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Comparison of resources and capabilities in two companies

FINAL GRADE WORK PRESENTED TO OBTAIN THE DEGREE OF BUSINESS ADMINISTRATION SUBMITTED BY:

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Castellón, 2014

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1) INTRODUCTION

1.1) INTRODUCTION

In this end-of-grade work, we will carry out an analysis of the resources and capacities of a company as a competitive advantage. This information has been collected from a series of articles, which are aimed at trying to verify how resources and capabilities can help the company as competitive advantage. As the expression suggest, a competitive advantage is good for the company because such advantage offers more value for customers by creating better products than the competition, and therefore competitors cannot match these advantages. This tactic is important when clients are trying to reduce costs and improve their competitive position.

On the other hand it's good that we have the advantage to be sustainable over time, as it helps to increase customer satisfaction and strengthens relationships with them. Also have a competitive advantage over time, generates ongoing revenues and profits through high levels of shopping.

It is good that the advantage is sustainable over time, since it helps to increase customers satisfaction and strengthens relations with them. As a consequence, it generates revenue and profits due to high levels of custom.

Competitive advantage based on the unique characteristics of the product, allows a company to set their own prices in a market. In order to achieve this and overcome existing threats and future ones, a constant analysis of value is needed.

Finally, we have that companies need funds to maintain themselves in a dominant position, e.g. the competitive advantage, the company's ability to create excess return on capital for shareholders.

1.2) OBJETIVE AND STRUCTURE OF THE WORK

Our aim is to know how resources and capabilities are used to get a competitive advantage. For this purpose, we will analyze two important companies in the furniture sector. These companies are: Albani and Ikea.

We will begin by analyzing the company Albani. We will take into account its mission, vision, values, weaknesses, threats and opportunities, e.g. we will carry out a full analysis of the strategies of the company. We will also carry out this analysis with Ikea, which is a leader in the furniture sector and a great innovator, getting to differentiate them from competitors.

We will devote the last part of the work to the conclusions that arise after the comparisons between the two companies, which, although they belong to the same sector, have different business strategies concerning competitive advantages.

2) THEORICAL FRAMEWORK

The theory of resources and capabilities focused on the creation of value, whereas the internal features of the company generate superior business returns. Therefore, internal company resources and capabilities; are the means to achieve competitive advantage. The companies are seen as collectors of resources and capabilities, which allow them to compete more efficiently. This approach considers that the most profitable companies are those that possess resources or internal capabilities somehow better than the rest of its competitors. That profitability is not dependent on the industrial sector; in which the company is in his best position in the market; (Cool and Dierickx, 1989;) Barney, 1991; Collis and Montgomery, 1995 and Grant, 1995).

This theory believes that the resources possessed by enterprises in the same industrial sector are different and that those resources are not perfectly mobile, and therefore, can be kept in time (Barney, 1991).

Numerous authors have contributed to the development of this approach. Such Theory says that the main function of the management of a company is the maximization of its value through the use of resources and existing capacities (Grant, 1996). The ultimate goal of any business is to generate a sustainable competitive advantage, with a yield greater than the companies competing (Amit and Schoemaker, 1993 and Hoopes, Madsen and Walker, 2003).

In this second chapter we analyze, from a theoretical point of view, the concepts of resources, capabilities, and competitive advantage. We will also study how these tools are very useful in the field of business strategy. The vision based on the theory of resources and capabilities, has become an important theory in the strategic research since the 1980s (Barney 1991, Grant 1991, Wernerfelt 1984). This provides a unique perspective on the level of resources and at the corporate level (Peteraf and Barney 2003), and is also complemented with the analysis of the industry (Porter 1980) and the economy (Williamson 1991).

Resources and capacities move the attention of researchers of strategy from external factors to internal factors of enterprises. This makes the establishment of a heterogeneity of resources, as one of the most important sources of differences in profitability between companies (Barney 1991, Peteraf 1993), and identifies several "mechanisms isolated' (Rumelt, 1984), allowing companies to have funds to maintain their advantage, both in resources and in its competitive advantages (Barney 1991-1997, Dierickx and cool 1989, Ghemawat 1986, Lippman and Rumelt 1982).

2.1) DEFINITION OF RESOURCES AND CAPABILITIES

Internal company resources and capabilities are the basis for the theory of resources and capabilities.

Many authors have been defined resources: (Penrose 1959, Caves 1980, Wernerfelt 1984, Barney 1991, Amit and Schoemaker 1993, Side and Wilson 1994, Makadok 2001, De Carolis 2003, Maritan and Brush, 2003). Among these authors, there is a certain consensus to consider resources as elements that a company uses in its business processes, in order to produce a set of goods and services. Thus, all assets, capabilities, organizational processes, knowledge, etc., controlled by a company that allows the implementation of strategies that enhance their efficiency and effectiveness; are considered a resource (Barney, 1991). That is, any asset that is linked with a minimum of permanence in the company (Wernerfelt, 1984).

This definition indicates that the company uses resources of which it is not the direct owner, is the case of the knowledge, experience and skills of its workers; e.g. resources owned by the workers and that the company can only use, while the people who possess them form part of the staff of the organization.

The theory of resources and capabilities rejects the industrial analysis, as It is considered that all the companies in the same sector possess identical resources. Analysis of resource (Barney 1991); argues that the companies of the same sector have different resources and that these resources are not perfectly interchangeable or mobiles. These assumptions presuppose the imperfections of production factors existing in the market.

As in the case of resources, the concept of capacity has been defined in many ways (Prahalad and Hamel 1990, Amit and Schoemaker 1993, Barney and Zajac 1994 Collis 1994, Side and Wilson 1994 and Teece Pisano and Shuen 1997). These definitions can be summarised as combinations of tacit knowledge, skills and resources that a company accumulates over time. Ultimately, the capabilities are complex phenomena resulting from the process of organizational learning. Capabilities are always intangible and are built through good physical or non-physical resources.

Therefore, capabilities are the result of the interaction of many agents, but are independent of such agents. It can be considered that capacities are the collective organizational skills or competencies of the company (Prahalad and Hamel, 1990). The different types of capabilities will depend on the resources used in forming these skills. The organizations will formulate strategy determined according to their resources and capabilities.

The resources and capabilities of the company must be used to define the business strategy as the main source of competitive advantage for the company (Grant, 1991). In this way, the resources and capabilities determine long-term company performance. Today, many companies have developed their strategy based on the development and exploitation of clearly defined internal capacities. On the other hand, if we consider resources and capabilities as the source of competitive advantages, we are also considering that each company is equipped with its own resources and unique capabilities, which gives the company inimitable possibilities as a source of competitive advantages (Amit and Schoemaker, 1993).

The theory of resources and capabilities is considered a business strategy focused on resources and internal capacities of each company, and the achievement of competitive advantages that will lead to a sustained revenue stream, in the long term.

The strategy followed by each organization will depend on the resources they possess. Numerous authors have made different classifications. (Wernerfelt 1984) differentiated between tangible and intangible resources. Tangible resources are financial resources and physical assets. Those are the easiest to identify, are collected and valued in the financial statements of the company. On the other hand, the intangible resources (Itami and Roehl, 1987) would be those based on information and knowledge, not shown in the accounts of the company and without physical nature.

Special mention requires the human resources, since they are too tangible and physical resources, but they bring to the Organization a set of intangibles: knowledge, skills, experience, reasoning, etc. These features make especially complex the quantitative valuation of people, especially if we consider that they don´t work alone, but as part of a collective.

The theory of resources and capabilities highlights the importance of the intangible elements of the company. Many authors (Cubbin and Geroski 1987, Rumelt1991, Smith and Parr 1994,Brooking 1996, Aguirre y Goñi 1997, Edwinson and Malone 1997, Sveiby 1997, Good 1998, Sullivan 2000, Bollinger and Smith 2001, Roos, Bainbridge and Jacobsen 2001,Stanfield 2002, Groot 2003, Chignoli 2004 and WIIG 2004); they have done several empirical studies on the resources and capabilities of the companies, and have come to the conclusion that the intangible resources are those that best meet the characteristics to be able to generate a competitive advantage (resources scarce, valuable and imperfectly imitable and limitedly or imperfectly substitutable). Thus, this type of resources, in many cases may be a source of lasting of economic returns.

According to these authors, the strategy of the organizations should support intangible resources for two reasons: they provide a greater factor of differentiation and because such resources are not available in the market, but usually have been born and developed within the companies in complex ways, and within a certain period of time.

Intangible resources, in addition to not being able to be bought or sold in any market, are in many cases without value outside the company. All these features of intangible resources facilitate obtaining durable income, being also hardly transferable or specific assets of an organization with a high degree of ambiguity.

Assets or intangible resources, such as the reputation of the company, corporate culture, technological knowledge, the capabilities of the employees, the image of the brand, the management skills, etc. are indispensable when it comes to measuring the competitive power of an enterprise (Itami and Roehl 1987).

Nowadays technology shortens the useful life of many physical assets, so intangible resources become the main assets, to produce a lasting competitive advantage. In the resources we need to analyze the quantity and quality of those resources and those without property of the company, it can access them due to contacts.

There are numerous definitions of intangible resources; most of these definitions describe the set of common features in these assets. The vast majority of the major definitions of intangible resources contain the following terms (Itami and Roehl, 1987), In the first place we have the tangible resources, which can be divided into physical (size of plant, equipment, location and obsolescence of physical assets); and financial (potential indebtedness of the company, the gearing, potential resource generation).

In second place we find, within the intangible resources, the human resources or human capital (productivity, knowledge and skills, culture and organizational climate, ability to communicate internally with success, ability to work together), the technological resources (set of existing technologies, services that incorporate some type of technology) and organizational resources (reputation, personalized attention, marketing system, loyalty of customers, trademarks).

Once defined the concept of intangible resources, we will analyze the main features common to these assets aiming to deepen such knowledge. (Itami and Roehl 1987, Brooking 1996, Reilly 1996, Rooms you smoke 1996, Edvinsson and Malone 1997):

(a) In some cases, their existence is almost impossible to demonstrate or determine with accuracy. In these cases, it is very difficult to assess the income generated for the company.

(b) Increase the value of other tangible assets to which they are associated.

This increase in value is very difficult to estimate or quantify with accuracy (Lippman and Rumelt, 1982).

(c) Normally they are the fruits of inner creation. I.e., there is no organized market for purchase and sale of such assets. This feature produces intangibles different in each company. Logically, this does not mean that they are totally non-transferable.

(d) They can be used simultaneously in several activities or areas of the company. In this way, these assets are easily able to create value.

(e) With the passage of time, most of them do not depreciate, but, on the contrary, increase the value. Therefore, they tend to have long life spans since its use makes it easy to increase the ability to create value for the company.

Today many authors (Brooking 1996, Edwinsson 1996, Aguirre y Goñi 1997, Edwinsson and Malone 1997, Sveiby 1997, Good 1998, Sullivan 2000, Bollinger and Smith 2001, Roos, Bainbridge and Jacobsen 2001, Groot 2003, Chignoli 2004, and Wiig 2004) develop systems of measurement of the value of intangible assets, analyzing the difference between the book value of the company and the value of their shares in the market.

Other analyses include those made by Kaplan and Norton (1996) who have provided a vision of integrated financial and non-financial measurement systems, incorporating all aspects affecting economic results.

Other studies such as the Edvinsson (1996) and Sveiby (1997) made a model focused on the measurement and management of intangible assets of the company, analyzing the difference between the value of a company in its accounting books and the value of their shares in the market.

Aguirre y Goñi (1997) also developed models of measurement parallel to the accounting rules, with the objective of valuing intangible assets in a concrete way.

Some research papers as Brooking (1996) and Edvinsson and Malone (1997) suggest various ways to reflect a company's intangible assets in their financial statements and thus provide greater credibility and reliability to the information provided by the company to third parties.

2.2) PROPIERTIES OF RESOURCES AND TOOLS OF ANALYSIS

A) Properties of resources

The identification of the set of resources and capacities of the company is a necessary and important step for the internal strategic analysis. However, it is not enough to have resources or capabilities in order to enjoy a competitive advantage since it is necessary that they are more valuable and better than those of other competitors (Cuervo 1993).

The resources and capabilities that allow the Organization to obtain competitive advantages are called strategic resources and capabilities. This aspect is important for the internal analysis of the company. On the contrary, if resources and capabilities owned by a company allow you to exploit the opportunities and neutralize threats, they are owned only by a small number of competitors and are costly to copy or difficult to obtain in the market, it may constitute strength of the company and thus a potential source of competitive advantage (Barney 1997:142).

In this way, the company can adjust its strategy to ensure that these strengths are fully used and their weaknesses are protected.

The characteristics that must gather the resources and capabilities to be considered as valuable, were classified by Amit and Schoemaker 1993, and Grant 1996, and we can distinguish eight criteria:

Shortage: Implies that resources and capabilities are not available to all competitors. If a resource or capacity is important for carrying out an activity, but is accessible to all companies in the industry, it becomes a necessary condition to compete but not a differential element that provides competitive advantage.

Relevance: Makes reference to its utility to compete in a particular industry. To be valuable should be related to one of the key factors of success of the industry in which it competes.

Durability: Is the power to maintain the competitive advantage derived from the position of certain resources and capabilities in time. This duration varies. The tangible resources tend to depreciate over time; the intangibles can behave in a very different way.

Transferability: Is the ability of the company to sustain its competitive advantage over time, depends on the speed with which rivals acquire the resources and capabilities needed to imitate its success. Some tangible resources are easily transferable between companies as they can be raw materials, but other resources are not so easy to transfer, an example of this can be found in machines. The transfer of skills is difficult when they are the result of a set of resources that work together as a whole. To acquire this capability its necessary to transfer the whole resource.

Imitability: A company can get the resources and capabilities of another through its development with their own means. Some resources or capabilities are easily reproducible, so other companies can imitate them and thus cancel the advantage initially obtained, if there are legal barriers its more difficult. Lippmann and Rumelt (1982) introduced the term causal ambiguity, which refers to the uncertainty about the causes that explain the results of the companies and the differences between them (Ventura 1994). Even when there is no causal ambiguity and possible imitation of resources and capacities, the time plays in favour of the company; that already owns them.

Substitutability: In the event that the competitors cannot acquire the valuable resources and capabilities of the other company, they seek alternative resources and capabilities that produce the same results in similar conditions. In so far as the resources and capabilities of a company cannot be replaced, they have a greater value for the company that owns them.

Complementarities: The use of complementary resources and capabilities means that their joint contribution is superior to where it would be separately. It is necessary for competitors to have all resources together to achieve the same advantages, with the consequent increase of the difficulty to obtain the set of resources through access to the market, imitation or replacement.

Appropriability: when performing an inventory of resources, a problem is the determination of the limits of the property of such resources. This question is relevant because it brings with it the problem of distribution of incomes between different owners of the resources and capabilities. The problem of property is not always easy to resolve. In tangible resources, such rights are easily identifiable. The primary basis of a company's capabilities is the training of their workers; the problem is that its employees own it, and not the company. The implications of this fact for the company are two:

Employees are transferable between companies, so a company cannot set it strategy on the specific capacities of the individuals who work for it.

Employees can be placed in a strong position allowing them to negotiate their salaries with the companies.

It is a matter of strategic importance to the company to apply control over those resources and ensure that it obtains an appropriate proportion of the profits generated by those assets. Looking at the company as a contractual link, the key issue will be to find contractual formulas that enable the company to make a long-term contribution of an essential resource and the appropriation of incomes generated (Milgrom and Roberts, 1993). The ability of the company to appropriate these incomes is determined by the degree of specificity of the assets. (Ventura 1994).

As a result of the ambiguity concerning the ownership and control of a resource, it arises the problem of how to distribute the benefits provided by that resource. This distribution depends on the relative power of negotiation of each of the parties. If the individual contribution of employee productivity is clearly identifiable, then it is in a strong position to grab a substantial share of their contribution through salary or other type of incentive (Grant 1996:182).

In conclusion, we can say that the ability of the company to obtain income from resources will be determined by the bargaining power of the company and the existence of such specific resources.

B) TOOLS OF ANALYSIS

B.1) THE INTERNAL DIAGNOSTIC OF THE COMPANY

The internal analysis seeks to identify the strengths and weaknesses of a company in order to develop its competitive performance. One of the origins of the internal analysis lies in the work of Penrose (1959) about the process of growth of the company and its limits. For Penrose, this depended on the allocation of resources available to the company and the ability of its managers to manage them properly.

Now, we will study some of the main existing analysis techniques. Each of them contains partial aspects of the company and has its advantages and disadvantages. Their joint consideration provides richer analysis.

The identity of the company

First, we will consider the removal of the identity of the company, whose objective is to determine the type and basic characteristics of the business system.

The purpose of this analysis focuses on the characterization of the company, from a generic point of view, that allows identifying the fundamental strategic support for its competitive performance. Some based features can be (Well, 1996:242-245; The La Fuente and others 1997: 319-339):

Age of the company: refers to the time in which the company is located. The basic stages are: emergence, adolescence, developed, mature and old.

Company size: relative to their size in relation to other companies in the sector. From this point of view the companies may be considered as small, medium or large.

Field of activity: Products and the company operate in needs it tries to satisfy.

Property type: Public or private and depending on its structure, family owned, concentrated in few members or very sparsely.

Geographic scope: Is the amplitude of the geographical framework. It can be local, regional, national or multinational.

Legal structure: legal formula under which will perform the activity.

The next step is to identify key variables. Ultimately, rest on these variables relevant strengths and weaknesses of the company and is about them on a deeper diagnosis of the company will be made.

Functional analysis

A way to carry out the identification of these key variables is through the functional areas of the company. This methodology is the functional analysis. Obviously the number of variables to identify and the contents of these variables depend on each company.

All this makes it impossible to draw up a single list of valid key variables for any situation. We can see an example in the following figure, where some of the significant variables can be included functionally (Menguzzio and Renau 1991).

The strategic profile of the company

Functional analysis can be complemented by the elaboration of a strategic profile of the company, which aims to assess the potential of the company in each of the key variables.

From the formal point of view, the elaboration of the strategic profile is very similar to the profile of the environment. Therefore, the development of the profile consists of two parts:

List of variables: Are the key factors that will be analysed in the diagnosis of strengths and weaknesses of the company

Assessment of variables: This can use a scale of 1 to 5, where 1 is very negative to 5 very positive.

Once prepared the strategic profile, the interpretation is simple: the peaks to the right mean strong points, while the peaks to the left are weak points.

The measure can be taken as a comparison with the profile of the leading company in the sector. This comparison allows the detection of relative strengths and weak points, which can lead to the identification of possible competitive advantages.

Finally, the strategic profile is a very intuitive tool of great quality and easy to develop. Its main utility is a systematic support of a proper diagnosis of the situation of the company.

Table 1: The Strategic Profile

FUNCTIONAL AREAS KEY FACTORS	VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH
COMMERCIAL AREA					
Market share					
Branding					
Sales Force					
Advertising and promotion					
PRODUCTION AREA					
Cost Structure					
Productivity					
Quality control					
Capital goods					
FINANCIAL AREA					
Financial Structure					
Cost of Capital					
Yield investments					
Financial solvency					
TECHNOLOGY AREA					
Technology available					
Investment in R & D					
Assimilation technology					
HUMAN RESOURCES					
Incentive system					
Mood					
Level of education					
Level of participation					
MANAGEMENT AND ORGANIZATION					
Management style					
Organizational Structure					
Corporate culture					

The value chain

The value chain is one of the richest and most popular tools developed for analysis and internal diagnostics of the company; its spread is due to Porter (1987).

The value chain refers to the separation of the company basic activities. Each activity represents a part of the total cost of the product.

If the price that customers are willing to pay for the product exceeds the cost of activities, the company will generate a margin for such activity

The value chain is based on a value system that includes suppliers and customers value chains.

The objective is to identify the sources of competitive advantage for the company. **These sources can be in:**

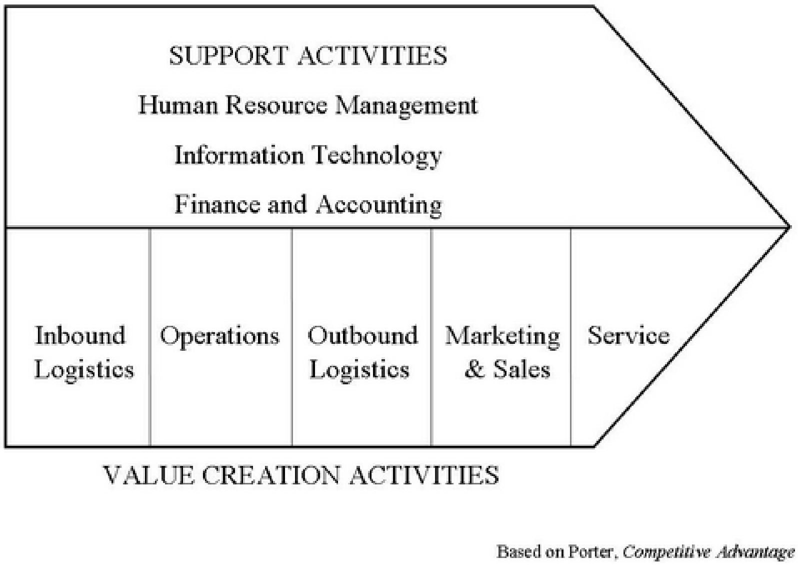
- Core activities
- The interrelationships between activities
- The interrelationships within the value system

The activities of the value chain

The basic activities of the company can be represented as shown in the following figure (Porter 1987:57-61, DESS and Miller 1993:74-84).

Porter value chain

Table 2: Porter Value Chain



Source: Porter (1987:55)

Primary activities: Are the basic productive process of the company from a physical point of view, as well as its transfer and after sales service. These are**:**

Internal logistics: Reception, storage, control inventory and distribution of raw materials.

Operations: Activities related to the physical factors in product transformation.

External logistics: Activities of storage.

Marketing and sales: Efforts to stimulate sales of the product.

Customer service: Activities related to the maintenance of the conditions of use of the product.

Support: Serve as support for the primary activities, ensuring the normal functioning of the company. These are:

Supply: Factors concerning sourcing.

Technology development: Activities aimed at obtaining product and processes

Human resources management: Activities concerning personnel.

The enterprise infrastructure: activities that can be included under the heading of administration and can include planning.

The interrelationships of the value chain

Competitive advantage can come from the various interrelations that may appear between the activities and the system of value with customers and suppliers. These interrelationships are called links (Porter 1987).

The competitive advantage through the links can be obtained from:

Optimization: It is based on the best realization of a part of the company's activity may allow reducing costs in the implementation of other activities

Coordination: This criterion is based on the mere coordination of tasks as a source of competitive advantage

The competitive advantage is born of the interrelationships between them. Two types of interrelations can be identified:

Interrelationships between activities: Are called horizontal links. The most typical forms are the relations of activities among themselves. The proper use of the interrelationships between activities of the company to obtain competitive advantages depends in many cases on the same information system, so that this becomes a key variable for both optimization and coordination of activities.

Interrelations with the value system: Sources of competitive advantages can also be found on the interrelations of the value chain of the company with suppliers or customers. These interrelationships are called vertical links (Porter 1987).

Competitive advantage stems; not from the company itself, but from relations with others with which it deals. If these interrelationships are properly taking advantage, the result favours both simultaneously.

In the case of the interrelationships among the value chains of other organizations play an important role information system of different companies that provide important actions in this field.

The activities that make up the value chain may be too general for a thorough analysis, so they can disperse into more specific activities.

The breakdown in specific activities is interesting when these have different economy or when they constitute potential sources of advantage for the company.

THE BENCHMARKING

The benchmarking consists of procedures aimed at improving the realization of certain activities on the basis of observation of competitors. Benchmarking is a more evolved way of analysing competitors than traditional procedures of research. (Suárez – Zuloaga , 1995).

Copying: Consists of imitating certain processes that have been developed by other companies

Industrial spying: The illegal copying, which consists of access without the consent of the owner to confidential information by using illegal methods.

SWOT

The SWOT analysis is a summary of all both internal and external strategic analysis, presenting the main conclusions derived therefrom. The term SWOT comes from the words Weaknesses-Opportunities-Threats-Strengths.

This matrix is achieved by summing up the internal and external analysis, providing an overview of the situation in which the company is to design the strategy. However, it suffers from a lack of integration between the two types of analysis by failing to establish relationships between the key variables that make both systems

Table 3: Analysis SWOT

Strengths	**weaknesses**
- Core capabilities in key activities - Property of the core technology - Best manufacturing capacity - Cost advantages - Good image for consumers	- No clear strategic direction - Delay in R & D - profitability below the average - Poor monitoring in the - implementation of the strategy obsolete facilities
opportunities	**threats**
- Availability of new markets - Rapid market growth - Vertical integration - Removal of trade barriers - related product diversification	- Entry of new competitors with - lower costs - Slow market growth - Demographic changes - Change in consumer needs - Barriers increase

***Source**: adapted from *Bueno (1996:252) y Thompson y Strickland (2001:115)*

2.3) DEFINITION OF COMPETITIVE ADVANTAGE

The study of competitive advantage has always been an essential aspect when investigating business strategies. Through observation of competition between firms within the same industrial sector companies that are achieving positive results superior to other competitors looking. Therefore, the analysis of competitive advantage means finding the causes that allow a business to become successful in their business than other companies in the sector (Lippman and Rumelt 1982 , Reed and DeFillippi 1990, Grant 1991, Cockburn, Henderson and Stern 2000 and Powell, 2001).

The strategy of an organization, look for to make more effective use of resources and core capabilities of the company. Such use will be influenced by the opportunities and threats in the environment in which the company operates. Each company will hold a strategy that effectively distribute their resources and will lead to success in their environment.

The Resource Based Theory believes are the internal characteristics of the firm based on any competitive advantage they can get. In any case, we should not forget that this theory, while placing special emphasis on internal analysis of the company, does not forget the environment. This environment is what ultimately determines the competitive value of resources and defines what is known as strategic industry factors (Amit and Schoemaker 1993).

These strategic industry factors are the set of resources and capabilities that determine existing economic rents in an industry.

The analysis of resources and capabilities analyses the evolution and use of all resources and capabilities in a company through the formulation of a particular strategy. The ultimate goal of business strategy is the acquisition and ownership of sustainable economic rents based on the achievement of long-term economic benefits generated from the resources and capabilities that the company owns (Powell 2001).

However, not all resources are strategic assets and capabilities that create a competitive advantage. So then we will define the conditions for the existence of a competitive advantage and the necessary attributes for the resources and capabilities of a company provide that advantage.

Numerous authors (Cool and Diereickx 1989, Barney 1991, Grant 1991, Amit and Schoemaker 1993, Peteraf 1993, Black and Boal 1994 and Collis and Montgomery 1995) have made classifications of the various features that should be in resources and capabilities to become strategic assets to develop a competitive advantage for the organization (Amit and Schoemaker 1993).

If two companies are competitors, they say that one of them we have a competitive advantage when you get or have potential for higher returns. That is, the competitive advantage is the ability to overwhelm opponents achieving a higher level of profitability (Grant 1991).

Therefore, we believe that a company gains a competitive advantage over another, whether as a result of the implementation of a particular strategy, obtains superior results to other competitors (Barney, 2001).

The concept of competitive advantage involves a distance between the company and its competitors, which if maintained long term, create a sustainable advantage over time. For this reason, we can say that the competitive advantage is a hallmark of the company that place you in a better position to compete. The immediate consequence of having a competitive advantage is to obtain better business results.

Competitive Advantage is any property of the company apart from other placing it in an advantageous position to get superior to that obtained by other competitors performance. This requires different factors:

- Need to involve a key success factor of the environment / market
- It must be substantial enough so that you can make a difference
- You need to be sustainable
- Give greater profitability to the company

The circumstances in which a company can create competitive advantage can be in two ways, both internally and externally, in terms of external (involves market imperfections), competitive advantage is created as a result of changes in certain environmental factors and domestic, is performed as a result of the use of resources and capabilities of the company in innovative ways, which can be efficiency, productivity in the use of inputs, or the ability of customer satisfaction, efficiency.

To maintain competitive advantage must be taken into account barriers to imitation, which we need to address the causal ambiguity, which makes the identification of resources and capabilities responsible for competitive advantage, this is the result of accumulation and no implied reliable skills over time and experience. Moreover, the causal ambiguity has the protected knowledge due to possession of unique assets, where the information is privileged.

Also keep in mind the ability to imitation or to cancel the competitive advantage of competitors, in order to maintain, for this reason we must identify the sources of competitive advantage, providing incentives to imitate and acquire all the resources and capabilities necessary to imitate competitive advantage, this means, the ease with which resources and capabilities can be transferable in the market.

2.4) TYPES OF COMPETITIVE ADVANTAGE

Competitive strategies are defined as the set of actions to be undertaken by a company to achieve a favourable competitive position, so we have three types of competitive advantage. First we have the competitive advantage in costs, where the company should turn them into the cost leader in its sector for which you must identify and exploit all sources of cost advantages. Within it we can highlight the learning effect, economies of scale (high market share, indivisible factors such as capacity facilities produce grades volumes, full utilization of productive capacity), Economies of scope, development and adoption of new technologies (Reduction of labour, more efficient use of raw materials, increase accuracy and reduce errors), privileged access to raw materials, favourable location, bargaining power relates are customers or suppliers who cheapen final costs, product design (facilitates automation, reduce material costs) Rigorous cost control system, policy efficiency with the ability of managers to coordinate all processes.

Secondly we have differentiation, where the company offers something unique valued by buyers beyond simply offering a low cost. This strategy protects the company from the 5 basic competitive forces. There are different types of differentiation; first, the differentiation has different forms such as product characteristics (observable or physical performance additions to the product), market (tailored to specific tastes, reputation or brand image, distribution network), company (prestige, technology innovation). Secondly we have the differentiation strategy where we select the attributes you want to develop and can be sources of exclusivity to evaluate the potential profitability associated with each attribute and thus to identify the activities of the value chain that associated with that attribute. Thirdly we have barriers to imitation (Creativity, social ambiguity), also have to have a sustainable long-term advantage where consumers are willing to pay a premium for the product and the cost parity is reached in all activities of the value chain that do not affect the differentiation, the last two points to differentiation are the requirements (high costs) and risks (too high differential costs, disappearance of consumer interest and the differential factor imitation).

Thirdly we have the niche strategy, where a group of buyers is concentrated in a range of products or geographic area. It is deciding where the company is going to compete, to achieve differentiation or cost leadership in that segment chosen, the risks of this type of strategy are the erosion and imitation.

And finally we have the barriers to imitation, where you can use the chain as a framework for analysing the costs of the company, here we have a shortage of certain sources of costs, inability to imitate sources of costs, ambiguity cause, disaggregate all activities and establish an order of importance, identifying the factors that contribute to the cost for each activity, identify ways to reduce cost without affecting the value. To make the barriers to imitation terns have to consider a number of requirements those are getting aggressive pricing and have parity in the minimum attributes that provide value. The risks of imitation barriers are given the super majors, where technological changes and changes in consumer tastes, quick learning by competitors, increases in the price of production factors.

2.5) CONTRIBUTIONS AND LIMITATIONS OF THE THEORY OF RESOURCES AND CAPABILITIES

We will complete the study of the Theory of Resources and Capabilities dedicating this section to analyse the main reasons why this theory has been considered valid and accepted in the field of Business Management.

Also, study the main weaknesses of this theory that allow us to qualify the contributions obtained, and finally the aspects that should be further investigated for further development of this theory.

One of the main contributions of this approach is that it explains the root causes of the existence of a company, thus becoming a new theory of the firm. The Resource Based Theory explains the causes of the existence of a business, emphasizing the importance of strategic issues. This theory integrates several approaches from different areas of knowledge.

In addition, this resource-based approach has been an important factor in developing a business strategy research within the area of strategic management (Fernández and Suárez, 1996) instrument.

However, the Resource and Capabilities, despite the obvious progress that has led to this theory in the field of strategic management, it also contains a number of weaknesses and limitations that are necessary to know to refine these contributions.

In summary, we have a well-formulated theory from the theoretical point of view, but it suffers from research and practical applications.

Furthermore, only analyses in depth only those companies who succeed; forgetting those that compete with common resources and capabilities.

The study of Resource Based Theory serves as a general framework to frame the different aspects to be studied in the empirical study and an important basis for analysing the internal elements of the business that we consider essential to formulating and implementing a particular strategy: intangible resources. Analysis of these resources will dedicate the next paragraph.

3) METHODOLOGY

Let us do the presentation of the two companies chosen for this case study, as well as environmental factors, these companies are Albani and Ikea.

The two companies have had to use external secondary information, because we cannot go to internal company information to conduct further deep study on this topic.

The information is taken primarily from Internet, manuals and articles by various authors who have specialized in these issues.

For Albani, we also used some primary information, because in the time it takes a short interview to the manager of the company.

Below we will briefly present the environment of both companies to bring the analysis. Since we believe that it is very important for companies to know what kind of environment they are moving, to thereby achieve to fully exploit all its resources and abilities and gain a competitive advantage in the sector in which these organizations move.

ENVIRONMENT ANALYSIS

General environment

To carry out an analysis of the general environment, identify the factors that form the PESTA analysis, and see how far affecting this sector.

Political-Legal: Due to the change of government suffered in 2011, there has been an increase in VAT from 18% to 21%, which negatively influences consumption, having a negative impact on the sale of furniture.

Economic: the furniture sector was one of the first areas affected by the housing crisis, the decline in the purchase of homes on 2008, made furniture consumption descended. In addition, the decline in household income has, that the possession of a worn piece of furniture does not involve buying a new one, but restore or delay their purchases, that is, due to the economic uncertainty of the future of the country.

Socio-Cultural: the impoverishment of social classes due to high unemployment and low economic activity in which we find ourselves has harmed directly to the furniture sector, notably declining sales.

Technology: Although the importance of man has a very important role, is increasingly present intervention in the production process of machines and technology that makes work easier and accelerate it.

Environmental: The two companies have a clear objective to reduce, over time, the environmental impact of its entire range. Use different tools and processes to ensure improvement of all phases of the life cycle of products. In addition, the furniture industry in general, try to avoid the use of chemicals and substances that may be harmful to people and the environment, trying to observe restrictions on the chemicals contained in the REACH legislation.

Specific environment

To analyse the competitive environment we will use the model of the five competitive forces of Porter.

The competitive environment consists of all companies engaged in similar economic activity that sell products / services that are substitutes for each other but do not necessarily have to use similar technology or production process.

Model of Porter's five competitive forces:

<u>Potential competitors (Threats of new competitors, barriers to entry)</u>: There are some entry barriers that complicate entry into the industry, these barriers are for example: investment, a large initial outlay, help is needed to carry out economic activity in the furniture sector, at the beginning you have to create an entire catalogue of products, which involves machinery, workers, specialists ... Another barrier to entry would be differentiation.

<u>Suppliers of industrial companies (Bargaining power of suppliers)</u>: We can say with some certainty that the bargaining power of suppliers is not very high. The existence of many suppliers makes the bargaining power is not very high.

<u>Current competitors in an industry sector (intensity of competition between firms in the sector):</u> There are many companies in the furniture sector engaged in distribution, as Albani Furniture and IKEA, this makes the rivalry between these companies are very large. Also, this sector is not heavily differentiated, so making competition becomes greater.

<u>Customers of companies in the sector (bargaining power of customers):</u> Albani and IKEA furniture are engaged in retail furniture and decor. We can say that customers have enough bargaining power, because, the products they offer can, in some cases, to find in other stores, because most products are not unique to a single store.

<u>Products substitutes offered in the industrial sector (Threats and constraints imposed by substitute products):</u> We have concluded that there are no substitutes that may affect sales Albani Furniture and IKEA, we do not believe there is anything that can replace furniture and obtain the same level of satisfaction it offers.

4) DEVELOPMENT OR CASE STUDY

The case that we will analyse is to conduct an analysis of the values and goals of the two companies, as well as conducting a SWOT analysis and the study of their competitive strategies.

PRESENTATION ALBANI

Albani was inaugurated on April 17 of 1998 and was born with the dream of creating big mall furniture. From then until today, has been enough to Albani is one of the most established and recognized in the Valencia community becoming a leader in the furniture business.

The great challenge for the company has always been to offer the best quality products and services, with a great team of highly qualified and always being formed continuously. This allowed him to adapt to new market trends and meet the needs of customers in a personalized way by the commercial department and decoration, from the start of the first visit to the service delivery at home by mounting equipment.

IKEA PRESENTATION

The IKEA story begins in southern Sweden, where a 17-year-old Ingvar Kamprad used the money his father gave him the good results of the studies and used them to open their own business.

It was not until 1948 where the first began selling furniture in 1951 and sales grew to larger scale using the catalogue.

Between 1960-1970 the project began to take shape by opening new stores and product development as star BILLY bookcase.

From 1980 IKEA expanded into new territories such as USA, UK, Italy, France, etc. and focused mainly in the manufacture of furniture for families with children. Moreover, at present, coordinated decor solutions are presented bedrooms and kitchens.

4.1) ALBANI

A) ANALYSIS OF VALUE AND OBJECTIVES

Mission

Knowing that the mission represents the identity and personality of the company, at present, that is, the essence of the business, we can say that the mission of Albani furniture is to expand market share and be one of the leading distributors in addition to sell at competitive prices offering the best price, best quality and providing the best services.

View

In terms of vision, mission accompanied with defining future approaches in which the perception of what the company could or should become incorporated. Knowing this, we can say that the vision of Albani furniture is last in time and get higher yields. In addition it also wants to be a leader nationally in the sale of furniture and high decoration, as one of the best companies in the sector.

Strategic objectives.

The objectives are the way the company takes to get to realize their vision. When asking about the economic objectives of the company, we realize that they are temporarily bounded, as established at the beginning of each year. And take into account the economic and social environment around them.

In the company Albani Furniture, identified primarily economic objectives. Like all companies their main objective is to maximize profits, and this derives the first of the purposes that we have identified in Albani:

Performance: The performance objective is focused on a highly optimized procurement and atypical resources (Rappels shopping ...) that in the current economic situation has forced suppliers to reduce the costs of raw materials and thus achieve more competitive prices. Moreover, the margins have decreased considerably more effective for purchase.

Growth Target: Focuses on both a vertical and horizontal development, increasing both the supply of products, such as adding custom kitchens and decorating projects department, which involved comprehensive advice decoration and projection of a dwelling without to rely on external services.

The third objective we have identified, we believe that we can not include within the category of economic objectives:

Objective of stability and adaptability (Survival): When the crisis began in early 2008, Albani start to change strategy when implementing the products on display. This strategy focuses on implementing all product exposure conditions of deposit; thus has achieved a very healthy financial state in anticipation of what might come.

Social responsibility and business ethics. Values and Strategic Objectives

Considering we mean by social responsibility and business ethics, as those legal or ethical commitments made by the company to indemnify for damage that may have on the world around him, we face different issues in which Albani Furniture is a company whose social and ethical responsibility will ascribe the following behaviours:

- Is presented to society as a company that offers a kind of high quality product, offering great service and great advice from a team of professionals, as advertised without misleading consumers or use misleading advertising, being a fundamental premise the exquisite treatment with your customers and your total satisfaction.

- Hire staff with dignity with reasonable salaries incentivizing staff, one of its premises is to be motivated and following a program of continuous training.

- Allow workers to reconcile with his personal life.

- Contributes to the environment, causing a restriction in the use of energy, reducing the use of lighting in the windows in the night slot that is not open to the public, avoiding wasted energy.

- Contributes to the environment with the use of recycled paper for packaging their products.

- Collaborate with the environment, accumulating all wood waste cardboard and plastic in their recycling bins, which are then collected by a company named PASCUAL VICENT for posterior recycling.

B) ANALYSIS OF THE COMPANY

Strategic profile of the company.

The most important resources Albani having to compete in your industry are the quality of its product and service offering, so you're always training their employees and adapts to market trends meeting the needs of their clients in a personalized way from the beginning to the end of the purchase. For this reason it is a company that has enough prestige, because it is a company that does things in an orderly and serious, always having the latest market trends to make your customers see the quality with which they work.

This firm has the resources of quality furniture in addition to also include human resources factor, such factor we can describe as positive.

The quality of the furniture is high, since it provided the best suppliers around the country can compete in an industry that is now in its low hours due to this production area is in a negative, although not as much as other competitors.

Finally, the advantage you have is that the company has positioned itself as one of the most innovative companies in terms of furniture of all kinds, such as bedrooms, kitchens, terraces, etc.. This is because we are at the forefront of the market.

The characteristics of the resources mentioned above, mean that there is a social climate favourable to the company for the conduct of activities and innovation, so that the level of training that workers have the identity, makes these key factors, company has a very positive with respect to its competitors.

Albani's closest rivals are doing very aggressive policy to sell off their products, but they try to cover a market of Medium-low income.

Albani, compared to the other does not make a very aggressive discount policy because that targets segments of the population with a medium-high income, so if prices go down many lose this prestige, this places them in an area negative, because many customers prefer to lose a bit of quality and buy at cheaper prices.

<u>The chain value and system value.</u>

The value chain is essentially a form of analysis of business by which a company decompose into its constituent parts, seeking to identify sources of competitive advantage in those value-generating activities. Therefore the value chain of a company is made up of all its added value generating activities and the margins they contribute.
We can identify primary activities and support activities in the value chain of Albani furniture:

- **These are primary activities:**
  The activities of the purchasing department are primary activities. The purchasing department is responsible for establishing relationships with suppliers of furniture and decoration products, to buy their products and then distribute them to the store of Albani furniture to higher prices for profit. This therefore places a high value to the value chain.
- It is also a primary activity logistics, developed by the logistics department. The logistics department has an important role in the value chain and that takes care of the process to provide a company with all the necessary equipment for operation. Some of the functions of the logistics department are, for example, calculating provisioning requirements, storage, distribution, etc.
- The other primary or activity that we have identified in Albani furniture is developing the decorating department. The decor department is responsible for advising and guiding clients when decorating your new home or moving furniture from one room in particular, this makes it designing a decorating project with planes made by computer and the Customers can imagine what would be the result. The activities of this department provide greater value to the chain.

- **These are secondary support activities,** as these activities do not provide as much value as primary activities, because they have such a direct implication in obtaining benefits:

  - Developed by the commercial department. The sales department is responsible for activities such as planning and control, market research, etc.

The activities of the sales department can help sometimes to Albani, reduce costs and increase profits.

- Developed by the department of administration. The administration department has the task to manage, run and maintain the best performance of human resources, budget and financial talent Albani.

Analysis of the resources and capabilities of the company. Internal analysis.

We can classify the resources in tangible and intangible Albani.

INTANGIBLE RESOURCES:

Human Resources:

- Highly effective sales team in sales, due to the highly skilled and experienced sales team.
- Great professional and experienced team of decoration, service and installation.
- Great professionalism of the management team and the administrative team.
- High knowledge and training of staff on new products, materials and new trends.
- Branding: Albani is recognized as one of the best furniture distribution companies regionally.
- Plenty of relationship and communication between all internal departments, getting very good working environment.

Technological resources:

- Albani furniture has a website, where we find all necessary information about the company.
- (Coming Albani sales service available online) Albani furniture is updating its web page on which service will be available for sale online.
- It has computers and Internet in all departments of the company.

Organizational resources:

- They have a great reputation, considering, is a leading company in the furniture sector.
- They Have products of great design and quality; Personal attention; Service and free assembly, wide range of leading brands including trademarks worldwide.
- Provides funding.
- Customer loyalty: they have a large number of satisfied customers loyal to the company.

TANGIBLE RESOURCES:

- **Financial resources:** financing structure of the company, allows for investment.

  - Potential debt of the company; the company today is self-financed by equity. When the crisis began in early 2008, Albani start to change strategy when implementing the products on display. This strategy focuses on implementing all product exposure conditions of deposit; thus has achieved a very healthy financial state in anticipation of what might come.
- **Physical resources are:**

  - A major exhibition of 6,000 meters located in a strategic location with lots of pedestrian traffic.
  - A parking area itself available to customers.
  - A large warehouse logistics.
  - A small fleet of 4 trucks.
  - A variety of product implanted in exposure.

Organizational capabilities or competencies.

Ability of the company to undertake a task form in which company resources are combined:

- **Shopping Ability**: Albani can have a good shopping thanks to some good suppliers.
- **Bargaining power capacity:** Albani has bargaining power due to its place at the regional level in relation to the sale of furniture.
- **Ability to self-financing:** as we said before when the crisis began in early 2008, Albani start to change strategy when implementing the products on display. This strategy focuses on implementing all product exposure conditions of deposit; thus has achieved a very healthy financial state in anticipation of what might come.
- **Ability and specialized sales personnel**. Albani's policy to train their workers in order to meet the best way to their customers and have a capacity of service delivery and fitting very good for the reason just explained.
- **Ability to adapt to market changes.** It focuses on both a vertical and horizontal development, expanding both the range of products, such as adding custom kitchens and decorating projects department, which involved comprehensive advice decoration and projection of a house without having to resort to services external.
- **Performance Ability:** focuses on a very optimized procurement and atypical action s (Rappels shopping...) that in the current economic situation has forced suppliers to reduce costs of raw materials and thus get better prices .

  Moreover, the margins have decreased considerably more effective for purchase.

Evaluation of resources and capabilities

The main evaluation criteria of resources and capabilities applied to Albani would be:

Scarcity: The resources available Albani, are not very difficult to achieve, since with regard to human resources, with a good selection and training of its employees can be obtained. Similarly happens with technology resources, and that investing in technology, you can achieve breakthroughs.

Relevance: The resources and capabilities available to the company, are important in order to compete with the sector, which currently do not have online sales, but is doing everything possible to get operating. Also have some financial resources available to finance itself perfectly in this time of crisis is a help to compete in the sector.

Durability: The Albani resources and capabilities can be kept perfectly in time, except for self-financing, because if the economy does not improve this funding may become negative. Most of the resources available to the company Albani may be copied, because today most companies have specialized in serving the public workers.

Transferability: For this feature, we have the resources Albani are perfectly transferable, because if workers are to other companies, is run out your best resource is its employees.

Imitability: Regarding imitability, yes you could imitate resources and capabilities Albani, but would require a large investment as this company provides good quality furniture and different services that not all companies can offer at this time.

Substitutability: This Company cannot find a competitive advantage if customers prefer to have new furniture at a lower price and lower quality, so customers should have the company must have a medium to high income.

Complementarity: These resources are supplemented if, as may be the best training staff, makes them a good service to the public and therefore these customers remain faithful, leading this to be more confidence in the company.

Appropriateness: Albani has a high probability of ownership of their resources, as they are vulnerable with respect to them.

After analysing the resources and capabilities of Albani, we have a company that differentiates itself from its competitors, but it may appear anytime a stronger competitor and beat them of the place that is actually.

Benchmarking:

For this company we have been studying competitors and we realize that Albani has incorporated factors of leaders such as the realization of a customized financing for its customers and that the strongest companies in the industry and they were performing long time to improve the sales of their products, on the other hand, have caught the free shuttle resources to where they should deliver the order including its assembly, thanks to this strategy customers who do not have the means to transport furniture can save your purchase cost.

Also to increase their clients, have set strategies to promote industry-leading companies through promotions depending on the time of year you are in, or even not applying VAT.

The advertising channels that have been copied, it may be the introduction of the company on social media to promote themselves and be more attentive to the needs.

C) ANALYSIS SWOT

Table 4: Analysis SWOT ALBANI

strengths	weaknesses
- Offers kitchen furniture and appliances. - It has a large exhibition of more than 12.000m2. - Mounting service is available and free transportation. - Personalized service, along with a department where free decorating projects for clients are made. - website. - Leader in the industry, it´s a national reference.	- Away from the urban core company, you need your own vehicle to arrive. - Not available online store. - Just store in Spain. - High cost of ownership.
threats:	**opportunities**
- There are many competitors in a very small radius. - VAT hike. - High rate of unemployment in the Valencian Community. - Barriers to entry in the sector are small, this allows access to new business sector. - Lack of credit in the banking sector.	- Ability to offer online internet products. - Leader in the industry, it´s a national reference. - Explore new markets. - Lowering the price of real estate due to the housing crisis.

4.2) IKEA

A) VALUE ANALYSIS AND OBJECTIVES

Mission:

The mission of Ikea is to provide and inspire their customers with affordable to live in your home for a more sustainable products, developing its activities in the most efficient way with the least environmental impact and create a better everyday life for people part of Ikea such as employees, suppliers and the communities in which they are present.

View:

Create a better everyday life for most people, but also encourage responsibility and participation of employees, being a good way to implement the IKEA corporate values themselves.

Ikea supports this vision by offering a wide range of products for home decor well designed, functional and so low that most people can afford prices.

Another important issue is what is called the "Swedish culture" is that Swedish culture is simple, egalitarian and open to new ideas. The Swedes are modest and humble and sees everyone as important as the group's success lies in each one of the individuals. Therefore IKEA culture is based on helping people.

Values:

Since the creation of IKEA, the company has been guided by a set of values that influence the way they work. These values must be respected both in a shop in China, such as the design centre of Sweden. Some of the values are:

-**Humility and willingness:** We have to respect each other as well as to customers and colleagues.

- **Leading by example:** Exemplify heads with their behaviour and expect reviewers do the same.

- **Dare to be different:** The old solutions were reconsidered and better ideas if they dare to change.

- **Unity and enthusiasm:** Working together can solve problems that at first glance are very difficult to solve.

- **Awareness of costs:** Low prices are only possible when the costs are low, so get good results with the few resources they have.
- **Permanent Style renewal:** Change is good, so you have to learn to adapt to the demands of customers with innovative solutions.
- **Accept and delegate responsibilities:** Workers amount to encourage potential and exceed their expectations.

Strategic Objectives

The **main objectives** of IKEA are to be leaders in the field of home furnishings and grow profitable and sustainable long-term manner. The company focuses on four important aspects:

- Growth based on improving assortment, lowest price, improve the quality of our products and service to customers.
- Reduce costs.
- Their workers
- Sustainability, as it integrates in the business.

The objective of human resources is to offer people the opportunity to grow both personally and professionally, assuming the commitment to jointly create a suitable climate for teamwork and result for our clients.

B) ANALYSIS OF THE COMPANY

The strategic profile of the company.

As for the strategic analysis of the company IKEA. We´ll Explain the strengths and weaknesses of the company.

As for strengths, we find that the company has an image of leading brand because their products offer great value thanks to the efforts of R & D. On the other hand, have weaknesses, which include problems of the company with its staff, this is because, there are many unhappy with the way of working of the giant Swedish way of work.

The strategic profile of the company IKEA, we will work through differentiating the functional areas of the same, including the need to emphasize the commercial

Area, production, financial area, technology area, Human Resources and Management and the organization.

Commercial area, here we can see that IKEA has a high market share, accompanied by a picture of very high brand through advertising and promotion you have. But in this area falters in regard to the sales force.

Production area, we have both the cost structure like productivity, high levels, accompanied by a great quality control and equipment.

Financial area, we have both the financial structure and the cost of capital have a medium-low levels, but it can sustain profitability through with making investments,

Technological area, where the company has invested heavily, this is because a lot of effort in I & D, coupled with the technology available today, makes it very competitive in this area.

Human Resources, of which the only thing that saves is good social climate there, but we cannot give an approved or incentive systems and the level of training or participation.

Management and organization, where management style, organizational structure and corporate culture, have a high power in this organization.

Table 5: The Strategic Profile IKEA

FUNCTIONAL AREAS KEY FACTORS	VERY LOW	LOW	MEDIUM	HIGH	VERY HIGH
COMMERCIAL AREA					
Market share					
Branding					
Sales Force					
Advertising and promotion					
PRODUCTION AREA					
Cost Structure					
Productivity					
Quality control					
Capital goods					
FINANCIAL AREA					
Financial Structure					
Cost of Capital					
Yield investments					
Financial solvency					
TECHNOLOGY AREA					
Technology available					
Investment in R & D					
Assimilation technology					
HUMAN RESOURCES					
Incentive system					
Mood					
Level of education					
Level of participation					
MANAGEMENT AND ORGANIZATION					
Management style					
Organizational Structure					
Corporate culture					

The value chain and value system.

The value chain is a breakdown of the company's core activities that must be performed in order to sell a product or service.

Here we can distinguish two activities. The primary activities and support activities.

Primary activities are those, which form the basic production process of the company from a physical point of view as well as transfer and after-sales customer service. **These are:**

- **Internal Logistics:** characterized by the purchase and production of raw materials, goods receiving, storage and distribution.
- **Activities of production:** where we have to cut and materials are transformed and then can pack them in their packages
- **External logistics:** which involves transporting materials to distribution centres and from there to the shops
- **Marketing commercial:** among which include advertising through catalogues, TV and radio ads.
- **After-sales service:** which include free advice, customer service, transportation, assembly and restoration.

Below we will explain all support activities that support for primary activities, ensuring the normal operation of the company. **These are:**

- **Purchases:** we find the budget and selecting suppliers for the purchase of raw materials.
- **Technological development:** website, inventory control in real time
- **Management RRHH:** where we highlight the recruitment selection training especially young people.
- **Infrastructure Company:** manufacturing plants, warehouses and stores.

Analysis of the resources and capabilities of the company.

We can classify the IKEA resources tangible and intangible.

The tangible resources available to the company IKEA, they may differ in Physical and Financial.

Within the physical resources, find machinery, which is characterized by modern and specific. Secondly, we have distribution centres, which are computerized and automated hierarchical systems, and finally we have additional shops and services that have standard models, in which we can find special services such as restaurant, day-care and parking.

Concerning **financial resources,** we have used Reinvestment IKEA as a key resource.

There are two types of intangible resources, human and non-human, as **non-human**, can highlight the technology, we find patents according to the composition of materials. Another thing is that IKEA has a unique company culture, since the vision, mission and values are present in every business process, plus annual management meetings are held to improve all business activities. Finally we find organizational resources, which are business ideas.

Regarding **human intangible resources**, we can cover in this area to permanent workers, average wages and high standards of the company.

Organizational capabilities or competencies.

The core competencies that differentiate IKEA are:

➢ The furnishings are selling can be stored and transported in packaging flat and smooth, in order to lower costs and prices.

➢ Its departments of design and innovation allows IKEA to maintain its image as an icon of modern design and one of the most prestigious and innovative.

➢ The organization of its stores allows augmentation of sales thanks to its ground "exposure" that make you want to buy and plant 'Free furniture service' which allows a cost reduction and employee.

➢ The ability to broadcast its large catalogue of high quality that allows many people wanting to come into their stores. A piece of furniture that is present in the double catalogue sales.

➢ Its ability to adapt to new countries and capacity investment with its cash flow.

Evaluation of resources and capabilities

Then we will perform the evaluation of resources and capabilities. The main evaluation criteria of resources and capabilities applied to IKEA would be:

Scarcity: The resources and capabilities available to IKEA are very difficult to achieve due to the large investment in intangible resources does.

Relevance: These intangible resources are very important to compete in the furniture sector, because it has great technology and a team committed to the company.

Durability: The resources and capabilities of IKEA can be maintained over time, as it needs a large equity investment, so many companies quit when realize.

Transferability: Resources and capabilities can be transferred if in the event that a company seek help from IKEA, and this is the offer, such as getting information to create new models of furniture.

Imitability: It is very difficult to imitate IKEA products as this is what makes them leaders in the industry and therefore have a competitive advantage.

Substitutability: If there are resources that can be replaced, so it has no competitive advantage in this aspect.

Complementarity: If resources are complementary, and thanks to having good products, they also have qualified staff to sell.

Appropriateness: Ikea does not have resources that are appropriated by other companies, as it has a great technological and human deployment.

After analysing all the resources and capabilities, we can see that Ikea is a leader in the field of companies dedicated to the furniture, it is because it has a competitive advantage in almost every aspect, which gives it a power very large market.

Benchmarking.

The company IKEA has introduced factors other leaders in the furniture industry such as the completion of a membership card, which you can benefit from great savings both in the purchase of materials and the purchase of restaurant menus of the company.

They have also introduced the realization of a personal advice for those customers who need it.

IKEA has adapted to the needs of consumers, thus offering various services to all its customers, these services may be offered by other companies, but here we must mention the low cost and in addition to all the care and service provided during the making of the order, an example of this is found in the collection and delivery service, where for a small fee, collect the purchase only to hire transportation services in addition if the customer has no experience in relation to the mounting furniture, they, they provide the service, so, no need to go looking for the client elsewhere, because as business furniture, home installers client are specialists in this type of model what can make a montage in a very professional manner.

One idea that IKEA is developing is the embodiment of a sewing service, where you can adapt the textiles in a personalized way for the customer to choose the design that best suits you and thus adapt the home with the style that the client choice.

C) ANALYSIS SWOT

Table 6: Analysis SWOT IKEA

strengths	weaknesses
- Leading market position in home furniture, office ... - Efficient and quality service. - Discounted prices. - Geographical diversity in different countries. - Skilled and efficient in furniture design work. - HR Strategies	- Depreciation of sales at some stores. - Distrust of investors.
threats	**opportunities**
- Strong competition, both retail and supermarkets. - Increased costs of production. - Decreased quality of furniture due to the reduced availability of indigenous wood.	- new innovative designs in furniture. - Innovations in processes and products. - The current crisis may increase the sales due to its low prices .

5) JOINT OPINION ANALYSIS

Then, once the two companies analysed in our study, we will proceed to explain what their similarities and differences are.

The two companies are engaged in the furniture sector, which are happening right now in an era in which profits have fallen sharply, the main difference here is that Ikea is a leader in the furniture industry and is a large multinational operating throughout the world, so you can deal much easier to restrictions that may have the market and can make strategies that will provide greater benefits depending on the time in which you are.

Conversely, Albani, is a Provincial company located in Spain, we must also note that it is relatively young and was born at the end of year 90, this makes holding for is strategies narrower than a multinational, yet thanks quality offering has been put in a position of relative advantage against competitors who have a very similar size to yours.

Ikea and Albani, invest heavily in marketing, as a result are getting m staying in the sector with great credit, without having to have reduced costs and especially having to have suffered any loss in any quarter, but still the two companies are expanding and getting to be leaders in their fields of activity.

Albani grow and is getting a taste of it, is based on the ability of the Internet to provide online products and thus be able to sell throughout the Spanish territory and in the world.

Moreover, Ikea, is opening new stores around the world, an example can be found in the forthcoming opening of one of their stores in the Valencia Community, specifically in the province of Valencia.

The competitive advantages that have brought each company are very different, Ikea has managed to have competitive advantage in reducing high costs and differentiate themselves from other companies by offering exclusive products.

On the other hand, Albani furniture, has gotten out from other companies because of the quality that also offers a very personalized service, with accurate upper-middle and outlet store that allows you to attract new customers for their loyalty and thus to get back to shop at there store.

We will discuss that continue even when competing companies in a mature industry that has been attacked by the current economic crisis that began in 2008.
As we can see both Albani as Ikea have an efficient and quality service offer assembly service with skilled manpower, besides having website so that consumers are informed.

On the other hand, we have Albani and Ikea are usually found far from the urban core, which can be a weakness for these companies, making profits down at certain times. Furthermore Albani has only shop in Spain, which does not happen with multinational Ikea, which makes you more vulnerable.

The two companies are threatened because of the large number of competitors that are in a relatively small radius; also have the danger of the increase in VAT and rising unemployment in Spain.

But all this may be overcome thanks to online sales, exploration of new markets; price declines of furniture and a great interest in innovation.

6) CONCLUSIONS

Once purchased the two companies and have talked about their differences and similarities, we will make the completion of the work order of business administration degree.

In this work it has been observed an internal analysis of the highly detailed company and has been applied to companies in the furniture they are today active sector, taking into account that this is a mature industry that is suffering a severe recession because of the financial problems that are happening in the world, these companies remain in the market.

On the other side you can see the different resources and capabilities that have these two companies have very different among them size, and this can be observed due to use its resources and capabilities to gain a competitive advantage in its scope.

In these times it is very difficult to compete due to the large number of similar companies there today, but still, these two firms are reinvented every day to get the best benefits and offer the best products to its customers.

The resources and capabilities that Albani has more important is to have a large store, offering free transport and assembly as well as a personalized service to its customers. On the other hand, say that Ikea has its most important resources and capabilities based on a position of market leader, offering products at discounted prices and has a large skilled workforce and a RRHH strategy.

We can say that our work has weaknesses with respect to the information obtained, since it is based on secondary sources external pulling them basically manual and internet, has tried to use a small interview conducted informally with a manager of the company Albani as a primary source, but we have not had the opportunity to do the same with the managers of the multinational Ikea, also because this company is not located in Castellón.

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