

## Chapter 2

# Resource Dependency Risk Management

**Abstract** Resources are vital for any business. To survive, organizations have to both use and allocate some resources. Resource availability is one of the biggest uncertainty sources for managers. To get optimum resources from optimum sources, managers develop strategies. Sources of resources are also sources of risks. To take correct risk, sources should be taken into careful consideration. Third parties are always sources of risk. Risk includes two sides—both threat and opportunity. We believe that there is high relation between risk management and resource dependency. This is important since managing the uncertainty of sourcing is considered in setting corporate risk strategies. In this chapter, we tried to examine the link between corporate management strategies in view of resource availability uncertainty with practices in business, especially the civil aviation business. We have developed some hypotheses in this concept. The collection of data for the analyses of the hypotheses has been gathered by interviews that were held with the high-level executives from TAV Airports Holding; TAV companies' practices have been investigated to expose the relationship between resource dependence and risk management practices. It has been concluded in the research that resource dependence and theories of transaction costs, especially in managing the uncertainty of sourcing, are taken into account for development of the corporate risk strategies. This chapter attempted to obtain information about the practices in the sector with using semi-structured interviews from the qualitative techniques. Also, interviews were conducted with senior managers of Sun Express Airlines and the Budapest Manager of Turkish Airlines and Fraport IC İtař Antalya Airport Terminal Investment and Management Inc.; the interview form was also presented. Therefore, both airport station management and airline management were in the scope of the study. An attempt to obtain the total original image with the leading representatives of the sector in the country and the perspective of enterprise risk management in the light of the hypotheses was made. The findings proved that in order to achieve in business strategies, corporates should find an optimum way to provide scarce resources. The setting of resource dependency based strategies was

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found necessary for competitive differentiation and the institutional sustainability. What we conclude is, manager's strategies may change according to resource uncertainty, resource availability, and competitive qualifications.

**Keywords** Resource dependency risk · Corporate risk management · Resource availability · Corporate strategy and management · Competitive strategy · Resource dependency strategy

## 2.1 Introduction

Organizations which need resources not only to produce goods and services but also to be able to survive in a competitive business environment, use inputs such as raw materials, technology, knowledge, skills, labor, capital and human capital, and organizational culture. Organizations always encounter resource availability uncertainty. Also, resource dependency strategies create main risks in relationships with suppliers and organizational structure, operational performance, and quality levels. According to the resource dependence theory, an organization is subject to external control when it depends on its external environment for a large proportion of a critical resource, such as funding (Brettel & Voss, 2013; Pfeffer & Salancik, 2003). Despite the changing prevalence of the types of mergers and interlocks described in resource dependence theory, it is clear that power and dependence relations among organizations, and the managerial lust for self-aggrandizement, had not gone away due to the advent of "shareholder value"; they had simply found new modes of expression, as shareholders in Enron, WorldCom, AIG, and Citigroup were to discover (Davis & Cobb, 2010).

Risk-based perspective of management strategies for corporate resources is in desperate need of review in the aviation business literature. Strategies are of vital importance in business management since they include decision-making as regards shaping the future of organizations and managing both opportunities and threats. Organization culture, which is improved and supported by the risk culture as a fundamental skill, can be transformed as a resource that provides competitive differentiation by using the enterprise risk management applications. Strategies, which are improved by the help of enterprise risk management for competitive differentiation, are vital. The main hypotheses in this study can be seen as the resource dependence on the basis of the enterprise risk management, outsourcing, and it is predicted that the strategies, which are developed for the risks that are related to the transaction costs, have the potential to provide reasonable assurance for an organization's competitive differentiation and corporate sustainability. The selection of both sound and correct risk management strategies for companies provides reasonable assurance toward organizational competitiveness in a sustainable manner. In view of resource dependence, managers try to find a suitable strategy which provides manageable interdependence.

Managing risks of shareholders has the potential to influence the organizational risk strategies that are associated with the resource dependence approach. An enterprise will be able to raise its level of awareness of available resources with

effective and enterprise risk management practices. In order to shape the strategies for resource dependencies, it will be effective to be aware of the exact resources a business owns. Risk management is a required managerial practice and approach for increasing resource awareness. When the resource is considered as a kind of power, there is a need to clarify this relationship between power and resource dependency. Corporates achieve their strategic objectives by using various resources such as human resource, capital, entrepreneurship, materials, facilities, etc.; corporates cannot produce all resources. While some resources are scarce, others have critical importance to sustain business. For these reasons, corporates need strong strategies for resource dependency.

### ***2.1.1 Aim, Scope, and Methodology***

In this part, in the industry of aviation, which has dynamic and changeable features, the dilemma of finding sources and the cost of operations have been taken into consideration as a risk to associate this issue with corporate risk management strategies. The collection of data for the analyses of the hypotheses has been gathered by interviews that were held with high-level executives from TAV Airports Holding. In this context, TAV companies' practices have been investigated to expose the relationship between resource dependence (transaction costs) and risk management practices. It has been concluded in the research that resource dependence, especially in managing the uncertainty of sourcing, is taken into account for the development of corporate risk strategies. This study tried to obtain information on the practices in the sector through the use of semi-structured interviews from the qualitative techniques. Also, interviews were conducted with the senior managers of Sun Express Airlines and the Budapest Manager of Turkish Airlines; the interview form was also presented. Therefore, both airport station management and airline management are in the scope of the chapter. Thus, an attempt was made to obtain the total original image with the leading representatives of the sector in the country, and the perspective of enterprise risk management in the light of the hypotheses. The findings proved that in order to achieve development in business strategies through the transaction cost theory, providing the scarce resources that an enterprise needs and outsourcing risks are essential. It is also accepted by managers that the strategic management of these risks is necessary for competitive differentiation and institutional sustainability. It has been evaluated that an important contribution is made toward salient strategic decisions by managers—for instance, outsourcing, strategic alliance and whether to take part in a joint venture—or not while they are managing the risks of transaction costs and resource dependency through the integration of scientific approaches in the light of organizational theories to management practices.

The chapter is organized as follows: In Sect. 2.2, we present the conceptual side of resource dependency as one of the leading sustainability risks for organizations. In Sect. 2.2.1, we introduce our aim and methodology about the research question and hypotheses of the present study. Also in this section we present our empirical

findings. Section 2.3 includes both the conclusion according to our results and comments for resources dependency risk in view of the research's aim, and closes with potential contribution fields for further research.

## **2.2 Resource Dependency and Availability as One of the Leading Sustainability Risks for Organizations: Resource Dependency Theory (RDT) Based Perspective**

Corporate strategy helps firms generate value through any of the six following options as reducing risk, maintaining growth, balancing cash flows, sharing infrastructure, increasing market power, and capitalizing on core competencies. These factors are best used as parameters/criteria for evaluating any corporate strategy decision—forward or backward integration, related or unrelated diversification, mergers/acquisitions, joint ventures, or strategic alliances—as they measure the extent of value added by these corporate strategies (Gupta, Gollakota, & Srinivasan, 2007). Organizations improve on all forms of collaboration (customer, supplier, and competitor) in order to secure the dependence for crucial resources.

This approach also has an opinion related to balance of power inside the organization. Resource dependence theory characterizes the links among organizations as a set of power relations based on exchange resources ([http://istheory.byu.edu/wiki/Resource\\_dependency\\_theory](http://istheory.byu.edu/wiki/Resource_dependency_theory)).

Resource dependence theory characterizes the corporation as an open system, dependent on contingencies in the external environment (Pfeffer & Salancik, 1978). According to this, the power owned by individuals or departments has an effect on the critical resources entering the organization. According to this approach, organizations are not passive to their environment, they are active, indeed. They make decisions that affect the future (Koçel, 2012). According to Goll, Johnson, & Rasheed (2007, p. 210) “the environment is a key variable that helps explain strategic behavior but has largely been ignored in studies examining the relationships between management, strategy, and organizational outcomes.”

Valuable and rare resources provide a means of competitive advantages. Organizational resources can only be a source of competitive advantage or sustainable competitive advantage when they are valuable. Resources are valuable when they enable a firm to formulate and implement strategies that improve its efficiency and effectiveness (Henry, 2011). According to the results of our research, TAV Airports Holding have competitive advantages via their resource dependency/availability based strategies. They create resources for needed sources through the aviation business.

“Managerial, industry and strategy variables made roughly equal contributions to the firm's performances” (Roure & Keeley, 1989, p. 2). “A central theme in resource dependence theory is that organizations will attempt to reduce

environmental uncertainty which creates risks for corporate sustainability by negotiating their environment” (Poole & Van de Ven, 2004, p. 132). When organizations feel resource or supply constraints, the resource dependence perspective says they maneuver to maintain their autonomy through a variety of strategies. One strategy is to adapt to or alter their interdependent relationships. This could mean purchasing ownership in suppliers, developing long-term contracts or joint ventures to lock in necessary resources, or building relationships in other ways (Daft, 2010). Strategies also aim to improve corporate performance. A key characteristic of strategic management models is that they attempt to address performance considerations. If the proper resources and control mechanisms are combined, then the firm should generate rents and show better performance (Beamish & Killing, 1997). When we look at TAV Airports Holding’s strategies, we may say that the holding implements these strategies according to their objectives, as they are one of the partners of Turkish Ground Services in Turkey. Also, they have group companies to get required resources both for them and also other organizations. They solve their resource dependency problem via the suppliers for critical resources.

Environmental uncertainty faced by organizations increases with the multiplicity of conflicting demands that an organization confronts, requiring a simultaneous increase in the levels of discretion in organizational responses (Poole & Van de Ven, 2004; Pfeffer & Salancik, 1978). For these reasons, organizations need strategies to manage these risks in an optimum way. Resource dependency theory focuses on a firm’s need to access resources from other actors in the environment and describes how resource scarcities force organizations to pursue new innovations that use alternative resources (Hessels & Terjesen, 2010). Both an organization’s effort to control its own environment and the stronger individuals within the organization, have a partial effect on an organization’s strategy and actions, and these actions affect the environment. Behaviors of an organization result in profitability, financial, and customer-driven outcomes (Sözen & Basım, 2012). Resource dependence theory (RDT) represents a scientific approach to explain and manage the dependence of an organization on resources owned by other organizations in its environment, mainly suppliers, shareholders, unions, competitors, public authorities, and other stakeholders<sup>1</sup> (Reiss, 2012). A fundamental assumption of RDT is that dependence on “critical” and important resources influences the actions of organizations and that organizational decisions and actions can be explained depending on the particular dependency situation (Nienhüser, 2008). Resource dependence predicts that organizations will consciously scan the environment and adopt strategic responses to better manage acquisition of resources (Johson, 2009). Both external and internal resources are important for strategic decision-making, but external resources are not influenced by an organization while internal resources are. The best strategies can be evolved with the combination of

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<sup>1</sup><http://www.complementor-rm.de/2012/12/prof-reiss-resource-dependence-a-value-net-based-refinement/>, June 01, 2014.

both resources by analyzing the threats and opportunities and making the decisions accordingly (Nemati et al., 2010). RDT recognizes the influence of external factors on organizational behavior and, although constrained by their context, managers can act to reduce environmental uncertainty and dependence (Hillman, Withers, & Collins, 2009). Corporations have resource dependences in both products and services. To achieve optimum quality and support achievement of organizational aims, they use outsourcing related strategies. This helps to both focus and improve core competence related capabilities for them.

When managers are trying to decide on selecting resource availability related strategies, they have to consider both threats and opportunities in every choice. Some strategies will create more threats than opportunities depending on the conditions in an organization. In view of risk management, managers should decide on their strategies about resource dependency according to both threats and opportunities in options to getting resources for corporations as follows:

Risk management perspective	Threats	Opportunities	The basic strategies of the corporation to manage resource dependence
High moderate low	<ul style="list-style-type: none"> <li>• Procurement corporation cannot meet corporation’s expectation about services</li> <li>• Increasing cost, hard of quality control, and dependence only a procurement firm are met for outsourcing. Inspection is periodically done to get under control quality</li> <li>Despite this, getting under control quality has been difficult. Sometimes, Dependence to only a procurement firm may increases cost and decreases service quality</li> <li>• Legal costs</li> <li>• Renewing contracts</li> <li>• Liability issues</li> </ul>	<ul style="list-style-type: none"> <li>• Decrease cost</li> <li>• Quality increase</li> <li>• Resource saving</li> <li>• Focusing core competence: Focus on core activities</li> <li>• Gaining collaborative network</li> <li>• Cost and efficiency savings</li> <li>• Reduced overhead</li> <li>• Lean organization</li> <li>• Staffing flexibility</li> <li>• Supporting sustainability</li> <li>• Access to professional, expert, and high quality services</li> <li>• Timely access to needed services</li> </ul>	<ul style="list-style-type: none"> <li>• Partnership entrepreneur and procurement firm agreement</li> <li>• Procurement agreement</li> <li>• Joint ventures</li> <li>• Alliances</li> <li>• Developing organization’s core competence</li> </ul>

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Risk management perspective	Threats	Opportunities	The basic strategies of the corporation to manage resource dependence
		<ul style="list-style-type: none"> <li>• Sharing business risks</li> <li>• Increase productivity in all areas</li> <li>• Competitive advantage</li> <li>• Flexibility to change</li> <li>• Make use of the latest technologies</li> <li>• Opportunity to differentiation</li> <li>• Redesigning organization</li> </ul>	

Resources have the potential to affect both a company’s reputation and profitability and surely its sustainability. One of the most effective ways found to reduce costs is decreasing resource availability uncertainty in managing resource uncertainty and resource dependency risks.

To survive, firms need to obtain resources from (actors in) the external environment. The focal organization will act to reduce or increase its level of reliance on those actors, through actions such as alliances or joint ventures (Hessels & Terjesen, 2010). The complexity of this interdependency between ecological and human systems means that reef-dependent industries and communities will continue to be under threat for the foreseeable future: partly because some level of ecosystem degradation is inevitable and also because many conservation measures will themselves impart substantial stress on social and economic systems (assuming that there is no nonconsumptive alternative) (Marcha et al., 2010). No company is self-sufficient; In order to survive, they have to get involved with exchanging. The degree of dependency of a company is defined by resources which are important or scarce. Need for resources makes organizations dependent on their environments. Thus, what an organization makes is defined by its own environment (Koçel, 2012).

There cannot be a full rationality for organizations which need sources and this dependence created by needs causes some problems (Sözen & Basım, 2012). Resource dependency approach is such a system that makes a company vulnerable to outsiders and especially highlights the interaction with its environment. The resources that companies need to produce goods or services make them depend on their environment and throughout this context, managerial decisions define the structure of the organizations, and therefore, directly affect performance. According to this approach, importance and accessibility of the resources that a company needs

determine the level of dependence and the character of it. Difficulties in demand of inputs and the importance of them differ from one organization to another. For instance, while some resources are easy to access and are of less importance for a company, others are important and difficult to find. In this kind of situation, as a precaution, enterprises prefer to collaborate with their suppliers to gain easy access to the sources anytime they need (Saruhan et al., 2012). This theorem, which embraces an open system approach, states that organizations in an unavoidable relation with their environment include uncertainties and limits. This relation is one of the fundamental variables which forms organizational behaviors (Sözen & Basım, 2012).

Unlike the others, resource dependence theory points out an environment's control over an organization; it also focuses on relations between organizations in the meaning of resources, dependency and power. In this theory, power is defined as a way of managing its environment.

### ***2.2.1 Research Hypotheses and Findings***

Risk management tries to seize cost effective options. Also, risk management deals with improving corporate value via managing resource availability risks. In this study, just like the aviation industry, dynamic and variational high-tech industries relate their institutional management of strategic, operational, and financial risks to the resource dependence theory. Through the research, we have gathered information from multiple executives from one of Turkey's leading airport operators, TAV Airports Holding, Turkish Airlines and Sun Express through the use of a semi-structured interview. Since the survey was distributed to high-level executives from the companies mentioned above, the study covers significant amounts of information. The semi-structured interview forms the hypotheses of this study. The second application of the study is formed by 34 questions. The application of the study is supported by the CEO of TAV Airport Holding and also the rest of the enterprise. Findings in accordance to the hypotheses are gathered from high-level executives and organized by the Human Resources Director of the company. As presented above, TAV Airports Holding has implemented resource dependency strategies throughout. . When examining their group of companies, we notice that they create critical resources for other aviation business companies. They have two sides as both users and suppliers to critical resources via their strategies to manage resource-based risks in both their sustainable and competitive way. The study discussed a corporate point of view for managing risks of both resource dependence and transaction cost, in an airport industry context. As a result, it has been predicted that enormous contribution is expected from the study on managing and strategy. We have set seven main hypotheses according to our research problem. Hypotheses of the study are stated below:



**Hypothesis 1** Partnerships founded by enterprises have a direct relationship between corporate sustainability and competition. Partnerships provide both competition and sustainability.

**Hypothesis 2** While aviation enterprises operate in transporting passenger and cargo as their major activity, their usage of external sources (services, cleaning, ground operations, technical maintenance, logistic, catering) supports them to serve fully and reliably. So, there is a positive relationship seen between external resource usage and major activity objects in an enterprise.

**Hypothesis 3** The outsourcing process includes some of the precautions within the scope of risk management. One of the precautions is contracts which mention every single detail of the service whether it is fully received on time or not and if not severe sanctions are enforced. Thus, none of the aviation enterprise suffers from this issue.

**Hypothesis 4** Outsourcing operations, which cause an enterprise to lose time, lift the costs, and keep this out of its focus, are assured to be more functional. While an enterprise operates simpler according to its abilities, operations mentioned above provide advantages to the enterprise such as reduced costs, increased quality, saving time, and easier management.

**Hypothesis 5** Enterprises guarantee themselves with long-term contracts against the monopolistic supplier. Thus, there is a positive relationship between management of risk and supplier relations which is supported by risk management in the meantime.

**Hypothesis 6** Transaction costs are one of the strategic issues taken into consideration in aviation enterprises. There is a positive relationship between transaction cost approach, institutional sustainability and the competition.

**Hypothesis 7** Aviation enterprises prefer to make strategic alliances in order to manage outsourcing dependence. Hence, there is a positive relationship between managing resource dependence and strategic alliance.

### **2.2.2 Findings**

**Hypothesis 1** Partnerships founded by enterprises have a direct relationship between corporate sustainability and competition. Partnerships provide both competition and sustainability.

#### **TAV Airports Holding**

Organizations get together to synergize on various issues. The responses by TAV group are related to organizational partnerships as follows: TAV group has not only achieved profitable partnership but also experienced different fields in the market in

order to strengthen themselves for entering new markets. There are several reasons why organizations prefer creating partnerships: decreasing cost of production, improving new technologies, reaching resources or sharing them, splitting the risks that one cannot take, accessing to other's knowledge and experience, and sharing profits are some of them. Types of partnerships include joint ventures, founding a new company within the organization, and strategic partnerships. TAV Airports Holding has an open policy for both local and foreign collaboration opportunities. These can arise from any region and in any service operation, and may even be related to their line of business. These partnerships increase competitiveness for TAV and help them increase momentum of growth and gain focus on high business profitability. They also attract experienced staff to join and contribute to the development of the company. For these reasons, it is always achievable for TAV to enter a new market, evaluate partnership opportunities, and gather experience from various business lines.

**Hypothesis 2** While aviation enterprises operate in transporting passengers and cargo as their major activity, their usage of outsourcing (services, cleaning, ground operations, technical maintenance, logistic, catering) supports them to serve reliably.

So, there is a positive relationship seen between external resource usage and major activity of an enterprise.

### **Tav Airports Holding**

TAV, which is one of the leading aviation enterprises in Turkey, state technical maintenance and support services as their primarily dependence, followed by cleaning, logistic, and catering.

### **THY**

THY state that they use external sources for various service activities during flight operations. These outsourcing activities include cleaning, ground operations, technical support, and maintenance. It is mentioned that the enterprise provides some of these activities for itself only for domestic flights, but they outsource all of these activities when it comes to foreign flights.

### **Sun Express**

The enterprise provides most of their source need by outsourcing. Activities include oil, ground service, catering, flight maintenance, ticket sales and check-in software programs, call center, staff uniforms, education, insurance service for both flights and passenger, marketing, as well as cleaning.

**Hypothesis 3** The outsourcing process includes some of the precautions within the scope of risk management. One of the precautions is contracts which mention every

single detail of the service whether it is fully received on time or not, and if not, severe sanctions are enforced. These enforcements protect the enterprise from having trouble during the process.

### **THY (Turkish Airlines)**

THY, which is a mature company celebrating its 80th anniversary, state that it does not have many problems in the sense of suppliers. Since THY have some very tight contracts in regard to outsourcing, holding partners at a high level of responsibility through sanctions specified in its outsourcing agreements is not problematic. Such an example is a service level agreement for ground services.

### **TAV Airports Holding**

It is stated that there have not been any problems since they have long-term contracts with their suppliers even though some problems like increased costs, lack of qualified personnel, and lack of personnel during the summer cause a decrease in the level of quality sometimes.

### **Sun Express**

It is mentioned that there is no problem seen in any particular instance.

**Hypothesis 4** Outsourcing operations, which cause an enterprise to lose time, increase costs and lose its focus, are assured to be more functional. While an enterprise operates more simply according to its abilities, the resources provided from external sources generate advantages such as reducing costs, improving quality, saving time, and easier management.

### **THY (Turkish Airlines)**

Advantages of outsourcing by definition reduce costs, improve the quality, save time, and simplify the organization by focusing only on core competencies. It is also stated that these provide flexibility, the goods, and services that are required, such as communication or transportation from sub-suppliers that are focused entirely on their main work which is aviation.

### **TAV Airports Holding**

Outsourcing for TAV airports offers advantages such as to reducing costs, easing management control, improving quality and saving time.

## Sun Express

Almost all the companies outsource some of the services mandatorily. For instance, establishing a refinery and importing petroleum in order to provide aircraft fuel is unthinkable. This product must be outsourced, because it is the best option in terms of cost. Similarly, generating a technical infrastructure to carry out the major maintenance of aircrafts (engine maintenance, C-care maintenance, etc.) can only be affordable for airlines such as THY which already reached a certain fleet supremacy. For other companies, the most convenient way is to get this service from external sources. Because there is a high level of competition among suppliers in many outsourced services, it helps to reduce costs and increase quality through competition. It is hard to see examples in which there is only one supplier. It increases the focus on main business.

**Hypothesis 5** Being dependent on a monopolistic supplier is a risky situation in aviation business. Enterprises guarantee themselves through long-term contracts with them. Therefore, there is a positive relationship between supply management and risk management. Risk management supports to manage the supplier relationships.

## THY

The company tries not to be dependent to any single supplier. They end up with solid deals, but external factors can increase risks. There can be difficulties due to reasons which are beyond the control of the company, such as fuel prices, exchange rates, global economic crises, aircraft, and its material's prices. However, they are still able to maintain the quality through their agreements. For the auditing problem, it is not often seen in the company since the employees who are experienced, have been trained in a well-rounded manner, and as such, have good quality specialization.

## TAV Airports Holding

It is stated that there are problems with costs and timing as regards the sources that are obtained from a single supplier. They also mentioned that the supplier has a bargaining power as a result of being the sole provider, and this, is risky for the business.

**Hypothesis 6** Transaction costs are one of the strategic issues taken into consideration in aviation enterprises. There is a positive relationship between transaction cost approach, institutional sustainability and the competition.

### **THY (Turkish Airlines)**

One of the executives of THY stated: THY spins its whole wheel by its own resources. It is indicated that the main reason behind it was the privatization of more than half of the company that occurred in 2004. Thus, THY became a complete business enterprise. Also, THY became a group of companies by strategic partnerships that they have made. Its dependence on the government is ended up. The enterprise has been making a considerable profit for last 6–7 years. Thus, they could share the profit with their stockholders. There are some properties of a company for dealing with transaction costs. THY indicated that they are really good negotiators when it comes to make an agreement. In the meantime, the company has done a very good job with its marketing research. Increasing the brand awareness of THY enables suppliers to seek and to make a business with THY. Other companies offer really profitable contracts to THY in order for them to put THY in their portfolio.

### **TAV Airports Holding**

TAV has some transaction cost-reducing activities which are adjusting shifts of security staff to peak hours and educating its own staff on how to save energy from lightening.

### **Sun Express**

Since Sun Express uses multiple suppliers in its outsourcing operation and its independence behavior on sources as their working nature requires, it is indicated that they do not really face resource uncertainty problems. However, Sun Express evaluates the project that is related to the decision whether to go joint venture or to found a new company within the enterprise. During this evaluation, there are some situations that need to be taken into consideration such as changes in company size, market conditions, laws and regulations, and a decrease in the number of suppliers which already operates in an oligopolistic market (cause an increase in price). At the end of the evaluation, while considering flexible circumstances in the market, if it is realized that outsourcing of some goods and services would cost less without reducing the level of quality, concrete steps will follow upon completion of the evaluation. On the other hand, it is possible to sell service operations generated within the company, if the enterprise figures out that it will be profitable to sell one of the services under the right circumstances.

**Hypothesis 7** Aviation enterprises form strategic alliances in order to manage external source dependence. Hence, there is a positive relationship between external resource dependence management and strategic alliance.

## THY

Turkish Do & Co Catering, founded by THY in 2008, is a good example. By founding Do & Co, the enterprise reduces its costs of catering and service. While reducing the catering costs of THY, Do & Co also serves 80% of the aviation companies in Ataturk Airport. Turkish Opet, founded in 2010, provided real support in the meaning of oil. Also, Turkish Ground Service, which is a strategic partnership between TAV and THY, only serves THY. It is also mentioned to have reduced employee costs 3 times.

### TAV Airports Holding

It is mentioned that TAV has established partnership based companies in order to directly reach the resource for managing external resource dependence.

## 2.3 Conclusion

Most would agree that the resource-based view of the firm represents a leap forward in strategic management (Henry 2011). Since firms were dependent on the environment for resources, they needed to enact strategies that would allow them to acquire these resources. Therefore, the external environment had already been determined for these firms, and they experienced little strategic choice (<http://www.evancarmichael.com/Human-Resources/840/Resource-Dependence-Theory-In-Management.html>).

Strategy requires managers both to look forward as well as to be flexible and thus adaptable to change (Zack, 2009). When resource sellers are strategic, they have an incentive to distort these policies to their own advantage, potentially leading to an increased dependence on the resource (Gerlagh & Liski, 2011). Three master trends that have altered the profiles of power and dependence and the methods of managing the organization's environment, are the ubiquity of information and communication technologies (ICTs), the rise of finance, and globalization in trade (Davis & Cobb, 2010). In any situation in which resource acquisition of critical resources is only possible in relations where an organization is dependent on the supplier of that resource or other uncertainties exist, measures have to be taken to cope with these constraints (Mensing, 2013). Also, environmental changes have an effect on managerial issues. As environments change, the composition of boards will change to reflect the shift in resource needs confronting the firm. With a shift from a regulated environment, firms tend to strategically alter the composition of their boards in response to new environmental demands and forces (Hilman et al., 2000). According to Henry (2011), the resource-based view has shaken up strategic management by questioning industry selection and positioning which results in organizations pursuing similar strategies. Instead, this

approach emphasizes the organization's own set of resources and capabilities as a determinant of competitive advantage. This study aimed to examine the relationships between corporate risk management strategies and recourse dependence theory in view of resource availability uncertainty with practices in the civil aviation sector. Interviews were organized with leading airport terminal managers and airline managers in Turkey such as TAV Airports Holding, Fraport IC İçtaş Antalya Airport Terminal Investment and Management Inc., Turkish Airlines, and Sun Express. The Method of data collection reflected the qualitative nature of this study. In this study, the interview was comprised of open-ended questions. Also, detailed information and opinions were obtained from top managers through interview questions via both the interview form and other communication tools.

To recapitulate, in view of our research question, we have gathered original information from multiple executives of Turkey's leading airport operator, TAV Airport and other operators including Turkish Airlines and Sun Express through a semi-structured interview. Semi-structured interview forms were used to test the hypotheses of this study. The CEO of TAV Airport Holding supported the study and the Director of Human Resources helped organize data gathering.

The study aimed to bring forth both fresh and holistic views for managing strategies of resource dependency risks. Our findings suggest that risk outsourcing is of critical importance in corporate success. It is also accepted by managers that the strategic management of these risks is necessary for competitive differentiation and corporate sustainability. Our study has the potential to provide insight for future directions and work. As a result, it has been predicted that enormous contribution is expected from the study in regard to management and strategy. As the limitation of our research, more literature review can be done to enhance the literature support. *What the research concluded is that managers' strategies may change according to the resource type and its competitive qualifications.*

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