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**Resource based view
and resource dependence
theory in decision
making process of public
organisation - research
findings**

1. Introduction

The notion of a strategy is not frequently used in public management, where a policy tends to be the term of choice (Stewart 2004). As a result, not many researchers have explored this issue (Brunsson, Sahlin-Andersson 2000, Clark, Cochrane, McLaughlin 1994, Hood 1991, Hood 1995a, Hood 1995b, Humphrey and Olsen 1995, Llewellyn 1998, Oakes, Townley, Cooper 1998). The usefulness of a strategy for managing public organisations was recognized in the early 1990s, when market-driven reforms were initiated in the public sector (Whittington, McNulty, Whipp 1994). The core of the reforms was to create a competition mechanism (an internal market) and, as a consequence, the need arose to control and measure the performance of an organization. The possibility of presenting relatively objective results of such a measurement has become one of the key aspects of the dialogue between public sector organisations and their stakeholders.

A serious challenge for researchers is that the definition of an organisation's context, which

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has been used for organisations operating in the private sector and adapted to the public sector, is too static and takes into account an insufficient number of independent variables. This particular understanding of an organizational context stems from the fact that the relations between the context and public sector organisations have long been reduced to perceiving public organisations as passive recipients of the activities in their environment, without recognizing that public sector organisations can also have an impact on the context by actively shaping it (e.g. lobbying, politics, image marketing), thus managing stakeholder relationships. Another significant limitation in the understanding of an organizational context is the static approach which fails to account for changes in the conditions in the public sector. Such a static approach to the organizational context, underestimating interactions which occur between particular stakeholders or their groups, means that we identify the relationships in a particular timeframe, rarely anticipating the effect that changing roles and stakeholders' positions have on the management of public sector organisations (Kessler, Dopson 2008).

One of the premises which build relationships between stakeholder and a public organization are stakeholder's resources which public organisation would like to possess and use. The other one is configuration of resources possessed by the public organization that should allow the unit in question to realize stakeholder's expectations.

Above observations lead scientific inquiries to the two management theories – resource-based view (RBV) and resource dependence theory (RDT). The first one is orientated at resources owned by the organization, the second one is orientated at the resources obtained from environment. The objective of this article is identification which orientation, RBV or RDT, dominates in decision making process in public organisations.

2. Resource based view (RBV) and resource dependence theory (RDT) in decision making

The research area in strategic management focuses on seeking the answer to the question why some businesses consistently outperform other businesses (Barney, Clark 2007). In a wider perspective, we can indicate two major solutions to this problem. One stems from Porter's positional school, which assumes that the organisation's performance strongly depends on its environment, therefore the organisational strategy should be the result of the organisation's competitive position in the industry. According to the positional school, the strategy

development process occurs from the outside to the inside of an organisation, based on the structure-conduct-performance paradigm. The other approach is the resource school that focuses on seeking competitive advantage within the organisation, in particular in its resources. The resource approach assumes that if any of the organisation's resources and competences allow to use opportunities or neutralise threats, are accessible to a limited number of organisations and are difficult to imitate, they may serve as a source of competitive advantage (Barney 1991).

The process of formulating a strategy from the inside to the outside was introduced to the resource school by R. Grant (1991), who argued that the focus on the organisation's strengths and weaknesses should become a priority in designing its development trajectory. He also pointed out the relationships between the organisation's strategy and its external environment, initiating the search for a rent stemming from stakeholder satisfaction with the condition of the organisation's resources or the ways these resources are changing. As J.B. Barney emphasises, RBV is not a theory dealing with particular resources, but it places great weight on such attributes of resources that can contribute to achieving competitive advantage (Barney, Clark 2007). Competitive advantage is defined as creating more value for the customer, more added value than other organisations operating in the sector (Barney, Clark 2007, Rokita 2005). In public organisations, this means satisfying the largest possible number of stakeholders, which is a difficult task for decision-makers due to the fact that stakeholder needs are non-contradictory at best.

In terms of the basic assumptions, the resource theory applied to public organisations is not different from the concept concerning the private sector. It emphasises, however, that public organisations can acquire resources also under constraint and that competition between them is based on achieving competitive advantage in terms of the effective use of these resources and, as a result, winning even a large pool of limited public resources (Klein, McGahan, Mahoney, Pitelis 2011).

The other approach towards building competitive advantage has been introduced by P. Selznick (1949) who focused on interorganisational relationships instead of intraorganisational relationships. According to the author, organisations have an ability to develop key competences by acquiring external resources in order to support central tasks by co-optation. In this context, co-optation is defined as an attempt to acquire power by minimising the organisation's dependence on external factors and/or institutions and maximising the dependence of an external environment on a particular

organisation. J. Pfeffer and G.R. Salancik examined a fundamental role of the mutual impact and interdependence between organisations and institutions on their operations. They point out that management literature and practice extensively handle the issue of increasing an effective use of resources, whereas the problem of acquiring resources from the environment is neglected. Public, private and non-profit organisations are not self-sufficient. They all operate as open systems and constantly interact with the environment. The authors claim that the necessity of acquiring resources from the environment as such is not a problem for the organisation – the problem is uncertainty in the environment where the resources come from, e.g. emerging competition, which may limit the access to resources (Pfeffer, Salancik 1978).

J. Pfeffer and G.R. Salancik argue that the organisation is particularly susceptible to the influence coming from these external interest groups (social players) which have resources that are critical for the organisation (Pfeffer, Salancik 1978). In compliance with the resource dependence theory, one of the motivations behind the organisation's attempts to build relationships with stakeholders is the necessity to obtain resources possessed by stakeholders (Mitchell, Agle, Wood 1999). The more critical a given resource is, the more power stakeholders can execute over the organisation by sheer refusal to make the resource available to the organisation (Frooman 1999).

As a consequence, if public organisations fail to constantly assess the quality and usefulness of their resources, they cannot effectively perform their mission, create public value or respond to changes emerging in the environment (Frączkiewicz-Wronka 2011). On the other hand, the strategy of public organisations should be based on identifying stakeholder expectations and determining what resources the organisation should build and enhance in order to create the highest possible value for the stakeholder (Bryson, Acermann, Eden 2007). The identification, application and building of valuable, scarce, and unlimited resources of public organisations allow them to perform their tasks more effectively. Moreover, we have to remember that the prime goal of the public organisation is to create public value by performing its mission and fulfilling its mandate, hence creating stakeholder value (Matthews, Shulman 2000). We can say that in order to build competitive advantage the organisation has to obtain resources which are available in the environment and are held by stakeholders, which becomes possible when the organisation can adequately present its own resources. Thus understanding of integrating RBV and RDT in decision making process is crucial.

3. Resource-based orientation and resource dependence orientation in decision making process - research findings

The research was carried out in February-June 2011 on a target sample comprising 93 public hospitals. To understand how public organisations use frameworks presented in RBV and RDT theory, quantitative research was conducted.

Respondents were asked to answer these questions assessing the orientation towards external and internal resources including the following areas:

- belief about location of strategic resources,
- identification of internal and external resources,
- setting goals based on internal and external resources,
- building competitive advantage based on internal and external resources,
- building stakeholder relationships based on internal or stakeholder resources.

The analysis of descriptive statistics in terms of the orientation towards internal or external resources indicates that both orientations are applied at a medium level, with a stronger focus on internal resources.

Table 1. Orientation towards internal and external resources - descriptive statistics

Variables	N correct	Internal resources - mean	External resources- mean
belief about location of strategic resources,	93	5,73	4,97
identification of resources,	93	5,14	4,90
setting goals	93	5,51	5,22
building competitive advantage	93	5,47	4,88
building stakeholder relationships	93	5,15	5,13
Aggregated	93	5,40	5,02

Source: own study

An organisation's possession of resources that are critical for its operations is assessed as definitely high (70.96%). This stems from the requirement to secure particular resources, e.g. medical consultants, upon submitting a healthcare service provision tender to NFZ. In this distribution of responses, only 41.6% of respondents think that the resources critical for its operations are outside the organisation.

With reference to the optimistic view of internal resources, we have to take into account that only 55.9% of respondents regularly assess their resources. Still fewer respondents admit to assessing stakeholder resources which are important for an organisation and their availability for an organisation – only 47.31%. This means that the management in Polish hospitals do not attach particular importance to rules and practices characteristic of strategic management, which involve regular monitoring of the quantity and quality of resources. This is probably a consequence of monopsony and the lack of sufficiently strong incentives which would encourage the use of active management methods. In the years 1999-2011, public hospitals underwent three extensive debt reduction programmes. The programmes aimed to bail out the hospitals with substantial funds coming from the Ministry of Health in order to help them repay and service debt, which, on the whole, does not contribute to effective management.

Table 2. Level of the oorganisation’s critical internal resources related to the organization’s external resources

<i>Level</i>	Critical resources are possessed by the organisation (eg. specialists)		Critical resources are external origin (eg. NHF)	
	<i>Number of marking</i>	<i>Percent</i>	<i>Number of marking</i>	<i>Percent</i>
1	0	0,00	2	2,15
2	4	4,30	11	11,83
3	3	3,23	11	11,83
4	8	8,60	8	8,60
5	12	12,90	13	13,98
6	38	40,86	28	30,11
7	28	30,11	20	21,51
Total	93	100,00	93	100,00

Source: own study

Setting long-term goals organisations which are explored, rely more on resources possessed by them (65,59%), than on resources being possessed by their stakeholders (46,24%).

Table 3. Inventory of the resources possessed by the organisation and stakeholder's resources

<i>Level</i>	We define whether our organisation possesses critical resources and competencies or not		We define which one of the stakeholders possess resources required by our organisation and identify possibilities to use them	
	<i>Number of marking</i>	<i>Percent</i>	<i>Number of marking</i>	<i>Percent</i>
1	1	1,08	1	1,08
2	8	8,60	6	6,45
3	4	4,30	12	12,90
4	12	12,90	14	15,05
5	16	17,20	16	17,20
6	43	46,24	37	39,78
7	9	9,68	7	7,53
Total	93	100,00	93	100,00

Source: own study

Table 4. Rely on resources possessed by yourself and stakeholders' resources during setting long-term goals of organisation

<i>Level</i>	Setting long-term goals for our organisation we consider present resources possessed by the organisation		Setting log-term goals for our organisation we consider resources possessed by our stakeholders and our possibilities of using them	
	<i>Number of marking</i>	<i>Percent</i>	<i>Number of marking</i>	<i>Percent</i>
1	2	2,15	3	3,23
2	7	7,53	7	7,53
3	6	6,45	9	9,68
4	17	18,28	31	33,33
5	49	52,69	34	36,56
6	12	12,90	9	9,68
7	2	2,15	3	3,23
Total	93	100,00	93	100,00

Source: own study

The majority of respondents (62.36%) identify their competitive advantage in their internal resources, whereas 40.86% of respondents think that the source of competitive advantage is the ability to obtain resources from stakeholders.

Table 5. Organisation's resources and stakeholders' resources as a source of a competitive advantage

<i>Level</i>	The source of ours organisation competitive advantage are resources possessed by us		The source of ours organisation competitive advantage is acquiring resources from our stakeholders	
	<i>Number of marking</i>	<i>Percent</i>	<i>Number of marking</i>	<i>Percent</i>
1	0	0,00	1	1,08
2	3	3,23	9	9,68
3	6	6,45	8	8,60
4	7	7,53	11	11,83
5	19	20,43	26	27,96
6	44	47,31	29	31,18
7	14	15,05	9	9,68
Total	93	100,00	93	100,00

Source: own study

Defining the scope of stakeholder relationships, respondents tended to slightly favour their internal resources as critical to meeting stakeholder goals (52.69%). 48.38% indicated that they took into account stakeholder resources. The formula of the public hospital entails providing for the health needs of a local community, which means that political decision makers in the local self-government, which is frequently the founding body for the hospital, understand the relationship between the quality, quantity and structure of the organisation's resources and the likelihood of obtaining the contract for health services provision with NFZ. The latter element guarantees the stability of power relations.

Resource-based orientation in decision making process is correlated with the following effectiveness indicators: highly specialized medical staff, positive financial result, low level of payables in relation to total liabilities, a large scope of the market served, a high level of the organisation's reputation.

Using resource dependence orientation in decision making process is correlated with effectiveness indicators such as: highly specialized medical

staff, a large scope of the market served and a high level of the organisation's reputation.

Table 6. The importance of organisation's and stakeholder's resources in building relationship with environment

Level	Building relation with particular stakeholders we consider our resources as an important factor which helps realize stakeholder's goals		Building relation with particular stakeholders we consider their resources as an important factor which helps realize our goals	
	Number of marking	Percent	Number of marking	Percent
1	5	5,38	6	6,45
2	7	7,53	8	8,60
3	12	12,90	11	11,83
4	20	21,51	23	24,73
5	43	46,24	33	35,48
6	6	6,45	12	12,90
7	5	5,38	6	6,45
Total	93	100,00	93	100,00

Source: own study

Table 7. Spearman's rank order correlation between effectiveness and internal or external resources possessed by the organisation

Variables		Positive financial result	Low level of payables in relation to total liabilities	A large scope of the market served	A high level of the organisation's reputation
Spearman's rank order correlation ¹	Critical resources are possessed by our organisation (eg. specialists)	0,25	0,29	0,18	0,26
	Critical resources are external (eg.NHF)	0,06	-0,03	0,10	0,05

Spearman's rank order correlation ¹	We define whether our organisation possesses critical resources and competencies or not	0,32	0,21	0,22	0,30
	We define which one of the stakeholders possess resources required by our organisation and identify possibilities to use them	0,12	-0,04	0,09	0,18
	Setting long-term goals for our organisation we consider present resources possessed by the organisation	0,08	0,11	0,12	0,08
	Setting log-term goals for our organisation we consider resources possessed by our stakeholders and our possibilities of using them	0,04	0,12	0,12	0,06
	The source of ours organisation competitive advantage are resources possessed by us	0,31	0,10	0,13	0,39
	The source of ours organisation competitive advantage is acquiring resources from our stakeholders	0,09	0,14	0,19	0,20
	Building relation with particular stakeholders we consider our resources as an important factor which helps realize stakeholder's goals	0,12	0,09	0,23	0,23
	Building relation with particular stakeholders we consider their resources as an important factor which helps realize our goals	0,09	0,06	0,34	0,19
	RBV_agr	0,33	0,23	0,22	0,37
	RDT_agr	0,15	0,07	0,24	0,24

¹Marked correlation indicators are important with $p < ,05000$,

Source: own study

The results of above analysis allow us to formulate an assumption of the orientation for the owned resources has got more importance for effective organisation operation than the orientation on external resources. Further research are required for formulating an unequivocal conclusion about above relations.

4. Conclusions

Researchers interested in RBV are usually focused on examining different resources in relation to performance (Su, Lai and Huang 2009, Newbert 2008).

These who do research in the stream of RDT stress the efforts of organizations to reduce dependencies on external sources (e.g., Pfeffer and Salancik 1978, Hendry 2005). In our research we focused on the importance of internal and external resources for making strategic decisions that are based on stakeholders approach. In our research we discovered that public hospitals use both resource dependence and resource based approach in their decision making. These approaches are positively correlated, which means that managers who understand the importance of resources for decision making usually try to use both the external and internal view. First of all, they understand the importance of setting the goals on the basis of own resources and resources that are owned by stakeholders. These organisations who do not recognize the role of own resources also are not interested in resources that are in their environment, and vice versa.

Paying more attention to resources which are used by organisation could be especially important during the time of economic crisis, what has a significant impact for reducing the public funds availability for hospitals. The time of crisis and rising turbulence of the environment makes the orientation for the owned resources - evaluating its potential, analysing sources of its acquiring and usage - could be the way of surviving and even developing for public hospitals (Krupski 2009; Sharma, Vredenburg 1998).

Summary

Resource based view and resource dependence theory in decision making process of public organisation - research findings

One of the premises which build relationships between stakeholder and a public organisation are stakeholder's resources which public organisation would like to possess and use. The other one is configuration of resources possessed by the public organisation that should allow the unit in question to realize stakeholder's expectations.

Above observations lead scientific inquiries to the two management theories - resource-based view (RBV) and resource dependence theory (RDT). The first one is orientated at resources owned by the organisation, the second one is orientated at the resources obtained from environment. The objective of this article is identification which orientation, RBV or RDT, dominates in decision making process in public organisations.

Keywords: *resource based view (RBV), resource dependence theory (RDT), decision making process, public organisation, public hospital*

Streszczenie

Teoria zależności od zasobów oraz podejście zasobowe w procesie podejmowania decyzji w organizacji publicznej – wyniki badań empirycznych

Jedną z przesłanek budowania relacji pomiędzy organizacją publiczną a poszczególnymi interesariuszami są zasoby interesariusza, które organizacja chce pozyskać. Z drugiej strony zasoby będące w posiadaniu organizacji powinny być skonfigurowane w sposób umożliwiający realizację oczekiwań interesariuszy.

Powyższe kieruje uwagę badawczą na dwie szkoły zarządzania – szkołę zasobową (*resource-based theory*) oraz szkołę zależności od zasobów (*resource dependence theory*). Pierwsza ze szkół koncentruje się na zasobach własnych organizacji, druga na zasobach pozyskiwanych z otoczenia. Celem niniejszego artykułu jest określenie, która ze wskazanych orientacji – na zasoby własne bądź obce – w większym stopniu oddziałuje na proces podejmowania decyzji w organizacjach publicznych.

Słowa

kluczowe: *podejście zasobowe, teoria zależności od zasobów, proces podejmowania decyzji, organizacja publiczna, szpital publiczny*

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