

The Role of Human Resources Management in Sustainable Competitive Advantage

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Abstract - This paper explores the role of human resources as it relates to the sustainability of an organizations competitive advantage. The paper begins with defining human resources and providing explanations of the terms as it relates to human resources. Human resources has two main concepts that are used, sometimes, interchangeably: human capital resource and human resource practices. Therefore, it was important here to define which tenet could serve as source of sustainable competitive advantage using the VRIO Framework. Researchers differ in their opinion of whether human resources can serve as a source of sustainable competitive advantage. This paper will propose a contention that it may be possible for both tenets of human resources to work together to serve as a source of sustainable competitive advantage.

Keywords - Human Capital Resources, Human Resource Practices, VRIO Framework

1 Introduction

Human Resource Management has evolved to become a key factor in business strategy. Managers have identified human resources as an asset to an organization as it plays a significant role in how an organization performs (Barney & Wright, 1998). Although the role of human resources in an organization has shown to be more impactful on how an organization performs within an industry; its ability to serve as a source of competitive advantage may still be questionable to some. It is clear that human resources meets the definition of a resources according to Wernerfelt (1984) and Barney(1991). Wernerfelt (1984) defines a resources as “anything could be thought of as a strength or weakness of a given firm” (Wernerfelt, 1984, p.172). Barney (1991, p.101) uses Daft (1983) and further defines a resource to “include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness.

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Identifying human resources as an asset and a resource is not enough to prove that it can serve as an effective, sustainable competitive advantage. Barney (1991) points out that not all resources are strategically relevant, because some of these resources can prevent an organization from implementing valuable strategies. For human resources to serve as a resource for sustainable competitive advantage, it would have to enable an organization to conceive and implement strategies that improve its efficiency and effectiveness (Wernerfelt, 1984). Researchers have shown that there are aspects of human resources that could serve as a hindrance in its use as a sustainable competitive advantage. According to Coff (1997), management dilemmas may prevent organizations from generating advantage from human resources. In the case where there are attributes that prevent an organization from using human resources as a source of sustainable competitive advantage as it pertains to human resource practices, it may still serve as a source of sustained competitive advantage where it may complement human capital resources. ,

This research paper will explore how human resources serves as a sustainable competitive advantage by complying with the criteria of sustainable competitive advantage outlined by Wernerfelt and Barney using the resource-based view. This paper will evaluate the ways in which human capital resources and human resource practices can satisfy the criteria of Barney (1991) value, rarity, and imitable using the VRIO Model in order to serve as a resource for competitive advantage. It will also evaluate the possibility of human capital resources and human resource practice working together to serve as a source of sustained competitive advantage.

2 Literature Review and Human Resources Defined

In order to discuss the role of human resources in a firm's competitive advantage, it is necessary to first define human resources. Since the terms human capital, human resources, and human resource practices, are often times used interchangeably, it is imperative that each of these terms are defined for the purpose of this paper. Condrey (2010) generally defines human resources as the people who make up the workforce within the organization and the economy as a whole. Tracey (2004) further defines human resources by differentiating the term from material and financial resources within an organization by stating that it is the people that operate the organization. He further clarifies that it is the part of the organization that deals with the people (Tracey, 2004). It is clear that Condrey (2010) and Tracey (2004) emphasize that "people" are essential in the definition of human resources. Conversely, human resources is the pool of humans capital as a resource that is controlled by a firm (Wright, McMahan, & McWilliams, 1994). The definition from Wright (1994) includes the fact that resource is controlled by the firm. The control of this resource happens through management; therefore, it can be presumed that management is included in the general term of human resources. Wright

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et al. (1994) uses the term human capital in the definition of human resources; therefore, it is imperative to home in on a definition of human capital for the purpose of this paper.

Wright et al. (1994) provides the human capital includes the decision-making, intelligence, and experience of individuals, including managers and workers, within the organization. Similarly, Becker (2002) provides a more detailed definition of human capital as “ the knowledge, information, ideas, skills, and health of individuals” (Becker, 2002, p. 3). Ployhart, et. al (2014) expands the definition to organizational level capacities that include the knowledge, abilities, skills, and other characteristics (KSAOs). This definition emphasizes the pool that is used in the definition given by Wright (1994), which does not limit human capital to the KSAO of an individual. Laroche, Merette, & Ruggeri (1999) provide a complete summary of the definition of human capital by stating that it is the totality of all the inherent abilities, knowledge, and skills that a person acquires or develops during their life. However, the definition of human capital is not the complete definition of human resources. The assumption that human capital and human resources are the same and can be used interchangeably in the discussion of the role of human resources in competitive advantage is not completely accurate. Although human capital is used, at times, synonymously with human resources, it is important to understand that human capital concerns the more narrow view of human resources (Kootanaee, Javadian Kootanaee, & Solehboni, 2013). Human capital focuses more on the knowledge and skills of the individuals and what that individual encompasses that could be considered a capital resource to the organization. Whereas human resources focuses on the people, their skills and knowledge, the management of the individual, their skills and knowledge. This proves that human resources is a broader term than human capital.

Research has established that human resources is a broad term that includes human capital and the management of the human capital; however, there is also a complementary idea of human resources that is necessary to identify in this paper to provide a more comprehensive view of the role of human resources in competitive advantage. Human resource practices are essential in the discussion of the role of human resources in competitive advantage. Human resource practices are the activities centered on managing the pool of humans as resources and ensuring that those activities employ human capital towards the fulfillment of the firm’s strategies and goals (Wright et al., 1994). Most of the existing research has focused on human resource practices as the source of competitive advantage. The focus on human resource practices focuses on the human resource management of the human resource pool versus the quality of the pool of individuals (Schuler & MacMillan, 1984). Schuler and MacMillan (1984) further present a model of human resource practices that included activities of organization itself, its customers, distributors, servicers, and suppliers. The focus on human resource practices implies that competitive advantage is attained through the

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management strategy of individuals is the source of competitive advantage; however, this cannot be the end of the argument.

3 Methodology and Human Resources Applied

Application of the resource-based view of competitive advantage reveals that strategies are not implementable without the human capital that is necessary to implement the strategy (Grant, 1991). If the necessary human asset base is not present within the firm to implement the strategy, the firm will have to abandon the strategy or the firm can determine how to obtain or develop the necessary human resource through human resource practices (Grant, 1991). Grant (1991) established the need for human resource practice, as well as humans as a resource in order to implement strategies that lead to a competitive advantage. Although human capital and human resource practices differ, it is clear from the research that the two concepts are complementary in an organization's quest for competitive advantage. Some researchers imply that competitive advantage can be established using human capital and others human resource practices. The implication from most of these contentions is that these ideas work alone to build competitive advantage; however, it is possible for these two concepts of human resources to work together to create a competitive advantage for the organization. There cannot be a strategy implemented without the people to implement the strategy.

For the purpose of this paper, human resources, human capital, and human resource practices will not be used interchangeably. Human resources will be used broadly to include the pool people as a resource within the organization and the management of these individuals. Human capital will be used to include the individuals within the organization, along with their knowledge, skills, and other abilities, whether innate or developed. Lastly, human resources practices will be used to describe the activities focused on the management of the pool of individuals within the organization. Essentially the term human resources as a concept will include human capital and human resource practices.

4 Resource Based View of Competitive Advantage

The resource-based view of an organization provides a framework for the evaluation of the role of human resources in competitive advantage (Wright & McMahan, 1992). Wright & McMahan (1992) further provide that the resource-based view of competitive advantage focuses on the relationships between strategy and the internal resources of the firm, like human resources. The resource-based view framework allows for the evaluation of the relationship between both facets of human resources: human capital and human resource practices. The connection between human capital and human resource practices mimics the relationship between strategy and the internal resources of

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the firm. As Grant (1991) emphasized, a strategy cannot be implemented without the people or human capital needed to implement the strategy. Similarly, the strategy cannot be implemented without the internal resources of the firm. Thus, the resource-based view is an applicable framework to use to assess human resources as a competitive advantage and even further as a sustainable competitive advantage. To understand how human resources, which includes human capital and human resource practices fit into the resource-based framework as a resource that provides competitive advantage, it is important to understand a brief overview of the evolution of the resource-based framework.

Wernerfelt (1984) introduced the resource-based view (RBV) by providing the first analysis of a firm through the internal resource lens versus the product and external side of the firm. Wernerfelt (1984) evaluated the firm as a pool of resources and capabilities that work together to develop firm competencies. In his study, he hinted at the fact that capabilities and resources work together; however, he points out that this concept needs more research and that he has just made the initial link (Wernerfelt, 1984). Wernerfelt (1984) primarily emphasized that Barney (1991) further develops the theory by providing a definition of resources and identifying the factors that enable resources to function as competitive advantages. Where Wernerfelt (1984) essentially developed the term from Penrose (1959) and established the fact that resources Barney (1991) reveals that not all firms have the potential of attaining sustained competitive advantage. A firm must have four attributes in order to hold the potential of obtaining a competitive advantage. First, the resource must prove to be valuable in that it is able to take advantage of opportunities and defuse external threats in the organization's environment. Second, the resource must be rare among an organization's existing and potential competitors. Third, the resource must be faultily imitable. Fourth, there must not be any substitutes that can be strategically equivalent that are valuable but not rare or imperfectly imitable (J. Barney, 1991).

5 Human Resources as an Organization's Resource

A resource is anything within a firm that could be considered a strength or weakness (Wernerfelt, 1984). More specifically, tangible and intangible, assets that are semi-permanently tied to an organization (Caves, 1980). By using Wernerfelt (1984) and Caves (1980), it can be concluded that resources are tangible and intangible assets that could be considered a strength or weakness and partly permanently tied to an organization. Wernerfelt (1984) used the definition from Caves (1980) and provided examples of resources that include: "brand names, in-house knowledge of technology, employment of skilled personnel, trade contacts, machinery, efficient procedures, capital, etc. Firm resources include all "assets, capabilities, and organization processes" (p. 172).

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After the research by Wernerfelt (1984), other researchers provided definitions of resources that can easily be used to determine where human resources fits within its definition. An organization's resources has also been defined as stocks of factors that are available to the organization and the organization is able to control or own the resources (Amit & Schoemaker, 1993). Amit, et. al. (1993) further explains that these resources have the ability to be converted into products or services by using some of the other firm's assets that work together. Amit, et. al further describes these assets as bonding mechanisms that are classified as management information systems, technology, motivation systems, and a management-labor trusting relationship (Amit & Schoemaker, 1993). Additionally, the examples of the resources given were knowhow, for example patents and licensing; financial and physical assets, which include property, plant and equipment; and human capital (Amit & Schoemaker, 1993).

Barney further provided a more inclusive definition of resources to include "all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness"(1991, p. 101). Barney offers three categories of resources: human capital resources, physical capital resources, and organizational capital resources. According to Barney human capital resources include human resources and human practices, as mentioned earlier in this paper. Human capital resources include: training and development, experience, intelligence, judgement, relationships, and insight of individual managers and workers in the organization (J. Barney, 1991). Physical capital resources are the long-term assets of an organization, which include plant, equipment, property, and its physical location. Organizational capital structure includes, generally, the management of the organization. It includes the structure, planning, controlling and coordinating systems, focusing on the informal relationships among employees within an organization and its environment (J. Barney, 1991).

In the exploration of the role of human resources in competitive advantage, it is not necessary to discuss all three categories of a firm's resources, according to Barney (1991). In the early stages of research in the role of a resource within an organization, human capital has been identified as a resource. Barney (1991) listed human capital as a category of resources, Werner (1984) inadvertently identified it skilled personnel, Amit & Schoemaker (1993) identified it as management-labor trusting relationships and motivation incentives. Even though these researchers did not intently describe human resources in their discussion of a resource, the mere fact that an aspect of human resources was mentioned is enough to note that human resources is a resource. Therefore, there is no question of whether human capital is a resource. However, it should be determined as to what tenet of human resource is considered a resource to the firm. Human resources has been defined broadly for the purpose of this paper. It has also been identified that human resources contains two aspects that should be discussed separately: human resource

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practices and human capital resources; therefore, its placement as a resource must be examined using both tenets.

6 VRIO Framework and Human Resources

As previously discussed, Barney (1991) established the RBV is based on four attributes, which constituted VRIN: valuable (v), rarity (r), imitability (I), and non-substitutable. He later developed the model into VRIO, because he found that it was important for an organization to be not only ready, but able to exploit the value of the resource. The former model included the requirement of non-substitutable, but Barney delved more into the concept and realized that the readiness of the organization impacted the ability for an organization to obtain competitive advantage. Thus, he combined imitability (I) and non-substitutable (N) and placed more emphasis on the organization support (O). Therefore, framework for analysis of competitive advantage is VRIO, which Barney (1995) expanded on the initial VRIN framework.

To start the analysis of the competitive advantage of human resources, it is necessary to start with value. For a resource to be a source of sustained competitive advantage, it must be valuable (Wright et al., 1994). Resources are valuable when they aid an organization in the development or implementation of strategies that improve efficiency and effectiveness of the firm (J. Barney, 1991). Research has varied on the topic of the value of human resources as a firm's resource. The first question that has to be answered for the firm is does the resource of human resources add value by enabling the firm to exploit opportunities and or neutralize threats (J. B. Barney, 1995)? Researchers have varied in their response to this question. (Hashimoto, 1981) discussed the circumstances under which value creation for human capital is and not possible. Hashimoto (1981) with the Firm Specific Human Capital Theory, pointed out that when the employees are perfectly substitutable, or the labor market is homogenous and when all employees in the labor market are equal in their abilities and productive capacities there is no difference in an individual's contribution to the organization. Therefore, according to Hashimoto (1981), in this situation there is no way to create value through human capital resources. To the contrary, Steffy and Maurer (Steffy & Maurer, 1988) considered this point, but established that the demand in labor market is heterogeneous where organizations have different jobs that require different skills and in the supply of the labor market individuals do not have the same capacities and they are different in their knowledge, skills and abilities. This means that there is a distinction amongst individuals' contribution of value to an organization; therefore, according to (Steffy & Maurer 1988) human capital resources have the ability to create value for the firm. De Saá-Pérez & García-Falcón (2002) further supports the view of Steffy & Maurer (1988) and provides a model that shows that people have different skills, abilities, and capacities; therefore, their contributions to the firm differ and in no way can they

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be identical. This makes human capital resources valuable in that they are able to add value to an organization by neutralizing its threats and exploiting the opportunities through the distinction in skills, abilities and capacities of the human capital in a labor market that demands a variation of knowledge, skills and abilities.

Once it is established that an organization's resource is valuable, it is necessary to determine the resource's rarity. If a valuable resource is possessed and controlled by competing organizations, then that resource is not a source of competitive advantage (J. B. Barney, 1995). This means that the resource is valuable, but common. There is research on both sides of the argument of whether human capital resources are rare. Those that argue against the rarity can easily argue when there is unemployment, there is a surplus of workers (Wright et al., 1994). This argument is similar to the argument of (Hashimoto, 1981), where the labor market supply is homogeneous and existing and potential employees possess the same knowledge, attributes and skills level, human capital resources are not rare. Those in support of the lack of rarity in human capital resource take the stance that jobs are designed in a way that does not require a specific set of skills, which means the level of abilities and skills becomes irrelevant (Campion, 1988). Thus, human capital resources are not rare, but they are commodities. However, (Wright, 1994) points out that the labor market is in direct opposite of this view when homogeneity does not exist. When employers require a variety of skills that allow for distinctive contributions by an individual, these skills are distributive in the pool of people; therefore highly, skilled human capital resources are rare (Wright et al., 1994). Wright, Dunford, & Snell (2001) expanded on the concept that highly skilled employees and potential employees are rare. They proposed that the workforce had to be highly skilled and motivated to constitute a source of sustainable competitive advantage (Wright et al., 2001).

The Hunter & Hunter (1984) study proved a measure of the quality of human resources is cognitive ability. Consistently empirical studies have revealed that cognitive ability is a predictor of job performance within an organization (Hunter & Hunter, 1984). Because Hunter & Hunter (1984) made a valid point concerning the cognitive ability as a measure, Wright et al. (1994) used this predictor to prove that human capital resources are rare. They made mention that there are other characteristics that could be used to point out the fact that homogeneity does not exist as it relates to human capital resources (Wright et al., 1994). Wright et al. concluded that human capital resources with high ability levels, which include skill levels, are rare, because cognitive ability is distributed in the population (1994). Therefore, organizations that have higher levels of cognitive ability in their human capital resources than their competitors have a greater value and rarity in human capital resources.

Next, in order for a resource to be a source of sustained competitive advantage, it must be inimitable (Wright et al., 1994). Imitation can take place either by duplication or substitution. Duplication is when another organization develops the same kind of resources as the organization that it is imitating (J.

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B. Barney, 1995). Substitution happens when a competing firm can substitute some resources for other and have the same strategic effects and do not cost the firm more, then this will lead to competitive parity (J. B. Barney, 1995). In the case of human capital resources, if competitive advantage is attained through high quality, skills human capital resources as referenced by (Wright et al., 1994) and is easily imitated then it is a source of temporary competitive advantage, not sustainable. Therefore, in this case it would not meet the requirements of inimitable (I). Researchers have argued on both sides of the coin for imitability, as well. In order for a human capital resource to be imitable, the competitor would have to figure out the exactly what components of the human capital resource that is providing the source competitive advantage (Wright et al., 1994). Next, the competitor would have to duplicate those relevant components of human capital resource, as well the conditions under which these resources are able to act as a source of advantage. To prove that human capital resources are inimitable, Wright et al. (1994) noted that according to Barney (1991), Cool & Dierickx (1989), Reed & Defillippi (1990) concepts of unique historical conditions, causal ambiguity and social complexity must be discussed.

Barney (1991) explained that unique historical conditions define an organization's position or state at a specific time and space. Reed & Defillippi (1990) described casual ambiguity as when competitors cannot identify the way an organization's resource acts as a source of competitive advantage, it is impossible for them to imitate. Wright, et. al (1994) explains that social complexity is when there are so many complex social occurrences that it is impossible to manage or influence them through organizational or managerial systems. Thus, a source of competitive advantage that derives from social complexity is not able to be imitated. In the case of human capital resources and imitability, it is important to understand casual ambiguity, unique history, and social complexity, because these factors are what allows human capital resources to be inimitable.

For a competitive firm to duplicate a competitor's unique history, it would be almost logically impossible. If a firm would attempt to duplicate history, it would cost be too costly for an organization to make the attempt to duplicate (Wright et al., 1994). Therefore, the relationship between history and human capital resources as it relates to a source for competitive advantage would not be imitable. The unique history of firms is impossible, or at least excessively costly, for competitor firms to duplicate. Thus, to the extent that history is related to a competitive advantage associated with human resources, this advantage is not, for all practical purposes, imitable. Human capital resources may also be the source of causal ambiguity through team production (Wright et al, 1994). Team production is when several types of human resources are used and the product is not just a sum of the outputs of each individual resource, but they actually work together to make the product (Alchian & Demsetz, 1975). Because the outputs of individuals are not easily identifiable and succinctly work together as a team, it is impossible for a competitor to

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identify the source of competitive advantage. It would then be unlikely that a competitor could imitate the exact human resource that is the source of competitive advantage (Wright et al., 1994). Human capital resources are also a source of social complexity that derive from transaction-specific relationships as it relates to that organization (Wright et al., 1994). This means that the personnel within the organization have formed complex relationships that have developed over time by working together and creating a network. The human capital resources and personnel within the organization form such a complex social environment and it would be difficult for the competitor to dissect (Wright et al., 1994). The knowledge and trust that is established over time with personnel within the organization possess value only in this imminent relationship (Becker, 1964). As previously mentioned, human capital resources include the people of the organization, which includes all attributes that come along with those individuals. As Barney (1995) points out socially complex environments include “organizational phenomena like reputation, trust, friendship, teamwork, and culture” (p.55), which are difficult to imitate. Thus, human capital resources are linked to the social complexity of the organization and therefore inimitable.

Wright et al (1994) initially evaluated human capital resources as a source of sustained competitive advantage using the valuable, rare, inimitable, and non-substitutable VRIN model, for the purpose of the argument that human capital resources, this paper will complete the analysis of the VRIN model; however, the development of the model into the VRIO model changes the place of human capital resources as a source of sustainable competitive advantage on its own. In order for a resource to serve as a source of sustainable competitive advantage a resource must not have substitutes (Jay B. Barney, 1991). Wright et. al (1994) argued that a competitor may be able to substitute human capital resources in the short term by using other firm resources such as technology, but it could not sustain. They state this is because the other resources that the firm uses to substitute human capital resources will have to be valuable, rare, inimitable, and non-substitutable. In the event that the other resources cannot meet the criteria, human capital resources are non-substitutable and constitute a competitive advantage.

Because the VRIO Framework has now replaced the VRIN framework (Barney, 1991), it is necessary to discuss the applicability of organization (O) to human capital resources. In order for a resource to serve as a source of sustainable competitive advantage it has to be valuable, rare and inimitable; however, the VRIO model includes Organization (Barney, 1991). Organization refers to the ability of the organization to fully recognize the value of its resources and capabilities and its ability to exploit those resources and capabilities to maximize opportunities and neutralize threats (Barney, 1991). Organization takes place at the firm level and not necessarily the resource level. At the firm level the following question has to be answered: Is a firm organized to exploit the full competitive potential of its resources and capabilities? This question cannot be answered with just human capital resources as a resource. This

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part of the analysis presumes that even if the human capital resource is valuable, rare, inimitable, it will not serve as a source of sustainable competitive advantage if the organization is not ready to exploit those resources. The organization has to have the capability to organize and utilize the resources (Barney, 1995). It would seem that this is where the second tenet of human resources, human resources practices fit into the VRIO model. Therefore, it is necessary to briefly discuss human resources practices as a source of competitive advantage. This will prove that it is imperative to look at the relationships between human resource practices and human capital resources as they serve as a source of sustainable competitive advantage.

Researchers are on the opposite side of the spectrum on whether human resource practices can serve as a source for sustainable competitive advantage. Schuler and MacMillan (1984) and Ulrich (1991) evaluate human resource practices as a source of sustained competitive advantage. They both contend that human resource practices can create value and are therefore a source of sustained competitive advantage (Schuler & MacMillan, 1984; Ulrich, 1991). Ulrich (1991) focused on the role of human resource practices in the development of strategies that can lead to sustained competitive advantage. This view complements Grant (1991) who emphasized the important role of human capital in the implementation of a strategy. Based on Ulrich (1991) and Grant (1991), it is evident that human capital resources cannot serve as a source for sustainable competitive advantage without human practices and vice-versa. Ulrich (1991) further discussed the importance of the relationships between human resources, the firm's strategies, and its ability to attain competitive advantage. To the contrary of Schuler & MacMillan (1984) and Ulrich (1991), Wright et al. (1994) contends that human resource practices cannot serve as a source of competitive advantage. In this article, they further contend that human resource practices that are imitable and easily substituted. According to the VRIN model, based on Wright et. al (1994) assessment, human resource practices are valuable but a competitive disadvantage. Wright et. al. concludes that the source of sustained competitive advantage is in the human capital resource not the practices. However, Wright et al. (1994) contention may be flawed based on the fact that the VRIN model has been updated to evaluate the organization of the firm. However, Wright (1994) in Figure 1 uses a diagram that shows a relationship between human practices, human capital resources, and behavior to lead a firm to a sustained competitive advantage. Therefore, it is necessary to discuss human resources as a source of competitive advantage using its two tenets of human capital resources and human resource practices, however this paper will not discuss the role of human behavior. Wright et al (1994) includes human behavior to show the behavior of the human capital and the management of this behavior is the source of sustained competitive advantage; therefore, human behavior is an area for future research.

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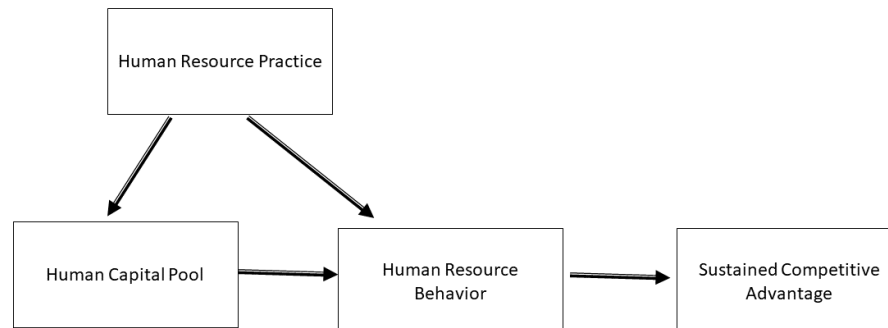


Figure 1: A Model of Human Resources as a Source of Sustained Competitive Advantage.

Reprinted from Wright, P. M., McMahan, G. C., & McWilliams, A. (1994). Human resources and sustained competitive advantage: A resource-based perspective. *The International Journal of Human Resource Management*, 5(2), 301–326.

7 Resources and Sustainable Competitive Advantage

When applying the VRIO framework to assess the role of human capital resources in an organization's acquisition of sustained competitive advantage, it has been established that human capital resources, are valuable, rare, and inimitable. This means that human capital resources alone serve as an unused competitive advantage for the firm. Consequently, firm is not ready to exploit human capital resources as a valued asset, therefore; it will not serve as a basis of sustainable competitive advantage. For human capital resources, unaided, to serve as a source of sustained competitive advantage, the organization would have to be organized in a way that would allow the firm to take advantage of its resources and capabilities (Barney, 1995). To this point human capital resources would have to accompany a complementary firm resources to serve as a basis for sustained competitive advantage (Barney, 1995). Complementary resources of a firm cannot generate competitive advantage without the assistance of another resource (Barney, 1995) Therefore, human capital resources are of value to the firm and have the ability to create sustainable competitive advantage when working with other firm resources.

Thus, the contention of this paper is that while human capital resources is considered an unused competitive advantage according to the VRIO framework, when the resource is complemented by human resources practices, it

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has the ability to serve as a sustainable competitive advantage. Human resources practices have the ability to develop strategies that will allow an organization to exploit the human capital resource as a source of sustainable competitive.

8 Conclusion

The purpose of this paper was to determine the role of human resources and competitive advantage. The question to be answered was whether human resources can serve as a source for sustainable competitive advantage. Research suggested that human resources was a convoluted concept that contained different tenets, which did not allow the answer to the question to be simple. Where human capital resources cannot serve as a source under the VRIO framework due to its development from the VRIN framework. It is still possible that it could serve as a basis for sustained competitive advantage where it is utilized through human resource practices. This, however, is only when the human resource practices align with firm strategies that will allow the organization to exploit human capital resources as resource.

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