationships with other organizational actors. [...] the conduct and performance of firms can be more fully understood by examining the network of relationships in which they are embedded. By adopting a relational, rather than atomistic, approach, we can deepen our understanding of the sources of differences in firm conduct and profitability" (Gulati et al. 2000: 203). Many network approaches do not actually go far enough for

[12] The article by Foss in this volume follows up on the question to what extent supplementing the RBV with elements of institutional economics provides solutions to the problem of appropriation and creation of value.

us because they focus too much on other firms and their resources, while ignoring consumers, politics and society as a whole as providers of major resources. Knowledge, image, legal certainty, social and symbolic capital are not provided exclusively by firms. These resources originate instead from complex interaction relationships of various social groups, organizations and individuals.

(8) The unclear theoretical status

The theoretical status of the RBV is generally unclear. Is it a theory or an interpretive view, or even a normative concept? Attesting to this ambiguity is the mostly arbitrary use of the terms "*theory*" (e.g. Barney 1996, Grant 1991) "*view*" (e.g. Wernerfelt 1984, Peteraf 1993, Hoopes et al. 2003) or "*perspective*" (e.g. Foss 1997) – not infrequently in the very same text (e.g. Barney 2001). There are no objections to the term *view* in and of itself, if it is used consistently. It is a common point of view held by several researchers or research groups and stands out for shared relevancies and heuristics (what is important, how does one proceed) without assigning the same weight to the well-foundedness and consistency of the assumptions as the concept of the theory. Such views or schools, the position of which is somewhere between the concept of the paradigm and that of the theory, can be found in all the sciences. But they are no substitute for theories. The formation of a research trend as a view is only sustainable if it points out the common ground of similar theoretical concepts, or if it is otherwise understood as a preliminary stage of formation of a theory. But we are still in the dark as to what the common theoretical foundation of the RBV could be, even if the heterogeneous sources of this school of thought are easily identifiable.

We have shown that the main problems of the structural school of the RBV result from connecting too closely to the economic equilibrium theory. The process school combines elements of theory that belong to different paradigms and are therefore incommensurable. Learning theories and evolutionary approaches have a completely different epistemological basis than economics. The objectivity stance of the economic "rational choice" is hardly compatible with the conception of path dependencies, and certainly not with "creative entrepreneurship" (Schumpeter 1912). A consistent explanation is therefore not possible. This leads us over to the question of what an alternative theoretical basis might look like.

2. Socio-Economics as a theoretical foundation?

The critical points above have confirmed that a theory of the firm, or at least of strategic management, must always in some way consider two items together: taking action and institutions, actors and systems, inside and outside. A theory of the firm – if it does not wish to be autistic – must conceive of the firm itself as an institution involved in interaction with others (market, state, associations, etc.). Granted, that's a lot to demand of a management theory. Even if it is not expected to accomplish all of this itself, it must still identify where its own limits lie and where it needs to connect with other theories and foundations. Our thesis is that the basic assumptions of the potential-oriented approaches are too narrow to advance the theory of the embedded firm and the firm networks all or primarily on their own. Instead of arbitrarily inflating a narrow theoretical core and setting it up as the approach to everything by adding on

heterogeneous theoretical patches, one could search for a common theoretical foundation for the potential-oriented approaches.

When management and companies are *embedded* in specific institutional (social, cultural, legal) environments, a theory of "economy in society" is needed. Relevant approaches have been put forth by renowned theorists such as Weber, Schumpeter Schmoller, Simmel, and Veblen. Common features in the explanatory claim of these concepts are presently grouped together under the term *socio-economics*. Of course this did not stop with the authors mentioned but was instead reformulated over the last two decades, in particular under the umbrella of the SASE.[13] To what extent it can provide a basis for the criticism and further development of current theories of strategic management will be discussed below. After all, criticism of theories requires a reference, a point of view. And this point of view has already led to the above selection of criticism of the RBV. Of the three modes of criticism mentioned in the editorial, the *immanent,* the one from the perspective of a *competing theory,* and the one representing a *general* approach, we will be pursuing the third one. The attractiveness of this third mode lies in the fact that it does *not* add up to a half-hearted *third-wayism*, i.e. to an opportunistic mixture of heterogeneous theoretical elements, which are applied where the other concept is particularly week.

If one shares Thomas Kuhn's assumptions on the incompatibility of paradigms, this would only assure success to the extent that the basic assumptions of those theoretical concepts, which one wishes to combine, are commensurable. We have already pointed out that this is not the case in the theory mixture of the Process School. We were traced back the weaknesses of the structural school to the acceptance of *neo-classical* thought. Therefore, we will subsequently latch onto theoretical trends that are in implicit and explicit competition with this. This is precisely that which applies to the socio-economy. Below, we will therefore sketch out what socio-economics is (2.1), what its basic assumptions are and how it differs from the paradigm of the neo-classical period (2.2); and further, which aspects of the RBV and the *potential-oriented* management theories in general can be used as a basis for socio-economics (2.3); and finally, what are the resulting requirements for working on a resource-centered socio-economic perspective (RSP, 2.4).

2.1 What is socio-economics?

We already mentioned some of the founding fathers of socio-economy when we spoke of Weber, Schumpeter and Veblen. They were interested in the relationship between *Economy and Society*, as in the title of Max Weber's major work (sub-title: "An outline of Socio-Economics"). Certainly our goal today cannot consist in turning back the wheels of scientific development and nostalgically dwelling on a standard ideal that has gone missing, in which there is no split between sociology, economics and moral philosophy. What is important and where socio-economics would like to make a contribution is to *continuously* search for possibilities to meaningfully relate individual scientific theories and findings to one another in order not to lose sight of "the big picture". The neo-classical micro-economy also does this in its own way, by deriving

13 Society for the Advancement of Socio-Economics, cf. www.sase.org

"the big picture" from individual elective actions, from the calculation of benefit of the individual. It basically needs no other social science: an explanatory claim that lends it self-confidence inwardly and attractiveness outwardly, but which also and rightly introduces a reproach of economic imperialism. Socio-economics, on the other hand, is understood to be a part of the social science*s*.

The self-image of those scientific trends, which are being reorganized primarily under the umbrella of the SASE since its establishment in the year 1989, is insofar in harmony with its image of the *economic conduct* as they see economic action embedded in social contexts, historic traditions and cultural interpretive worlds. In accordance with the "soft" and ambiguous character of these contexts, socio-economics can (at present?) neither be considered a unified theory nor summon up the frugality of the neo-classical program. We could call it a "movement", a "heuristic framework" or even a "paradigm." The important thing is that (or whether) connecting and commensurable basic assumptions exist. The lesser degree of unity is the "price" that must be paid for being closer to reality.[14] The great hopes for a common basis beyond neo-classicism that are associated with the rediscovery of socio-economics have in the meantime been largely put into perspective. The SASE has thousands of members today, with a high degree of diversity being presented at its conferences. If some, to name only a few, continue with the *institutionalism* as proposed by Veblen, then others will continue the *communitarianism* of Etzionis, the *embeddedness approach* of Karl Polanyis (Granovetter 1985, 2001) and many – with increasing success – the *evolutionary economics* (e.g. Dopfer 2001; Foster/Metcalfe 2003; Witt 2003). Virtually every school of thought has founded its own magazines.[15]

2.2 Basic assumptions of socio-economics

Does the idea of selecting socio-economics as the foundation for resource-oriented approaches not thus reduce itself ad absurdum if it is not itself homogeneous? Are there more areas of common ground between the approaches mentioned than the rejection of the neo-classical mainstream? To answer this question empirically, we would need at least one additional article. Therefore we will venture upon a different path and prescriptively determine what we understand the term socio-economics to mean, relying in particular on the works of Bürgenmeier (1990/1994), Prisching (1995) and Swedberg (1998). This supplies us with the standard to then determine what a *theory of the embedded firm* would need to accomplish and what of this is accomplished by the RBV.

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14 At least here one can follow Milton Friedman (1953) as a central figure of neo-classical-based neo-liberal economic policy: a decisive criterion of the scientific quality of a theory was its capacity to make correct predictions about reality (see also Bürgenmeier 1994).

15 See Association for Evolutionary Economics (AFEE), www.orgs.bucknell.edu/afee, and its Journal of Evolutionary Economics: www.springerlink.com/openurl.asp?genre=journal&issn=0936-9937; Journal of Socioeconomics: http://else.hebis.de/cgi-bin/sciserv.pl?collection=journals&journal=10535357

(1) *Anthropology.* The concept of human nature as given is rejected by socio-economics. Needs and preferences of people(s) are seen as culturally shaped, socialized, produced, i.e. as ongoing results of socio-economic evolution. "People act based on habit and custom in a multifaceted manner, rationally and irrationally, in a routine manner or innovatively" (Althaler et al. 1995: 8). Their rationality, as a historical product itself, is not only limited: it is first and foremost not the sole criterion of human action. Activity is is also guided by norms, habits, and traditions. Modern socio-economics learned from the unfruitful dispute between 'undersocialized' (economic) and 'oversocialized' (sociological) positions to analyze structure and action, preferences and institutions as or in co-evolution (Granovetter 1985).

(2) *Interpretive science.* Socio-economics goes on the assumption that it deals with "social constructions". Subjects always interpret the world starting from scratch, and they interpret it in turn with prefabricated meanings of society (double hermeneutics). No matter how suitable or irrational these interpretations might be, they do have practical consequences. The interpretations of reality of acting subjects and the meaning that they give their actions are therefore central objects of analysis.

(3) *Evolutionary, historical thinking.* There are no "natural laws" in economics and in society that apply unalterably and universally. Ideas, institutions, subjectivity and practices are contingent; they emanate from each other in processes of co-evolution (co-evolution of structure and taking action). The realities created in each case pre-form the possibilities of further development (path dependency), i.e. the ability of the institutions and subjectivities to be shaped is therefore respectively limited.

(4) *Disequilibrium model.* Socio-economics therefore does not assume an equilibrium model, quite the opposite is true: equilibrium in the self-production of the organization and in the exchange processes with the environment appears to be, as in living eco-systems, the exception rather than the rule. Of central interest, therefore, are anabolic and catabolic cycles, the establishment of new potentials, innovations and growth, the crises and upheavals of economic and societal development.[16]

(5) *Cultural economics.* Elements of economic action also include acknowledgment, feelings, expectations, practices, constellations of interest, conventions, styles, law, social rules and/or ruling systems. These are not "a given" in the same way as preferences are not "given". They are either intentionally produced and changed, or they arise unknowingly in the interaction. They are either intentionally produced and changed, or they arise unknowingly in the interaction. Economic conduct is embedded in societal relationships and cultural orientations; "in the end, it is determined by the value system of the culture. The market itself could not exist if it were not for the permanent social relationships between the individuals on the other side of the exchange processes" (Prisching 1995: 58).

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16 Bürgenmeier (1994: 179ff) shows that the Walras' equilibrium model has been pulled out of context and made absolute by the neo-classisists; Walras is said to have embedded it in a context in his "Etudes d'economie sociale" (1896), which points more to the institutionalists.

(6) *Political economy*. Perfect competition is only a fiction: inequality reigns among economic actors. This inequality analyzes the socio-economy into the categories of distribution, privileges, status and power. State and political institutions alone cannot be regarded as a disruptive factor and restriction of self-organizing markets, but are instead part of their prerequisites (Bürgenmeier 1994: 182f).

(7) *Diversity of methods and interdisciplinaritys*. "Social processes are a unified phenomenon. The organizing hand of the researcher mightily singles out the scientific facts from their great flow", wrote Schumpeter 1912 (p. 1). Socio-economics thus depends on cooperative contributions of all those sciences that investigate the function and formation of social, cultural, legal and economic institutions, social identities, needs and subjectivities. And these, in turn, cannot manage to work only with methods from the natural sciences and logic.

(8) *Model formation and reference to reality*. A "reality science" within Max Weber's meaning "not only wants to construct models and analyze their characteristics, but also strives to make statements and diagnoses that are empirically rich in content, and that provide answers to current problems" is how Deutschmann (2003: 479) outlines the task before industrial sociology. In Schumpeter's notion, socio-economics as a general concept and economic sociology as more specific, have to balance between intellectual abstraction in the guise of stylizing ideal types, and a substantial description of real types.

These assumptions, premises and postulates are sufficiently general to carve out the common ground of the different theories and evaluate their commensurability. They also evidently apply to other theories (e.g. organizational theories, see below). But they also have good enough selectivity to set them apart from other approaches, and to check, where they stop asking questions. We currently do not see the rigour of the definitions as an evaluation criterion of this heuristic framework, but rather its heuristic productiveness. We also see the relation between the framework and the concrete theoretical work as a co-evolution.

To what extent are the assumptions of the *potential-oriented approaches* compatible with socio-economic thinking and what possibilities for reciprocal stimulation, foundation and concretization result from them? Here again, we must for the most part pass over the peculiarities of the individual approaches.

2.3 The socio-economics of the potential-oriented approaches

Despite all of the above-mentioned criticism of the potential-oriented approaches of strategic management, we find them interesting and view them as a useful starting point from the perspective of socio-economics that is understood in this way. They oppose the idea of given market laws, which makes them relatively resistant to universalistic success factor concepts and they overcome the ahistorical method of observation of traditional economics. And finally, the historical and cultural process of developing resource bundles is given as one of the reasons for inimitability. And in the argumentation of the process school, imbalances and innovations are central (criteria 3 and 4).

Example: The Porsche company does not simply have a *brand name* whose symbolic power takes more than a decade to establish. Tradition itself is part of their

reputation. The company also has a very special *corporate culture,* whose industrial relations components can be described as *high trust* according to Fox (1974). These, in turn, are combined with an above-average *identification* on the part of the employees with the company itself and an above-average *commitment* with regard to the tasks. Neither of these factors is based on a straightly followed design of corporate identity, but instead on the knowledge of the employees, based on many years of experience, that the company is true to its position and, for example, refuses to orient itself wholly on their shareholders. This not only guarantees the company direct financial advantages in the form of low rates of absenteeism and lower costs of labour turnover, but also makes it attractive for qualified craft workers and engineers, whose *professional experience* and *company-specific knowledge* remain relatively easily accessible to the company (in terms of cost: lower recruiting costs, security costs, and relative level of wages). These strong ties also conceal some risks, however: if dismissals are necessary at some point, they will have a more harmful effect on relations built on trust than in other companies.

The specific resources listed here by way of an example illustrate that this type of strategic potential cannot be built up overnight, transferred or imitated, purchased on the market as an "add-on" or substituted by superior management knowledge. This is particularly true for the specific combination of these resources. Of course it is "anchored examples" such as the one above that are in the minds of the proponents of the RBV. It would be more difficult if we wanted to elaborate on the resource perspectives using average SMEs.

On several occasions the potential-oriented approaches also acknowledge the significance of cultural aspects of economic action, ("cultural economics", *criterion 5*). For example, when they interpret features of the existing corporate culture (or the culture as a whole) as a resource (see also Barney 1986); or when they assess the reputation of a company (e.g. the brand name) as capital. Unfortunately, up to now this is done in a very unsystematic way. And to what extent they thus achieve richer, more realistic assumptions on the "nature" of human motives and the orientation of actions (*criterion 1*), likewise remains undetermined. The potential-oriented approaches are implicitly related to the rational model. As already mentioned, the Process School also reverts back to scientific behavioural concepts or at least authors (for a critical discussion see also Pierce et al. 2002). Regarding compatibility with socio-economic theory, it can at least be said that the methodological individualism overall is not constitutive for the RBV. The same is true for openness of discipline (*criterion 7*) and the postulate of "reality science" (*criterion 8*). The former is a strength in any event, particularly of Anglo-Saxon management science, from which the RBV also benefits. The latter can be interpreted as the positive reverse side of the most criticized pragmatism or the ad hoc abstract concepts of the RBV. In case of doubt, it decides in favour of an empirically sound description. Where *criterion 2*, is concerned, i.e. devoting adequate attention and modelling to the socially constructed reasons for

action as *understanding science*, there currently is a certain lack[17], even if the approaches do provide certain starting points (see also the article by Wilkens et al. in this volume for an interpretative view of capabilities and competencies).

The attempt to work on the potential-oriented approaches from a socio-economic perspective, or vice versa, therefore appears legitimate and useful for connecting the socio-economic thought that is more concentrated on industry-wide relationships with the company-based thought of potential-oriented approaches.

2.4 Requirements for a resource-oriented theory of the embedded firm

We have already made reference to the lack of a "political economy" (*criterion 6*). And the fact that approaches of evolutionary thought exist (*criterion 3*), does not yet mean that they would be satisfactory or even sufficient for a theory of the embedded firm. The attention, for example, which the RBV devotes to *resource creation*, would provide a wonderful basis for investigating positive externalities as investigated by innovation research and modeled by theories of growth. But the RBV has remained largely unproductive in this area up until now. Something similar can be said for most of the other criteria. What must a theory of the embedded firm thus accomplish from a socio-economic perspective? In order not to allow the list of requirements to become too long, we shall limit ourselves here to reformulating the critical points of the potential-oriented approaches formulated in section 1 (in a somewhat different sequence and to some extent summarized) as requirements. The theory should therefore:

1. theoretically determine and elaborate on the resource concept
2. conceptualize the ambivalence of resources or potentials
3. identify the political character of the resource practice
4. model the exchange relationships of a firm in resource concepts
5. strive toward consistency of the theory
6. be a theory of the firm and not only explain its competitive position

We shall, of course, not make an attempt in the remaining pages of this article to sketch out the redemption of this program. We will be content with first presenting some conceptional suggestions for solving problems (1) to (4); and secondly getting to the bottom of which explanatory potential would be able to contribute other resource-oriented approaches within management science and outside of it. In the process, we shall have to ask to what extent they are compatible with socio-economic postulates. The objective of this is to sketch out outlines of a *resource-oriented socio-economic perspective* (RSP). The concept of the *perspective* is temporarily the price for this openness compared to different resource-oriented approaches. We understand points (1) to (4) to be necessary, but not sufficient steps toward a theory of the embedded firm (5, 6).

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17 In the strategic management's discipline, an interpretive school developed already since long time (e.g. Daft/Weick 1984, Smircich/Stubbart 1985). But this is hardly perceived by the potential-oriented approaches.

3. Contributions to a resource-based socio-economic perspective

Why is there a need for a *resource-based* perspective? We already enumerated some reasons at the outset. The central reason is that modern economy is working less and less with "natural" resources or production factors. The resources themselves are increasingly produced and provided by society, like human capital and knowledge, and many exist only in a social form. For this reason, modern economics must understand the nature of these resources in order to be able to use them effectively. In particular, it is necessary to recognize the value of resources that are difficult to evaluate in monetary terms and that otherwise are not taken into account in firms' monetary calculations. In contrast with the operational perspectives of management science, a theory of the embedded firm must also provide means for examining the *externalities* of individual (corporate) economic activity, in other words the increase or destruction of these resources through particular economic rationality.

In this context, a resource-oriented approach represents a fundamental starting point for the analysis of economy and society. It offers more concepts than costs and benefits, and other than monetary evaluations. This is where its particular heuristic value lies. If one describes social structure with the basic concepts of rules and resources, as does Giddens' social theory (1984), then resource theories provide *one half* of the necessary theory. Of course, one half is not enough. However, because rule-based theories have experienced far greater sympathy in social and economic science, we regard it as a useful methodological decision to concentrate on the development of resource-centered thought, bearing in mind that which has been omitted.

3.1 The concept of resource and the types of resources

The theoretical and practical benefits of an interdisciplinary resource perspective depend largely upon whether we succeed in defining the term resource in terms that are both sufficiently general and precise. This is obviously a contradiction that leads one to doubt the prospects for success. Does RBV mean that we should expect that *single resource based views* will reproduce like rabbits (capability, competence, relations, virtuality[18], etc.)? Can the resource concepts of the various potential-oriented approaches to strategic management (and other discourses) be translated into a general definition? Or will this necessarily end in the kind of arbitrariness presented to use by Wernerfelt's definition? We shall offer three proposals here: (a) a relational definition of resources, (b) a differentiation between resource types according to their genuine methods of reproduction and (c) a distinction according to their availability to individual and corporate actors.

(a) A relational definition of resources

Our first proposal is that resources should be defined *relationally*. The question of what becomes a resource cannot be encompassed in endless lists, nor in formulations with no context (as is the case with Wernerfelt or Barney). It is solely a matter of whether a tangible or intangible assets finds *purpose-related use* in an individual or institutional ac-

[18] Meanwhile some define virtuality as a resource, in order to establish a „virtuality based view" (Müller-Lietzkow 2003).

tion.[19] This does not require the conscious identification and acceptance of the relevant assets by the actors and so does not necessarily imply a strategic use of the resource. Many resources, in particular the "commons", are used blindly. For example, an element of religious conviction can become a powerful cultural resource in certain contexts, such as when a region markets itself for tourism purposes. The farmer sees stones in his field as "restrictions" until he decides to build a wall or a house. Informal group standards, which caused Frederick Winslow Taylor sleepless nights, were recognized by his Hawthorne successors as a social capital that could be exploited by management – according to the principle of making the best use of what cannot be eliminated.

A similar definition is suggested by Sanchez et al. (1996) when they tie the status of a resource to its use on the market (cf. Freiling, in this volume). This is implicitly what most potential-oriented approaches do: they are only interested in the potential from which *profit* can be made. This gives them the problem that it is only possible to determine when a firm's potential can be marketed on an ex post basis. This does not meet our requirements for a resource concept that can also be used outside the context of making a profit.

(b) Resource types and methods of reproduction

We should avoid "economistic" thought that makes no distinction between all tangible and intangible goods, therefore subjecting them to the same range of instruments. We therefore propose a *qualitative distinction between resource types* on the basis of their immanent logic of reproduction (Moldaschl 2001, 2002, *Fig. 1*). In an ecological analogy, we make a distinction between *finite* and *regenerative resources*. The latter are means for action, which get *consumed* in use, but can be regenerated by work, or in general, by human effort. This it the case for the most material resources like tools, machines, buildings, etc. *Finite resources* are generally limited, as petrol in the material world for instance, as well as the health and sanity of people. For health in general this should not be true, because physical and mental health can be recreated by human effort – within certain limits. Crucial is the assumption that there is another sort of resources with a different 'logic of reproduction'. *Generative resources* are means for action, which are *created and augmented in use*. This is true for the most subject-bound, individual and collective competencies. We share this view with the process school. While strategies of sustainability would tend to replace or minimize the use of resources in the first two cases, this is not necessary for the third – if one respects their genuine rhythms and temporality. *Knowledge,* for instance, is assigned to different resource types in our scheme, because, based on leaning psychology and knowledge sociology, we assume qualitative differences in the reproduction methods of objectified and personalized, as well as implicit and explicit, knowledge.

19 A similar definition can be found in Erich W. Zimmerman (1951: 7): "the word resource does not refer to a thing or a substance, but to a function that a thing or a substance may perform, or to an operation in which it may take part."

Figure 1: Categories and criteria for a resource-centered perspective on SWS

	Finite Resorces	*Regenerative Resources*	*Generative Resources*
Resource Type	natural, biological	man made, material, objectified work cultural objectivations	human capacities social relations cultural practices
Resource Economy	exhaustive or restrictive	sparingly, but expansive	lavish, but appropriate
Evaluation Criteria	resource protection, resource substitution	resource productivity (efficiency of use)	resource creativity (effectiveness of creation)
Examples	time, space, ground physical health	physical and mental health explicit knowledge, knowing what org. intelligence reputation, credibility common language	skills, creativity releaving routines implicit knowledge, knowing how, intuition collective expertise, trust morale; prosocial values, cultures of discourse

A basic theorem of economic science that all economies are based on a *lack of resources* only applies to generative resources to a limited extent. It follows from this distinction that, in principle at least, there are two very *different logics of economic activity* or use of resources, namely a logic of *efficiency* or economy and a logic of *waste* or generosity.

(c) Resources and capital – who owns the assets?

Following Bourdieu (2001) loosely, we propose that resource types should be subsumed under a small number of capital terms crosswise to the distinction made above.[20] The distinction relates to the method of disposal of the various resource types. We refer to all *personalized* potential (knowledge, competences) as *human capital*. Those intangible assets that reside in *relations between* actors are referred to as *social capital* (e.g. trust, commitment, cohesion). Even if individual actors "have" social capital, they cannot usually dispose of it alone. Resources based on attributions and ascriptions by others (e.g. title, reputation) are referred to as *symbolic capital*. We believe it only makes sense to refer to *intellectual capital* insofar as this relates to forms of explicit knowledge available on a supra-individual basis (e.g. plans and patents belonging to an organization). In other words, instead of referring to *organizational capital*, we prefer to look at the aggregation level on which resources are balanced (e.g. the symbolic capital of organizations or the social capital of nations).

[20] "Loosely", because Bourdieu, like Coleman, only looks at these assets from an individual perspective. However, if one wishes to study the human capital of a region or society as a prerequisite for corporate strategy and success, the terms must encompass more general methods of representing this form of capital

3.2 Context: the ambivalence of resources

As already pointed out, resources are associated with competitive advantage, added value or rents in the RBV, i.e. with results that can be achieved by controlling resources. This is context-free thinking which is incompatible with socio-economic thinking. This is also to be seen in the escalating debate on social capital. The motto here seems to be "the more the merrier". However, in our routine experience each of our (assumed and actual) strengths can prove to be weaknesses, i.e. restrictions (a) in other contexts or (b) in other respects. Thus, a potent socio-economic resource concept must be able also to encompass the *context* and the (evolutionary) *dynamics* of the use of the resource.[21]

As an example of (a) let us take the institutionalized cooperative relationships in a firm network. In this case, resources have been built up through the investment of time and money (transaction costs), for example mutual confidence and commitment ("social capital") and shared knowledge ("intellectual capital"). Even without the defection of a network partner, this potential can lose its character as a resource and can find itself restricted, for example in the event of changes in the competitive environment. We have already had an example for (b). If the management at a firm like Porsche has built up "trusting" industrial relations, it cannot (opportunistically) by-pass these relations without negative consequences when the need arises. Common rules for interpreting a situation can become an impediment for the partner who wishes to change them. Opportunities for action that have been generated usually exclude other opportunities (opportunity costs). A similar case is given when the cooperation between a firm producing organic products and a pharmaceuticals group mobilizes intellectual capital, but damages its reputation ("symbolic capital"). In essence, networks are the answer to the problem of ambivalence, or rather they are a way of handling this dilemma. Ties through investment in certain resources are not advantageous in all contexts, or, according to Granovetter's (1982) programmatic formulation: there is a *strength of weak ties*.

Structuration theory (Giddens 1984) which is anchored in socio-economic tradition, models this as "duality of structure".Structure, defined by rules and resources, is co-evolutionary understood as medium and outcome of social practices which is *enabling and restricting* activity at the same time. Dusenberry's famous bon mot emphasizes the meaningless of scientific division of labor in which one class of theories is concerned solely with the enabling side while the other deals solely with restricting moments of structure.[22] Only a small number of authors who adopt the potential-oriented approach have been able to open up to such dialectic thought, among them Leonard-Barton with her core-rigidity-argument. This is also apparent in every ad-

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21 In the recent debate on social capital, Gabbay and Leenders (1999) use the concepts of "Corporate Social Capital" and "Corporate Social Liability" to make us aware of the positive and negative effects of specific resources under various conditions. They attempt to develop a contingency model (Leenders et al. 2001).

22 "Economics is all about how people make choices; sociology is all about how they don't have any choices to make" (1960, p. 233).

vanced theory of learning. This perspective is also accessible to the resource dependence approach (see section 4 and Roemer's paper in this issue).

3.3 Actors & Interests: the political character of resources and their use

Resources are not just ambivalent in their effect, but also in their use. Valuable assets are *contested terrain*. If one does not draft the organization itself as a homogenous actor, but rather as a *strategic coalition* of groups of actors, each with their own interests and with different power, then the result is a view of the *inner economy* of the organization, as with institutional economics approaches at least where interests are concerned. If one wishes to counter this potential-oriented alternative, then it is necessary to continue identifying the importance of intangible resources, to hold fast to the distinction between resources and their use, which is key even for Penrose, and finally, to expand the *context reference* (3.2) by adding the *system reference* (3.4) and *actor reference.*

In the analysis of resources and their use, the term *actor reference* means that actors compete to obtain resources and resource increases. This applies in particular to those intangible assets that are not assigned to a single actor through ownership or disposal rights. They *facilitate* the actions of various actor groups and the result depends upon the strategic *use* they make of these actions. Even in win-win situations it can be assumed that the equal distribution of profits from the use and development of shared resources is the exception rather than the rule. For example, *know how,* from the firm's point of view is a human resource linked to a working person and is therefore also a *means of power* in the hands of the worker which he can use to obtain certain demands (e.g. income, status, security). Resources such as *group cohesion* or *commitment* (social capital), whose efficient exploitation hundreds if not thousands of empirical management research studies have sought to elucidate, can change into restrictions for management and into resistance and extra costs. This may be the case, for example, if the group does not use its cohesion to come to terms with new tasks, but rather to protest against increased performance requirements or other management strategies. If management cannot obtain commitment and if the workers themselves have control over this capital, then the RBV, like other economic approaches, would no longer refer to resources, but rather to "hold up" or, at best, to "solidarity" (cf. Moldaschl 2001, 2004).

This is another reason why reviews that summarize the status of research regularly come to the conclusion that there are "no assured links". Resources and their maximization cannot be drafted positively per se, irrespective of their purpose and the consequences of their use. In the case of social capital (for example that of the mafia) this is just as evident (cf. Fine 2001) as in political lobbying or the conversion of cultural capital into political capital, like a Berlusconi using his media to condition his voters. Thus, the longevity of competitive advantages is gained not from the *solution*, but rather from the continuously repeated, intelligent *processing* of the contradiction described.[23] Practical applications of this view are internal stakeholder concepts and high

[23] This roughly corresponds to the micropolitical view of internal power games (for example Crozier/Friedberg 1977). However, this organization theory approach does not analyze the resources themselves, but just the control of zones of uncertainty that can be gained from it, as a source of power for the actors.

trust strategies in industrial relations, at least in relation to the actor groups with relevant power resources.

3.4 Systems: The firm's relationships of interchange

„To understand the behavior of an organization you must understand the context of that behavior." Pfeffer and Salancik (1978: 1) use this quote from Hawley (1950: 3) in the introduction of their book on the resource dependence perspective (see section 4). Naturally, socio-economics wants more. It aims is not just to analyze the influence of dependence from external resources ("context" and "structure") on the firm's strategy. Its fundamental interest lies in the *relationship* between structure and action and therefore in the question of how management strategies for their part influence the reproduction of external resources (e.g. human and natural resources)? Naturally this does not just mean *bringing together market and firm perspectives*. A firm's environment is not just the market – the latter is simply an institution of the society in which the market and firm are embedded as other *institutions* themselves (Zukin/DiMaggio 1990).

Now, *how* can this be analyzed? If we hold fast to the idea that resources per se do nothing, but that it is the use of these resources that counts and if we also assume that firm is the unit of analysis, then this analysis must comprise at last three steps: (1) the identification and balancing of the internally and externally available resources; (2) a description of strategies for use; and (3) measurement of change or renewed balancing both internally and externally. The third step enables the *system of relationships of interchange* between the firm and the environment to be mapped (bearing in mind that this relates to only *one* dimension of the relationships of interchange). It is to be assumed that the reproduction of system-internal resources is in a relationship of tension with the reproduction of external resources, or, to put it more succinctly, opportunism can be expected. The question of which version of the potential-oriented approaches contains possible solutions cannot be pursued at this point. Instead, we shall outline our own proposed solution, which contains a much extended concept of sustainability in comparison with the RBV.

3.5 Performance: Another Concept of firm's sustainability

The question of whether a firm uses its resources efficiently and whether it is effective in generating resources is mostly "measured" indirectly by potential-based approaches using the concept of rents and sustained supra-normal profits. There is no denying that this is a measurement that is of central importance for the existence of firms in capitalism. However, it is primarily an extremely aggregated yardstick that offers researchers and firms little information about what is the basis of competitive advantage. Or rather what *was* the basis of competitive advantage, because, secondly, this is only an ex post yardstick that tells us little about how the enterprise fits in relation to future requirements. Thirdly, it only tells us something about the performance of profit-oriented organizations, which by the way only account for a minority of social organizations. Institutional economics, for example, are not defined in this way. Fourthly, if we relate sustainability not just to the continued existence of the firm, but to the consequences for the context, then we have to start again. We assume that the analytical steps outlined above (3.4) will be used.

The first and third steps involve measuring and evaluating resources and capabilities *directly*. This is the direction that has been taken by proponents of the CBV. Furthermore, numerous attempts have been made in the area of strategic controlling to make intangible assets (more) measurable in order to place their management on a more rational basis (cf. the overview in Neely 2000, and its review in this issue). The enormous interest shown in the balanced scorecard is just one indicator of the corresponding need in practice. Two assumptions are indicative when it comes to measuring change: resources are (a) no longer only (also) produced in the firm, they also change (b) *while being used*. This applies to the production of one's own resources and to the finishing of resources purchased in factor markets (insofar as these are not excluded from the term resource). Thus, if one understands resources as the prerequisite and result of action, then it is obvious that a *cyclical model* should be used in the same way as in ecological models. This principally yields three possible results of utilization strategies (step 2). The resources used during activities are either *retained* (reproduced or regenerated), *extended* (generated) or *exhausted*. This analytical approach can be translated into a *normative definition*: Management strategies are sustainable if they extend or at least retain the relevant potential for action by the firm.

For the third step, the balancing of changes, a *level-based perspective* should be introduced. It is not enough either from an ecological or socio-economic viewpoint to evaluate management strategies solely in terms of their internal balance of resources. If one wishes to record the positive and negative externalities of individual economic activity, then one needs at least one hierarchically higher level of balancing. Because the business environment is not homogenous, one can either identify further levels here (e.g. network, local community, region, nation, world) or represent them with corresponding stakeholders. This leads one to an external *stakeholder approach* that can be supplemented by the internal stakeholder perspective (cf. 3.3). This would give one a third level of actor-based balances that can be used to explain the resistance of workers or groups of workers to management strategies, for example. In principle, it is possible to analyze each relevant resource on each level to see to what extent resources have been increased, decreased or maintained.

Example. A knowledge-intensive business in the software sector changes its software engineers every five years on average, roughly in the same rhythm as programming skills tend to become outdated. From the *firm's perspective*, this behaviour pattern may be economically sustainable because it uses externally produced expertise instead of investing in further training. However, the effect for the *firm's environment*, e.g. the labour market in the region or human capital in society, the externalities are negative and unsustainable. The same applies from the *employee's perspective*. According to this perspective, the use of labour capital is only sustainable if it is given its own qualifications and (further) develops areas of expertise that can be marketed in internal or external labour markets (e.g. through demanding use and further training). Something that may be economically sustainable in the medium term from the *firm's perspective* may nonetheless prove to be risky in the longer term if highly qualified candidates no longer apply to such a firm or, acting on their own initiative, use every opportunity to leave the firm.

We cannot pursue the complex questions of the transitory nature of economic calculations, although there is a thesis that the increased frequency of firm evaluation ("quarterly reviews") increases the contradictions between short-term and long-term profitability, individual capital returns and social well-being, and also between internal and external sustainability. At the same time, the interdependence and fragility of modern societies and the range of the consequences of individual economic activity in the globalized economy are increasing. These are additional strong arguments for the need for the extended balancing of resources and evaluation of sustainability. The corresponding procedures may not run completely counter to management interests, as would be the case if the only concern was the s*ocial costs of private enterprise* (Kapp 1978/1950). This is because, on the one hand, the influence and economic value of a firm's r*eputation* in the "media society" is growing. On the other hand, when cross-firm evaluations are carried out, firms can also point to the positive externalities of their activities (training, knowledge, innovation, etc.).

This level-based concept for analyzing the socio-economic sustainability of a firm's strategies is anything but harmonious in its design. Because it can generally model contradictions between the interests of internal actors, between enterprises and external actors, and between the short-term and long-term interests of firms or organizations, it can compete with institutional economic approaches.

4. Theoretical sources for the further development of the RSP

Another advantage of the RSP as we have outlined it so far lies in the way it can be linked to other management discourses and to "resource theories" that go beyond management science. If one is serious about the theoretical elaboration of resource concept, then a broad spectrum of theories and research comes under consideration: research into expertise, organizational culture and learning, accounting research, industrial relations, network research, social capital research, health science, etc. We would like to outline a few of these relationships briefly to provide some examples.

We have already mentioned *strategic controlling* in the context of relationships of interchange and sustainability. The enormous interest currently existing among practitioners in concepts of new management accounting and the balanced scorecard (e.g. Kaplan/Norton 1996, 2001; Butler et al. 1997) or the EFQM model (www.efqm.org) are evidence of the dissatisfaction with controlling of a firm solely on the basis of financial figures. The values for customer and employee satisfaction obtained in the two approaches mentioned, for example, are interpreted as potential-related parameters. Even the currently mushrooming, if theoretically threadbare, literature on measuring knowledge, human capital accounting and controlling, and behavioural accounting can and should be linked more strongly with theoretical efforts in the POV. Not least because there is something to be learned about the difficulties of recording and measuring success-related potential from the frequent failure of these approaches in practice (e.g. Malina/Selto 2001). In this context, particularly British journals continue to provide critical insights into accounting practice and theory.

There have also been individual attempts to correct the internal perspectives of the resource-based view(s) by linking them with the clearly complementary *resource dependence perspective* (Pfeffer/Salancik 1978; Pfeffer 1987; see e.g. Knyphausen-Aufseß

2000 and Roemer's article in this issue). This is obvious and one wonders why only a few people have come up with this idea (Knyphausen-Aufseß 2000: 453). The main thesis is that organizations depend on resources of other organizations, and that organizational decisions and strategies are mainly effected to reduce uncertainty in the availability of needed resources. However, instead of "integrating" internal and external resource perspectives at the lowest common denominator (RBV for "internal" resources, RDP for "external" resources) we should first measure the RDP itself on the basis of socio-economic criteria. One thing becomes clear very quickly: the name says it all. The theory's name signalizes, firstly, its emphasis on one-way *dependence instead of interdependence*, of mutual constitution and reproductive cycles. Secondly, it is useful that the theory investigates strategies of *dealing with* resource dependance, but problematic that it is not interested in the character of resources *themselves*. The authors do not offer, for instance, systematic distinctions between qualitatively different types of resources and their genuine reproduction modes. Resources remain a ‚black box', apt to fill in anything that could be defined as a source of dependence. However, it is still not clear whether the researcher or the firm itself has identified this dependence – this is not a relational determination, but rather simple vagueness. The course that Pfeffer took later when he works out conditions for a "sustainable competitive advantage" (1994: 3), seems thirdly more a step backward. He distils 16 factors of excellence from disparate empirical material; modelling disappears behind the popular method of listing best practices of HRM. Already in his earlier writings, Schreyögg (2000: 483) criticizes a "causal-analytical" approach and lack of clarify in the theoretical basis.

A vital debate on the mutual constitution of organization and context in terms of resources is ongoing under the category of *networks*. Here we find two thematic foci: inter-firm-relations and regional development. While in both fields *social capital* is the main category and interest, researchers with the first focus discuss and investigate mainly the role of *trust* and commitment in virtual enterprises or cooperative networks of profit-oriented companies (e.g. Uzzi 1996, Sydow/Windeler 1998). Researchers with the second focus analyze the relation between, or better, the coevolution of local or regional contexts and firm activities (e.g. Putnam 1993, 2000; Gabbay and Leenders 1999), Both branches of the debate refer to Granovetter's *embeddedness approach* (e.g. 1985) and Piore and Sabel's (1984) comparative sociocultural studies of *industrial districts*, which emphasize on the diversity of social, cultural, political and instiutional conditions for economic action (e.g. Grabher 1993, Duschek 2002). These dabates and research fields are often linked to the perspective of developmental policy (e.g. Brown 1998; Staber 1998; Dasgupta/Serageldin 2000), where the category of social capital plays a central role in explaining the competitive advantage of regions or nations (e.g. Bornschier 2001, Bornschier, Volken 2003) or the fruitfulness of development investments(as a fundamental critique see Fine 2001). Therefore, the World Bank initiates a lot of research in this field.[24]

A last example may contrast the macro-perspective and represents resource-theories at the basic micro-level, stemming from health science. We defined health as

[24] see http://www.worldbank.org/research/growth/social_capital.htm

part of human resources above (see figure 1). However, there are also psychological approaches that explain health and the handling of work load on the basis of a resource model, for example Antonovsky (1991) in his theory of salutogenesis. We work with a similar model when analyzing modernization processes within businesses and their frequent failure (Moldaschl 2001, 2004). This analyzes the creation and destruction of social resources (e.g. commitment, group cohesion, trust) and organizational combat for appropriation of such resources.

We cannot deal here with the question of how these approaches can be embedded in a socio-economic theoretical framework. It is clear however that this should not be done the eclecticist way. Rather it is necessary to examine whether and where their basic assumptions can be measured against those of socio-economics. Yet even when this not the case, such approaches or some of their variants often provide heuristically fruitful ideas for how resources and processes of resource generation and resource procurement can be meaningfully modelled and operationalized.

Summary

One must agree with Knyphausen-Aufseß (2000) when he declares that there is still no sign of a "way to a resource-oriented paradigm". The simple fact that this or that theory makes prominent use of the term resource does not constitute commonality. Not even two one-sided perspectives such as the RBV and the resource dependence perspective provide a "complete" theory. Further, if we cannot see any satisfactory prospects for a theory of embedded organization in the reproduction rate of the "resource-based" approaches, then we need to look for deeper common areas.

Naturally, in the context of the increasing pressure for scientific division of labor and specialization, we are making a radical and risky attempt to build bridges between single disciplinary discourses and isolated fields of research, while working on the basis of a (still?) imprecisely mapped socio-economics. Thus, when we refer to a resource-centered socio-economic perspective (RSP), we do so because a "perspective" demands less consistency than a theory. It is more open to representatives of different theories and disciplines without falling prey to arbitrariness because of a lack of common basic assumptions. Thus, our proposal is not intended as an alternative to the modeling of much narrower thematic areas (such as strategic management) but rather as a necessary addition. To this extent, the RSP can also be seen as an invitation to dialog between disciplinary and sub-disciplinary schools.

However, the RSP is very clear and rigid in three points. *Firstly*, it requires that resources should not be handled and modeled on a "one size fits all" basis, but that their individual special features should be taken into account, so that they need to be researched and theoretically elaborated. In management science with its "disposal interests" it is too frequently overlooked that most intangible assets are *living* resources that cannot be viewed and treated like mineral resources. *Secondly*, the RSP does not require an eqilibrium model. Instead, balance in the organization's own production and in interchange processes with the environment are seen as the exception, whereby the *active* production of balances between the consumption and production of resources first becomes a theoretical problem. *Thirdly,* the RSP implies a stakeholder perspective from which management, organization and modernization as a rule appear

as political processes embedded in institutional environments that must be analyzed with the appropriate means. It thus makes it necessary to deal with the question of the sustainability of individual (corporate) economic activity when handling previously existing external resources and self-generated resources.

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