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EXPLAINING THE RESOURCE-BASED VIEW AND SERVICE – DOMINANT LOGIC THROUGH RELATIONSHIP MANAGEMENT

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Purpose: This paper aims in exploring the links between Resource-Based View (RBV) and Service-Dominant Logic (S-DL) and attempts to improve the practical applicability of both concepts through the mediation of Relationship Management (RM).
Design/methodology/approach: In this paper the problems resulting from theoretical simplifications of RBV and S-DL, which reduce the managerial workability of these grand theories, were addressed from a relationship perspective. In addition, an epistemological analysis has brought a conceptual identification of how RBV, S-DL and RM can reinforce each other.
Findings: RBV, S-DL and RM paradigms overlap. Nine theoretical foundations integrating all three concepts were proposed to contribute to more consolidated research on the theory of the firm.
Practical implications: Internal relationship management designed to co-create value between the employees and the company should be of equal importance as customer relationship management. Employee value co-creation is a dynamic capability, which unlocks the intellectual potential of the company and enhances the development of other distinctive capabilities and relationship assets.
Originality/value: The novelty of this work lies in magnifying the explanatory power of the RBV, S-DL and RM as interrelated concepts and highlighting the role of internal relationship management, which equals employee value co-creation.
Keywords: dynamic capabilities, internal relationship management, Resource-Based View (RBV), Relationship management, Service-Dominant Logic (S-DL), value co-creation.
Category of the paper: Conceptual.

1. Introduction

The aim of this article is to improve the practical applicability of the Resource-Based View (RBV) and Service-Dominant Logic (S-DL) through the mediation of Relationship Management (RM). The RBV and S-DL enjoy ongoing interest from both scholars and business practitioners (Gummesson, 2017; Helfat et al., 2023; Payne, Frow, 2017; Vargo, 2022; Vargo, Lusch, 2017). The key constructs they evoke are quite appealing and comprehensible, but they fall somewhat short where business applicability is concerned (Czakon, 2010; Grönroos, Voima, 2013; Parvatiyar, Sheth, 2021; Zhang, Banerji, 2017). Moreover, both concepts co-exist in a relative separation even if they, on a given level of detail, pretend to explain the roots of company's market success. Nevertheless, their empirical potential is enormous and, at the same time, of synergic character (Hunt, Madhavaran, Hatfield, 2022; Vargo, 2022). In particular, the issue of resources: their search, development, integration and appropriation, appears to be one of the key interests that RBV and S-DL share together (Chi, 1994, Vargo, Lusch, 2004). Moreover, both concepts are relational. S-DL's main notion – value co-creation, is inherently reciprocal in nature, as the coordinated resource-integrating and service-for-service exchange activities always involve multiple actors (Vargo, Lusch, 2016). Simultaneously, RBV, initially strongly focused on the intra-organizational perspective (Barney, 1991), with the introduction of dynamic capabilities (Teece, Pisano, Shuen, 1997) and recently stakeholder approach (Stoelhorst, 2023) seeks to apply the relationship lens in the research on competitive resource dynamics. Therefore, the paper transfers the foundations of both theories from the abstract theoretical level to a more workable level, using the instrumentation of RM in order to magnify the explanatory power of the RBV, S-DL and RM as interrelated concepts. By doing so, it contributes to a discussion on the development of a mid-range theory of the firm, which would propose managerial tools such as guidelines, check-lists, and market heuristics supporting sustainable business (Gummesson, 2017; Prenkert, 2022; Vardarajan, 2022). A much-needed development, since backward positive theoretical foundations cause business practitioners to ignore academic publications what, in the end, harms academia, business and the society (Akaka, Koskela-Huotari, Vargo, 2021; Parvatiyar, Sheth, 2021).

The research procedure started with recalling the basic problematic areas of the RBV and S-DL. Then the description of a firm, based on both concepts combined, was given. This has raised some knock-on questions, which I tried to answer from a RM perspective. Finally, based on an epistemological inquiry, nine foundations linking the RBV, S-DL and RM were elaborated to compose a model of a firm rooted in all three paradigms.

2. Workability of RBV and S-DL

2.1. Defining the challenge

The RBV is an elegant theory. In two simple steps, it links the ultimate market success of a company with its competitive advantage, which in turn is achieved on the premise of the superiority of resources (known as the VRIO resources) that the company possesses (Barney, 1991). The logic of valuable resources has clearly opened an endogenous perspective in strategic management, which has until now been dominated by the positioning school (Porter, 1979). The latter focused on the factors in the product/market system and assumed perfect mobility of resources, implying that firms' resources are homogenous (Wang, 2014, p. 33). According to this logic, even if a company had a privileged position in an attractive industry, it could not achieve above-average profits because the value it was offering was wholly the result of production factors obtained from external markets (Barney, 2014, p. 25). The RBV concept of heterogeneous resources was very appealing, as it was fresh, logical, and to a large extent uncontroversial. It was as early as at the start of the 19th century that Say, in his analysis of how added valued was created, pointed out that an entrepreneur did not have to own capital but could borrow it and use it effectively, taking advantage of their special potential in the form of organizational and management skills (Spychalski, 1999, pp. 134-135).

However, there are two silent assumptions in the RBV, which still pose a challenge both for theoretical and empirical research (Obłój, 2007, pp. 7-8):

- the concept of heterogeneous resources is, ironically, linked with homogenous competitive advantage,
- competitive advantage is mechanistically linked with the ability to monetize it.

Under the original basis of the RBV, competitive advantage seems to be an all or nothing phenomenon. Either the company has it (thanks to its superior resources) or it finds itself in an inferior position. But rarely can one company possess superior resources in every single aspect of its operations; it is more likely that it possesses competitive advantage in some areas and simultaneously some disadvantages in others (Ray, Barney, Muhanna, 2004). Moreover, a "total competitive advantage" construct implies that the expansion of a company is a result solely of an autarkic process of isolating VRIO resources and applying them in other fields of business (Wernerfelt, 2016, p. 301). Such an approach entirely overlooks the network-based theory of the firm (Håkansson, Ford, Gadde, Snehota, Waluszewski, 2009).

If one relaxes the binary view of competitive advantage, the question of transferring partial competitive advantage into market success arises. For example, a company may have an understanding of a technically complex process, but this does not mean it has the capability to convince potential buyers that process is a perfect solution to satisfy their needs (Sirmon, Gove, Hit, 2008). This paradox was noticed relatively early and partially responded to in the concept of dynamic capabilities (Hamel, 2002; Teece, Pisano, Shuen, 1997). As an extension of RBV, it builds on the premise of intangible internal resources, but it stipulates that, in the end, the deployment of a competitive advantage relies on the patterns of behaviors followed by all members of an organization (Mitrega, Forkmann, Ramos, Henneberg, 2012, p. 740). Still, it is hard to track how these patterns are created, simply because they are so dynamic in nature.

The concept of dynamic capabilities will be addressed later in this paper. At this point let's summarize that the RBV concentrates on preliminary conditions for achieving a competitive advantage and on its protection, but its positivist foundations are still ill-equipped to provide general, empirically-proven recommendations for management practice (Bratnicki, 2012; Czakon, 2010).

S-DL has likewise proved its sustainable role in services marketing theory (Vargo, Lusch, 2011). However, it also suffers from fuzzy definitional problems of its basic terminology as the relevant research on servitization is fragmented and discursive (Baines et al., 2017). Moreover, it still strives to leave the area of high-level generic strategies towards more direct impact on managerial sphere (Ballantyne, Frow, Varey, Payne, 2011).

The basic foundation of S-DL laid by Vargo and Lusch in their award-winning article (2004) is that the success of a company is determined by the extent it can offer value propositions to its customers. Moreover, it is not the company that creates value, but the customer (beneficiary) themself. The company may get an opportunity to engage in the customer's value creation process as a co-creator, and collaborate in resource integration that both parties bring as they interact, but only the customer is always value co-creator (Vargo, Lusch, 2008). Again, the idea is brilliant and simple: companies should focus on the customer, not on themselves. Even if they are hardline manufacturers, they can leave the area of tangible product delivery and concentrate on the process of value co-creation as all industries are (to an extent) service industries. It is also a proven way to become meaningful to customers and differentiate the value proposition (Grönroos, 2015; Johnston, Morris, 1985; Vargo, Lusch, 2004).

However, although S-DL seems to offer an overall recipe for success, it comes with some assumptions that, unless properly addressed, make this concept too broad and blurred from a managerial perspective. The issues I would like to address are the following (Vargo, Lusch, 2016, p. 8):

- all economies are service(s) economies,
- value co-creation is an all-encompassing market process.

The role of services is undeniably crucial for the world economy in terms of GDP, new employment, and innovation (Lovelock, Patterson, 2015). The fragmentation of the manufacturing process, outsourcing, offshoring, and information technologies create fertile soil for services both in B2B and B2C industries. Yet "services economy" is not equal to "service economy" (Vargo, Lusch, 2008, p. 7). The first term describes the general phenomenon of producing wealth (macro view) and value (micro view) in the economy. The latter more specifically reflects an S-DL view. After the definition of Vargo & Lusch, the service economy is embodied in the processes of using resources of partners for their benefit (2008, p. 7). Therefore, not only hardline manufacturers but also service providers may face a problem in co-creating value with their customers because it needs both parties' active involvement, for example in co-production or co-design. This is, however, not granted. Neither an individual retail customer nor a business customer ordering stationery would normally be interested in permanent collaboration with their suppliers – to mention only the most obvious example. In their recent publication, Vargo and Lusch commented on this issue, stating that although co-production is relatively optional, co-creation of value is “simply a positive statement that, at least in human systems, which are characterized by specialization and thus interdependency, value is always co-created” (2016, pp. 8-9) and later “Value creation does not just take place through the activities of a single actor (customer or otherwise) or between a firm and its customers but among a whole host of actors. That is, at least in specialized, human systems (and arguably in all species), value is not completely individually, or even dyadically, created but, rather it is created through the integration of resources, provided by many sources, including a full range of market-facing, private and public actors” (2016, p. 9).

It is hard to imagine how a manager struggling to encourage their customers in co-creation could make use of the above-cited definition. In consequence, expanding S-DL and the concept of value co-creation to the whole economy makes it too abstract to operationalize and leaves the locus of value unclear (Grönroos, Voima, 2013). Of course one cannot deny the complexity of service ecosystems (Akaka, Vargo, Lusch, 2013), but in management science, zooming out to high-level theory should always be accompanied by the process of zooming in (Moss Kanter, 2011). At this juncture, zooming-in involves a more detailed identification of the value co-creation phenomenon to make it more workable on a daily business level. In the next paragraphs, I try to briefly describe how the company operates in the context of the RBV and S-DL, and how the RM makes these theoretical contributions more workable concepts.

2.2. Understanding the impact of RBV and S-DL for business practice

Let’s take a look of how a company operates according to the RBV. Every firm possesses resources. A portion of resources owned by a respectable company can be labeled as VRIO resources because they have the potential to be an ingredient of a superior offer proposition and they are unlikely to occur in the same configuration elsewhere – at least for a while. Their VRIO status implies that they are hard, if not impossible, to obtain for money, or it is very time-consuming to recreate them. In this respect they are most likely to be intangible resources directly or indirectly bound to the employees and their knowledge (Barney, 1995). These resources are accumulated in a way that enables the company to create a superior value proposition. This puts the company in an advantageous competitive position (Peteraf, 1993). However, in order to monetize this position, the company also needs dynamic capabilities, which activate its potential by effective exploitation of emerging market opportunities (Teece, Pisano, Shuen, 1997). As we see, the RBV tells the manager that virtually everything needed for success takes place inside the organization and that the company should show “dynamism” in approaching the market.

Now let's take a quick look at what S-DL has to tell the manager. Here focus is shifted from inside the company, where "mere" facilitation of potential value takes place, to the outside world, where the real value is created. Therefore, it is not so important what kind of standard features the product/service has, but what the customer (beneficiary) is able to achieve when using the tangible product or while their body, mind, or possession is processed (Wirtz, Lovelock, 2016, p. 23). Hence, the customer is the only one who is always involved in value creation (Vargo, Lusch, 2008). If the company wants to take part in this process, it should introduce an attractive platform of co-creation. Again, a short re-capitulation for the manager: the more the company takes part in the value creation process of its customers, the higher value is co-created, thus making the company successful and the customers happy.

If the managers were to overlay what the RBV and S-DL is telling them, the following picture would emerge. The company needs VRIO resources and dynamic capabilities to be successful. Dynamic capabilities can be translated into dialogical processes (co-creation processes), which are not entirely owned by the company but are shared with the customer (beneficiary). The reason for this is that the customer gets more value out of a process that produces individual results. In consequence, the company can differentiate its offer, thereby achieving better financial results. Hence, the company should try to do both: proactively involve customers and be flexible enough to respond quickly if its participation in their value creation process becomes desirable. This applies regardless of the sector and industry, but holds a particular challenge for manufacturers.

Two key questions remain open after this combined RBV/S-DL exercise is done. First, how the company should create VRIO resources and dynamic capabilities; and second, how to overcome the customer indifference to moving to a position of an important value co-creating partner. These questions can be addressed with the help of RM.

3. The relational view

3.1. VRIO/operant resources explained through RM

The literature has quite precise ideas of what VRIO resources can be. For instance, Hall names e.g. the following: reputation of the firm and its products, organizational culture, knowledge about suppliers and customers, and intellectual property rights (1992, pp. 135-144). These resources are usually intangible in nature and knowledge-based. Knowledge, however, should be treated as a root metaphor rather than a variable, whereas the processes and the structures leading to the development of knowledge can be studied and operationalized (Nonaka, Peltokorpi, 2006). These are predominately communication processes (Mitręga, 2012). However, knowledge creation is not a traditional input-output sequenced process but forms a moving spiral, which goes through interrelated organizational units accompanying other processes with more specified problem-solving objectives (Nonaka, Peltokorpi, 2006). The main task here is to create an organizational background for knowledge transfer into corporate resources of another kind. This can be done by creation of a positive environment and procedures for ex-/internalization of tacit knowledge and codification of explicit knowledge.

In this context, care for the "knowledge worker" is one of the strategic domains of business activity (Drucker, 2010). However, innovativeness, motivation, and engagement cannot be achieved with mechanistic human relationship management concentrated on payroll and administration (Leszczewska, 2010). Not with Millennials and Generation Z, which have much higher expectations toward their employers expecting to achieve a healthy work-life balance (Trifan, Pantea, 2024). Therefore, the development of VRIO resources is linked with innovative Human Resource Management (HRM) characterized by an individual approach toward every employee (Gordon, 2013). A systematic, individual approach to HR can be called internal relationship management.

The significance of internal relationship management for services was, for the first time, comprehensively addressed in the Service-Profit Chain model (Heskett, Sasser, Schlesinger, 1997). According to this model, the right sequence (of what we can call value creation in S-DL terminology) starts in the open and inspiring behavior of the leaders and management of the organization, who take special care when designing jobs and workplaces, and select, develop, reward, and recognize the employees to make them satisfied, loyal, and engaged. This attitude is reflected in the employee–customer relationship and is measurable in satisfaction, loyalty, and engagement of the customers and in financial profits (Peck, Christopher, Clark, Payne, 2013). Therefore, according to the Service-Profit Chain, a complete picture of business performance has to be reflected in customer, employee, and shareholder value, as well in cost reduction (Payne, Frow, 2013).

Transferring the internal relationship management to the RBV and S-DL terminology would mean the following. To create an attractive value proposition for external customers, the value facilitation process that takes place inside the company has to be built around and within the VRIO/operant resources. These resources can, but do not have to, be used in the value facilitation process. They are dormant in the employees, unless they become activated by proper HRM techniques (acknowledging individual skills, preferences. and ambitions of employees) and an overall partnership between the workforce and the management team (effective corporate culture). The activation of VRIO/operant resources assumes that the employees are invited to participate in internal value co-creation processes (Grace, 2015, p. 560). From the perspective of the employees, the difference between an internal value creation and co-creation process is that in the latter case, they are getting a chance to reach a work/life balance and fulfill individual needs all across the Maslow pyramid. Only then is work not perceived as an empty transaction: time vs. pay.

A pure time vs. pay work perception incentivizes employees to mediocrity, because the less effort they put into work, the better outcome they get from this transaction. Therefore, competitive advantage based on VRIO/operant resources is only possible if the internal value facilitation process has a co-creational design. This produces additional value for the employees, thus incentivizing them to fully engage in their work by showing exceptionally high commitment to set standards and by coming up with innovative ideas. In summary: management has to take care of and responsibility for their employees. The evidence of high managerial skills is the degree to which employees self-motivate to set standards, cooperate with others, and come up with new ideas. This is how a company arrives at brilliant ideas and how it is able to implement them. Therefore, the missing link to VRIO/operant resources is internal relationship management.

3.2. Dynamic capabilities explained through RM

If the dynamic capabilities of a company can be translated into value co-creation processes, the company needs both internal and external cross-functional collaboration. This is what characterizes RM. Correspondingly, the RBV introduces the term relationship assets, which can be defined as intangible resources resulting from a process of continuous interaction creating useful knowledge and leading to the development of positive associations with the organization, its brands and representatives; this in turn bring benefits for particular individuals and reinforcement of the competitive position of the company itself (Chen, Yeh, Yeh, 2011). Moreover, relationship assets emerge as an accumulated sum of experiences, trust, commitment, and mutual learning processes developed over longer periods of time (Doney, Cannon, 1997; Zdziarski, 2016). This definition outlines three major issues: first, that the nature of relationship assets implies that they are created in the process of communication; second, that there are both internal and external parties involved in this process; and third, that their existence can be identified by the creation of knowledge with an economic utility value (Deszczyński, 2014). The sum of relationship assets at the disposal of a company can be called relational or relationship capital. According to the definition of relationship assets, this capital is dead unless it is used to produce an interaction and dialog with stakeholders, thus generating knowledge for continuous improvement (Gummesson, 2004). Hence, the relationship assets of a company are a cross between employee and customer value co-creation. In turn, the dynamic capabilities are reflected in the ability to manage:

- internal relationships/employee co-creation processes,
- the way technical and organizational innovations are transferred to the point they become value propositions (value facilitation process),
- external relationships/customer co-creation processes.

Dynamic capabilities are, therefore, created through the interlocking management of human relationships and organizational processes. This implies constant change and reconfiguration of resources mediated through relationship assets (Mitrega et al., 2012) and enables countless individual ways of value co-creation.

3.3. Fighting customer indifference with meaningful interactions

Nowadays, the traditional approach to RM, with limited customer touch points, evolves. All corporate functions must now learn to collaborate with each other and across the customer and supplier organizations (Sheth, 2017). These touchpoints provide opportunities for physical, mental, or virtual interactions, which are crucial in co-creation processes understood not as simple transactional value-in-exchange but as relationship-oriented value-in-use processes. Vargo and Lusch imply that a platform for dialog can be provided not only through direct interaction, but also through institutions, including those conveyed by a physical product (2016, p. 9). Of course, a product (e.g., a tablet or an internet-of-things device) may be interactive, but without a multi-channel communication strategy, customer participation in product design and product production, which are key co-creation activities (Dong, 2015, p. 498), are not possible. Moreover, according to social network research, such as Granovetter's work on the "strength of weak ties" (1973) and more recently Haythornthwaite's media multiplexity theory (2000), the level of interdependence between the actors in a relationship is positively associated with the number of media used in that relationship (Haythornthwaite, 2005; Ledbetter, 2010). In consequence, the odds for a successful co-creation are higher, the more touch points enabling more vivid interaction at different stages of value creation the company offers its customers. However, this is most successful when the supplier has a unique offer proposition and is less appropriate when the supplier has a commodity product or service (Williams, Ashill, Naumann, 2017, p. 468). In B2C industries, the barrier of customer indifference is even higher, as some of them are immanent anonymous end-user markets, such as the FMCG market. A general answer to how to overcome customer indifference is to become meaningful.

Becoming meaningful for customers can be achieved through self-experienced quality of facilitated value bound in a tangible product or service and the perceived image of the brand (Martensen, Gronholdt, Kristensen, 2000, p. 552; Nyadzayo, Khajehzadeh, 2016, p. 268). A traditional marketing push strategy and cooperation with intermediaries can also be helpful, especially in the case of B2C companies. But these tools reduce communication to one-way broadcasting. As co-creation is a dialogical, relational process, it needs as much two-way interaction as possible. In this context, the key managerial concern should be the development of a "relationality platform" (Grönroos, 2015, p. 167) or "co-creation framework" (Sheth, 2017). Such an RM strategy should coordinate multiple human and machine-assisted communication channels and provide emotional engagement, positive surprise, and knowledge sharing, which are so essential to co-creation processes (Payne, Storbacka, Frow, Knox, 2009).

The answer to the question of how to implement an RM strategy has already been given in this article. By acknowledging the importance of employee co-creation processes, proper internal relationship management uplifts employees from clerks to engaged stakeholders, who are trained and motivated to be valuable partners in relationships with customers (beneficiaries). Their active attitude transforms standardized encounters into flexible individual experiences that cannot be set centrally. For the company, this means partial loss of control over the interaction; this is, however, replaced by a much more effective tool: self-control. It also relieves the company of the impossible task of centrally designing a truly 1-to-1 oriented marketing strategy, which can be replaced by the flexibility of 1-to-1 interactions, where both the customer and the employee are empowered to integrate the resources, the company provides in the most convenient way. This opens the door not only to meaningful interactions but to a customer ecosystem that makes it possible for the company to adopt what is sometimes called customer-dominant logic (Heinonen, Strandvik, 2015).

3.4. Operationalizing RM strategy

Consequently, a practical implementation of RM strategy is based on making interactions more meaningful to customers. The goal is to merge as much as possible of what was previously solely internal corporate processes (proactively inviting the customers to take a role in a corporate process) and individual customer processes (being open to an invitation to take a role in a customer process). This can be the willingness/openness to: design a new product or service, customize the functional requirements of existing products, change procedures in logistics or in communication, etc., and also simply by making sure customers feel asked/welcomed, to co-participate in something that has relevance (Minkiewicz, Bridson, Evans, 2016; Svendsen, Haugland, Grønhaug, Hammervoll, 2011).

However, an increased corporate commitment to co-creation has its limits. The customers have to be able to spend more on individually-tailored offers, and the trade-off between the additional co-created value and generated costs should provide a strong argument to support such decision. This means that the RM strategy that supports value co-creation processes has to be realistic and selective (Blinded, 2016). In consequence, a company should not take something like a “total co-creation approach”, because not every customer relationship is able to generate enough value for both sides.

Therefore, less cost-intensive, supporting interactions that broaden the area of co-creation should also be considered. For example, customer contact staff, who inform, advise, and take feedback from customers make a key difference, especially at the point where the customer is looking for value-creating options or needs assistance to enhance their user experience (Abernethy, Butler, 1993; Celuch, Robinson, Walsh, 2015). Employee responsiveness, empathy, and politeness are also key factors that shape online service encounters (Zhang, Lu, Torres, Chen, 2018). In particular, developing and nurturing brand communities through social media requires a holistic approach and engagement. If intended seriously, interacting with fans and creating collective power cannot simply be outsourced, but has to involve and inspire the employee team (Kao, Yang, Ben Wu, Cheng, 2016). In an interaction, a party that talks or writes as if it has swallowed a corporate manual is not a meaningful dialog partner.

4. Conclusions

The RBV, S-DL, and RM seem to be self-enforcing concepts. The RBV acts as a general theory for value creation from the perspective of a company. Its foundations are the following. (1) VRIO resources will give a company a competitive advantage in a particular area. (2) The competitive advantage can be monetized thanks to dynamic capabilities. These foundations may be complemented by the following foundation adopted from S-DL. (3) The dynamic capabilities are ultimately reflected in the capacity to co-create value with customers (beneficiaries). The interplay between all foundations is given in Fig. 1. At the same time, the RBV and S-DL seem to have contradictory points of view on the origins of value. The RBV sees them inside the company, while S-DL, although acknowledging the role of VRIO/operant resources in creating potential value for the customer (beneficiary), places more emphasis on the value co-creating process, which is predominately owned by the customer (beneficiary).

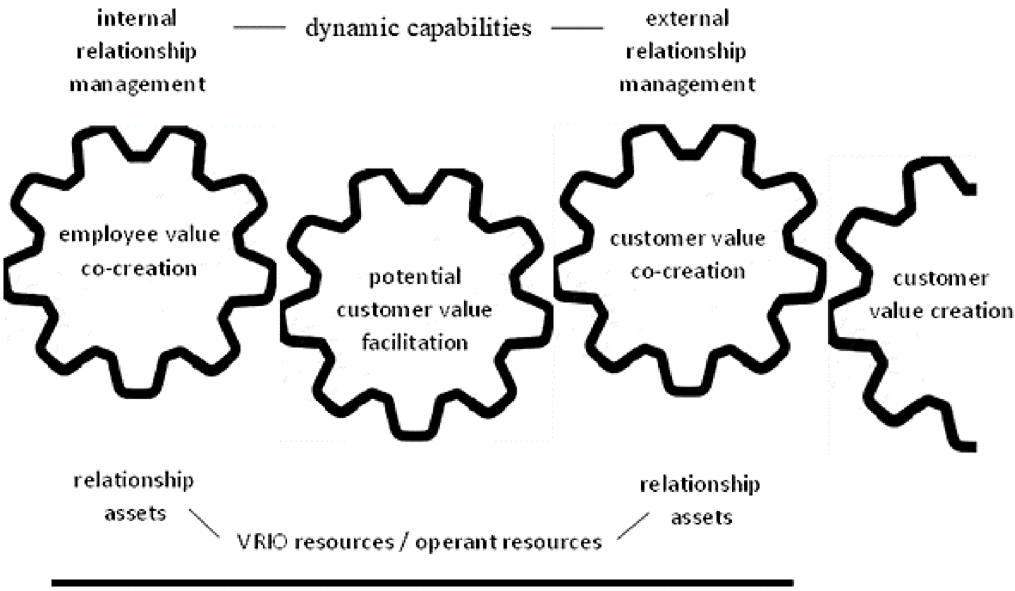

Figure 1. The interplay between RM and value.
Source: own elaboration.

RM can mediate between these two different perceptions. As key concepts in S-DL (value co-creation, collaboration, resource integration, interactivity, and value creation networks) are relational (FitzPatrick, Varey, Grönroos, Davey, 2015, p. 463), service is also relational and simultaneously relationships are based on service (Grönroos, 2017, p. 217). This dynamism requires continuous interactions, which can be coordinated by internal and external relationship management. (4) Internal relationship management is directed at co-creating value with employees, thereby enhancing VRIO/operant resources. (5) External relationship management is directed at co-creating value with customers (beneficiaries) and ultimately reflects the dynamic capabilities of a company. Therefore, (6) the odds for successful external relationship management are linked with successful internal relationship management, because employees are the ones who make the interactions with customers (beneficiaries) meaningful. (7) Both internal and external relationship management create relationship assets, which are temporarily at the disposal of a company. Ultimately, (8) the relationship assets enhance the ability of a company to generate economic value for the shareholders. Therefore, (9) sharing more value with employees creates more value for the shareholders.

The 1-9 foundations linking the RBV, S-DL, and RM are meant as a starting point for designing a possible mid-range theory of a firm with focus on managerial planning and actions. By acknowledging the role of employees and their value creation processes as equally important as customers and their benefits, the paper, in my belief, not only enriches the academic discourse, but also matches the signs of the times. In his acclaimed book *Dying for a Paycheck*, Stanford Professor Jeffrey Pfeffer explained that modern toxic management practices – which neglect employee well-being – may directly contribute to 120,000 excess deaths annually and result in more than $300 billion in yearly losses for American businesses alone (2018). At the same time, global worker stress stays at a historic high – even as negative emotions linked to the COVID-19 pandemic subsided (Gallup, 2023). For these reasons as well, studying how value is co-created – both internally and externally – should be given high priority.

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