



Resource Dependence Theory

- **Resource Dependence Theory (RDT)**
 - The study of how the external resources of organizations affect the behavior of the organization; how organizational behavior is affected by external resources the organization utilizes
 - The optimal divisional structure of organizations
 - Recruitment of board members and employees, product strategies, contract structure, external organizational links, etc.
 - Organizations depend on resources; resources that originate from an organization's environment.
 - Organizations are seen as persistent structures of order under constant reinterpretation and negotiation
 - The environment contains other organizations; these other organizations often have the resources that the other organizations need
 - Resources are a basis of power
 - Labor
 - Capital
 - Raw material
 - Organizations must engage in transactions with other organizations in its environment in order to acquire resources
 - Companies typically adjust their business strategies to adapt to changes in power relationships with other companies
 - How organizations maximize their power
 - Organizations lacking in essential resources will seek to establish relationships with others in order to obtain needed resources
 - Alter their dependence by minimizing their own dependence or by increasing the dependence of other organizations on them
- Three factors influence RDT:
 - The importance of a resource
 - The abundance of it (Scarcity)
 - Who controls that resource
- In order to manage RDT you need to focus on:
 - Compliance
 - Adaptation
 - Avoidance
 - Influence
 - Coordination
 - Establishing linkages

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- There are five ways to minimize environmental interdependence with RDT:
 - mergers/ vertical integration (maximize utilization by streamlining the supply chain)
 - Joint ventures/ inter-organizational strategies (sharing resources between organizations)
 - Board of directors (decisions they make)
 - Political action (environmental regulation)
 - Executive succession (new company policies)
- RDT is used to help organizations manage their resources, invest in new technologies, explain how organizations reduce environmental interdependence

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