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Resource Based Perspective on Corporate Superior Performance: An Empirical Study
on the Top Manufacturing Pharmaceutical Companies in Egypt

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Abstract

Despite the fact that the Resource Based View Theory is widely accepted conceptually in strategic management, dispute over the definitions of resources and capabilities as well as which of them does really matter to company performance is still an issue among researchers (Armstrong & Shimizu, 2007). Empirical studies in different countries and among different industries have revealed that there are indeed variations in results dependent on the type of industry (product or service), the type of company (local or multinational) as well as the definitions given in the study (Barney and Clark, 2010). Organisation culture had the same controversy among researchers on whether or not they should be included in the intangible resources (Škerlavaj, Štemberger, Škrinjar & Dimovski, 2006)

The purpose of the current study is to investigate the joint impact of the firm intangible resources (intellectual capital) together with Organisation culture on the firm performance either directly or indirectly through firm capabilities. This was done within the context of the Resource Based View theory.

The analysis of Shih, Chen & Marrison (2010) and Ramadan (2010) had lead to the hypotheses that both intellectual capital and organisation culture have a positive relation to superior performance either directly or through the moderating effect of the capabilities. Furthermore, it was hypothesized that not all intellectual capital components or different types of capabilities would have equal effect. Finally, it was hypothesized that the type of company, being local or multinational would have a moderating effect. Based on the main framework of the Resource Based View theory, a model was developed to be empirically tested.

This sample comprised the top ten manufacturing pharmaceutical companies in Egypt constituting almost 50% market share. A quantitative questionnaire previously used and tested for validity and
reliability by multiple researchers. The instrument was tested for validity and reliability then the research used Multivariate regression analysis to test the hypotheses based on the answers received from 90 senior managers on the perceptive questionnaire administered. The results demonstrated that for the pharmaceutical companies in Egypt, Intangible resources, specifically the organisation culture and intellectual capital has a positive effect on performance through the moderating effect of unique capabilities. This means that the way to obtaining superior performance and hence a competitive advantage is not only dependant on tangible resources that can be imitated but also on intangibles that are likely to have a positive effect on developing inimitable capabilities.

The outcome of the current study thus demonstrated empirically that the large pharmaceutical corporations depend highly on their intangible resources on achieving superior performance However; it also showed that other resources either tangible or intangible as well as capabilities rather than the ones tested are expected to be equally important. Accordingly managers are advised to assess their current organisation culture as well as their intellectual capital to identify strengths and weaknesses in this area in order to be able to develop their differentiating capabilities that would positively drive their performance and hence build up their competitive advantage. Moreover, they should keep seeking differentiating resources and capabilities.

For future research testing the tangible assets and other intangibles rather than the ones studied in this research can be done. Moreover comparative studies on smaller companies in the same industry or similar companies in different industries can help in eventually getting general results for the Egyptian market.