

All the approaches can be narrowed down to two orientations:

- 1 External orientation (*external towards internal*) – an approach seeking success on the market and attaining it by external consonance, i.e. by creating roles (*structural approach*);
- 2 Internal orientation (*internal towards external*) – an approach seeking success in the company and attaining it through internal consistency, i.e. by resource potential (*resource approach*).

Both approaches (the structural approach and the resource approach) have a lot of followers (internal orientation – Michael Porter; external orientation – Igor Ansoff) (Table 3.1).

The outset of the development of the so-called *structural approach* is tied to the 1930s, whereas the development of the so-called *resource approach* is tied to the 1990s. The structural approach is based on the *Structure Conduct Performance (SCP)* paradigm, whereas the resource approach is based on the *Resource-Based View (RBV)* paradigm. The common elements for both approaches are *is sustainable competitive advantage*.

Conduct is a specific activity of a company within an industry, whereas Performance has two meanings: The first meaning concerns the company performances as individual units, and the second one recognises industry performances as a whole. Although they are deemed mutually exclusive, we could argue that they are complementary and display everything that needs to be done to create sustainable competitive advantage.

The key difference between these two approaches is the definition of *Structure and Resource*. According to the structural approach, long-term success is determined by industry structure, whereas the resource approach determines long-term success by the structure of the resource. A corporation achieves sustainable competitive advantage by a structural approach on the basis of *positioning in an attractive structure of an industry*, whereas the same advantage is achieved by a resource approach on the basis of *advantages of core competence of a company*. A comparison of these two approaches is presented in Figure 3.6. In addition, some authors advocate both approaches (e.g. Robert Hoskisson), and some believe that neither of them is sufficient enough (e.g. Jeffrey Dyer). Hence, there is a need to integrate and revisit approaches and eventually combine and join them together.

The perspectives of the structural approach

Observing competitive advantage from a viewpoint of a structural approach, we can argue that strategic management is primarily interested in locating an attractive industry, discovering attractive market segments within it and alleviating the impact of competition by influencing the industry structure and the behaviour of competitors (Sikavica et al., 2008).