

Preface

The international business environment has different qualifications from local ones. This means that global business carries both more threat and opportunities from other corporates. In view of sustainable corporate strategy and management, managers should both seize opportunities while minimizing the adverse effects of threats. In this process, managers should understand their risk profile which includes investment-related risks. These risks may in following issues: economic, social, environmental, political, organizational and the country's culture structures, etc. At this point, our book may be a key source for managers to understand all related issues in order to manage risks in global way.

This book can empower business managers to administer their risk using strategies that follow a holistic and systematic approach based on contemporary methodologies with an international outlook. These approaches are based on the Enterprise Risk Management (ERM) mentality. ERM-based approaches focus on minimizing threats while seizing opportunities and as such balancing risk appetite and risk tolerance in corporate entities. Therefore, our book may be used as a strategic tool for effective and timely decision-making in international business.

According to COSO ERM Framework (2004), Enterprise risk management provides reasonable assurance regarding the achievement of entity objectives.

The book is addressed to professionals and managers in business management. It is also directed towards researchers in risk management and strategy, especially to those with interest in both aviation and automotive sectors.

Enterprise risk management has vital importance for a business which operates in a highly volatile and uncertain environment. Enterprise risk management gives reasonable insurance way to comment on all corporate risks in a timely manner. It introduces an opportunity to turn risk issues into advantages. The book serves as a guide for business managers who can apply this advanced managerial approach to their own businesses.

We believe that corporations need a strong sustainability management framework to effectively manage the economic, environmental and social risks, to achieve their corporate sustainability objectives and to meet their stakeholders'

demands. Our book offers a fresh integrative approach to both understand and internalize with their management style.

The best corporate sustainability strategies and management approaches require consideration of all corporate risks from both a holistic and a systematic standpoint. Our book aims to present all required sides of business management and strategy via both a fresh and contemporary risk management approach.

Also, we focused on international business management in this book. For this aim, we have reviewed both the extant literature of international business as well as companies active in the international realm. International businesses have different characteristics from local businesses. Managers must have robust and detailed information about the qualifications of international business and strategy, and must integrate their knowledge on business management into risk management. Our book aims to integrate international business with corporate risk management. This integration may serve to improve corporate sustainability and close corporate goals.

The book of readings in *The Corporate Risk Management for International Business* is divided into several main chapters. Each chapter includes the different vital sides of both international business and risk management. First, our book begins with a definition of international business followed by a definition of applied (on critical issues) ERM, integrating the two together.

We believe that:

- our approach can be instrumental in improving awareness of the integration of global business and risk management
- our integrated approach may contribute to the field of corporate management and strategy
- managers may gain insight about holistic risk management in international business
- managers may be provided with the opportunity to improve their ability to receive both the accurate and timely decisions
- both readers and managers may gain insight regarding all aspects of enterprise risk management via an integrated approach.

The contents list along with a synopsis of each chapter is as follows:

The book begins with an overview of international business management in the current age and also in a contemporary business environment. Today's business environment has complex characteristics. Furthermore, today it is difficult to understand, comment, develop, and manage strategy. For these reasons, our book begins with the main question: "What is international business management?" Following the main contents and terminology we will present the means of enterprise risk management. So, Chap. 1 discusses management and strategy from a conceptual perspective and presents the relationship between leadership style, strategy and organizational culture with enterprise risk management. Chapter 2 presents the main topic in management and strategy as a resource dependency risk: Our opinion is that managers should be aware that resources are limited and managers have to set a resource dependency bridge with their stakeholder. Resource

dependency creates main sustainability risk in view of business, management and strategy. To survive, managers have to know how to manage the risk of resource allocation and also use their limited sources effectively to conduct international business.

Our book has a separate chapter on critical event stress management which is a critical issue to business management since un-routine events affect business in unthinkable ways. So, managers have to manage human resource based risks especially in critical times—for example, during a major conflict.

The last section of the book presents real life case studies on corporate enterprise risk management practice. This chapter should be useful for all readers to understand and believe the vitality of enterprise risk management. Actually, risk management is a way of life and a mental state since it has a philosophic side. ERM must be systematic and practiced in a continuous manner to be effective and sustainable. Every person and every business manager is aware that in order to survive risks must be managed, and in order to do so, one must be able to understand that one has to command them and manage them. Managing a risk is about making decisions based on options and enterprise risk management provides an awareness path to these options. TAV Airports Holding and Brisa Holding provide us with salient examples of corporate ERM practice.

More specifically, in regard to a thematic breakdown of our chapters:

Chapter 1 focuses on business and strategy through the integration of enterprise risk management. The co-author of this chapter is Hilal Tugce Bal, who works as a research assistant for Anadolu University.

In Chap. 1 we deal with the importance of tailored strategy since business management requires both a holistic and also a tailored strategy since every corporation has its own unique characteristics. Different characteristics create different risks, and these different risks require uniquely shaped approaches by managers.

Air transport has always been seen to have an inherently strategic role. It has obvious direct military applications, but it is also highly visible and—for a period, and in some countries still—was seen as a flag carrier, a symbol of international commercial presence. Air transportation is a key strategic asset in that it provides access to markets and thereby enables the economic development of nations and regions. But, the air transport industry is exposed to risk which may affect operations, customers, corporate value, security and safety. Risk can also be introduced to an enterprise through air transportation industry-based and organization-based changes each of which may also bring changes in the type of risk. These present heightened risks and that is the main reason for the growing importance of enterprise risk management implementation for the air transportation industry. The study begins with a definition of business, international business and multinational enterprises. Following, international business history, importance, characteristics, benefits and problems are explained. In Chap. 2, risk, risk management and enterprises risk management are explained and then focus of the chapter shifts to risks related to the airline industry in this study.

Chapter 2 presents the concept of resource dependency. We deal with this issue in view of business, management and strategy since resource allocation and use in

international business do and will continue to create considerable sustainability risks.

The objective of this chapter was to extend the prior literature and examine the link between corporate management strategies in view of resource availability uncertainty with practices in the civil aviation business. The collection of data for the analyses of the hypotheses has been gathered by interviews that were held with high level executives from TAV Airport 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 study attempted to obtain information about the practices in the sector using semi-structured interviews from the qualitative techniques. Also, interviews were conducted in a structured manner through a form with the senior managers of Sun Express Airlines and the Budapest Manager of Turkish Airlines and Fraport IC İċtař Antalya Airport Terminal Investment and Management Inc. 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 also made. The findings proved that in order to achieve business strategies, corporations should find the optimum way to allocate scarce resources. The setting of resource dependency based strategies was found necessary for competitive differentiation and institutional sustainability. The study concluded that a manager's strategies may change according to resource uncertainty, resource availability and competitive qualifications.

Chapter 3 focuses on enterprise risk management vis-a-vis organizational culture focusing on strategic leadership. Enterprise risk management is not a kind of a one-time event. ERM may be thought of as a management philosophy, mentality and also a holistic system. As leading holistic management systems, enterprise risk management will both affect and shape the corporate culture and style of leadership and corporate strategy.

Strategy is about risk attitude, risk taking approach, risk culture, and risk appetite, among other things. For these reasons, in order to develop a strategy and achieve it, managers have to implement enterprise risk management as a shaped/individualized style.

Humans have a dual role in business and even in life. They are both sources and managers of risks as it is humans that create risks, and humans that manage risks. According to this reality, enterprise risk management considers organizational behavior theory as well as concepts borrowed from psychology and sociology.

According to EUROCONTROL, *Critical Incident Stress Management (CISM) is an integrated method which consists of several steps and helps the persons affected cope with their Critical Incident Stress (CIS) reactions thanks to direct and immediate intervention. In this way, it may be possible to decrease the probability of consequential disorders. CISM is a comprehensive, systematic and multi-component approach to the management of CIS.*

Chapter 4 presents research regarding the applicability of CISM in Turkey's aviation business. Stress has an effect on humans. Humans have an effect on business. Therefore, in order to manage, business managers have to manage their human resource especially in critical event times. This chapter gives detailed information about the concept of *Critical Incident Stress Management (CISM)*, its process, qualifications, etc.

Chapter 5—through an empirical investigation—focuses on linkages between risk and human resources management in aviation. Strategy, in the global business environment, is tied to competitiveness. Human resource management is inextricably linked to other organizational management functions as contemporary organizations are in need of both competent and globally minded human resource talent. To achieve this aim, an organization must exercise care in creating both a strong and sustainable organizational culture. Furthermore, in aviation, risk exists in people, procedures, equipment, acts of nature, security and so on. The record of safety in the industry shows us that the human element in aviation presents the biggest risk for such reasons as attitude, motivation, perception, ability, awareness level, culture, discipline, ethic, and training to name a few. A corporate risk management based strategic approach helps organizations improve performance in both competitive and differentiation areas such as training and awareness, culture and attitudes, individual creativity, and developing innovative risk solutions. In seizing opportunities and minimizing operational losses, managers should integrate their strategy and human resource practices with risk management. We assume that considerable interrelations exist between corporate strategy, human resources management, organizational and national culture, values of individuals and risk management. These interrelations have the potential to affect corporate strategy. Risk management presents reasonable assurance to improve a corporation's talent management, competitive human resource management, and employer branding as well as to ensure effective ways of education and training, and recruit and retain high-performance workers at all levels.

Hasan Polatkan Airport in Eskisehir (previously known as Anadolu University Airport) has a unique and rare structure among airports in the world in that it is operated by a cooperation of government and university and its operations are international. The problem with this research is flexibility which is needed due to the university's autonomous structure and dynamic nature of the aviation industry, and conflicts with bureaucracy that have a dominant position within government. We will present our research which is designed through use of the Analytic Hierarchy Process (AHP) methodology in regard to personnel selection in Anadolu University Airport. An analytic hierarchy model has been created with the purpose of determining priority personnel selection criteria. The model has been analyzed and applied to a sample using the Analytic Hierarchy Process (AHP) which is a multi-criteria decision-making method. The Saaty Compliance Indicator has been used to understand how close estimated values obtained via AHP are to actual data. It is possible that the model developed can be generalized for the aviation industry. We aim to contribute to the management and strategy field by increasing awareness to the strategic human resource management together with this model.

Chapter 6 includes case studies from leading corporations in Turkey. We believe that readers will find them extremely interesting as they provide experiences from contemporary corporate practice. This chapter will provide examples of real practice and give a fresh perspective for business managers.

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