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STRATEGIC RESOURCES AND SUSTAINABLE COMPETITIVE ADVANTAGE:AN EMPIRICAL EXAMINATION THROUGH THE RESOURCE-BASED VIEW

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Abstract

Resource-Based View (RBV) is the model that discusses the process of building the sustained dominant advantage of firms via the efficient utilization of the distinctive inner assets and capacities. This paper talks about the principles of RBV, such as the VRIO framework, and outlines the importance of tangible and intangible resources in creating high-performance. It also looks at how RBV is applicable in different organizations and highlights the significance of organizational alignment and dynamic capabilities in changing the nature of resource adaptation to their environment. Although RBV can provide essential understanding of the performance variations of firms, it is limited to the point where it requires accommodation from the outside viewpoint to guarantee future competitiveness and sustainability.

Keywords: Resource-Based View, VRIN, VRIO, Dynamic Capabilities, Market-Based View, Sustained Competitive Advantage

INTRODUCTION

The Resource-Based View (RBV) describes the process by which the organizations reach the effective usage of their internal resources and capabilities and maintain a competitive advantage in the long term (Lubis, 2022). It implies that the firms create value when they use resources, tangible and intangible, in a manner that is more competitive than that of the competitors (Kero & Bogale, 2023). RBV underlines that resources are not easily transferable as they vary among organizations, making them hard to imitate. These specific resources of the firms enable the firms to achieve strategies that cannot be easily duplicated by other firms, hence the high performance and long-term competitive advantage (El Nemar et al., 2025).

Example

Apple Inc. serves as a good example of the Resource-Based View (RBV) that provides explanation of how companies gain long-term competitive advantage by means of unique resources and capabilities. One of the reasons behind Apple success is its ability to have resources that are valuable, rare and hard to substitute such as the globally known brand, proprietary operating systems, design prowess, intellectual property and the devotion of its customers. Although the individual products can be imitated by competitors, it is very difficult to imitate the integrated ecosystem and a good brand image of Apple. In terms of RBV, Apple has been able to effectively utilize and exploit these resources within the company to various products as a source of its high performance and long-term competitive advantage.

Tesla depicts how the VRIO framework is applied in the determination of firm resources and capabilities. Tesla has one of its core strengths in innovative electric vehicle (EV) as a product line that is highly rated by the consumers, rare in the market, hardly duplicated, and completely backed by organizational systems, thus translating into a clear competitive advantage. Also, the large network of Superchargers owned by Tesla makes it convenient, this network is unique and difficult to imitate, and it is well-coordinated and employed with the help of the organization, which serves as another source of advantage. Conversely, the direct sales strategy by Tesla, though of value to customers, is not unusual and therefore it is not a sustainable competitive advantage but a table stake. Equally, the highly developed manufacturing technology in Tesla through robotics and automation, although a form of technology, is not directly appreciated by the customers and does not give Tesla a competitive advantage. Such cases reveal that sustainable advantage does demand resources to be valuable, rare, difficult to imitate and fully exploited by the means of an effective organizational management as highlighted by VRIO framework.

Origin of RBV

The Resource-Based View (RBV) has been developed based on the groundbreaking efforts of Birger Wernerfelt (1984), and later formalized and perfected by Jay Barney (1991). RBV is an inside-out approach, which states that the performance of firms is mainly based on internal resources and capabilities and not on external market conditions (Uyanik, 2023). The theory assumes that sustainability of superior performance is created by companies that effectively utilize their unique resource endowments to generate economic value in a manner that can neither be easily duplicated by their competitors. It can be done by distinguishing themselves with the help of strategic use of the unique resource combinations, enabling firms to employ the value-creating strategies that will help them develop the competitive advantage (Agnihotri & Gabler, 2024).

One of the basic postulates of RBV is the fact that organizational resources are either tangible or intangible. Tangible resources refer to physical resources, like machinery, equipment, and facilities, whereas intangible resources are brand equity, intellectual property, organizational knowledge, business processes, and human capital (Kero & Bogale, 2023). There are two assumptions on RBV. The first one is resource heterogeneity as it acknowledges that firms are different in terms of the resources and capabilities that they manage. The second is the resource immobility, implying that such resources cannot be moved between firms perfectly (Salmi et al., 2024). When put together, these assumptions describe the gap in performance that persists and only certain firms have a sustained competitive advantage.

To assess the ability of a resource to be used as a source of sustained competitive advantage, the VRIN framework described four defining characteristics that RBV initially relied on (Mat & Mohamad, 2022).

- **Valuable (V):** A resource is valuable when it helps a firm to take advantage of an opportunity or counter a threat in a way that results in better efficiency, effectiveness or profitability. Employees are a resource in small and medium-sized hotels as their ability and dedication directly reflect on the quality of services and customer satisfaction as well as repeat visitation.

- **Rare (R):** Rare resources are one of the resources that are owned by a limited number of competing companies, and the organization takes a unique strategic position. In the case of island hotels, the knowledge of employees who are well versed with the culture and living conditions of the island is an intangible asset that cannot be easily found at other competing destinations.
- **Imperfectly Imitable (I):** It refers to a resource which can't be easily copied by competitors because it experiences certain factors like casual ambiguity, path dependence in history, and tactic knowledge. This characteristic can be comparatively lesser in the case of island hotels, where the employees can be trained and operational patterns can be acquired with time.
- **Non-Substitutable (N):** Non-substitutable means that there are no strategically equivalent resources that can provide the same results. This condition might be not so pronounced in the case of island hotels since seasonal labor mobility and flexible staffing options enable companies to replace staff and personnel in case of need. Resources that match the VRIN criteria have the potential to produce the enduring competitive advantage since they are hard to reproduce or substitute by the competitors.

This systematic identification and exploitation of such resources can be used to improve organizational performance, generate stakeholder value, and provide long-term strategic differentiation. RBV thus focuses on company-specific advantages, long-term-rooted capabilities, and strategic resources administration as the sources of high-performance performance, although the applicability of each individual VRIN attribute context might differ (El Nemar et al., 2025).

Nonetheless, the VRIN framework mainly describes why resources can be of strategic value, but not how they can be converted into a real performance. This weakness resulted in the creation of the VRIO framework that builds on VRIN by adding the organizational dimension. A resource should not be valuable, rare, and difficult to imitate only and supported by the right organizational structures, processes, and management systems to provide competitive advantage (Saloko et al., 2023). In the absence of these organizational alignments, even those resources that are strategically important can end up not being able to produce better performance (Peat & Seibert 2026). Skills and local knowledge of the employees of a small and medium-sized hotel are competitive strength only when they are backed up by efficient training system, motivation mechanism, and service management practices. This depicts that competitive advantage according to RBV does not emanate out of resource possession, but rather on the capacity of the firm to structure and mobilize resources in a manner that posits VRIO as an operative and operationalized development of the initial VRIN paradigm.

Prior Work on RBV

Resource-Based View (RBV) has been highly accepted as one of the foundational perspectives in the interpretation of how firm-specific resources and capabilities contribute to long-reliable competitive benefit. Research in varied settings offers significant importance of tangible and intangible resources in improving firm performance. Indeed, as an example, El Nemar et al. (2025) show that human capital, social capital, and brand reputation are essential to SMEs experiencing uncertainty, especially in case of crisis situations like the COVID-19 pandemic. Equally, Kero and Bogale (2023) indicate that knowledge, human, physical, technological, and organizational resources all bring about competitive advantages and provide gaps associated with the functionality of resources and the use of technology. Dhrubo et al. (2024) develop RBV by taking a process-based approach, one that highlights the dynamic, relational, and evolving quality of resources, and this highlights the value of adaptability and strategic integration.

The application specific studies go further to demonstrate relevance of RBV in various organizational areas. It is demonstrated by Komakecha et al. (2025) that VRIN resources and dynamic capabilities enhance the performance of supply chain management, especially in the presence of technology adoption and sustainability practices. In terms of marketing, Uyanik (2023) emphasizes such key resources as brand reputation, marketing capabilities, customer focus, and market orientation as the sources of strategic differentiation and its long-term performance. In the same way, Salah (2025) shows how strategic intent, alignment with internal capabilities, resource allocation, and adaptive capacities can increase the performance of organizations, their innovativeness, and resilience. The authors Mat and Mohamad (2022) highlight the importance of human resource management practices and staff performance in that in certain settings the operational capabilities can play as significantly as VRIN resources in maintaining competitive advantage.

Recent studies have extended the RBV to a leadership and entrepreneurial setting. According to Razzaque et al. (2024), entrepreneurial leadership skills are the firm specific resource that contributes to corporate sustainable development and performance in SMEs. Adila and Boumedjane (2025) formally demonstrate that performance on knowledge-based environments requires the management of VRIN resources, knowledge-based capabilities, and strategic agility. Adam et al. (2022) utilise RBV to microbusinesses headed by women whereby the importance of physical, human, and organizational capital such as financial resources, technology, marketing skills, entrepreneurial skills, motivation, and family support is combined to maintain competitive advantage and business sustainability. Finally, Willie (2025) uses the RBV on digital resources to demonstrate that the use of data, technology, talent, and strategic alliance can bring about innovation, digital transformation, and sustainable competitive advantage. All these studies taken together show that competitive advantage and long-term firm performance is based on the effective management of tangible and intangible resources.

Resource Based View: Types of Resources and Capabilities

The Resources-based view defines resources as assets, organizational processes, firm attributes, information or knowledge within the firm that could be harnessed to either formulate or execute strategies. They can be examples of brand names, technological potential, and effective practices (Pak et al., 2025; Ahn et al., 2022; Lubis, 2022). Different resources are usually classified as tangible and intangible. Certain types of resources allow firms to come up with value-creating strategies.

1. Physical capital resources (physical, technological, plant and equipment),
2. Human capital resources (training, experience, insights), and
3. Organizational capital resources (formal structure).

Brumagim (1994) presents a hierarchy of resources with four different levels of corporate resources.

1. Production/maintenance resources (considered the most basic or lowest level),
2. Administrative resources,
3. Organizational learning resources, and
4. Strategic vision resources (considered the most advanced or the highest level).

Every company has a broad range of resources and capabilities. To gain a clearer grasp of resources it will be required to draw a line between such diverse resources. Among the strategies that can be used to classify such resources, one can distinguish between two groups viz., tangible resources and intangible resources (Table 1).

Table 01: Types of Resources and Capabilities

Tangible Resources and Capabilities	**Examples**
Financial	- Ability to generate internal funds - Ability to raise external capital
Physical	- Location of plants, machinery, offices, and their geographic positioning - Access to raw materials and distribution channels
Technological	- Ownership of patents, trademarks, copyrights, and trade secrets - ICT infrastructure supporting operations and knowledge management
Organizational	- Formal planning, command, and control systems - Integrated management information systems - Processes for organizational learning and knowledge management
Intangible Resources and Capabilities	**Examples**
Human	- Managerial talents and expertise

	- Organizational culture and employee commitment and motivation - Skills development and learning capabilities
Innovation	- R&D capabilities to develop new products, processes, and services - Capacities for organizational innovation and change
Reputational	- Customer perceptions of product quality, durability, and reliability - Strong product branding and positioning with a loyal customer base - Reputation as a good employer - Reputation as a socially responsible corporate citizen
Strategic / Relational	- Relationships with suppliers, partners, and networks - Alliances and collaborations that provide competitive leverage - Access to market and industry knowledge

Identification of Resources and Capabilities for Sustainable Competitive Advantages

The RBV represents a model of considering how the resources and capabilities of a firm serve as sources of sustainability of competitive advantage (Table 01). The basis of any advantage is the resources and capabilities whereby resources of value have been regarded as strategic assets (Kero & Bogale, 2023). The ownership and control of these strategic assets as postulated by RBV, dictates the firms that attain higher profits and have a competitive advantage. Three major questions are usually factored in evaluating the impact of a resource.

1. Does the resource or capability provide value to the firm?
2. Is the resource unevenly distributed among competing firms?
3. Is the resource difficult to transfer or replicate across firms?
4. Is the firm effectively organized to fully exploit the resource or capability?

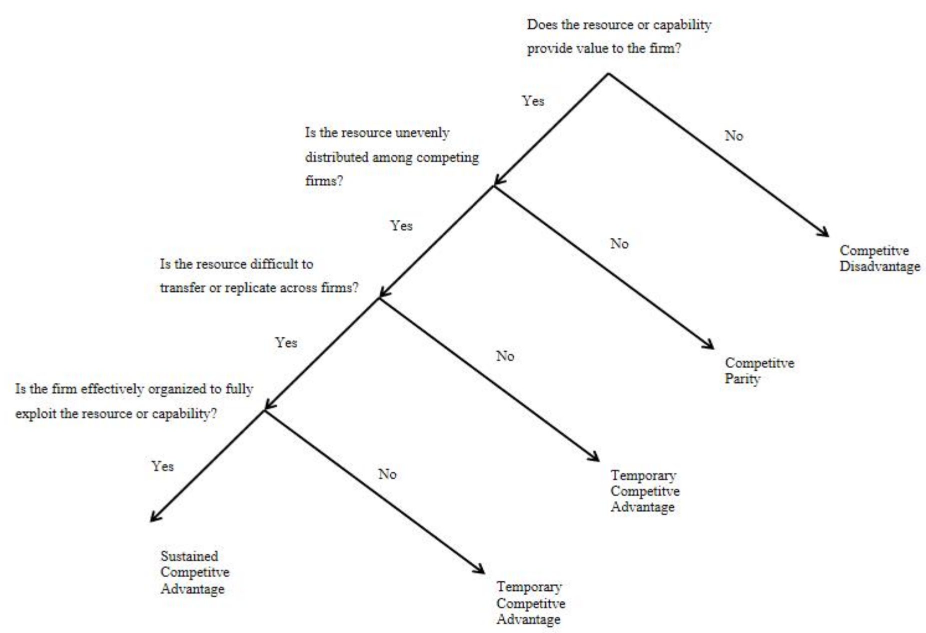

Figure 01: Identification of Resources and Capabilities

Adopted from Madhani (2010) and Kero and Bogale (2023).

It will only be after ensuring that the four questions have been proven that one is likely to acquire a sustained competitive advantage as shown in Figure 1.

The value of a resource or a capability under the Resource-Based View is its capacity to improve the performance of firms (Lubis, 2022). The value of a resource is determined by its ability to help a firm to lower the costs or inflate the revenues (Madhala et al., 2024). These resources help in adopting strategies which enhance efficiencies, effectiveness, and customer satisfaction such that the firm can surpass that of its rivals. The ability to reduce costs especially is a good organizational resource since it has a direct effect on the efficiency and profitability of operation. In the case when a resource does not help to reduce the costs or increase revenues, its exploitation may not give the competitive advantage to the firm and might put it at the disadvantage (Arhinful et al., 2025).

The second factor is whether the valuable resource is concentrated among the rival firms unequally. When a resource is readily available and easily accessible by competitors, the firms are expected to attain only parity levels of competitiveness (Richter & Hanf, 2023). Conversely, in the situation of heterogeneously distributed valuable resources, they can act as the sources of competitive advantage (Varadararajan, 2023). Resource heterogeneity means that firms have various capacities, as well as resource endowments and lead to variation in performance outcomes. Firms that have marginal resources have higher chances of obtaining normal returns, whereas the firms that possess superior resources can bring about economic rent (Stoelhorst, 2023). These differences are caused by such factors as the time of entering the market, exclusive knowledge, learning systems, and long-term strategic choices.

The third aspect looks at the level to which a resource cannot be easily moved or duplicated among firms. Highly mobile and easily imitable resources are likely to also offer temporary competitive advantages, and their competitive advantage can be easily transferred to competitors who can easily replicate it (Posen et al., 2023). The creation of sustained competitive advantage entails the condition of resources not only being valuable and unevenly distributed but also not being perfectly mobile and imitable (Kim, 2025). This does not equate to permanence but rather to the ability to be imitated. Nevertheless, Schumpeterian shocks may undermine the long-term benefits of this, including the emergence of new technology or the structure of the industry, potentially modifying the competitive landscape and eliminating current benefits (Poretti et al., 2025). Companies, which possess resources that are still valuable, unevenly distributed and hard to imitate are consequently better placed to stay on superior performance over time even in the event of such disruptions.

The fourth consideration analyzes the suitability of the firm in terms of whether it is well-organized in a way that gives it the full opportunity to harness the value of its resources and capabilities (Varadararajan, 2023). Although the resources can be valuable, unequal, and immobile, they will not create a sustainable competitive advantage without the firm having proper organizational structures, management systems, and processes that can be implemented in a proper way (Bari et al., 2022). The organizational alignment consists of supportive leadership, effective coordination mechanisms, incentive systems, and complimentary capabilities that allow them to incorporate their resources in strategy execution (McCall, 2024). Companies that are well organized can convert resource potential to actual performance results and the poorly organized companies may not be able to capture value provided by better resources. Accordingly, organizational capability is recognized as the key factor by which resources can be converted into achieved competitive advantage, as the last component of the VRIO framework.

Resource Based View (RBV) Vs. Market Based View (MBV)

Resource-Based View (RBV) is an internal approach that has focused on the concept that a competitive advantage of a firm is based on the unique capabilities and resources possessed by it. The resources that are strategically important are the ones that create value by helping the firm to satisfy its customers more than the competitors, are not common or found in large quantities, create greater benefits as they are well used, and have long-term potential to improve or depreciate at a slow pace (Lubis, 2022). RBV mentions managerial skills and organizational culture, technological knowledge, innovation, and human assets as the key elements of sustainable performance (El Nemar et al., 2025). Indicatively, trust, customer loyalty, and general competitiveness can be enhanced by a powerful corporate image that remains credible through intangible resources and aligned to the competency of the organization (Le, 2023).

Conversely, the Market-Based View (MBV) puts more weight on the outside factors, which shape strategy, centered around the structure of the industry, competition, and market opportunities (Putra et al., 2024). MBV considers firms as being relatively homogeneous, and competitive advantage is defined by the threats of new entrants, competitor rivalry, threat of substitutes, and suppliers and buyer power (Dona & Nelshani, 2023). Whereas MBV emphasizes altering strategy to align with external conditions, RBV emphasizes the use of internal resources including innovation, human capital and brand equity. Combining RBV and MBV offers a better and stronger framework that helps companies to fit internal capabilities with the market environment, provide better customer satisfaction, and business performance (Pertiwi, 2025). It is a combination strategy that is quite effective in sectors like the utilities industry where corporate image, service quality, and marketing strategies have a direct influence on the customers in terms of perceptions and loyalty.

RBV in Changing Environment: Dynamic Capabilities

Since markets are dynamic, resources of a firm should be dynamic with the passage of time to be relevant. It is an extension of the Resource-Based View (RBV) with the introduction of the notion of Dynamic Capabilities (Kero & Bogale, 2023). Although both RBV and Dynamic Capabilities stress the strategic relevance of the internal resources and capabilities of a firm, the former relies on the strategic significance of internal resources and capabilities, whereas the latter is concerned with the way in which the resources are combined, rearranged, and renewed throughout the lifespan of the firm to ensure its competitiveness in the ever-changing market environment. In RBV, organizational structure (VRIO) supports competitive advantage of firms with valuable, rare, difficult-to imitate, resources. In dynamic markets, however, to maintain such benefits, the company must constantly adapt to these changes with dynamic capabilities (Brilliana et al., 2025).

Compared to it, the Market-Based View (MBV) is an external, outside-in perspective that focuses on market forces and industry conditions (El Nemar et al., 2025). MBV assumes that firms are relatively homogeneous and competitive is examined through such frameworks as Porters Five Forces, such as threats of new entrants, substitutes, and supplier and buyer bargaining powers (Bukec, 2026). Whereas MBV determines the market opportunities, RBV and VRIO intrigue whether a firm possesses internal resources to capitalize on the opportunities. MBV in combination with RBV guarantees that the companies match the internal strengths with external market factors, whereas Dynamic Capabilities give the opportunity to constantly redistribute the resources according to alterations in the environment.

Dynamic capabilities refer to organizational routines and strategic processes that allow firms to change, extend and/or create resources and capabilities based on the needs of the market (Kero & Bogale, 2023). They enable companies to become innovative, recombine and restructure their VRIO assets as time goes by so that competitive advantages may be ensured even in the fast-changing global markets. In contrast to ordinary capabilities, dynamic capabilities are closely related to the change and the development of the resource base of the firm. Even in less fast-paced markets, they still bring the value to the company, making it flexible and more likely to achieve long-term performance (Enang, 2023).

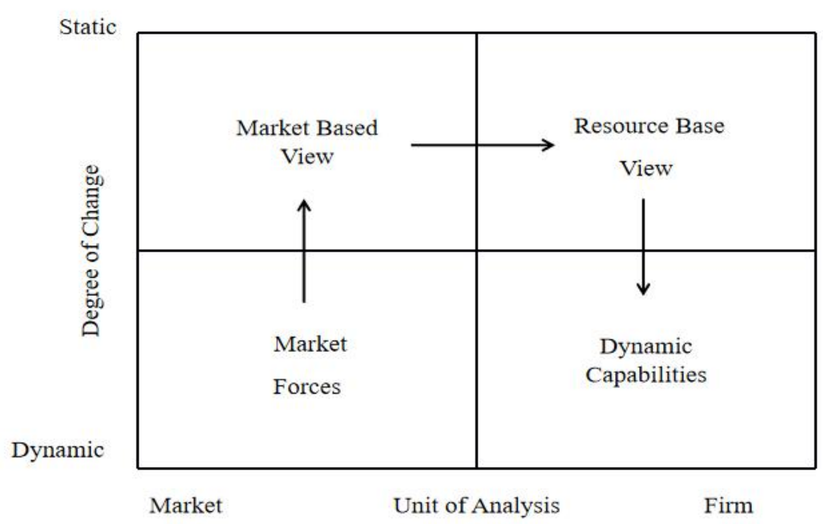

Figure 02: Characteristics of RBV, MBV and Dynamic Capabilities

Figure 2 depicts the correlation of MBV, RBV and Dynamic Capabilities. MBV concentrates on the analysis of market-level and external forces, RBV highlights the internal firm-level resources, and Dynamic Capabilities mediate between these perspectives, providing the opportunity of the firms to continuously adjust the resources to the changing environment. This integrative approach emphasizes that competitive advantage can only be attained and maintained by integrating a combination of market condition knowledge, maximizing the utilization of the VRIO resources, and building dynamic capabilities to ensure that it becomes flexible and responsive.

RBV impact on Financial Outcomes

Resource-Based View (RBV) perspective holds that financial performance rises when the firms successfully utilize valuable, rare, and firm-specific resources that are not easily replicated by the competitors. Social enterprises in Pakistan have found that business networking, access to finance, and business information have been strategic resources that can be used to improve the financial results through better use of resources and competitive positioning (Hussain et al., 2024). Digital capabilities in the financial sector are significant technological assets like fintech adoption and robo-advisors that make the industry more efficient, innovative, and sustainable. When these online resources are coordinated with green finance programs, they are additional agents of sustainable and financial performance through the creation of long-term value (Hassan et al., 2025). Expanding the RBV to the Natural Resource-Based View (NRBV), there are environmentally focused capabilities, which are environmentally oriented capabilities i.e. Integrated Environmental Policy and Industrial Ecosystem Adaptability that has a positive relation to financial performance if it is managed successfully by Green Accounting Management. These strengths improve the efficiency of operations, trust and reputation of stakeholders, which strengthens profitability and competitive advantage in the long term (Ahmad et al., 2025).

Limitations of the RBV

The limitations of the Resource-Based View (RBV) are as follows:

1. Static Nature
2. Limited External Focus
3. Vague Terminology
4. Tautology
5. Methodological Issues
6. Over-Reliance on Internal Strengths

Static Nature

Resource-Based View presupposes that the resources of the firm are comparatively fixed and can be used to maintain competitive advantage in the long-term (Rogard, 2025; Djalilov, 2022). In a very dynamic market, however, technological change, changing taste of customers and competition may soon wear out the value of the existing resources. This fixed mindset constrains the capacity of RBV in influencing firms to be proactive in their adjustments thus creating the likelihood of them being over dependent on the resources available in the past and failing to act on new opportunities of growth and innovations.

Limited External Focus

RBV is more focused on internal resources and capabilities and devotes inadequate attention to the changes in the external market (Sun et al., 2024; Kero & Bogale, 2023). It does not specify in detail on how companies ought to act when the environmental forces, be it competition, regulations, or technological trends, lower the utility of their resource base. This drawback may make it impossible to succeed in sensing and seizing emerging opportunities effectively, and firms are likely to become the victim of market disruption despite their good internal assets.

Vague Terminology

The RBV has concepts such as resources, capabilities, and the VRIO criteria, which are normally vaguely stated. It is because of this vagueness that managers and researchers have struggled to consistently determine the resources that lead to sustained competitive advantage (Kruesi & Bazelmans, 2023). The lack of clear operational definitions makes the theory less helpful of use as a strategic management tool, and it also makes the application and empirical testing of the theory to be more difficult, as well as introducing inconsistencies in research results.

Tautology

It has been pointed out that RBV is guilty of tautological reasoning where a resource that results in competitive advantage is considered valuable, and competitive advantage is described by the presence of valuable resources (Uyanik 2023; Apriliyanti, 2022). This circular reasoning defeats predictive and explanatory abilities of the theory and as a result, it becomes hard to establish causality. Consequently, companies will have difficulties determining what resources are creating sustained competitive advantage.

Methodological Issues

RBV frequently uses retrospective case studies and this aspect makes its application difficult in terms of determining the cause-and-effect relationship between resources and competitive advantage (Keya & Kinyua, 2025). This reliance on historic information limits prediction abilities of the framework and impedes empirical validation. In the absence of strong methodologies, the managers may fail to be certain about RBV as a strategic planning tool in the environments where change is experienced so quickly that future assessment of resources and capabilities is necessary.

Over-Reliance on Internal Strengths

Through the strong emphasis on the available resources, RBV can make firms become overconfident in their internal assets and forget about the necessity of flexibility and innovation. Such an internal orientation can lead to a loss of new opportunities to create new competences or adapt to new trends in the market (Sun et al., 2024). The fact that firms that rely on existing resources only risk being overplayed by more nimble competitors underscores the role of combining RBV with those frameworks that allow firms to focus on the role of being flexible, including Dynamic Capabilities.

Discussion and Conclusion

The Resource-Based View (RBV) offers an extensive account of the way companies gain and maintain a competitive advantage through capitalizing on distinctive internal resources and capabilities. It has been discussed that the resources which are valuable, rare and hard to imitate are not sufficient unless well organized and implemented using the right structures and management systems. The development of VRIN into VRIO enhances the RBV in that it deals with this aspect of an organization, and other extensions like Dynamic Capabilities address the environmental turbulence. RBV is proven to be relevant by the empirical results in various fields and specifically when describing the difference in performance based on human capital, knowledge, innovation, and relational assets.

Meanwhile, it is evident in the discussion that RBV has significant restrictions. Its comparatively fixed orientation and rather interior orientation restrict its aptitude in leading businesses in dynamic settings. Along with uncertainties in major concepts and methodology issues, it limits empirical testing and application to managers even further. All these weaknesses indicate that RBV cannot be implemented alone. Combining RBV with external approaches like Market-Based View and adaptive models like Dynamic Capabilities will help firms to maintain equilibrium between their internal capabilities and the external opportunities, establishing their strategic fit and long-term resilience.

To summarize, RBV is still a pillar theory in strategic management, and it provides profound understanding of the reasons behind the variation on performance of firms and the role played by internal resources in creating competitive advantage. The best thing about it is that it helps firms to discover, nurture, and strategically put firm-specific resources into actions. Nevertheless, combination of RBV with dynamic and market-oriented views is becoming a key to sustainable success. With internal capabilities and adaptability to external forces matching and resources renewed on a continuous basis, companies can transform RBV as a fixed explanatory model to a practical model of long-term competitive advantage and high performance.

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