

LOGISTICS CAPABILITIES AS POTENTIALS FOR FIRM'S SUCCESS

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Purpose: Presentation of the share of logistic capabilities in shaping the firm's success potential.

Design/methodology/approach: The indication of the share of logistic capabilities in shaping the success potential of the enterprise presented in this article is based on the conducted literature review.

Findings: Presentation of the share of logistic capabilities in achieving success by an enterprise, apart from the structuring of existing knowledge in the area of enterprise success, can be a starting point for identifying key logistic capabilities leading directly to success.

Originality/value: The literature on the subject describes the issues of enterprise success in a narrow scope. Indicating the share of logistic capabilities in achieving the success of an enterprise systematizes knowledge and can be a starting point for further research on logistic capabilities in the context of achieving success leading to competitive advantage.

Keywords: success potentials, logistical capabilities, success.

Category of the paper: Conceptual paper.

1. Introduction

Every firm operating in the market wants to achieve success that will ensure the acquisition and, above all, maintenance of a competitive advantage in the long term. Due to significant competition and ever-changing customer expectations, finding a way to achieve a competitive advantage is a complicated task for which not only business practice, but also science is trying to find a solution.

According to the solutions developed within the framework of strategic management, the way to achieve the success of an enterprise is through success potentials. The success potentials of an firm, which consist of success factors, include the resources, capabilities and competencies of a firm that contribute significantly to the achievement of the enterprise's goals.

Success is a specific issue that can be captured depending on the chosen point of view in both economic and social life. In the context of an firms, success manifests itself in the achievement of certain market and economic effects by the firm, which are determinants of

success. The achievement of market and economic effects by the firm in accordance with the established goals is the basis for achieving competitive advantage.

Due to the important role of logistics in the operation of firms, this article focuses on the contribution of logistics in shaping the success of a firm. In the field of logistics, it is possible to distinguish the existence of logistical success potentials, which are one group of success potentials of a firm that lead to success.

2. The essence of the success potentials of the firm

The success of a firm is a rather complex issue that can be considered from different points of view. Within the framework of strategic management, the success of a firm is related to the concept of success potentials, which have a direct contribution to the success of the firm, regardless of what form this success takes.

The success potentials of a firm are based on assumptions that are part of the strategic management stream, in particular, on solutions within the resource concept. Success potentials contribute to the success of the firm, so making it possible to achieve and maintain a competitive advantage. Therefore, success potentials are a set of factors leading to the achievement, planned by the firm, of success. The indicated success factors that are components of success potentials are the resources, capabilities and competencies of the enterprise, so its strategic potentials.

Strategic potentials consist of the resources, capabilities and competencies of a firm, as pointed out by, among others, G. Gierszewska and M. Romanowska (2002, p. 14), presenting that, it is the strategic potential of the firm in the form of resources and capabilities that leads to success. Also R. Krupski (2006, pp. 53-65) recognizes resources and competencies as components of the firm's potential. Strategic potentials are the basis for the development of the potential for success, or can transform into it if certain resources, capabilities and competencies become factors that lead to this success. Strategic potentials can contribute not only to success but can also lead to the achievement of the assumed competitive position or market success, which is not the same as the success of the firm (Matwiejczuk, 2019).

With regard to the issue of firm potentials, in the literature, in addition to strategic potentials, there also appears the term competitive potential, the purpose of which is to provide, maintain or strengthen the firm's competitive advantage (Radziejowska, 2011). The indicated competitive potential is defined as tangible and intangible resources used by an enterprise to create and strengthen its position relative to its competitors (Stankiewicz, 2002, p. 93). The contribution of competitive potential to achieving an advantage is also discussed by M. Gorynia, B. Jankowska and P. Tarka (2011), arguing that it is the basic determinant of gaining, maintaining and strengthening a competitive advantage. Such a treatment of

competitive potential indicates that it is the third type of firm potential, and does not constitute a treatment of a firm's success potentials.

The strategic potentials of a firm do not directly lead to competitive advantage, but form the basis of success potentials that will contribute to competitive advantage through the achievement of market and economic effects. On the other hand, the success potentials leading to the achievement of competitive advantage can be defined by the competitive potential, as it provides the firm with a competitive advantage.

As mentioned earlier, the success potentials of firm consist of its strategic potentials, i.e. resources, capabilities and competencies. However, in order for an firm's strategic potentials to become success potentials, certain resources, capabilities and must become key success factors (Stankiewicz, 2005, p. 93).

Key success factors contribute to the achievement by the firm of a certain competitive position, as well as participate in the development of the firm (Gierszewska, Romanowska, 2014, p. 128). Key success factors are considered as a set of factors, which are the basis for the implementation of the established strategic objectives of the firm (Sebora, Lee, Sukasame, 2009). They are defined as the resources and skills of an enterprise that lead to a certain value.

The relationship between success potentials, strategic potentials and firm success is presented in Figure 1.

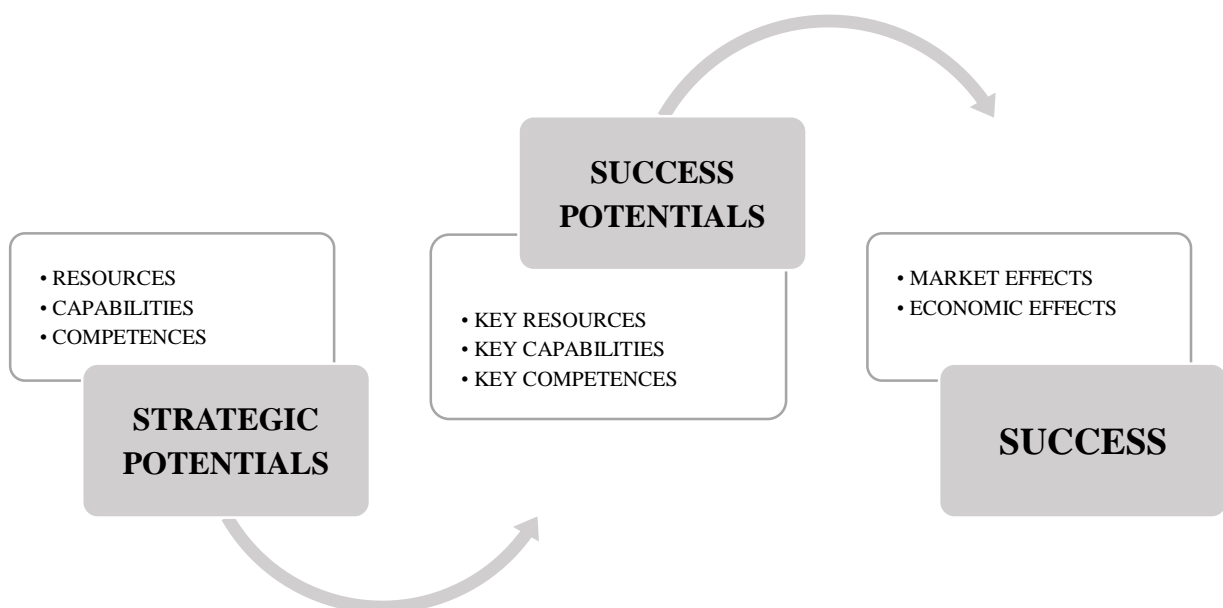


Figure 1. The relationship between success potentials, strategic potentials and firm success.

Source: Matwiejczuk, 2015.

In order for a firm to properly utilize the key success factors, it is important to identify and integrate them to take advantage of the total potential of the success factors. Here R. Matwiejczuk (2015) points out two concepts that allow for the proper identification of success factors of an enterprise. The first concept, the Concept of Key Success Factors, is based on the VRIN criteria developed by J.B. Barney, i.e. the features of identifying key resources

that have been implemented to assess capabilities and competencies. Using J.B. Barney's method, it is possible to extract from the set of success factors those with VRIN characteristics, i.e. valuable, rare, difficult to imitate and non-substitutable resources, abilities and competencies that will become key success factors.

The second concept, the Concept of Key Factors of Success based on product development issues, involves the identification of key success factors related to the achievement of market outcomes from the perspective of customers. The concept does not directly identify resources, capabilities and competencies, but instead focuses on market success created as a result of meeting the needs and preferences of customers, who do not point to specific resources, capabilities and competencies, but only evaluate the market offering of the company as a result of the use of strategic potentials (Matwiejczuk, 2015).

Specific success factors of a firm lead to the achievement of success, which, as mentioned earlier, can be captured in different contexts. With regard to strategic management, the success of a firm is considered in market and economic terms, as the ability to achieve the expected market and economic effects, i.e. the determinants of success.

Success in market and economic terms has been described mainly through G.S. Day and R. Wensley (1998), who, within the framework of their concept of creating a competitive advantage, identified the most significant, in their opinion, market and economic effects that demonstrate the success of a firm. The cited concept assumes that firm focuses on the development and use of a set of resources and capabilities specified for a given firm, which together can become a source of performing activities much better than the competition, which will lead to the achievement of competitive advantage. The authors point out that an firm transforms specific success factors, or more precisely, key success factors into specific determinants of success, which leads to the achievement of competitive advantage. The concept of competitive advantage according to G.S. Day and R. Wensley is presented in Figure 2.

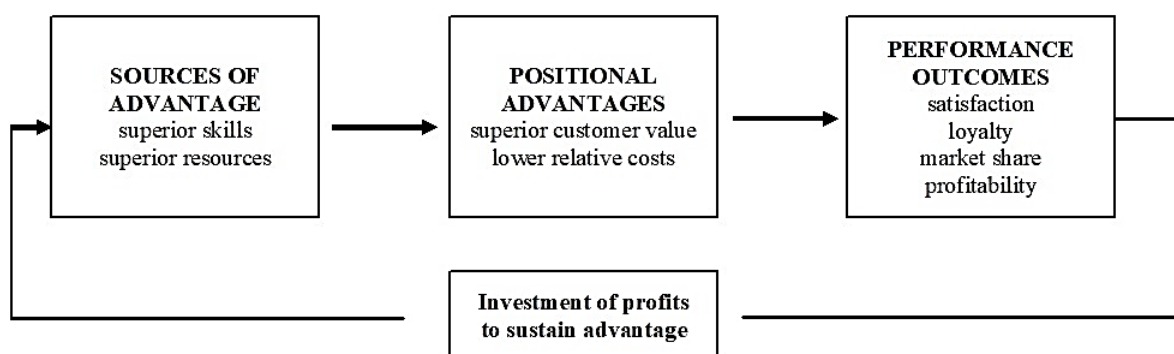


Figure 2. Elements of competitive advantage in research. G.S. Day and R. Wensley.

Source: Day, Wensley, 1988.

The authors consider two groups of effects - market effects and economic effects - as manifestations of success for a firm. The market effects researchers included customer satisfaction, loyalty from customers and market share. In turn, the most important economic

effects are profit, profitability and return on invested capital (Day, George, Wensley, 1988). The determinants of success outlined, like the success factors, should be properly defined and planned by the firm. Only previously established goals will allow alignment of the defined success factors with the selected market and economic effects, and thus make it possible to achieve the planned success.

3. The concept and significance of logistics capabilities

When analysing the structure of success potentials, special attention should be paid to the capabilities of the firm, which are a set of skills and knowledge that allow the effective use of resources (Morash, Droge, Vickery, 1996). The literature on the subject indicates that the capabilities of the firm formed on the basis of the resource approach can be of many types, depending on the adopted criterion for division. For the purposes of this article, the functional criterion was adopted as the distinguishing criterion, on the basis of which logistical capabilities were distinguished due to the significant participation of logistics in the functioning of the firm.

Logistics capabilities are the capabilities of firms developed in the area of logistics. E.A. Morash, C.L.M. Droge and S.K. Vickery (1996) define logistics capabilities as "the attributes, capabilities, organizational processes, knowledge and skills that enable a firm to achieve superior performance and sustainable competitive advantage over its competitors". D.M. Gligor, and M.C. Holcomb (2012) consider logistics capabilities to be complex bundles of skills that are the result of knowledge. T. Mentzer, S. Min, L.M. Bobbitt (2004), explaining the idea of logistics capabilities, refer to the components of capabilities, i.e. skills indicating that logistics capabilities are unique skills, acquired, maintained and strengthened in competition based on time and quality. On the other hand, T.L. Esper, B.S. Fugate, B. Davis-Sramek (2007) in identifying the concept of logistics capabilities refer directly to the functions they perform, depicting that logistics capabilities make it possible to deliver orders within a certain time, reduce response times in the supply chain, as well as to integrate the supply chain and exchange information among chain participants.

Logistics capabilities, based on the use of logistics resources, are related to the implementation of logistics processes and tasks, so as to lead to the achievement of the goals set by the firm and ensure the generation of value (Matwiejczuk, 2014a, p. 50), so the concepts of logistics resources and capabilities are strongly related. Although in the literature there are approaches to capabilities as a specific type of resource, as evidenced, among others, by the works of P.J. Daugherty, T.P. Stank and A.E. Elinger, (see more extensively 1998), the concept of logistics resources and logistics capabilities should be treated in separate categories, which have an important level of integration.

Logistics capabilities can be considered both internally and externally. Logistics capabilities from an internal perspective relate to the planning, coordination and integration of the processes of the various functional units of the firm. On the other hand, capabilities from an external perspective are related to customer service and supplier relations. The combination of both aspects of logistics capabilities ensures the coordination of processes inside the firm as well as in extended structures outside the firm (Gligor, Holcomb, 2014).

Logistics capabilities based on logistics resources are characterized by the difficulty of imitation and reproduction moreover, they can also meet the condition of rarity and high value (Olavarrieta, Ellinger, 1997). However, the literature indicates that among the most important characteristics of logistics capabilities contributing to the success of the firm is their participation in the integration process. J.T. Mentzer, S. Min, L.M. Bobbitt (2004) argue that it is logistics capabilities that are crucial in the integration process, contributing to productivity growth, long-term profitability and enterprise survival. It is important not only to use logistics capabilities in the process of integrating processes within the firm, but also to combine logistics capabilities themselves into specific sets, as evidenced by the work of S.Y. Ponomarov and M.C. Holcomb (2014). The authors believe that a single capability of an enterprise will not provide the enterprise with a competitive advantage, so it is important to integrate logistics capabilities into properly configured sets of capabilities leading to a specific goal.

An important feature of logistics capabilities, which indicates their importance in achieving the firm's intended goals, is their contribution to providing customers with high-quality products at low cost. Logistics capabilities enable the implementation of tasks focused on providing goods and services to customers in accordance with their preferences, as well as ensuring the implementation of logistics service at a high level (Matwiejczuk, 2014). The creation, development and effective use of logistics capabilities is a complex process that, thanks to the specificity of logistics capabilities, brings a number of benefits, especially in highly competitive markets (Hofer, Jin, Knemeyer, 2021).

When considering the contribution of capabilities to the success of the firm, it should be noted that these capabilities are the primary source of competitive advantage (Grant, 1991). S. Olavarrieta, A.E. Ellinger (1997) considered logistics capabilities as distinctive capabilities due to the fact that they contribute to the creation of added value and possess the characteristics of rarity and difficulty of imitation. Also D.F. Lynch, S.B. Keller, J. Ozment (2000) see logistics capabilities as sources of competitive advantage.

J.T. Mentzer, S. Min, L.M. Bobbitt (2004) prove in their research that logistics capabilities have a stake in achieving competitive advantage by achieving cost leadership and differentiation manifested in customer service. C. Defee and B. Fugate (2010), on the other hand, argue that the creation of distinctive logistics capabilities is a prerequisite for firms that want to be competitive by adopting diverse logistics service as a competitive element. T. Stank and C. Lackey (1997) referring to logistics performance consider that logistics capabilities regarding integration and agility are very important for logistics performance.

Also P.J. Daugherty, T.P. Stank and A.E. Elinger (1998) show the association of logistics capabilities with competitive advantage and higher profitability. The authors argue that achieving the benefits of a firm's capabilities should lead to high levels of customer satisfaction. Here they point to logistics capabilities as an example of capabilities, and more specifically, logistics capabilities related to the improvement of distribution services.

4. The role of capabilities in the structure of success potentials of the firm

Logistics capabilities lead to a number of benefits, including contributing to competitive advantage, and therefore to the success of the firm. As mentioned earlier, a single logistics capability on its own cannot directly lead to the success of an enterprise, and thus to competitive advantage. That is why it is so important to place logistics capabilities in the sets of factors that lead to the success of the enterprise.

Relating success potentials to the field of logistics, it is necessary to focus on the issue of logistic success potentials, which are one of the groups of success potentials of an enterprise. Logistics success potentials consist of logistics resources, logistics capabilities and logistics competencies, which are key factors in the success of a firm (Matwiejczuk, 2015).

Logistics capabilities, together with logistics resources and logistics competencies, form a hierarchy of strategic potentials, which consists of the strategic profile of potentials for the success of the firm, which consists of factors leading to the achievement of competitive advantage. These determinants are divided into two groups, namely normative determinants relating to the management of the enterprise as a whole and functional determinants, considered in terms of individual functional areas of the enterprise (Matwiejczuk, 2014b). Logistics is one such area, which is why logistical success potentials belong to the functional strategic profile of firm.

Logistics capabilities that are success factors, which are the focus of this article, have been placed in the structure of success potentials twice - as part of the strategic potential and part of the success potency of the firm. The placement of logistics capabilities in the structure of success potentials is shown in Figure 3.

Logistics capabilities as part of strategic potentials are located along with resources and competencies in the set of success factors. The role of capabilities here is twofold; first, the capabilities themselves must be developed in the firm in order for the firm's strategic potential to be formed. Second, logistics capabilities form the basis for the development of logistics competencies. Logistics competencies are developed on the basis of logistics capabilities developed in the firm, so they are necessary for the formation of logistics competencies and thus the entire strategic potential.

Logistics capabilities as a component of logistics success potentials indicates that key logistics capabilities, i.e. capabilities that have the greatest contribution to success, become necessary for the formation of key logistics competencies, which are directly related to key logistics capabilities, as well as becoming a necessary element for the formation of logistics success potentials, which make up the success potentials of the firm.

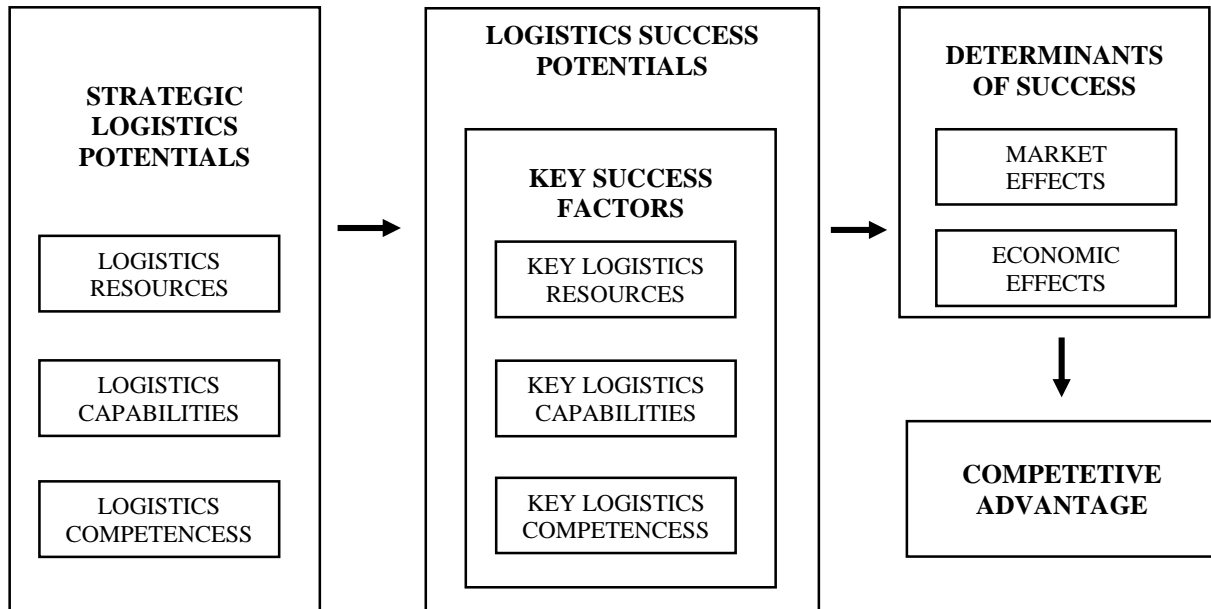


Figure 3. Logistics capabilities in the structure of success potentials.

Source: Matwiejczuk, 2014.

Logistics potentials for success have two basic features, namely they determine gaining and maintaining a competitive advantage and strengthen and balance the competitive position of the firm (Blaik, Matwiejczuk, 2011).

A feature of logistics capabilities that is important in creating success potentials is their inability to acquire, so each firm can create its own, unique set of logistics capabilities that will become success factors. In order to identify key logistics capabilities, the Concept of Key Success Factors described in this article, as well as the Concept of Dynamic Capabilities, may be useful.

The concept of dynamic capabilities identifies two groups of capabilities - operational and dynamic capabilities. In the context of a firm's logistic potential for success, dynamic logistic capabilities may prove crucial, as they focus not only on the company's existing potential, but primarily on the possibilities of creating success potential in the development perspective. These capabilities allow for the effective use of logistics resources and operational capabilities, which enables response to ongoing changes as well as consolidation and coordination of resources and capabilities, which allows the development of logistics competencies contributing to achieving a competitive advantage (Matwiejczuk, 2014b).

In addition to identifying logistics capabilities as well as other success factors, it is crucial to place them in the firm's strategy, as well as to determine the appropriate orientation of the firm, which will allow determining the directions of using logistics success potentials (Matwiejczuk, 2015). The firm's logistics strategy, which is one of the functional strategies, must be integrated with the company's management strategy so that all tasks related to the use of success factors are consistent with the processes implemented in all areas of the company. Moreover, if logistic potentials of success become key determinants leading to the success of a firm, it seems reasonable that the logistics strategy should become the basic strategy of the enterprise, setting the principles of operation of the enterprise in order to make maximum use of the opportunities offered by logistic potentials of success.

5. Conclusions and directions of further research

Logistics success potentials, which consist of key success factors in the form of logistics resources, capabilities and competences, lead to achieving specific market and economic effects, which include customer satisfaction and loyalty, market share, profit, level of profitability and return on investment capital.

Achieving the market and economic effects specified by firm is possible through not only the use of key success factors but also their proper identification and integration. Moreover, firms should focus not only on linking factors within specific groups, but also on including them in the firm's strategy, so that not only logistics processes focus on shaping specific logistics potentials for success, but also that all tasks within the firm contribute in the formation and use of success potentials.

In order for the owner to use the success factors, they must be properly identified, therefore, further research on logistic success potentials, and more precisely, potentials such as logistic capabilities, should focus on identifying key logistic capabilities and creating mechanisms for their effective design and use.

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