

# *In search of the value of firm-addressable resources in the airport industry*

*An empirical study*

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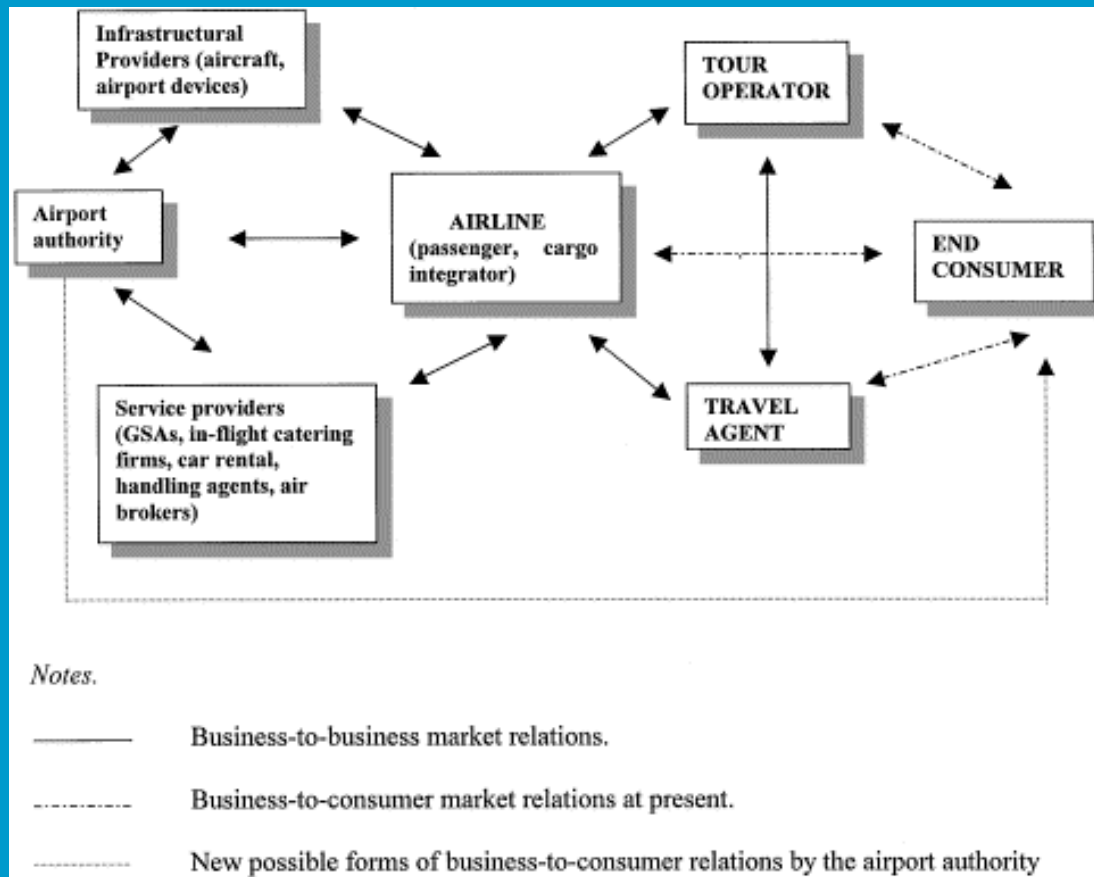
# Topics

- Airports
- RBV and value
- Firm-addressable resources
- Transforming resources
- Ongoing empirical study
- Q&A

# The turbulent environment of airports

- Past: Restricted competition between airports because of minimal competition between airlines.
  - Airline deregulation and the entry to the market of low-cost new airlines have created new opportunities for airports wishing to increase their business
- Changes in the environment have led to a more competitive environment, which forces airports to change their market conducts (Jarach, 2001; Starkie, 2002; Barrett, 2004).

# Airports



Jarach, 2001

# Airports (2)

Infrastructure	Financial system	Accounting	Legal matter	Management
Human Resource Management	Personnel recruiting	Luggage dispatching training	Sales training	Catering training
Technological Development	IT-Systems, Radar, Parking Guidance		Market studies	E-Commerce Solutions
Procurement	Buildings, landside and airside infrastructure, baggage handling system, vehicles			
Exemplary activities	<ul style="list-style-type: none"> <li>- Runways, Apron</li> <li>- Baggage handling system</li> <li>- Buildings (hangars, terminals, car park, ...)</li> <li>- Access to energy, water, fuel, ...</li> <li>- Resource planning</li> </ul>	<ul style="list-style-type: none"> <li>- <i>Passenger</i> (luggage dispatching, check-in, ticketing, transport of passengers and crews...)</li> <li>- <i>airplane</i> (crew briefing, ground operations, cleaning, ...)</li> <li>- <i>Ramps / luggage</i> (loading and unloading of the airplane, luggage transfer)</li> <li>- Security checks</li> </ul>	<ul style="list-style-type: none"> <li>- Advertising</li> <li>- Supply of advertising space</li> <li>- Air service development activities (pro-active route development)</li> </ul>	<ul style="list-style-type: none"> <li>- Retail, catering and other service facilities</li> <li>- Conference center</li> <li>- Provision of communication and internet services</li> <li>- Room renting</li> </ul>
	Inbound Logistics	Operations	Marketing	Service

Albers et al (2004)

# RBV premises

- Focus on one firm
- Heterogeneity in resources
- How to achieve SCA
- Resources
  - Buying relevant resources on the factor market
  - Develop resources (and capabilities)

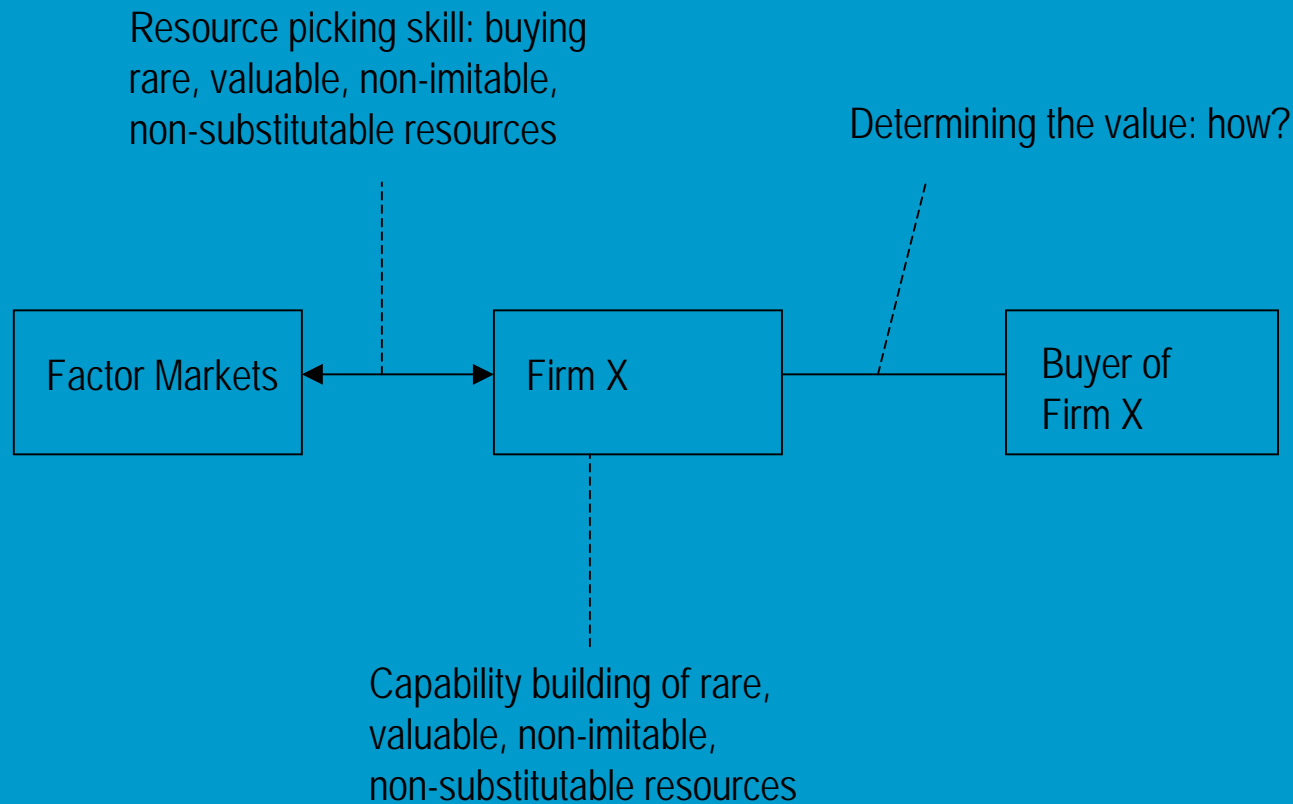
# Resources that lead to SCA

- Valuable
- Rare
- Non-imitable
- Non-substitutable

Barney, 1986

- Also
  - Applicability
  - Mobility
  - Appropriability

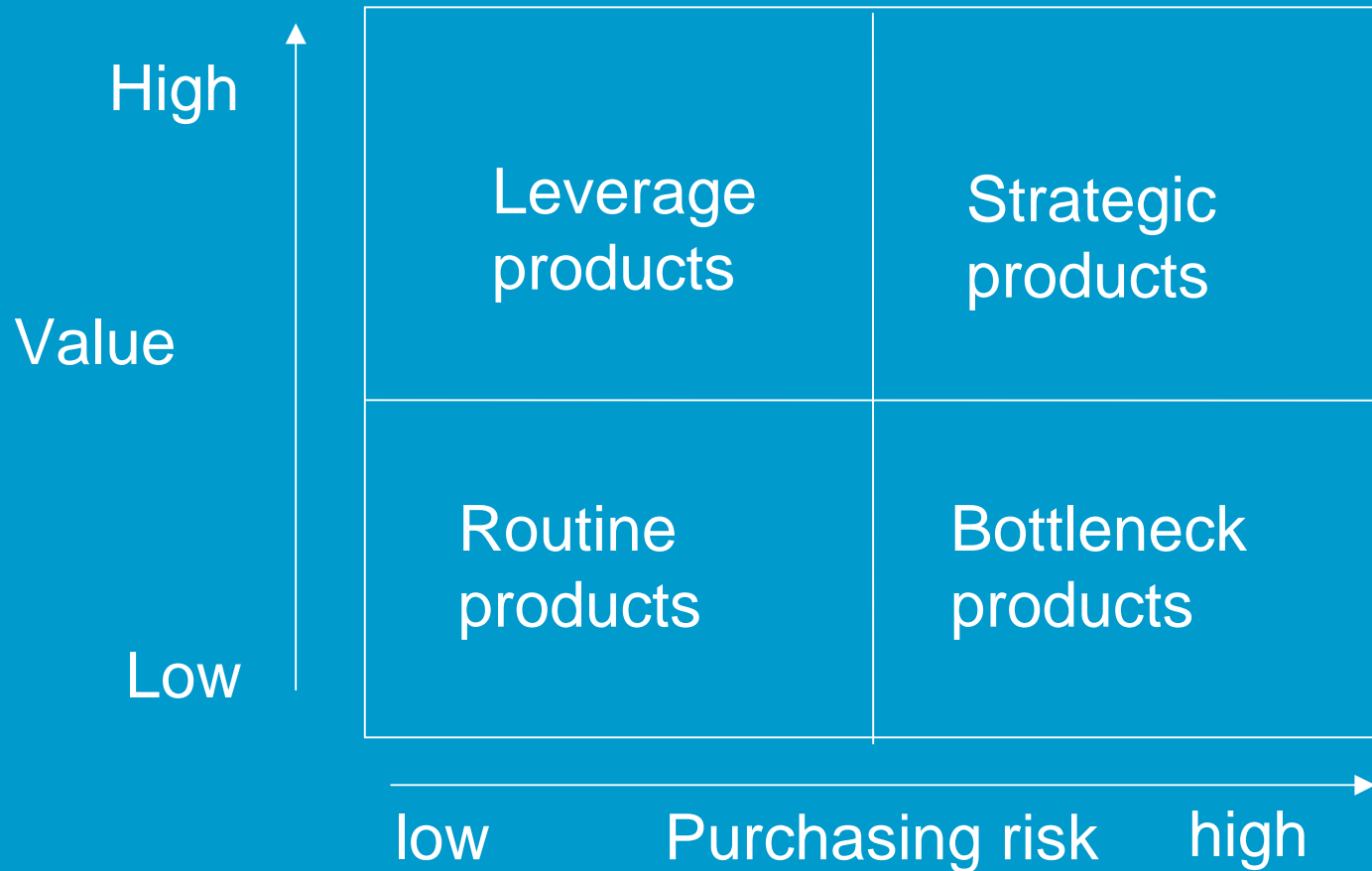
# Determining the value



# Value of resources

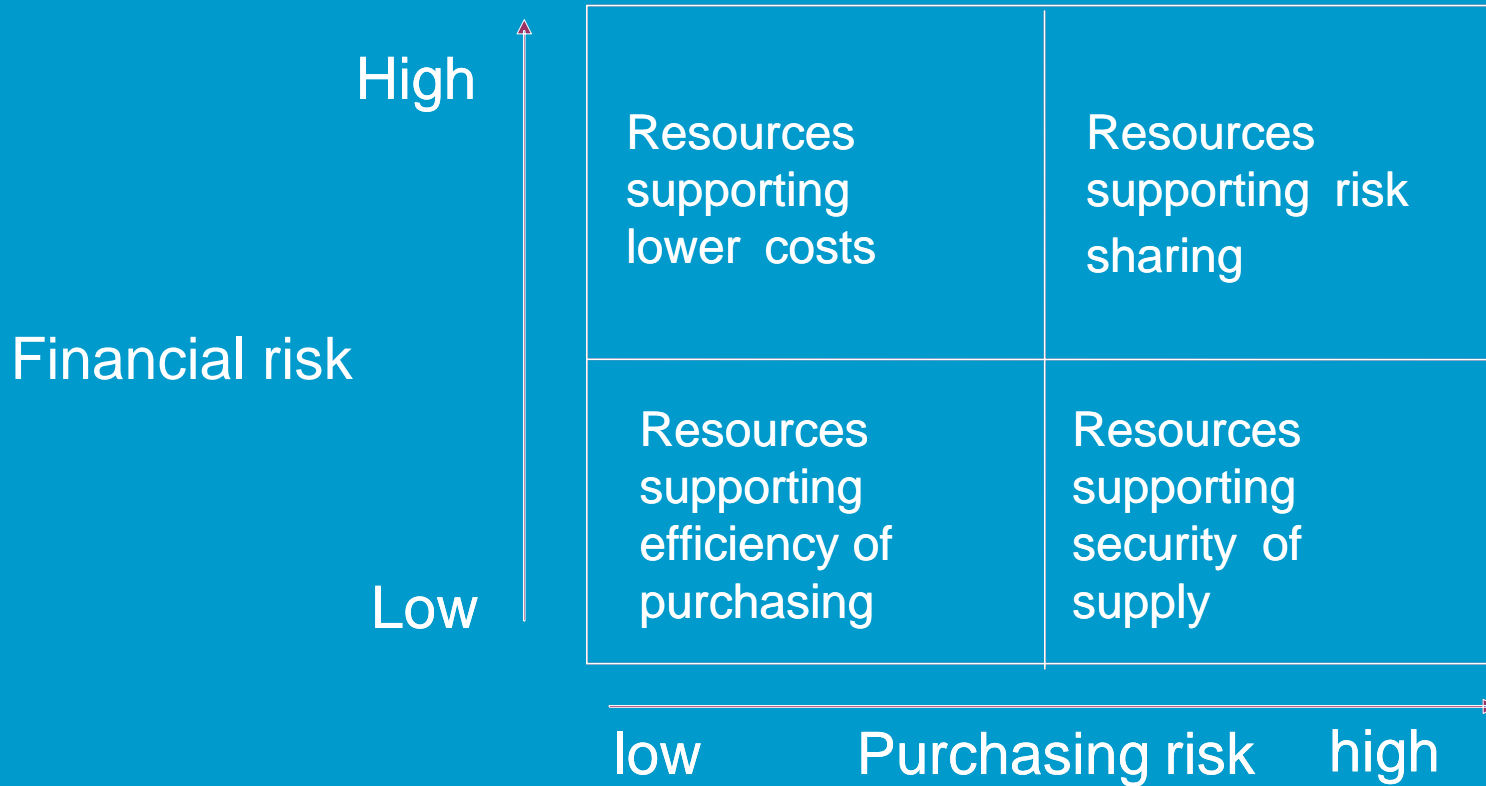
- Anderson et al (1993): (from a customer perspective) “the perceived worth in monetary units of the set of economic, technical, service and social benefits received by the customer firm in exchange for the price paid for a product offering, taking into consideration the available suppliers’ offerings and prices.”
- Peteraf & Bergen (2003), analogue to Levitt (1960), argue that it is not the resource *type* that matters but the resource *functionality* for the customer.

# Mirroring the value



Kraljic's purchasing portfolio (1983)

# Valuable resources (ex ante)



Santema&Van de Rijt; 2002

# Firm-addressable resources

- Resources outside the firm are called firm-addressable resources.
- Definition: resources, which a firm does not own or tightly control, but which it can arrange to access and use from time to time (Sanchez, Heene & Thomas; 1996).
- To result in competitive advantage these resources logically also must match Barney's criteria: they need to be valuable, rare, inimitable and non-substitutable and thus unique in use for the focal firm.

# Firm-addressable resources (2)

Matching with  
Criteria of Barney (1991)

Yes	Firm- specific resource	Firm- addressable resource
No	Resources not leading to sustained competitive advantage	

The focal firm      Supplier of focal firm  
Owner

# Firm-addressable resources in RBV

- There is relatively little literature in competence / resource-based theory on the concept of firm-addressable resources.
- Competence-based theory seems not to mind the “place” or origin of the resource: whether it resides within the firm or outside the firm
  - (as long as the resource itself is valuable, rare, inimitable and non-substitutable and thus gives the focal firm a competitive advantage).

# However....

- Relations and resources from other firms are important, see:
  - Walter, Ritter & Gemünden (2001)
  - Ritter, Wilkinson & Johnston (2004)
  - Gulati, Nohria & Zaheer (2000)
  - Dyer & Singh (1998)
  - Gadde, Huemer & Håkansson (2003)
  - Santema & Van de Rijt (2002)

# Transforming resources

- Hansen et al (2004) conclude that a firm *does* with its resources is as important as *which* resources it possesses and thus that even homogeneously distributed productive resources can realize competitive advantage.
- Differences in services stem primarily from differences in administrative decisions concerning the productive resources.
  - In line with competence mode III; Sanchez (2004)
- From a customer's perspective it has become irrelevant where the resources come from

# Firm-addressable resources and airports

- Airports seem a good industry to test the value of firm-addressable resources.
  - E.g.: landing slots; transportation services, airlines
- 3 Types of firm-addressable resources:
  - A: The resource is willingly outsourced by airport X to a supplier
  - B: The resource is outsourced by airport X to a supplier because the airport is not able to possess the resource itself
  - C: The resource is due to other reasons not owned by airport X (outsourced by force; e.g. regulatory reasons) and has to be attracted from a third party

# Our research

- Our research is aimed at finding and explaining differences in performance between European airports, caused by different firm-addressable resources.
- The research methodology involves case studies among different types of airports, such as hub-and-spokes, other international airports and regional airports.

# Research questions

- Are firm-addressable resources of type A (willingly outsourced resources) valuable resources for an airport and can they lead to SCA?
- Are firm-addressable resources of type B (outsourced resources because of difficulty to possess) valuable resources for an airport and can they lead to SCA?
- Are firm-addressable resources of type C (outsourced resources by force) valuable resources for an airport and can they lead to SCA?
- Is the presence of a home base carrier a valuable firm-addressable resource for an airport and can it lead to SCA?
- What is the relation in value between firm-addressable resources and firm-specific resources of an airport?
- What role plays competence mode III (the transformation of resources) in realizing SCA in the airport industry?

# Q&A

Comments; suggestions; etc to:

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