

HOW MANAGEMENT DEVELOPMENT PLAYS A STRATEGIC ROLE FOR ORGANISATIONS IN THE CHANGING BUSINESS ENVIRONMENT

Examples: Kale Group and Sanko Group

Submitted By
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University of Wales

Submitted in part fulfilment of the requirement for the degree of Master of
Business Administration in Human Resource Management

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DECLARATION

This thesis is a presentation of my original research work. Wherever contributions of others are involved, every effort is made to indicate this clearly, with due reference to the literature, and acknowledgement of collaborative research and discussions.

I certify that the above statements are true to the best of my knowledge.

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ABSTRACT

In the modern times of today, globalization, technological advancement, and customers' increasing demands continuously raise expectations of the performers on the market. This progress has led to an enormous change in business environment. Today's business environment consists of more dynamic, complex and larger system that people and companies operate. These can be described technological, economical demographic and natural environment. It is very vital for organisations to have capability to respond and cope with rapidly the change and changing business world.

Most companies know that managers are major decision makers in any organisation. For that reason alone, an effective management development process is crucial to organisational success. Its generalised purpose can be described as one of increasing the organisation's present and future capability in achieving its goals. Increasingly, organisations use management development efforts to spur organisational change.

On the other hand, many companies do not realise the linkage between management development and change management. They treat them as separate areas. Therefore, many opportunities and benefits for developments are missed due to poor management development activities. Consequently, the study will attempt to investigate the interactions between management development and change management with two examples in Turkey. Additionally, the study will aim to find out how management development plays a strategic role for organisations in the changing business environment. In this context, two Turkish companies; Kale Group and Sanko Group will be examined.

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Chapter 1

INTRODUCTION

1.1 Introduction

The world changes rapidly. Today's business world is full of organisations trying to find the way in global disorder which can be defined by speed and uncertainty. The organisations which can show the talent about overcoming the uncertainty and making projections against crisis to cope with the acceleration of the change (Oakland and Tanner, 2007).

For this reason, companies pay attention to individuals in order to be successful by adapting themselves to these changes. Thus, management development activities of human resource management become an important investment and play a vital strategic role for the survival and competitiveness of the organisations in the changing business environment (Harrison, 2009).

The following chapter expounds on research's focus, therefore, it is starting by illuminating the aims and objectives of research, moving to explanations of the research background, problem discussion and company background and it will be finished by designing research structure.

1.2 The Research Aims and Objectives

The aim of this study is to investigate the interactions between management development and change management. The ultimate aim is to find out how management development plays a strategic role for organisations in the changing business environment.

Objectives:

1. To critically review the literature related to management development and change management in terms of human resource management.
2. To examine the importance of management development for organisations within the changing business environment.
3. To investigate whether organizations use management development as a tool in order to adapt their managers to the changing business environment.
4. To provide various recommendations for how organizations can encourage their managers by using management development to respond the changing business environment.

1.3 Research Title

How Management Development Plays a Strategic Role for Organisations in the Changing Business Environment.

1.4 Research Background and Problem Discussion

Today's business environment consists of more dynamic, complex and larger system that people and companies operate. These are can be described technological, economical demographic and natural environment. It is very vital for organisations to have capability to respond and cope with rapidly changing business world. Organisations and senior executives deal with the challenges of organisational complexity (Hansen and Lee, 2009).

According to Redman and Wilkinson (2008), competition has increased within the global business environment as a result of globalisation. Hence, the world has become a single

operation ground for the organisation. Therefore, this has force the organisations to change the way they work, operate and manage.

Advance in technology, especially in field of information technology and telecommunication, are leading to greater efficiencies, reduced costs and opportunities to launch new products and services. On the other hand, technology brought about many complexities and wide diversity for the organisations. Change and its impact is now the dominant feature of organisational life. Employee adaptability and flexibility are essential characteristics for organisational survival and success. Such changes are setting new challenges for managers and employees alike. Managers are being challenged to respond as strategic leaders (Mumford and Gold, 2006).

Due to continuous and intensive change, many organisations are facing difficulties to adapt and improve their managers. Therefore, vital effect of management development has become clear and obvious for the organisations (Redman and Wilkinson, 2008). There are two biggest challenges which organisations are facing in the current business environment are leadership and change (Mumford, 2010). Attracting, recruiting, developing managers and effectively managing the change which occur internally and externally within the organisation are the vital activities which keep organisations sustainable and competitive.

Sewerin and Holmberg, (2009) suggest that organisations must realise the linkage between management development and organisational change and they should integrate two areas when is necessary. And also they argue that management development cannot play a vital role within organisations unless it is combined with the change management. Tobin, et al (2008) believes that management development gives too much attention to technical and professional skills rather than adapting managers' skills to the changing environment that includes the structural, cultural, political, emotional and psychological influences involved in change. This tendency may cause companies to miss many opportunity in the marketplace.

In Turkish companies' terms, management development is seemed as the latest alternative for developing managers. First one is self-development, many companies never support its manager to develop, even never encourage, however the companies expects that managers have high skills and knowledge. The second one is 'training', most companies consider job training as the best way to develop its managers due to cost factor for business. Management development activities are hardly ever chosen by Turkish companies. Cost effect and organisational structure are the determining factors (Ercek, 2006). When viewed in this context, Turkish economy is comprised mainly of family businesses which tent to resist change due to not realising the reality of business environment and considering the change as a major cost factor (Yamak, 2006). The companies are doomed to extinction which cannot keep up with change (Burke, 2008). Therefore, if Turkish companies do not adapt to change, some of them might be not exist in future.

As a new discussion era the author believes that organisations which are not integrated their management development approach with the management change will not be successful within the changing business environment. In this research the author will conduct its interviews with two Turkish companies Kale Group and Sanko group to understand how they use their management development activities when it comes to adopt their managers to the changing business environment. The author also believes that his research will open new discussions within the academic debate.

1.5 Companies Background

Kale Group

Kale group was established in 1957 by Ibrahim Bodur as Ceramic Factories Corporation, the group soon became a big player which dominates the ceramic sector in Turkish market. Kale group always aims to grow in its sector and another sectors. To do this, Kale group formed partnership with Siemens, General Electric, Roca and so on. These co-operations with international companies brought about many benefits such as entering new sectors, creating now-how, possessing the newest technology, etc (Web 2, 2010).

Since Kale group has been founded, it has produced quality products and services which have been adopted as a first objective. To meet this aim, Kale group has invested in technology, machinery and people (Web 2, 2010).

Today, Kale Group is comprised of twenty-four subordinate companies which are being a leader position in defence, chemical, electrical components, energy, information, transport, tourism, and food sectors. With having a work-force of five thousand employees and an annual income of billions dollars, the group became an important player in Turkish marketplace (Web 2, 2010).

Sanko Group

Established on a simple hand-loom in a small weaving shop back in 1904, just over a century later Sanko Group has grown to become a diversified business group, active in 12 industrial sectors and with over 14,000 employees (Web 3, 2010).

The same principle, coined by its founder, Sani Konukoglu, has accompanied the group throughout its history: quality in quantity. Today, his great-great-grandson, Abdulkadir Konukoglu, is the chairman of a company which has become a model of successful diversification domestically and internationally since the start of the 1990s. From its base in the textile business, it has expanded to encompass construction, finance, energy, machinery, healthcare, and education. The holding company was established in 1996 to manage all of its activities. Sanko Group is committed to satisfying the demands of its customers, workers, and the communities in which it operates, only engaging in activities that benefit all those concerned, and constantly strives for improvement in every aspect of its business. As the chairman's message on the company website says, "We never think that our current position is our final goal." (Web 3, 2010).

Sanko's top priorities at the moment include investing in technology and R&D to raise product quality in the textile and to boost investment in the construction and energy sectors (Web 3, 2010).

1.6 Structure of the Research

There will be five main chapters in this study which orderly discuss, explain and analyse the issues related to the dissertation topic (see **Appendix 4**). The first chapter will introduce the aims, objectives and title of the study and discuss briefly background of the research in order to give a clear perspective on the dissertation topic.

The second chapter will draw a clear picture on human resource management, after that, as a necessity of deduction approach, strategic human resource management, and human resource development, organisational development, learning and development, and management development will be discussed respectively. As the other main part of this chapter, change and changing business environment will be mentioned. And finally, the linkage between management development and change management will be discussed in order to show the connection between management development and changing business environment.

The third chapter will indicate the shape of research structure and state which research approaches have been adopted by researcher. Following this, the research philosophies, research design, data collection methods, interview approaches, research limitation will be mentioned respectively. Finally a clear conclusion will be formed, which is pointed out the chosen methods and approaches for the research.

The fourth chapter will combine and analyse the literature review and research findings so as to meet the aims and objectives. To do this, the researcher will analyse the finding into three parts, namely ‘Change and Changing Business Environment’, ‘Management Development’ and ‘Adapting organisations to the changing business environment by management development’ by examining two Turkish company; Kale Group and Sanko Group.

The fifth chapter will have drawn an in-depth conclusion which covers over all the study, after that various recommendations will be provided for literature, companies, managers.

Chapter 2

LITERATURE REVIEW

2.1 Introduction

Today, in connection with the global-scale technological and economic developments, organisational scales are enlarging and there is a move towards more complex structure and activity systems. These developments force managers to be informed about potential threats and opportunities, to determine rational strategies through foresight and to apply these strategies effectively for their success (Mabey and Lees, 2007).

In this sense, learning and development functions of human resource management have recently gained importance in the rapidly changing business world. In this chapter, the author will repeat the aims and objectives so as to remind the purpose of the research. Secondly, a clear picture will be drawn, human resource management, to have a clear understanding on the research topic. After that, as a necessity of deduction approach, strategic human resource management, and human resource development, organisational development, learning and development, and management development will be discussed respectively. As the other main part of this chapter, change and changing business environment will be mentioned. And finally, the linkage between management development and chance management will be evaluated, so as to illustrate the connection between management development and changing business environment.

2.2 The Research Aims and Objectives

The aim of this study is to investigate the interactions between management development and change management. The ultimate aim is to find out how management development plays a strategic role for organisations in the changing business environment.

Objectives:

1. To critically review the literature related to management development and change management in terms of human resource management.
2. To examine the importance of management development for organisations within the changing business environment.
3. To investigate whether organizations use management development as a tool in order to adapt their managers to the changing business environment.
4. To provide various recommendations for how organizations can encourage their managers by using management development to respond the changing business environment.

2.3 Human Resource Management

Today, human resource professionals are vital elements in the accomplishment of any organisation. Their jobs require a new level of sophistication that is unprecedented in human resource management. Not surprisingly, their status in the organisation has also been gained importance. Even the name has been changed. Although the terms ‘personnel’ and ‘human resource management’ are frequently used interchangeably, it is obvious that the two connote quite different aspects (Armstrong, 2009). Once a solitary individual heading the personnel function, today the human resource department head may be a vice-president sitting on the board of directors and anticipating in the development of the organisational strategy. Companies today recognize the importance of the people in meeting their goals. Consequently, when the company’s executives make major decisions affecting the organisation and its people, human resource typically presents to represent the human side of the business (Dessler, 2007).

Human resource management is a concept that concerns those aspects of management that deal with the human side of organisations, first emerged in the 1980s. The concept of human resources defines the source of human as one of the main inputs that are used by the organisations to reach their organisational purposes. This concept involves all the personnel ranging from the upper management at the top of the organisational hierarchy to the employees at the lowest level and includes the labour power outside the organisation which has a potential capacity to be used for the benefit of the organisation (Armstrong, 2009).

Human resource management is the process of acquiring, motivating, training, developing and appraising of employees to perform the activities necessary to accomplish organisational objectives; and developing specific activities and overall organisational climate to generate maximum workers satisfaction and employee efficiency. In other word, beginning from the recruitment of the employee to the working environment, orientation and education, waging, legal connections with the organisation, productivity, performance evaluation, individual and societal needs and till the separation from the organisation all these periods are a basic subject of the Human Resources Management applications (Bratton and Gold, 2007). Therefore, human resource management is a fundamental function, working for better organisational performance and its practices will have positive influence on the overall productivity of the organisation (Bratton and Gold, 2007).

According to Torrington (2007), Human resources management is based on two main philosophies;

1. Productive use of human labour power in accordance with the organisational targets.
2. Responding to the needs of the workers and providing development opportunities for them.

Human resources form is the most important value of the organisations as they are primary factor in providing superiority in competition to realize organisational purposes, meet the expectations of environmental factors and adapt to the external and internal changes (Dessler, 2007). According to Armstrong (2009), there are three approaches to HRM, namely strategic, integrative and enabling approaches in order to manage an organization's most valued assets.

2.4 Strategic Human Resource Management

In the globalization process, which increased its influence and become widespread in the last twenty years, the organisations which has a competitive advantage at international level approach to the human resource in a different way and their ability to bring to the fore the importance of human resources is considered as the key to their success. As the human resources management has become more important due to increasing complication of environmental conditions in this process, most managers started perceiving that human resources management has very important strategic implications for the organisation (Saunders et al, 2007).

In order to critically discuss on strategic human resource management area, firstly, strategic management needs to be pointed out. Strategic management is an integrated process that involves the efforts to research, observe, evaluate and choose the right strategies to be planned, determination and execution of all the necessary intra-organisational measures for the application of strategies, and the control and evaluation of all the results of activities and strategies. The aim of the application of strategic management to an organisation is the regulation of all the physical, organisational and human and technological resources to provide competitive advantage (Armstrong, 2008).

Strategic Management makes the organisation to revise itself, determine its differences from its rivals take precautions according to its weaknesses and gain authority with its strengths. The organisations that lack a strategic management concept are not able to use their financial capitals and human resources effectively, base their decisions on daily policies instead of vision necessities and get affected negatively by the waves of conjuncture (Armstrong, 2008).

In the organisations, strategic innovations and creativity is internalized by all workers, and all workers take part in the strategy creation process through strategic human resources management (Saunders et al, 2007).

Strategic human resources management is an integration of all the decisions and activities about the management of employees on all levels of organisation and application of strategies towards creating and preserving the competitive advantage of the organisation (Armstrong, 2009). In the broadest sense of the term, strategic HRM ensures that the top management assumes full responsibility for seeing that there is a strategic fit between business and HR strategies. Given that people are the most important resource for an organisation, then corporate strategy cannot be developed without an integral HR strategy. The integrative approach provides a sense of purpose in the management of people which starts at the top and permeates the organisation. The enabling approach provides an environment in which managers can obtain develop and motivate the people they need, empowering individual and teams through training, skill and capacity building; and developing an innovative organisational climate conducive to growth, quality, commitment and high level performance (Daniels et al, 2008).

According to Saunders et al, (2007) the strategic approach towards Human Resources Management means the application of the elements of strategy concept in the human resource management of a firm and this approach has five main elements (see **Table 2.1**).

Table 2.1: **The five main elements of Strategic Human Resource Management**

- Recognition of the influence of the external environment.
- Recognition of the effects of competition and labour market dynamics.
- Long term focus
- Taking notice of all workers
- Integration with the organisational strategy.

Source: *Created by the author (2010).*

It is known that strategic human resources management applications play an important role in continuous competitive superiority, thus the human resources department has become a critical factor in realizing organisational transformation and providing maintenance. In order to boost the effectiveness of HRM applications, organizational strategies and human resources strategies should be taken into account in an integrated concept because many functions, events and relations in both two areas directly influence the organisational results (Long, 2007).

In the next section of the literature, the focus is on development function of Human resource management in terms of change and change management.

2.5 Human Resource Development

Globalisation, greater focus on quality, the accelerated rate of change, new technology and competition are just some of the strategic forces which have contributed to the increasing importance of human resource development (Clardy, 2008). HRD therefore, invariably contributes at all organisational levels to provide support. Long (2007) stated that human resource development serves a strategic role by sustaining an organisation's competitive edge by evolving organisational and individual performance.

Additionally, Armstrong (2009) stated that the aims of the HRD are to enhance effectiveness and efficiency of organisational and individual performance and promote sustainable development within the organisation in accordance with changing business environment. On the other hand, continuous development is essential not only to meet organisational objectives by maintaining and developing skills and competencies but also to meet individual employment potential. Also, Smith and Smith (2007) stated that HRD process is a tool that helps employees and organisation to maintain and develop their skills in order to remain competitive in market. As mentioned in the previous section, human resource development covers six areas; training and development, learning and development, employee development, management development, organisational development and career development.

According to Anderson (2009) the key element of HRD is to analyse development needs and to implement training intervention programmes. The process must be business led, that is responsive to the business needs of an organization, improving capability to reach business goal. HRD becomes then a dynamic function, moving in line with changes happening in the business environment.

In today's volatile business environment the sources of competitive advantage are quickly overcome by competitors and therefore in effect the only source of competitive advantage for organisations is their human resource. Consequently, there is increased emphasis on the development employees and organisations in terms of a strategic perspective (Gvaramadze, 2008).

It is increasingly acknowledged that strategic HR planning and systematic investments in human resource development have long-term organisational benefit. However, it is also argued that due to lack of reliable and accurate information, internal practices are not thoroughly assessed and external benchmarking is not possible. Therefore, organizational success cannot be measured, monitored and repositioned without the relevant information necessary for decision making (Clardy, 2008).

2.6 Organisational Development

Organisational development activities play a significant role on the road to organisational success (Rowland, 2007). Therefore, organisational development will be discussed briefly in this section so as to better understand the scope and functions of management development.

According to Rowland (2007), organisation development (OD) of expression is one of the most recent HRM functions, and OD is driven by several organisational needs such as leadership and management development, management of change, business process re-engineering and internal communication.

Armstrong (2009) states that organisational development approaches are directly derived from behavioural science concepts and practices which are used to help organisations achieve greater effectiveness including conditions of work, quality of work life and increases in productivity.

Organisational development is an ongoing process of constant learning and moving forward to meet or anticipate changes in the external environment. Hence, OD focuses on improving the organisation's ability to assess and solve its problem. It applies to the whole systems and process of an organisation. For this reason, OD can be described as being an adaptive strategy for planning and implementing change in organisations. It involves planning to diagnose and solve problems (Rowland, 2007).

In this context, the learning and development activities are really important tools for the organisations in the changing business world. Before going into deep discussions on management development activities, learning and development - as a main function of human resource development- will be mentioned briefly.

2.7 Learning and Development

Learning and development is the process of acquiring and developing new knowledge, skill, capabilities, behaviours and attitudes through learning or developmental experiences. It is concerned with ensuring that the organisation has the knowledgeable, skilled, engaged and committed workforce it needs (Harrison, 2009).

Harrison (2009) also stated that a learning and development approach should be business led in the sense that it is designed to support the achievement of business goals by promoting human capital advantage. But it should also be people led, which means considering the needs of people to grow and develop.

On the other hand, a learning approach does not only focus on enhancing existing capabilities but also leads to development of the skills, knowledge, and attitudes that prepare employees for enlarged or higher level responsibilities in the future. Therefore, development is concerned with ensuring that a person's ability and potential are grown and realised through the provision of learning experiences or through self directed learning (Gold, 2010).

In the literature, there are many learning and development elements under its umbrella, such as, mainly, organisational learning, knowledge management, individual learning and development, blended learning, training, and management development (Armstrong, 2009). In this study, particularly, the management development activities will be focused on, among learning and development activities.

2.8 Management Development

Today's business affects and changes the structure and management style of organisations. External factors such as economic, social, technologic and cultural forces as well as internal factors seem to be the driving forces for not only regular or incremental changes but also transformational changes in organisations (Mabey and Lees, 2007).

The increasing speed of change in the external environment of organisations, and the numerous new challenges facing managers at all levels in organisations suggest that organisations must have high-quality, flexible, adaptive, multi-skilled and competent managers, if it is to survive and thrive.

Prior to moving towards management development area, ‘what is a manager?’ and ‘what do managers do?’ questions need to be discussed in order to insight the meaning of management development.

Manager is person who directs an organisation, unit or department. They manage people and their other resources such as finance, facilities, knowledge, information, time and themselves. They are accountable for accomplishing goals, having been given authority over those working in their department. In a broad sense, they are responsible for what they do and what they achieve (Moyle, 2006). Managers are like everyone else in an organisation in that they perform roles. The roles of managers vary with regard to the context in which they work. Generally, they will be dependent on their function, level, organisation and their work environment. Managers often carry out their work on a day to day basis condition of variety, turbulence and unpredictability (Mullins, 2009). After all these explanations on the concepts of ‘managers’ and ‘managers function’, it can be said that managers should be supported to develop their skills and knowledge by organisations. In terms of organisations, the reasons for development managers are varied, as illustrated by Gold (2010) in the **Table 2.2**.

Table 2.2: **The Reasons for Development Managers.**

- To improve the organisational culture.
- To encourage creating innovative ideas.
- To develop the knowledge and skills in order to get business opportunities.
- To improve organisational effectiveness by using the new technologies within the organisation.
- To develop the organisational structure and process so as to improve organisational performance.

Source: *Created by the author (2010)*

The term ‘development’ implies overall progress in a person, whereas management development means not only improvement in job performance, but also development in knowledge, personality, attitude, behaviourism of a manager, and so on. It means that management development focuses more on the executive’s personal growth (Armstrong, 2009).

According to Mumford and Gold (2006) “management development is a systematic process of growth and development by which managers develop their abilities to manage.” Management development is concerned with improving the performance of managers in their present roles and preparing them to take on greater responsibilities in the future. He also described management development as “an attempt to improve managerial effectiveness through a learning process”.

In order to carry out a systematic management development process, organisations should build a strategy, which will be concerned with the programs the organisation proposes to implement to develop its managers. It should be business-led even though it may focus on the development of individual performance and potential. The organisation has to decide what kind of managers it needs to achieve its strategic goals and the organisation should decide how it can best obtain and develop these managers (Tobin and Pettingell, 2008).

Snell and Bohlander (2010) believe that the strategy must be based on an analysis of the future needs for managers that is conducted by means of human resource planning and talent management. Forecasts can be made of the numbers and types of managers required to meet business needs and to cater for management succession. It is also necessary to assess the skills and competencies managers will need to meet future demands and challenges arising from macro and micro environmental factors.

2.8.1 Objectives of Management Development

Management development is a significant element as organisations attempt to obtain a competitive advantage. It is obvious that developing management talent and skills throughout the organisation is a necessity in order to compete and survive in the market. Therefore, when a company build a sustainable and scalable management development process within the organisation, a number of clear objectives (see **Table 2.3**) must be put out (Marchington, and Wilkinson, 2008).

Table 2.3: **Objectives of Management Development**

- *To improve the performance of managers at all levels.*
- *To identify the persons in the organisation with the required potential and prepare them for higher position in future.*
- *To ensure availability of required number of executive managers succession who can take over in case of contingencies as and when these arise in future.*
- *To prevent obsolescence of executives by exposing them to the latest concepts and techniques in their respective areas of specialisation.*
- *To improve the thought process and analytical abilities.*
- *To provide opportunities to executives to fulfil their career aspirations.*
- *To understand the problem of human relations and improve human relations skills.*

Source: *Created by the author (2010).*

2.8.2 The Reality of Management Development

Increasingly, organisations use management development efforts to spur organisational change. Obviously, management development is a significant element in organisational efforts to improve their competitiveness and achieve their strategic plans (Berman, 2009).

Mumford (2010) stated that the modern view of management development is one that improves an organisation's performance. Second, it is to minimise the effects of globalisation which has removed economic and cultural boundaries. Third, it is building organisational effectiveness by integrating the organisational both general strategies and development strategies into a new organisational culture. Fourth, management development activities are increasingly customised and systematically relative to individual needs.

Underlying the modern view of management development is the adaptation of management development efforts with strategic planning along with efforts to educate the more intangible aspects of leadership, market conditions, organisational strategy and managing change (Sewerin, and Holmberg, 2009). “Strategically linked management development approaches that include specific mission along with education and training are intended to go a long way toward accomplishing these kinds of learning, the aim is to achieve the greatest level of human resource capability by developing managers to assume positions of greater responsibility” (Sims, 2006).

Undoubtedly, contemporary management development is linked to the organisational strategies. The general development approaches are still an essential condition but no longer sufficient. The key point is the significance of linking management development to an organisation’s overall strategic direction. The objectives of the process are to identify and develop the talents and perspectives that the organisation needs to achieve its long-term strategic goals (Karp, et al, 2009).

2.8.3 In-house or Outsourcing Approaches?

First of all, organisations should decide that either promoting managers internally or picking someone from the outside, management development still plays the same role to a great extent. Even though management development most certainly differs between companies, it generally promotes values and goals of the specific organisation among other things (Claydon and Beardwell, 2007). Whatever the criteria may be for choosing internal or external managers or establishing other specific aspects, Mumford and Gold (2006) believe that “managers with the right kind of thinking, such as being open to new ideas, should be selected to benefit from management development”.

The second question whether management development should be practiced within the organisation or outside. Sewerin and Holmberg (2009) stated that in-house management development has several advantages. Given that the programs often favour values and beliefs of the organisation and an enhanced understanding of the managerial role and

what is to be expected, the organisation itself should be the most competent in communicating and introducing these values in management development. Nonetheless, Suutari and Viitala (2008) claims that there are also disadvantages, such as being trapped in the traditional way of thinking in the organisation, where the case of “why change a winning team” can prevent new approaches to management development. Also, possible positive external influences are eliminated by such in-house programs.

Regarding HR and management development, it all depends on if these issues are seen as core competences or not. If HR is considered not to be a core competence, then outsourcing of management development would only be a logical consequence of reducing the organisation and improving core activities. It is claimed that by outsourcing more administrative tasks of the HR function, the increasingly strategic issues of HR can be better dealt with (Dessler, 2007). If management development is not a strategic component and consequently to be outsourced, Gold (2010) claims that it is of great importance that the consultant is familiar with the goals and culture of the specific company in order to design stimulating and fruitful courses where the experiences later can be used in the organisation. Also he stated that management development can play a vital role in achieving strategic goals and future filling of top positions in the organisation.

2.8.4 Short-term or long-term?

When looking at management development from a short-term and long-term perspective, Mabey and Lees (2007) propose that “investments in management development may well be questioned in a short-term perspective, but that organisations taking a long-term perspective may well value management development”. Depending on how management development is perceived by the organisation, if it is regarded as a means of achieving strategic goals or not, it will be quite obvious whether management development is a part of a long-term strategy (Mullins, 2009).

The short and long term orientation also reflects how a selection of participants is being carried out. Redman and Wilkinson (2008) proclaim that different organisational needs

also determine the selection of participants in management development. When the company wants to meet direct business needs it should make a broad selection and even though this might be discussed with line managers, it should be a central decision and attendance should be compulsory. However, Harrison (2009) points out that a potential bias can occur when personal development needs outstrip the organisational needs. The need is to reach a balance which is in the best interests of the organisation, which ensures that what is done adds value to the organisation, and that the best possible use is made of scarce resources.

For longer term development programs, Dessler (2009) suggests a different approach where recommendations by line managers and assessment of the potential participants before the final participants are selected. Without any focus on time, individual desires of development becomes self selection by the individual. Line managers and the HR function may play a counselling role by encouraging employees to develop themselves.

2.8.5 Management Development Process

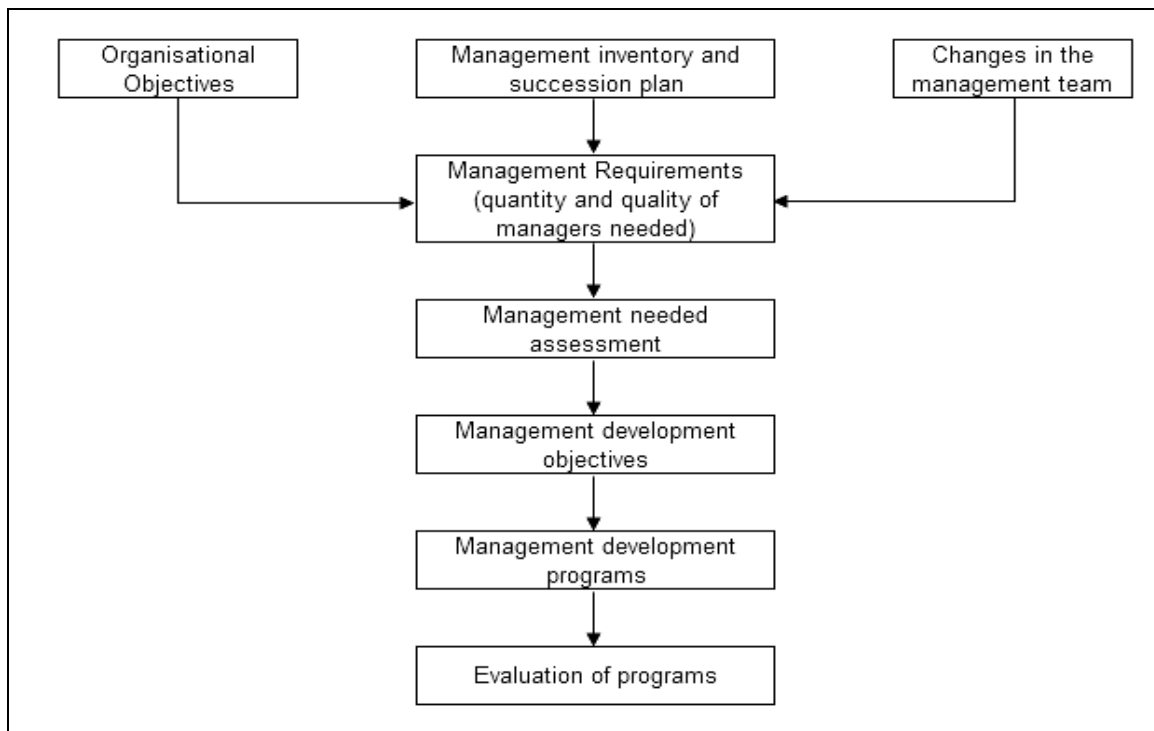
Management development focuses on providing current and future managers with opportunities to learn, grow, change, experience, and develops knowledge, attitudes and skills to function effectively in the organisations. Management development programs need to be built the way any sound HRD program is: through needs assessment, design, implementation, and evaluation (Moyles, 2006).

In theory, there are two basic types of management development process that an organisation can adopt. Both are not very different from each other and similar in their roots.

The first management development model (as summarised in **Figure 2.1**) should be applied to management education and development efforts as well. According to Sims (2006), during the management development process, HRD professionals should bear in mind the following recommendations:

1. Management development must be tried to the organisation's strategic plan to be responsive to the needs of the organisation and those of the individuals being developed.
2. A proper needs assessment, including investigating what managers in organisation do.
3. Specific goals, both for the overall program and for each of its components should be established.
4. Participation in and commitment of senior management in all phases of the process, from needs assessment to evaluation, is critical.
5. A variety of developmental techniques, both off-the job and on-the job should be used.
6. The program must be designed to ensure that the individuals to be developed are motivated to participate in such activities.
7. Action must be taken to evaluate the program regularly and modify and update as needs change.

Figure 2.1: **Management development process**



Source: *Created by the author (2010).*

The other management development process is ‘four steps model’, in order to gain maximum impact, this model divided into four steps, namely diagnosis and specification (planning), implementation and evaluation. The main success of these processes depends on their applications (Harrison, 2009).

2.8.5.1 Step 1: Diagnosis

According to Harrison (2009), the purpose of diagnosis is to describe required the management capabilities and abilities in order to improve the recent and future models to develop innovation. The effectiveness of diagnosis can be strengthened by the participation of senior manager, participants, people who benefit from any learning process. Management development specialist within the development centre can built and creates significant improvements and can play a vital leadership role within diagnosis processes.

2.8.5.2 Step 2: Specification (Planning)

This is about planning the management development process which require match for its purpose. In the changing business environment, management development specialist needs to have effective abilities to respond sensitive issues or produce significant outcomes (Marchington, and Wilkinson, 2008). In other word, it is vital for the management development specialist to work together with senior management in order to handle the issues and implement necessary rules and regulations. It is also vital that learning processes which are part of HR activities should be seen valuable for organisational performance. Therefore, these activities should not be separated from business objectives (Mumford, 2010).

2.8.5.3 Step 3: Implementation

Management development implementations can be applied by two methods which are on-the-job and off-the-job. The companies recently tend to use off-the job method to gain the cutting-edge knowledge and technology which lead to value-creation within the companies (Redman and Wilkinson, 2008). According to Harrison (2009), there are 86

management development methods, the top managers and HR managers are responsible for the implementations of these methods.

The aim of the implementation needs to be innovative in the selecting of the methods to create significant differences in terms of performance and behaviour. And also the implication of methods needs to draw a clear picture for every layer of managers (Mumford, 2010).

2.8.5.4 Step 4: Evaluation

The main idea of evaluation is to update the knowledge and experiences about the management development. In other word, within the evaluation process management development specialist aims to learn from experience. This can be done in every level of the organisation with an individual, group or a whole organisation (Harrison, 2009).

Evaluation is a subject that aroused strong passions among those who participated in the research. One group felt that “if you cannot measure it you cannot manage it” and that the organisation had to find business measures of the added value of learning. If any companies aim to create value within the organisation, they must benefit from outcomes of evaluation of management development step. But we need to find pragmatic ways of achieving this in order to not add significant cost to our operations (Daniels et al., 2008).

2.8.6 Management Development Approaches

The approach adopted by organizations is to provide support through a range of related activities such as performance management, development centres, personal development, planning, coaching and mentoring. Also the approach to management development should be based on an understanding of how managers learn and develop (Claydon and Beardwell, 2007).

2.8.6.1 Formal Management Development Approaches

Management development should start from identifying the needs of development within the organisation so as to improve performance of managers. Therefore, development centre within the organisation should use formal approaches which are illustrated in **Table 2.4** (Mumford and Gold, 2006).

Table 2.4: **Formal Management Development Approaches**

- | |
|---|
| <ul style="list-style-type: none">• Coaching and mentoring.• In order to give feedbacks and plan development needs, using performance management processes.• Planned management development activities that cover job rotation, job enlargement and participating in project teams.• Formal training by using internal and external sources. |
|---|

Source: *Created by the author (2010).*

2.8.6.2 Informal Management Development Approaches

Informal management development approach aims to learn from experience which managers face during the training of their daily work. Managers face many problems and difficulties during their daily work. Therefore, within this approach, they will learn to cope with these difficulties and develop new techniques from experience (Mumford and Gold, 2006). These approaches are summarised in **Table 2.5**.

Table 2.5: **Informal Management Development Approaches**

- *Getting managers to understand their own learning styles so that they can make the best use of experience and increase the effectiveness of their learning activities.*
- *Emphasizing self assessment and the identification of development needs by getting managers to assess their own performance against agreed objectives and analyse the factors that contributed to effective or less effective performance.*
- *Getting managers to provide their own personal development plans.*
- *Encouraging managers to discuss their own problems and opportunities with their manager, colleagues or mentors to establish for themselves what they need to learn or be able to do.*

2.8.7 Management Development Techniques

There are various management development techniques in the literature and all these can be classified into two main categories, namely ‘on-the-job techniques’ and ‘off-the-job techniques’ (Sims, 2006). In this section of the study, the most common techniques will be touched upon briefly.

2.8.7.1 On-the-job Techniques

On the job, training means receiving training in time to support the organisation’s effort, at the leading edge of the implementation time line. The employees’ responsibility is to know and understand what subject is being given and why it is important for the organization to learn and use this subject matter. The role of learners is promoting the application of the knowledge by others within the organisation as well as demonstrating their own application of it by participating in the executive reviews, by taking part in the rollout of the job itself and by applying the subject matter in their everyday work (Armstrong, 2009).

In this section the most common internal techniques such as the coaching and mentoring, job rotation, projects and secondments, and under study will be mentioned.

Coaching and Mentoring: According to Claydon and Beardwell (2007), coaching and mentoring programs establish an on the job relationship between an experienced leader and a less experienced individual in the same career track.

Dessler (2009) claims that in recent years individual coaching has become more popular as another type of developmental intervention for leaders in organisations. “Coaching, that is carried out by experienced managers, emphasizes the responsibility of all managers for developing employees. Under this method of management development, experienced managers advise and guide trainees in solving managerial problems. The idea behind coaching should be to allow the trainees to develop their own approaches to management with the counsel of more experienced manager” (Dessler, 2009).

In organisations, mentors are more experienced managers who guide, encourage and support younger or less experienced managers. “Mentoring is a developmentally oriented relationship between senior and junior colleagues or peers. Mentoring relationships, which can occur at all levels and in all areas of an organisation, generally involve advising, role modelling, sharing contracts and giving general support. Mentoring can be either voluntary and informal or involuntary and formal” (Dessler, 2009).

Job Rotation: In job rotation the management trainee goes from one job to another within the organisation. This will give him the required diversified skills and broader outlook, which are very important at the senior management level. Job rotation increases inter departmental co-operation and reduces the monotony of work. In addition to learning new skills, job rotation gives workers an opportunity to learn more about how the organization operates (Harrison, 2009).

Projects and Secondments: According to Harrison (2009), project management is increasing in prominence as the role and function of a manager changes within an increasingly turbulent, uncertain and often ambiguous world. One way to develop these attitudes and competences is to delegate responsibility for managing a cross-functional team of people, tasked with achieving a specific organisational goal within a fixed time-scale and to a set budget. This cross-functional project management role not only improves core management skills such as communication and motivation but is also effective at developing ‘higher order’ diagnostic, judgemental, evaluative and political skills.

Secondments are also increasingly being used for manager development. Multinational companies have highly sophisticated management exchange programmes that are used not only to develop important language and cultural skills in managers, but also to reinforce the organisation’s central belief and value systems (Mumford, 2010).

Under Study: Harrison (2009) states that an under study is the person who is in training to ensure the future time, under the responsibility of his superior. And superior will teach him what all his job involves and gives him a feel of what his job is. Decision making skills and leadership skills can also be taught by involving them in discussions of daily operating problems and assigning him the task of supervising two or three people.

2.8.7.2 Off-the-job Techniques

In a climate and environment of greater risk, challenge, change and ambiguity for managers, increasing attention is focusing on the benefits of ‘off-the-job techniques’ as a development way. The aim is to provide opportunities for personal growth and for managers to realise the potential of their ‘inner resources’ (Armstrong, 2009).

In this section the most common external techniques such as the case study, incident method, role playing, in basket method, conference and lectures will be mentioned.

The Case Study: Cases are based on real life of business situations that happen within the companies. The trainees are asked to discuss and evaluate the case. They are required to define and identify the clear and hidden problems. “Case study is a description or history of an event or sequence of events in a real life setting. In learning and development, case studies are analysed by trainees to learn something by diagnosing the causes of a problem and working out how to solve it. Case studies provide information that contributes to the creation of a theory as part of a grounded theory approach or validation of an established theory” (Armstrong, 2009).

Incident Method: According to Harrison (2009), it is combination of ‘case method’ and ‘in basket method’. “Each employee in the training group is asked to study the incident given and to make short term decisions in the role of a person who has to cope with the incident in the actual situation.” Later group discusses the incident and decision taken by each member.

Role Playing: “A problem situation is simulated by asking the participants to assume the role of particular person in the situation. Role playing helps the participants to understand people better” (Harrison, 2009). Role play is one of the great ways of changing the way you see the world is to see it from someone else's point of view. This technique allows the trainees to change their perspective by getting you to role play a different person and see how they would approach the problem. “Different people use different bits of information and knowledge to approach the same problem and it's extremely helpful to view a task from different angles” (Harrison, 2009).

In Basket Method: The trainees are first given background information about a simulated company, its products, key personnel, various memoranda and all data pertaining to the firm. The trainee has to understand all of this and prepare notes. It will develop skills like recall details, establish priorities, scheduling meetings with personnel involved and explaining reasons for actions taken (Marchington and Wilkinson, 2008).

Conference: A conference is the platform or meeting with few people to discuss a certain topic. Every member who attends the meeting should create open ideas for the other participants. The main aim of the conference is to create a networking between the participants. Any organisation, profitable or non profitable, can organise conference in order to create networking to discuss a subject which is a common interest of the organisation. Many conferences are free and open to the public. Conference is a strong training tool for attendees. This can be both outdoor training activity of the company (Marchington and Wilkinson, 2008).

Lectures: It is the simplest technique. This is the greatest technique to present and explain series of facts, concepts and principles. Also this is best accomplished by having other managers, either internal or external, present their experiences and challenges. “Hearing how others at similar levels of responsibility and in similar environments have learned, applied, and improved on management applications is an effective learning method for managers” (Marchington and Wilkinson, 2008).

Before heading to investigate linkage between management development and change management and analysing the role of management development as a supportive tool for the managers within the changing business environment, the next section will be focusing on change, and change management.

2.9 Change

Burke (2008) explains the basic meaning of change that it occurs when something moves from one situation to another. For many organisations’ leaders, the managing of change is indeed such a taxing job.

In today’s business world, the idea of change has extremely become a necessity for organisations rather than an alternative that they wish to choose. Although it is usually associated with crisis management, even the most successful companies have to face reality of change. “Ability to improve functioning of an organisation can be assumed as one of the key competencies of contemporary business organisations. As the uncertainty

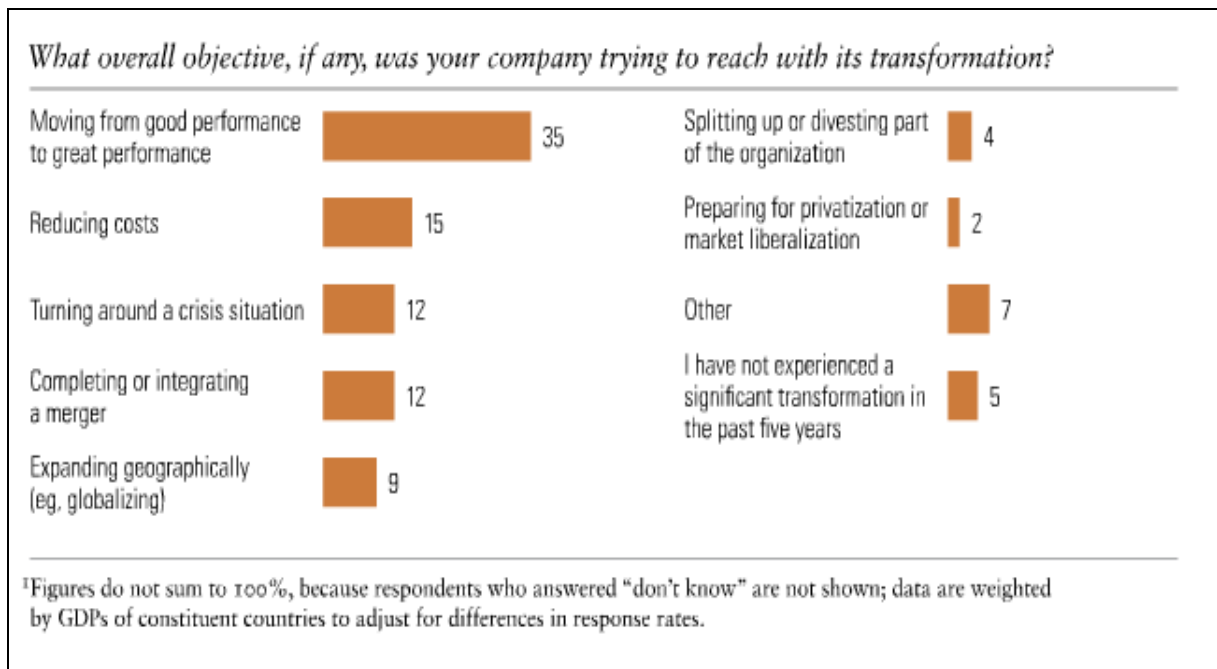
of business life markets gets intense, organisations have become much more sensitive to any occurrence that takes places in their environment” (Dibella, 2007).

While there have been many factors that force organisations to change, developments in technology, diminishing role of governments in business life and globalisation are some of the main factors that necessitate organisations to adjust the way they conduct businesses (McKinsey Quarterly, 2008). “Dynamic nature of business environment also influences customers’ preferences on all sorts of products and services and therefore, being able to respond these changing demands requires flexible organisations which can implement new strategies successfully. Considering the instabilities in external environment, the problem that concerns organisations most has been the scope of change” (Sagie and Kolowsky 2008).

On the other hand, in 2008, a survey was done by McKinsey & Company, the main purpose of this study to figure out why organisations need to change. The researchers approached more than 3,000 executives from different regions of the world and ‘why change?’ as a first question of this survey was addressed to them (See **Figure 2.2**).

The survey shows, 35% of executives highlighted that change is the necessity for becoming more competitive, 15% of executives pointed out that reducing cost is a significant option, so as to gain better performance. In other word, approximately 50% of respondents consider the change as a necessity way in order to remain competitive and enhance the organisational efficiency. On the other hand, roughly 45% of executives gave various responses which not related each other. Nonetheless, the survey reflects that 5% executives did not take any action to change, it means, some managers still resist the change (Web 1).

Figure 2.2: **Why do organisations change?**



Source: *McKinsey & Company (2008)*

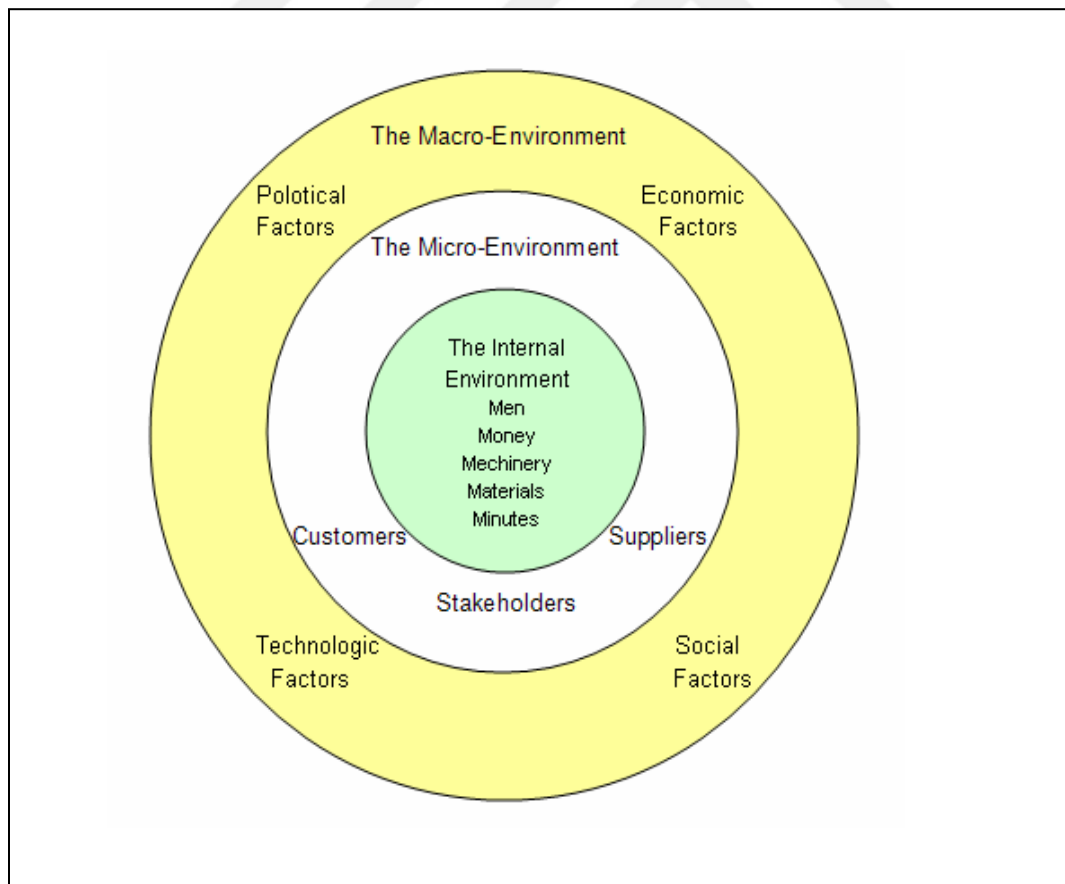
Wit and Meyer (2004) identified two basic paths for change. “Firstly, some organisations tend to adopt themselves to ongoing changes through constantly improving their operations by small adjustments. These changes usually focus on improving existing systems by keeping fundamental structure of business same. Secondly, organisations which conceive constant but small improvements as inadequate, tend to employ radical changes which refer to complete renewal of existing way of doing business” (Wit and Meyer, 2004).

2.9.1 Sources of Change

In general, it can be argued that there are two main sources that change stems from: internal and external. The internal sources of change refer to any kind of change forces that have their roots in the organisation itself; these changes have effect on the organisational strategy directly, such as men, money, machinery, materials and minutes in board terms. And these changes come from the needs of improving operational

efficiency, improving the quality of products and services, process improvement, a new marketing strategy and so on (Robbins and Judge, 2008). The external sources can be expressed as the changes coming from the outer world of an organisation, which force the organisation to adapt. The external sources can be classified into three areas, the macro-environment and the micro-environment (See **Figure 2.3**). And these changes come from the effects of political factors, economic factors, technological factors, social-cultural factors, customers, stakeholders, suppliers and so on. There are also interaction and reason-result relationship between internal and external drivers. For example, changing demands of customers can create a need for change in internal structure of a company, such as the need to improve product and service (Robbins and Judge, 2008).

Figure 2.3: **The scope of the environmental changes**



Source: *Created by the author (2010)*

In order to better understand the changing business environment, organisations should consider different perspectives and level of change. Therefore, in next section, 'Outside-In' and 'Inside-Out' change perspectives and also level of the change will be mentioned.

2.9.2 Outside-In Change Perspective

De Wit and Meyer (2004) believe that in terms of outside-in, organisations are heavily bounded to the market and should adapt themselves to the market conditions, opportunities and developments. The external environment is the starting point and companies are assumed as externally oriented and market driven. Therefore, managers firstly should focus on exploring the environment and finding market opportunities before building any kind of strategies (De Wit and Meyer, 2004). According to Porter (1980), companies are bounded to industry that belong to and should analyse the environment in order to understand their competitive position in the marketplace. This perspective disregards the effects of internal drivers, such as innovating new technology or building systems for operational efficiency, and do not identify them as important sources for change (Kebapcı and Erkal, 2009).

2.9.3 Inside-Out Change Perspective

De Wit and Meyer (2004) claims that inside-out perspective refuses the view of market adaptation and instead, proposes that the strength, capabilities and resources of organisations are the main determinants of the strategy and the position in the market. Organisations should not build their strategies and business systems according to the market; on the contrary business system of an organisation, which are the stock of assets, value chain and the product offering, are the key issues that determine strength of an organisation. According to the competence-based view of Palmer and Hartley (2008), organisations should consider their core competences and develop strategies to strengthen these core capabilities and to build new ones (Kebapcı and Erkal, 2009).

2.9.4 Level of Change

In rapidly changing business environment, organisations can encounter the different levels of change. Individuals can be assumed as the core part of change; that is, change in individual is the beginning point of the change of all systems but individuals are not isolated from the environment. They are also element of different groups at different levels. Change can be classified into three levels, namely individual, team and organisational (Cameron and Green 2009).

2.9.4.1 Individual Change

Even change has been coming from the externally, the perception and reactions toward change arises internally, and therefore this puts to individual to a critical position in explaining the level of change. The external business environment, which individual are a part of it, has not been stable. It has been dynamic and subject to constant changes. The individuals, as a part of the environment, also encounter these changes and need to adopt themselves. From this point, individuals' context the one of the most significant levels which the idea if change needs to be analysed and understood (Cameron and Green 2009).

2.9.4.2 Team Change

Organisations consist of different kinds working groups. Individuals, different from individual level change, also encounter the team level change forces in organisations. Cohen and Bailey (1997) stated that a team is the collection of individuals who are aware of their responsibility for the results under wide social entities, such as corporations and companies. Additionally, there have been distinctions between the meaning of group and team in the literature. In contrast to the definition of team as mentioned above, groups have been defined as the number of individuals that are aware of themselves and draw a border around in order to perceive themselves as a group under common interests different from the outsiders (Cameron and Green, 2009). For instance in the organisations, the workers who are the members of union can be thought as a group; on

the other hand, the departments, change management teams etc. can be considered as the examples of teams in organisations (Kebapcı and Erkal, 2009).

According to Cameron and Green (2009) there are nine types of teams in terms of functionality, namely work teams, self managed teams, parallel teams, project teams, matrix teams, virtual teams, networked teams, management teams and change teams. Also according to the complexity of the intended objectives and construction of organisation, the names of the teams can be differentiated. For example, project teams can be constructed to achieve and to manage change implementations within the organisation. Whatever the name of the team is, efficiency of constructed team is the main concern to reach intended objectives (Kebapcı and Erkal, 2009).

It seems that team development necessitates the stage that transfers individual identity to the team identity which can be built under the light of common objectives. Another dimension that should be mentioned here is the relation between the levels of individual and change. The question of how individual affects the team dynamics can be understood by examining the composition of team. There are differences among individuals in terms of responding the change forces (Cameron and Green, 2009).

2.9.4.3 Organisational Change

Organisations are the places where change has a considerable impact. Organisational change deal with how organisations are structured and, in board terms, how they function. According to Hamburger and Yitzchayak, (1998) there are three different approaches for organisational change actions in the literature to investigate organisations. The first approach comes from classical management theory that focuses on the empirical facts and practical results by describing organisations as the formal unit. The second is the sociological approach that analysed the sociology of organisations by focusing on the different identities and classes within the organisations, which create issues with the basis of socio-economic differences. The third approach is the psychological approach, which focuses on the individuals and their psychological conditions in order to describe the

organisations. Metaphors can be used for investigation and description units by the psychological approach, which represent the general perception of organisations by individuals (Hamburger and Yitzchayak, 1998).

2.9.5 Change Management

A key factor in organisational success is the effective management of change. Change can affect all types of organisations, from giants to the smallest business. For this reason, managers must be skilled in management change. In this context, change management can be stated as “a process that focuses on achieving the smooth implementation of change by planning and introducing it systematically, considering the likelihood of it being resisted” (Armstrong, 2009).

Change is inevitable as a way for organisations to survive. At the same time, this inevitable change is a process that managers often face and must overcome within organisation. In the process of change management, leaders must first identify the source of change and determine the direction of change. In this way, leaders can plan how the change will take place within the organisation (Karp, et al, 2009). Change in organisations can result from the internal and external environment. Managers' knowledge and skills may be sufficient to understand and control the change arising from the internal environment. However, it may not be easy to understand and manage the changes arising from the external environment and to reduce the effects on the organisation. Therefore, managers need to have significant knowledge, skills, and abilities in order to manage change effectively.

As mentioned earlier, change is an extremely dynamic action, the change management process must also be dynamic and adaptive. An adaptive manager completely understands that organisational change must be managed with different approaches, managed as a whole, and requires mixed methods of analysis (Karp, et al, 2009). As the adaptive manager becomes proactive in change management, they must completely grasp the multi-dimensional aspects of change and its affect on the organisation and its

employees. The adaptive manager is aware that there is no one size fits all in effective change management and to be successful, they must first understand how change affects individuals (Suutari and Viitala, 2008).

2.10 Changing Business Environment

Particularly, in last decade, organisations have faced the reality of change so dramatically that some observers had foreseen the end of work. Change was being brought about through the new information and communications, technologies and though the ways in which organisations have tried to giving response to the need to achieve and maintain their competitive edge in increasingly global market (Gold, 2010). The pace and volume of changing business environment is drawing increased attention to the ways that human resource development activities can be used to ensure that organisations members have what it takes to successfully meet their challenges (Cameron and Green, 2009). The challenges are highly complex, such as globalisations and an increasingly diverse workplace and markets, and also technology.

2.10.1 The Complexity of Business Environment (Chaos Theory).

The world changes rapidly. Today's business world is full of organisations trying to find the way in global disorder which can be defined by speed and uncertainty. The organisations which can show the talent about overcoming the uncertainty and making projections against crisis have to cope with the acceleration of the change (Oakland and Tanner, 2007).

Particularly, with the globalisation' effects on politic, social, economic and technologic areas, in terms of business affairs, change has become more complex and unpredictable for immediate future. In terms of chaos theory the future is unpredictable and undetermined and the theory tries to deal with unpredictable change, undetermined human behaviour in organisations (Cummins and Worley 2005).

Hayes (2006) believes that the chaos theory is used to understand the dynamic change. Main idea of this theory is a small element can have a huge impact on the whole process of change as a result of interactions between the other factors over period of time. Also, Wheatley (2006) stated this theory as “an attempt to understand disorderly phenomena.”

Today, organisational leaders must employ a very different set of operation assumptions. The primary approach to the creation of knowledge, goods and services has advanced from mechanistic model to other perspective. As a result of our changing times, our collective social frameworks for making sense of our world also have changed. For example, chaos theory, complexity theory and also system thinking have become useful ways to view and describe the dynamic and seemly chaotic and unpredictable world around us. Whether the subject is a business, a community or a complex scientific problem, dynamics in the system are often mysterious and cause and effect are not readily obvious (Jue et al., 2009). The world become increasingly concerned with creating synergy, the idea that whole is somehow more than the sum of the parts. Indeed, it is often the relationship between the parts, their interdependence that makes a difference in today’s business world (Bratton and Gold, 2007).

2.10.2 The Current Changes within the Environment

Globalisation is the process of international economic integration in worldwide markets. It involves the development of single international markets for goods or services accompanied by an accelerated growth in world trade. In other word, globalization of business refers to the free movement of capital, technology, goods, services, ideals, information, and people across national boundaries. This has a huge impact on organisations. Competition has increased within the global business environment as a result of globalisation. The world has become a single operation ground for the organisation. Therefore, this has force the organisations to change the way they work, operate and manage (Redman and Wilkinson, 2008).

Also, technological advancement has brought many complexity, diversity, and convenience to organisations. It is becoming more and more difficult for businesses to keep up with the rapid change in technology. With the influence of technology, changing the needs and demands of customers is becoming more uncertain. However, the use of technology at every level of the business provides a great competitive advantage to the business and makes the future more specific. These advantages can only be achieved by understanding and adapting to technological change from the bottom to the top level of the organisation. At this point, it becomes clear how important it is to develop managers who will manage change.

According to Cameron and Green (2009) today's business environment consists of more dynamic, complex and larger system that people and companies operate. These can be described technological, economical demographic and natural environment. It is very vital for organisations to have capability to respond and cope with rapidly changing business world. Organisations and senior executives deal with the challenges of organisational complexity. Jue et al. (2009) argue that leaders in the study shared those greatest challenges they face involve bringing employees together across multiple disciplines and diverse perspectives. Specially, they stated three challenges: (1) being able to effectively connect with virtual team members across time zones, (2) building collaboration and teamwork, and (3) operating effectively across geographies and functions. With the barrage of available information amplified by our new global reach, people are searching for ways to take advantage of their capability without crashing information overload. People have become 'knowledge workers' in the information age.

In order to have a deeper understanding on the research topic, in the next section the linkage between management development and managing change will be discussed. Additionally, the role of management development as a supportive tool for managers to respond and adapt changes will be investigated.

2.11 The Linkage between Management Development and Chance Management

Due to continuous and intensive change, many organisations are facing difficulties to adapt and improve their managers. Therefore, the vital effect of management development has become clear and obvious for organisations (Redman and Wilkinson, 2008). There are two biggest challenges which organisations are facing in the current business environment are leadership and change (Mumford, 2010). Attracting, recruiting, developing managers and effectively managing the change which occurs internally and externally within the organisation are the vital activities which keep organisations sustainable and competitive.

Dessler, (2009) states that many companies have seen change management and management development as two different aspects of the management activities, in this context the author believes that many opportunities are missed for the improvement of organisational and individual performance in the changing business environment. Thus, many changing activities cannot be achieved due to weak management development practices.

Tobin and Pettingell (2008) believes that many companies do not realise the linkage between management development and change management. They treat them as separate areas. Therefore, many opportunities and benefits for developments in management development activities are missed. Furthermore, the aims of management development programmes cannot be achieved due to the failure of matching individuals' needs and organisation's needs because the organisational and individual needs consistently change within the business environment.

Sewerin and Holmberg, (2009) suggest that organisations must realise the linkage between management change and organisational change and they should integrate two areas when is necessary. And also Sewerin and Holmberg, (2009) argue that management development cannot play a vital role within organisations unless it is combined with change management. Tobin, et al (2008) believes that management development gives too much attention to technical and professional skills rather than adapting managers' skills to the changing environment that includes the structural, cultural, political, emotional and psychological influences involved in change.

It can be seen from the above discussion management development and change management are seen as separate areas for many organisations. However, in terms of adopting organisations and managers to the changing business environment, many authors believe that organisations should combine two areas to not result in failure. Therefore, within the current business environment, organisations should start to use management development activities as a tool to support their manager in the changing business environment. As a new discussion era, the author believes that organisations which are not integrated their management development approach with the management change will not be successful within the changing business environment.

2.12 Conclusion

To summarise this chapter, at the first section, the aims and objectives had been repeated in order to remind the purpose of research, then initially the big picture, Human Resource Management, was shown so as to understand the importance of research topic. After that, as a necessity of deduction approach, strategic human resource management, and human resource development, organisational development, learning and development, and management development were discussed respectively. As the other main part of this chapter, change and changing business environment were mentioned. And finally, the linkage between management development and change management was discussed, in order to illustrate the connection between management development and changing business environment. The next chapter will present the methodology with the adopting methods and approaches.

Chapter 3

METHODOLOGY

3.1 Introduction

This chapter aims to indicate the shape of research structure and state which and why research approaches have been adopted by researcher. At the first section, the aims and objectives will be repeated in order to remind the purpose of research, then the research philosophies, research design, data collection methods, interview approaches, research limitation will be mentioned respectively and at the final stage of this chapter, a clear conclusion will be formed, which is pointed out the chosen methods and approaches for the research.

3.2 The Research Aims and Objectives

The aim of this study is to investigate the interactions between management development and change management. The ultimate aim is to find out how management development plays a strategic role for organisations in the changing business environment.

Objectives:

1. To critically review the literature related to management development and change management in terms of human resource management.
2. To examine the importance of management development for organisations within the changing business environment.
3. To investigate whether organizations use management development as a tool in order to adapt their managers to the changing business environment.

4. To provide various recommendations for how organizations can encourage their managers by using management development to respond the changing business environment.

3.3 Research Philosophy

As Saunders, et al. (2007) agree that research philosophy is the first step of determining the research approaches or it is a way which is being at the top of knowledge development process (Jackson, 2008). Obviously, it is of great importance to do a thorough research and related to knowledge creation process.

3.3.1 Positivism

Positivism can be explained as researchers' belief which should focus on facts, generally it tends to adapt cause and effect approaches and basic laws, and also tries to reduce phenomena to their simplest element, formulate hypotheses and then test them (Cooper and Schindler, (2007). Researchers are objective analysts. According to Saunders, et al. (2007) "the emphasis in positivism is on quantifiable observations that lend themselves to statistical analysis. It tends to be deductive."

3.3.2 Phenomenology

Phenomenology focuses more on meaning of phenomena that on the facts associated with them. Researchers adopting this philosophy try to understand what is happening. Their approach is holistic, covering the complete picture, rather than reductions. Researchers collect and analyse evidence, but their purpose is to use this data to develop ideas that explain the meaning of things. They believe that reality is socially constructed rather than objectively determined. Using a phenomenological approach means that the research unfolds as it proceeds – early evidence is used to indicate how to move on to the next stage of evidence collection and analysis, and so on. It tend to be inductive, it can be deductive as well (Bryman, 2007).

As illustrated by Valentin (2006) in the **Table 3.1**, both approaches have various advantages and disadvantages for researches in terms of functionality.

Table 3.1: **Advantages and disadvantages of Positivism and Phenomenology**

Positivism		Phenomenology	
Advantages	Disadvantages	Advantages	Disadvantages
• Wide coverage of the range of situation • Can be fast and economical • May be relevant to policy decisions when statistics are aggregated in large samples	• Methods tend to be flexible and artificial • Not very effective in understanding process or the significance people attach to actions • Not very helpful in generating theories • Because they focus on what is or what has been recently, they make it hard for policy makers to infer what actions should take place in the future	• Can look at change processes overtime • Help to understand people's meaning • Help to adjust to new issues and ideas as they emerge • Contribute to the development of new theories • Gather data that is seen as natural rather than artificial	• Data gathering can take up a great deal of time and resources • The analysis and interpretation of data may be difficult • May be harder than a positivist approach to control pace, progress and endpoints • Policy makes may give low credibility to a phenomenological study

Source: Valentin (2006) *“Researching human resource development: emergence of a critical approach to HRD enquiry”*

Phenomenology approach is mostly used for gathering in-depth and pure information rather than making generalisations. Therefore, in this research, **phenomenology** approach was chosen.

3.4 Research Design

According to Saunders, et al, (2007), research project involves the use of theory, which may or may not be made explicit in the research design, although it will always be made

explicitly in research presentation of the findings and conclusions. So it is important to combine qualitative and quantitative methods for collecting different types of data to provide a richer, contextual basis for interpreting and validating results.

3.4.1 Quantitative research

Quantitative research is empirical – based on the collection of factual data that is measured and quantified. It answers research questions from the viewpoint of the researchers. It may involve a considerable amount of statistical analysis using methods for collecting the data through questionnaires, surveys, observation and experiment. The collection of data is distinct from its analysis (Jankowicz, 2004).

3.4.2 Qualitative research

Qualitative research aims to generate insight into situations and behaviours so that the meaning of what is happening can be understood. It emphasises the interpretation of behaviour from the viewpoint of the participants. It is based on evidence that may not be easily reduced to numbers. It makes use of interviews, case studies and observation but it may also draw on the information obtained from surveys. It may produce narratives or stories describing situations events or processes (Saunders, et al, 2007).

When compare these two approaches each other, clearly it can be seen that they are in contrast - as illustrated by Bryman, (2007) in the **Table 3.2**. So researchers must consider those differences when they adapt to its researches.

Table 3.2: **Contrast between qualitative and quantitative research**

Quantitative	Qualitative
Numbers	Words
Researcher distant	Researcher close
Macro	Micro
Hard data	Soft data
Theory testing	Theory building

Static	Process
Structured	Unstructured

Source: Bryman (2007), “*Business research method*”

According to the nature of research, research design can be classified into three categories, namely exploratory, descriptive and causal.

3.4.3 Exploratory Research

Exploratory research aims to explore an issue or a topic. It can be identify a problem, clarify the nature of a problem or define the issue involved by adopting exploratory research. Also by the helping of this research approach, researchers can provide hypotheses for future research.

3.4.4 Descriptive Research

Descriptive research aims to find the answers to the questions ‘Who?’, ‘What?’, ‘Where?’, ‘When?’, ‘How?’ And so on. While exploratory research can provide description, the purpose of descriptive research is to answer more clearly defined research question. Descriptive research provides a big picture about research topic and examines some of the key issues which can be faced in marketplace.

3.4.5 Causal Research

Causal research focuses on addressing the ‘Why’ questions, such as why are customers satisfied or not?, Why are international companies successful or not in Turkish marketplace?. By the helping this research approach, researcher can achieve a clear conclusion, and thanks to this result, organisational and individual behaviours and tendencies can be identified.

To describe the logical, analytical and critical thinking processes, it can be mentioned six different approaches which are used in research, namely deduction, induction, hypothesis

testing, grounded theory, paradigms and critical evaluation (Armstrong, 2009). However, in next section, the researcher will explain the two common approaches - deductive and inductive.

3.4.6 Deduction

Research involves deduction, which is the process of using logical reasoning to reach a conclusion that necessarily follows from general or universal premises. If the premises are correct, so is the deduction. The conclusion is therefore contained within the evidence. It is not a creative or imaginative argument which produces new ideas (Armstrong, 2009).

3.4.7 Induction

Research can also be based on induction, which is the process of reaching generalised conclusions from the observation of particular instances. In contrast to deduction, inductive conclusions may be tentative but they contain new ideas. A creative leap may be required to reach them. This approach can be had some problem inherently which is that while science is seen as rational, deductive, logical, certain, and objective, scientific progress seems to depend on processes that are imaginative, not entirely logical and tentative (Armstrong, 2009).

In this research, in accordance with research objectives, ***qualitative, deduction*** and ***exploratory*** approaches were chosen so as to build a well-done research design and clarify the nature of the problem. The researcher believes that those approaches may produce a specific tendency for the purpose of the research.

3.5 Data Collection Methods

3.5.1 Primary Data

Primary data are collected from original resources for the particular research being undertaken. Some of data collection techniques are qualitative and quantitative. Interview is the easiest way to get information on how a person understands a problem that a researcher wants to study is to ask questions which can be made possible for example through an interview. And also interviews are used in qualitative research in order to conduct discussions not only to reveal and understand the “what” and the “how” but also to place more emphasis on exploring the “why”. A critical examination of the collection of data is deemed necessary though in order to get the value required for it to be considered as a data gathering method (Saunders, et al, 2007).

3.5.2 Secondary Data

Secondary data are previously collected and recorded data which exist before the research and there are two different kinds of secondary data types: Internal secondary data which the data originated from the researcher’s organisation and external secondary data that the data are collected and recorded by an entity other than the researcher’s organisation (Zikmund, et al, 2007).

Secondary data could be found in books, magazines, journals, web, internet, newspapers and so on. In this research, **multiple-source** as a secondary data and **interview** source as a primary data were used in order to gain in-depth information on topic.

3.6 Interview

As Bryman, (2007) stated that interviews are an important research method. They obtain factual data and insights into attitudes and feeling and can take three forms:

1. Structured, which means that they are entirely concerned with obtaining answers to prepared set of questions. This ensures that every topic is covered and

minimises variation between respondents. But they may be too rigid and inhibit spontaneous and revealing reactions.

2. Unstructured, which means that no questions have been prepared in advance and the person being interview is left free to talk about subject without interruption or intervention. Such ‘non-directive’ interviews are supposed to provide greater insight into the interviewee’s perspective, avoid fitting respondents into predetermined categories and enable interviews to explore issues as they arise. But they can be inconsequential and lead to poor data that are difficult to analyse.
3. Semi-structured, which means that the areas of interest have been predetermined and the key questions to be asked or information to be obtained have been identified. The interview may have a checklist but does not follow this rigidly. This approach enables the interviewer to phrase questions and vary their order to suit the special characteristics of each interviewee. It may avoid the problems of the completely structured or unstructured interview but it does require a considerable degree of skill on the part of the interview.

According to Zikmund, et al, (2007) the advantages of interviews are that they obtain information directly from people involved in the area that is being research and can provide insights into attitudes and perspectives that questionnaires and surveys will not reveal, thus promoting in depth understanding. They enable the interviewer to probe answers and check that questions had been understood. For disadvantages see **Table 3.3**.

Table 3.3: Disadvantages of Interview Approach

- | |
|--|
| <ul style="list-style-type: none">• The construction of the interview questions may result in leading questions or bland answers.• Interviewers may influence the interviewees’ reactions by imposing their own reference frame.• Respondents may tell interviewers what they want to hear |
|--|

- They are time - consuming – to set up, to conduct and to analyse
- They require considerable interviewing skills including the abilities to recognize what is important and relevant, to probe when necessary, and to listen and to control the interview so that it covers the ground it was intended to cover.

Source: *Created by the author (2010)*

In order to gather pure and in-depth information which tries to cover the aims and objectives of the research, **structured interview** way was adopted which has been held with the HR managers or specialists of Kale Group and Sanko Group. This interview was designed into three steps (see **Appendix 1**); (1) Change and Changing Business Environment, (2) Management Development, and (3) Adapting in the changing business environment by management development.

3.7 Research Limitations

Every research has its own limitations. There were many challenges and limitations which the researcher had faced. As a first limitation of this study, gathering data from primary source and secondary source. At the beginning of the study, collecting the right data and drawing the right references had been seen as a complex field by the researcher. After clarifying this ambiguities situation, the other challenge – accessibility of secondary data– came out. For obtaining primary data, many companies had been contacted but many excuses were put forward by companies, such as ‘we do not have time’, ‘we do not have management development process’, ‘we do no information on this topic’ and so on. After agreeing with a couple of companies, in accordance with interviewees’ request, interview questions were translated from English to Turkish in order to better understand insight of the research. The researcher had faced to another challenge – responding time–. Nevertheless, ‘time’ was the biggest challenge in my research.

3.8 Conclusion

To sum up, in this chapter, there are many research approaches which can be adopted by researchers and those approaches can vary according to nature of researches. In this research, *phenomenology* approach was adopted and *qualitative* method, *deduction* approaches and *exploratory* type of research were designed so as to help to achieve purpose of the study. To do this, also as a secondary data **multiple-source** was utilised and as a primary data *structured interview* was designed which is consisted of five steps. The next chapter will present the results obtained with this methodology.



Chapter 4

FINDINGS AND DISCUSSION

4.1 Introduction

In this chapter, first of all, the aims and objectives will be repeated in order to remind the purpose of research, and then the literature review and findings will be combined and analyzed so as to meet the aims and objectives. To do this, the researcher will discuss the finding into three parts, namely ‘Change and Changing Business Environment’, ‘Management Development’ and ‘Adapting organisations to the changing business environment by management development’. In the first part of this chapter, change and changing factors will be discussed in terms of companies, so as to understand that how Turkish companies consider the change. In the second part of this chapter, the management development processes and implementations of Turkish companies will be examined. And in the third part of this chapter, Turkish companies’ behaviours will be analysed when it comes to adopt the changing business environment. Finally, a brief conclusion of this chapter will be provided.

4.2 The Research Aims and Objectives

The aim of this study is to investigate the interactions between management development and change management. The ultimate aim is to find out how management development plays a strategic role for organisations in the changing business environment.

Objectives:

1. To critically review the literature related to management development and change management in terms of human resource management.
2. To examine the importance of management development for organisations within the changing business environment.
3. To investigate whether organizations use management development as a tool in order to adapt their managers to the changing business environment.
4. To provide various recommendations for how organizations can encourage their managers by using management development to respond the changing business environment.

4.3 Change and Changing Business Environment

As it was mentioned at the literature review, today`s business environment is unpredictable and fast changing (Burke, 2008). However the extend of those changes are different in every industry; therefore the ways to cope with those factors are different for every company.

On the one hand, from the aspect of Kale Group which is one of the biggest family businesses in Turkish economy, the change can be described as the effects of political and technological factors (Dogan, 2010). On the other hand, from the aspect of Sanko Group which is one of the biggest Turkish international companies, the change can be described as the effects of technological factors and also the demands of the stakeholders which are considered as one of the main factors of the change (Demir, 2010). Therefore, the findings show that there is not only one definition for change and the definition of

change is various depending on the sectors which companies is being in and organisational structure.

Indeed, the definitions of change which both companies were explained above show the challenges of change which companies face frequently. Dogan (2010) states that if your company is a family business and has a dominant market position like Kale group, the political factors are the main reason of the change as in Turkish marketplace, the law and producers changes constantly in order to meet the European Union`s standards. He also says that, owing to those new laws, the company has to take measures, such as building a new solid waste treatment unit in order to become more sensitive to the natural environment. Moreover, as the company is one of the biggest in its field, the government supports other companies in order to prevent the monopoly, however that also impact on Kale Group`s strategies. Dogan (2010) pointed out that considering together all these effects with the financial crisis effects, Kale Group has been seriously affected.

As it was mentioned above, Sanko group considers the technological factors as one of the biggest challenge of the change due to being a technology-driven company. According to Demir (2010), the customers are not only prefers them because they produce high-quality product, but they also prefers them as they possess the newest and technological products and services in the current times. To do this, Demir (2010) stated that recently Sanko group invested a big amount of money in ‘Research and Development’, new production and control systems, and staff training activities. These findings confirm the literature that says Political, Economical, Social and Technological factors are the major change elements.

External and internal factors always force companies to growth. As a company is just like an organic creature, they grow until they die. If they try to stop growing, their life spans even grow shorter. Thus, companies always attempt different strategies so as to survive in the marketplace. To do this, they have to have competitive advantage over other the rivals (Dibella, 2007). According to Mc Kinsey`s research (2008), to keep up with the severe competition in the industry, most of the companies need to change themselves and to do

this, My Kinsey's research shows that the companies tend to change mostly so as to improve their performance and reduce the cost. Kale group aims to change in order to be a corporate and professional international company (Dogan, 2010). However, Sanko group aims to change constantly in order to meet the unpredictable customers' demands immediately (Demir, 2010). Therefore, the findings shows Sanko group realised that the importance of change and accepted it as a value for the company as they are trying to achieve of being a customer centric company.

The effects of internal factors are also as important as external factors. Internal factors for companies are various, namely workforce and its capabilities, company's economic strength, the technology which is used by organisation, now-how and so on (Robbins and Judge, 2008). With the disadvantages of being family business, for Kale Group, workforce and its capabilities becomes a major internal force to change the organisation (Dogan, 2010). On the other hand, as a corporate and technology-based company, Sanko group, now-how and technology which are possessed within the organisation are the major internal factors that force to change organisation (Demir, 2010). As can be seen above, this is an interesting finding that agrees with the literature.

Macro and Micro change factors are impacts on the companies in different ways. Micro factors are usually related to companies' day to day process, however macro factors are usually based on more strategically business actions and a long-terms planning. According to Dogan, (2010), Kale group takes measures to deal with the change factors at the micro level - due to not realising the reality of change. However, Sanko group takes measures to deal with the change factors at the macro level which aims to be successful in the long-term (Demir, 2010).

In the managing change process, there is no doubt that the biggest challenge is the lack of managers' knowledge and skills. In order to manage the change and develop the strategies, companies need the managers which are educated and experienced in the particular fields. If the managers that are not realised the importance of change process and cannot properly analyse the change factors, they can damage the future of the

companies (Gold, 2010). The findings show that, for Kale group, the biggest problem is bureaucracy, hierarchy and inflexible structure that do hardly allow the managers to implement new perspective in the group (Dogan, 2010). Due to this reason, it could be argue that Kale group tends to resist the change. On the other hand, Demir (2010) stated that the biggest challenge for Sanko group is the unpredictability of the business climate. And also he points out that this challenge may cause managers to hesitate to make decisions in time and miss the opportunities.

Finally, after the borders between the countries are fading away, many new situations were come up, as a result of globalisation of business, such as free movement of capital, technology, goods, services, ideals, information, and people across national boundaries (Redman and Wilkinson, 2008). Moreover the speed of the change is more than it was predicted and therefore, the companies could not prepare for that properly. Many of companies which could not keep up with the speed of changing business environment or were being resisted to change, have faded away and most of them took damage that change their structures, aims, and philosophies permanently (Cameron and Green, 2009). They used different strategies in order to make their risks minimum. They use diversification strategies mostly. Diversification becomes an attractive strategy when a company runs out of profitable growth opportunities in this original business. In order to get more power out of this changing period, some of them used unrelated diversification whereas some of them preferred related diversification. Most companies have their business roots in a single industry (Mumford, 2010). Both Kale and Sanko groups used unrelated and related diversification strategies which make them monopolies in their industries. So far, they have preferred to acquisition strategies (Dogan and Demir, 2010). However, the findings confirm again the general truth that Turkish companies do not tend to merger strategies. Also the finding shows that Turkish market and companies are not ready to merger due to not having professional organisational structure.

The last financial crisis, which is called “credit crunch”, has impacted enormously the economy in the world. The situation and conditions in Turkey is the same and because of that the government has different enforcements in order to cope with these difficult times. Thus, that intervention of the government changes the companies` strategies altogether (Gold, 2010).

4.4 Management Development

Whether big or small-medium sized enterprises that have implemented a development project which depends on the companies` scope or field (Dauda, 2009). The projects of small-medium sized enterprises are usually regards to orientation and job training activities that are at operational level. However big or multinational companies` implement the projects that are at strategic level. Both HR department and other departments` mangers have to concern to conduct those activities in order to achieve the maximum benefits of the projects (Collings and Wood, 2009).

Kale and Sanko groups are big scope companies, and as a result of large-scale companies, they have a development processes which covers all its employees (Dogan and Demir, 2010). From Kale groups` perspective, HR department is responsible from the education of the employees however the ones, who are educated, are chosen by the related departments` managers. According to the Dogan (2010), Kale Group, it seems not to have fully professional management approach and therefore its employees in the development process, company considers day-to-day operations rather than systematic operations. However, Sanko group`s perspective is very different. According to Demir (2010), both HR department and management are responsible from the development of the employees and the selection of them. Thus, it shows, Sanko group use the development approach strategically which has a great possibility to be successful in the long run. Development process is a considerable cost for the companies however they have equivalent benefits in the long term. This is an interesting finding that somehow contradicts the literature, in Kale Group terms.

In order to secure full benefits of successful training there must, therefore, be a planned and systematic approach to the effective management training. For the successful training, there must be a clear commitment to training throughout all levels of the organisation; there should be reasonable objectives and defined policy for training, appropriate methods of training, an effective system of review and evaluation (Harrison, 2009).

As it was mentioned before, the managers are the most vital factor for achieving the aims. Thus they must be developed from top to down. Usually the board decide are adopted by companies in order to make decision which managers need to be developed with which kind of management development activities and when it need to be developed (Moyle, 2006). In both companies' making decision process for management development, only senior managers take responsibility. This is an interesting finding that somehow contradicts the literature and would be something that organisations in Turkey need to involve line or junior managers into decision making process.

Managers are like the brains of the companies, they decide the future of their organisations. The main reason of their very existence is to achieve the companies' aims. Thus, it is necessary to develop them according to companies' structures and as it was mentioned at the literature review in order to do that companies use various techniques such as on the job techniques (Coaching, Mentoring, Job Rotation, Projects, Secondments, etc.), or off the job techniques (The Case Study, Incident Method, Role Playing, Lectures etc.) (Harris and Leopold, 2009).

Kale group generally prefers off the job development techniques and they support their managers if they graduate from a master programme. In the case of any demand, job rotation technique is performed within the organisation. For Kale Group, mostly the meaning of 'on the job technique' is only 'job training'. Thus, it can be argue that, the group has no a regular and stabile development strategy. The managers have to request to get development opportunities within the organisation (Dogan, 2010). Therefore it shows

the group do not expect anything different from their managers apart from the every day. The development activities are mostly individual rather than organisational level.

Sanko group implement the development strategies according to their necessities that might be needed off the job or on the job methods (see **Table 4.1**). The managers get the appropriate training in order to meet the organisation`s needs in the future. The personal assistant of HR manager in Sanko group, Demir (2010) stated that “We give necessary training to our employees at every level however we have realised that is not enough in this competitive era, moreover those activities do not provides enough motivation for the employees. To achieve the success in development, self-motivation is necessary and I might say this is the most important factor, thus we encourage our manager to involve self-development activities and if it is necessary we provide them the resource for that”. This is another interesting finding that somehow contradicts the literature and would be something that organisations in Turkey need to perform a systematic management development process which covers all managers.

Table 4.1: Sanko group’s management development approaches for different layer of management.

Seminar Conferences	Round Table	Self Study	Coaching and Mentoring	MBA	Refresher Course	Under Study Method	Formal Training	On the job Training
Top Management			Senior Management					
					Junior Management			

Source: Created by the author (2010)

Kale group development specialist, Dogan (2010) believes development is vital for their organisation in order to keep high standards and He states that the reasons why they use development strategies are:

- To improve the organisational culture
- To develop the organisational structure and process so as to improve organisational performance

On the other hand, according to Sanko group, Demir (2010), the reason why they use development strategies are:

- To encourage creating innovative ideas
- To develop the knowledge and skills in order to get business opportunities
- To improve organisational effectiveness by using the new technologies within the organisation.

Therefore, the findings show that the reasons of development are different for both companies and the main reason for that difference is the aims of the organisations.

If management development process is implemented properly, the benefits that a company can get from that strategy are very significant. It improves the competitive powers of a company, creates an organisational culture, solves the problems that might occur in an organisation etc. (Mumford, 2010). On the other hand, if a company, who use management development process, cannot implement the strategy properly, it would be a waste of the resources for that particular company.

In Turkey, especially in this economic depression times, the companies try to minimise their costs. Thus, all companies, whether they are corporate or not, suspend their management development activities for the time being. The companies do not give reward to their managers in those times; in fact they do not even use management

development activities to motivate them (Sewerin, and Holmberg, 2009). Factors that affect work motivation include individual differences, job characteristics, and organizational practices. Individual differences are the personal needs, values, and attitudes, interests and abilities that people bring to their jobs. Job characteristics are the aspects of the position that determine its limitations and challenges. Organizational practices are the rules, human resources policies, managerial practices, and rewards systems of an organization. Therefore, “motivation comes from the employee’s feelings of accomplishment or job content rather than from the environmental factors or job context” (Tobin, et al, 2008). However, today, in Turkey, instead of this, the organisations threaten the managers by firing them. Both Kale and Sanko groups are the same as other companies in Turkey (Dogan and Demir, 2010). One might say, this perspective may be related to eastern culture. This is an interesting finding that fairly contradicts the literature and would be something that organisations in Turkey need to perform a systematic management development process which supports its managers in any time.

Another finding which is important is in the new business environment, organisations prefer to develop rather than employ managers outside the organisations. For the reason that, the ones that know the organisational culture, even the ones that grew inside the culture has always been the safe option. Instead of recruiting externally, they are starting to develop managers from supervisor level. As a result, organisations develop the managers, and when they meet the certain criteria, a developed supervisor takes the place of the manager (Armstrong, 2009).

Kale group strictly believes that, they must train their managers by themselves. They do not transfer any managers from outside (Dogan, 2010). The main reason of that perspective is that they are afraid their particular information might be stolen by other rivals. Even though, in literature some of researchers believe that it is a reasonable reason since it motivates the employees who currently work at the organisation as it gives them career opportunities, that approach might be an invisible barrier for getting new or/and creative information from other companies by transferring the rival’s managers.

However, according to Demir (2010), Sanko Group adopts both ways, transferring any managers from outside or developing managers within the organisation. And Demir (2010) says “we are expecting many benefit from both approaches, especially employing outside the organisation, such as creating now-how, new idea.” This is an interesting finding that agrees with the literature in Sanko Group terms.

As mentioned in literature review chapter, management development is a significant element as organisations attempt to obtain a competitive advantage. It is obvious that developing management talent and skills throughout the organisation is a necessity in order to compete and survive in the market. Therefore, when a company builds a sustainable and scalable management development process within the organization, a number of clear objectives must be put out which can be understood by all managers (Marchington, and Wilkinson, 2008).

The prominent objectives for both Kale and Sanko groups are (Dogan and Demir, 2010):

- To improve the performance of managers at all levels.
- To identify the persons in the organisation with the required potential and prepare them for higher position in future.
- To improve the thought process and analytical abilities.
- To provide opportunities to executives to fulfil their career aspirations.
- To understand the problem of human relations and improve human relations skills.

Thus, as it can be seen by the bullet points, the organisation usually set an aim for themselves however they do not use the measurement methods in order to determine whether they achieve the objectives or not.

Undoubtedly, contemporary management development is linked to the organisational strategies. The general development approaches are still an essential condition but no longer sufficient. The key point is the significance of linking management development to an organisation’s overall strategic direction. The objectives of the process are to

identify and develop the talents and perspectives that the organisation needs to achieve its long-term strategic goals (Karp, et al, 2009).

Both companies, Kale and Sanko Groups, are integrating management development process with their strategic plans (Dogan and Demir, 2010). As mentioned above, Kale group consider the management development activities for day-to-day operations, it means the group is integrating management development process with their short-term plans (Dogan, 2010). However, Sanko group has already integrated with their long-term plans (Demir, 2010). All those findings show that the companies, Kale and Sanko groups, almost opposite each other, Kale group reflects the general tendency of family businesses' behaviours in Turkish economy (95% of companies in Turkey are family business). However, Sanko group reflects the general tendency of professional companies' behaviours. This is an interesting finding that fairly contradicts the literature and would be something that organisations in Turkey need to be more professional.

4.5 Adapting organisations to the changing business environment by management development

Managers have to know their weakness and must be prepared for unpredictable problems and change, which is especially important for innovative companies, thus, they must master both adaptive innovation and consistent execution. Innovation and being enterprising are critical elements in understanding the development of big companies, global business and competition (Mullins, 2009). However, organisations also have to consider their capability to be successful and in order to understand their capability they have to understand the effect of the internal and the external factors. The literature review shows that in order to have capable manager who can understand those factors and cope with the environment's unpredictable forces. Thus the review also shows management development process and change have a strong bond to each other. However, Dessler, (2009) states that many companies have seen change management and management development as a two different aspects of the management activities, in this context the author believes that many opportunities are missed for the improvement of organisational and individual performance in the changing business environment.

Thus, many changing activities cannot be achieved due to weak management development practices. Burke, (2008) believes that many companies do not realise the linkage between management development and change management. They treat them as separate areas. Therefore many opportunities and benefits for developments of management development activities are missed. Furthermore, the aims of management development programmes cannot be achieved due to failure of matching individuals' needs and organisation's needs because the organisational and individual needs are consistently changes within the business environment (Moyles, 2006).

Kale group, Dogan (2010) believes that managers' developments will increase the profit of the organisation in the future. However, as the top decision makers are the family members, they block the managers' main authorisations and unfortunately that approach hinders creativity. The group have not realised that there is a strong relation between change and management development management. The all decisions about the challenges of the change are made by family members, thus they do not train their managers in order to prepare them to cope with those challenges (Dogan, 2010).

In order to cope with the change, organisations need to have both long and short-term flexible strategies. If we investigate the both groups, the findings show that the management development strategies match the organisation's strategies. Kale group use short-term management development strategies whereas Sanko group implement long-term strategies (Dogan and Demir, 2010). It is not easy to implement the correct management process which is compatible to organisations' structure, culture and aims, especially if those implementations are long term strategies. The fact is the process is a considerable cost for the organisations, in the long run it is very beneficial, that is true, however today's crisis environment, the organisations believe it is not that unnecessary while there are other vital problems to solve.

On the other hand, Sanko group gives self-development opportunities to its managers, constantly and systematically. Demir, (2010) believes that the development of the managers leads to the development of the organisation. When there is a challenge that is

occurred by the change, the real decision makers are always the senior manager of the organisation. Thus it shows, Sanko group also have not realised the bond between change management and management development. Only the senior managers with experience deal with the change management. The group do not believe in education alone in this field. According to the personal assistant of HR manager, Demir (2010), experience is the main factor when it comes to the change management.

All these findings show that both groups have different strategies for management development and change management, which are effected by companies` and the country`s culture. In some points, they are professional, however in some other critical points they cannot think as professionals because of the culture factors. However, they have both realised the importance of training, even though they do not understand the ways to have even more successful development activities that relates to change management.

4.6 Conclusion

To sum up, in this chapter, first of all, the aims and objectives were repeated in order to remind the purpose of research, and then the literature review and findings were combined and analysed so as to meet the aims and objectives. To do this, the researcher discussed the finding into three parts, namely ‘Change and Changing Business Environment’, ‘Management Development’ and ‘Adapting organisations to the changing business environment by management development’. In the first part of this chapter, change and changing factors were discussed in terms of companies, so as to understand that how Turkish companies consider the change. In the second part of this chapter, the management development processes and implementations of Turkish companies were examined. And in the third part of this chapter, Turkish companies’ behaviours were analysed when it comes to adopt the changing business environment. The next chapter will present the general conclusion and various recommendations.

Chapter 5

CONCLUSION AND RECOMMENDATION

5.1 Introduction

In this chapter, first of all, the aims and objectives will be repeated in order to remind the purpose of research, and then an in-depth conclusion will be drawn, which covers over all the study, after that various recommendations will be provided for literature, companies, managers. Finally, a brief conclusion of this chapter will be provided.

5.2 The Research Aims and Objectives

The aim of this study is to investigate the interactions between management development and change management. The ultimate aim is to find out how management development plays a strategic role for organisations in the changing business environment.

Objectives:

1. To critically review the literature related to management development and change management in terms of human resource management.
2. To examine the importance of management development for organisations within the changing business environment.
3. To investigate whether organizations use management development as a tool in order to adapt their managers to the changing business environment.
4. To provide various recommendations for how organizations can encourage their managers by using management development to respond the changing business environment.

5.3 Conclusion

All businesses and all strategies, which related to those businesses, have aims and objectives. Basic aims may be to survive, in the context of globalisation, to survive in unpredictable and complex environment. According to Chapter two, complexity is the degree of specialisation and integration that exist within an environment. This Complexity and the degree of change influence the organisations, which is surrounded by many complex and uncertain factors. Nowadays, due to growth of scale and scope economies in production and marketing, semi-independent organisations promoted into huge integrated organisations. As business grows and technology changes, increase in the business complexity is expected and thus, the importance of management development has increased. According to Chapter two, organisation needs capable managers in order to survive in today`s challenges. To have that kind of capable managers they usually need to train them by themselves.

Thus, the fact is without the human resources department, training and developing their managers, the company would be less effective in the markets. Without research and development in training, a company would not be one of the big fishes in the lake.

As can be seen in chapter two, the literature which related to management development and change management in terms of human resource management was critically reviewed (the first objective). Furthermore, in both chapter two and chapter four, the importance of management development for organisations within the changing business environment was examined (the second objective).

This study aimed to investigate the interactions between management development and change management. In chapter four, results show that the organisations in Turkey do not use those activities constantly. Some of them just use training programmes in order to get the necessary quality certificates. However, the literature review shows that, management development strategies make positive effect on managers` job performance as it motivates them. They also feel that the companies look after them, thus they feel responsibility for that. As it mentioned at chapter four, in Turkey, the importance of

development have not been realised considerably, moreover the importance of change management has not been realised by professional level as well, the environment have been unstable for years and the last economic crisis was not the only reason of that instability.

Another point is organisation implement appropriate development strategies and types for appropriate management positions. They have to consider the cultural, political and social factors that might impact on the trainees. Most of the managers in Turkey prefer to develop through on the job training experience. However those kinds of experiences are limited by the employees` everyday situations. There are limited off the job training types that are used in Turkey. Thus, it shows the market in Turkey relies on informal methods for management development.

Organisations consider that the adaptation to change and change management are the different matters. They even believe that the change is to change the equipments, open a new facility, produce a new product etc. thus, when they believe they make a decision about change, they usually mention about those activities above. Therefore, the roles of the managers in change management are limited by those operational level decisions.

As it mentioned in chapter four, the factors that impacts on the companies are Macro and Micro environmental factors. Micro factors usually regard to organisations` everyday process; however macro factors regard to strategically long term decisions. Thus, findings showed that, Kale groups cope with changes with micro level as they do not want to change the structure of the organisation. The family factor prevents it. On the other hand, Sanko groups make decisions at the macro level which aims to be successful in the long term. In Turkey, organisations generally implement management development and change management strategies in micro level as they aim to be successful in the short term. However, international companies in Turkey such as Sanko group implement more professional methods in order to compete with the world. Kale group also a big company however the group is mostly affected by Turkish culture.

Western countries, such as USA, Canada, Western Europe etc., have individualist culture. The employees in individualistic cultures emotionally separated from employers and each other. As the higher the risks, the higher the profit, individualist cultures have higher tolerance for risks and anxiety about the unknown. However, Collectivist countries in Asia, South America and southern Europe, it is necessary to establish relationships between society and organizations. They have a lower tolerance to uncertainty. However, unfortunately, times are full of uncertainty nowadays. Changes occur rapidly as it was mentioned at the literature review. Thus, Turkey which is impacted by Eastern and western culture has different type of organisation in its markets.

As it was mentioned at chapter four, most of the companies in Turkey, however, are controlled by some families and because of that they usually try to resist the change however they damage them dreadfully. Inevitably, in time, they will have to change their structure thoroughly. Yet, because of the awkward process of them, they usually miss the critical opportunities for the organizations.

As it can be seen at chapter four, the author critically examined the third objective “To investigate whether organizations use management development as a tool in order to adapt their managers to the changing business environment.”

According to chapter four, the organisations in Turkey give development opportunities to their managers, however with lack of variety. However, to have successful management development process, they have to use various techniques systematically and constantly. Yet, even this is not enough, they need to use appropriate measurement methods to analyse the success of the management development and change management strategies but in that field, the organisations in Turkey is far from professionalism. Thus, according to the author, the findings show, the organizations in Turkey, cannot understand the relation between management development and change management. Some of them even unconsciously deny the importance of management development for change management.

5.4 Recommendation

The literature has not investigated the relation between management development and change management profoundly in the past times. However in the last decades, the researches in this field have been increased, yet, management development is not concerned sufficiently by the researchers in this field as generally, the researcher claims that management development is a part of development process and the main reason of the process is to improve efficiency of organisations. That claim might be true however it is not sufficient to cope with change nowadays.

There are vast amount of research in the literature about training and because of those research, management development process is considered as just a training activities. That shows there is a lack of research about the relation between management development and change, thus, there should be even more research that investigate the relation thoroughly in order to insight the importance of management development and gain more benefit. Furthermore, those research have to meet the practical life's needs as well.

95% of the companies in Turkey are family companies and most of them have not institutionalised and professionalised yet and thus this generates a strong barrier that prevents globalisation and the growth of Turkish economy. This perspective of the organisations is impacted by Turkish culture mainly. The behaviours and the decisions of the professional employees may be influenced by culture, therefore management philosophies can be changed by the existing culture. Consequently, it changes the approach to the people as well. On the other hand, in the world markets most of the family companies are turned into the corporate companies as a result of the severe competition in this global environment. Thus, in order to compete with the world, Turkish companies have to investigate and analyse globalisation and change their structure and strategies according to new world's rules. And the companies must support their managers by management development activities constantly and systematically within the few years.

The real change has come with globalisation and technological development for organizations. The factors that impacted on the organisations were external and internal, thus the effects of change wrap the organisations thoroughly. At first, the organizations resisted the change however most of them were damaged or even vanished as the result of that resistance. Especially in Turkey, the organization attempted to resist changing because of the effect of the companies' culture which is the combination of these values and beliefs in an organisation. When the economic crisis have occurred, the effect of the change has increased the irresistible extend, thus most of the companies have decided to downsizing or abandonment. However, the organizations that survived and managed to grow were the corporate companies which could respond the change in appropriate time. Therefore the findings showed that, Turkish companies have to turn into professional and corporate organizations in order to pursue the change so as not to miss the opportunities.

The companies also need to realise that their structure have to be flexible, they do not have to invest excessive time in formal business planning. Instead of it, a business should be flexible as well and remain open to opportunities in order to gain or maintain a competitive advantage over its rivals. This strategy allows a company to be open to opportunities as they arise, be quick to adapt to changes and therefore, achieve its missions.

Development is one of the most important functions of HRM. In this competitive era, skilful staff is one of the most crucial factors that help to a company to gain competitive advantage; however, staff is expensive. This function is important at any time, but particularly so with the increasing pace of technological, structural and social change. However, developing for its own sake achieves little, thus it must be real operational and rewarding.

According to the literature, managers have to know their weakness and must prepare for the unpredictable problems and the change, which is especially important for innovative companies and they must master both adaptive innovation and consistent execution. However, Turkish companies do not prioritise the managers' development process and

consider it as the waste of resources. Yet, Turkish companies have to realise the importance of management development and invest appropriate resource in the process as by not developing their managers, the companies might miss the opportunities in the markets. Furthermore, the managers, who are not developed by the companies, usually develop themselves in order to meet their career expectations. As a result of this, when the managers find a better career opportunity at another company, they resign, thus it increase the turnover in the companies. Thus, Turkish companies have to develop their managers and give them career opportunities in order to keep the qualified managers in the company.

As it was mentioned before, when it comes to change management, most of the companies give the authorisation to family members or senior managers. Other managers cannot involve with the decision process, thus this situation might lead mismanagement and that might affect the company`s performance. In order to minimise the risk in today`s environment, organizations have to involve in change management at all levels of managers. However, the organizations need qualified managers to manage change management process properly, therefore it shows successful management development activities are vital for organizations in today`s environment.

The author believes that companies must use management development activities to support their manager within the changing business environment in order to strategically become sustainable and competitive. As we stated earlier Turkish companies cannot become a corporate organisation as a result of cultural barriers within the organisations. Consequently, they do not realise that importance the linkage between management development and change management. They do not train their managers as a change expert, thus they miss the opportunities within the changing business environment. In order to not miss the opportunities within the changing business environment, companies must use management development activities to develop and create change experts within the organisation within a year. Companies also must use management development approaches with integrated change management activities within a year in order to survive within the global and much more complex changing business environment.

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Figures

Figure 2.1: Management development process, *Created by the author (2010).*

Figure 2.2: Why do organisations change?, *McKinsey Quarterly (2008), “Creating Organizational Transformations: Mc Kinsey Global Survey Results”, the McKinsey Quarterly: The Online Journal of McKinsey & Co.*

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Table 3.1: Advantages and disadvantages of Positivism and Phenomenology, *Valentine, C., (2006), Researching human resource development: emergence of a critical approach to HRD enquiry, International Journal of Training and Development, 10 (1), pp 17-29.*

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Table 3.3: Disadvantages of Interview Approach, *Created by the authors (2010)*.

Table 4.1: Sanko group's management development approaches for different layer of management, *Created by the authors (2010)*.

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APPENDIX 1: Interview Guide

Interview Guide for the dissertation on Management Development & change management

Interviewer :

Date :

Client :

Participants name :

Designation:

Questions	Prompts
Change and Changing Business Environment 1. Why does your organisation change?	• Definition of change • Internal and external factors • Examples • Main reasons
2. What do you see as the biggest challenges in managing change?	• Organisational culture • Organisational structure • Strategy • Measures
Management Development 3. Do you have any development processes which cover all level of your employees in your organisation?	• Who is responsible • Who decides
4. What kinds of management development approaches and activities do you use for your managers?	• How managers are selected • Layer of management • Which managerial qualities
5. What is the purpose of the management development in a long-term perspective for the company?	• Managers satisfaction • Advantages and Disadvantages • Organisational Strategy • Strategic planning
Adapting in the changing business environment by management development 6. Do you support your managers by management development practices, when you prepare your manager for the changing business environment?	• How • Which activities
7. How do you describe the linkage between management development and change management, when it comes to adopt your organisation the changing business environment?	• Strategic Level • Tactical Level • Operational Level

APPENDIX 2: Structure of the Research

