

Chapter 5

An Integration of Human Resources and Supply Chain Management for a Sustainable Competitive Advantage: A Resource-Based View

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ABSTRACT

In this chapter, a multi-disciplinary approach for creating sustainable competitive advantage is examined. This is the integration of human resources management and supply chain management. The primary aim is to come up with a solution to the research question of 'how do organizations create sustainable competitive advantage by integrating human resources and supply chain management?' In order to put forth the solutions, the resource-based approach is employed. A detailed literature review is given on the integration of two business functions to create sustainable competitive advantage. This chapter contributes to the literature, first by laying out the importance of resource-based view in both human resources and supply chain management, second by examining how do these two functions unite in order to obtain sustainable competitive advantage, and lastly, by enriching the limited number of studies so far on the integration of human resources and supply chain management with the help of a literature review.

INTRODUCTION

One of the eye-catching topics in strategic management which is the resource-based view has roots in the early study of Penrose (1959) named as *The Theory of the Growth of the Firm*. On the contrary to Rugman and Verbeke (2002), Penrose added much to the strategic management literature by fostering the concept of competitive advantage and the circumstances for sustaining this advantage by interacting

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with economic parties (Kor and Mahoney, 2003). And even after Wernerfelt (1984) generated the basis of modern resource-based view, the concept could not attract enough attention until 90s. But since 90s, there is a huge interest in resource-based approach. Along with this approach in strategic management another concept that is competitive advantage has been at the heart of business management. Early works of Ansoff (1965) and Porter (1980), concentrated on the internal strengths and weaknesses as well as opportunities and threats in the environment. These internal strengths and weaknesses have been built upon the resource-based view in strategic management.

Human resources management is unquestionably a factor that enhances both internal strength and competitive advantage for organizations. So far many researchers have underlined that effective human resources practices lead an organization to attain its goals and to have advantages over other organizations (i.e. Amarakoon et al., 2018; Chadwick and Dabu, 2009; Mayfield et al., 2016; Wright et al., 1994). Naturally, it is because of the importance of human resources as a valuable and unique asset for an organization since human resources are widely accepted as crucial sources by resource-based approach (Omondi-Ochieng, 2019; Wright et al, 2001).

Like human resources management, supply chain management is a vital function of a business since it includes management of raw materials, transportation, manufacturing, distribution and retailing activities (Hugos, 2018). With the help of globalization and improvements in information technologies, today supply chain management requires bringing separate organizations together which are responsible for every single chains of supply. This enables organizations to operate effectively and to interact with other organizations in their supply chains. To be successful in these operations, organizations need to develop capabilities for supply chain management so as to gain competitive advantage. This will also enhance them to possess unique resources from the perspective of resource-based approach.

In this chapter, it is aimed to integrate two vital functions of business management which are human resources management and supply chain management within the perspective of resource-based approach so as to gain sustainable competitive advantage. This will be achieved by carefully providing a literature review, and taking the supply chain management capabilities of human resources as a valuable resource for organizations. In previous research it was noted that human resources management played a key-role for supply chain management (e.g. Bendoly, 2006; Santos, 2000). Up to now, only limited studies have attempted to integrate these two main functions and they concentrate mostly on sustainability (e.g. Gowen and Tallon, 2003; Jabbour and de Sousa Jabbour, 2016). Nowadays, the whole world is facing a pandemic and it reshapes the whole manufacturing, distributing and retailing activities around the globe. This underlines the importance of supply chain management. It is obvious that only the organizations investing on effective supply chain management will survive. This can be attained by the organizational resources and one of the crucial factor is human resources. In this respect, after giving a brief background that provides definitions of sustainable competitive advantage and resource-based view, firstly human resources management for sustainable competitive advantage will be given. Following this section, human resources management will be taken from the perspective of resource-based view. In addition to this, supply chain management activities will be examined from the same perspectives. After discussing these concepts in two main sections, an effective integration of them will be provided. At last; contributions to the theory, future research directions, and conclusion sections will be given.

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