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## Impacts of Growth Strategies on Human Resources Policies

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### Abstract

One of the main motivation of businesses is growing by getting competitive advantage. New sales strategies, new product development trials, trying to create new investment areas, acquisitions and merges are some methods that are being used as a result of growth strategies. Whatever method is used, growth strategies have some impacts on businesses. Most of these impacts trigger the need of change within the company.

This study aims analysing changes on human resources strategies for the companies where growth strategies have been followed / still being followed in last 10 years.

*Keywords:* Growth, Human Resources, Strategy, Change

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### 1. Introduction

Main goals of the businesses are to grow and to make profit. Although companies are profit oriented s, growth and development of the companies are needed to keep continuation. As a result of increased competition with globalization, surviving of companies and getting sustainable competitive advantage depends on growth and development strategies. Aim of growing and growth strategies show themselves differently in businesses.

### 2. Literature Review And Hypotheses

#### 2.1. Growth

Growth in respect to business represents increase and development in terms of quantity and quality. Quantitive growth is described as, depending on types and properties of the business, numeric growth or volume wise growth in;

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resources or capacity, sales income, product range and market size, number of employees and amount of cash, size of investments. On the other hand qualitative growth is related to quality improvements of business. This growth is relatively difficult to formulate in terms of numbers. But with the assumption of a business growing in terms of quantity will result in growth in quality, it is possible to propose quantitative growth in some aspect is a result of improvement in quality (Ülgen and Mirze, 2004).

Although size of business is a concrete concept which is defined as financial capacity and operational volume of business, it is not easy to define in reality. Measuring size of a business is tied to some measurements. These measurements can be listed as below (Kılıçkaplan and Baştürk, 2007)

- Overall values of total assets of the business
- Operating value of the business in the market
- Total sales capacity of the business
- Total number of employees in the business
- Organizational complexity degree
- Investment and production capacity

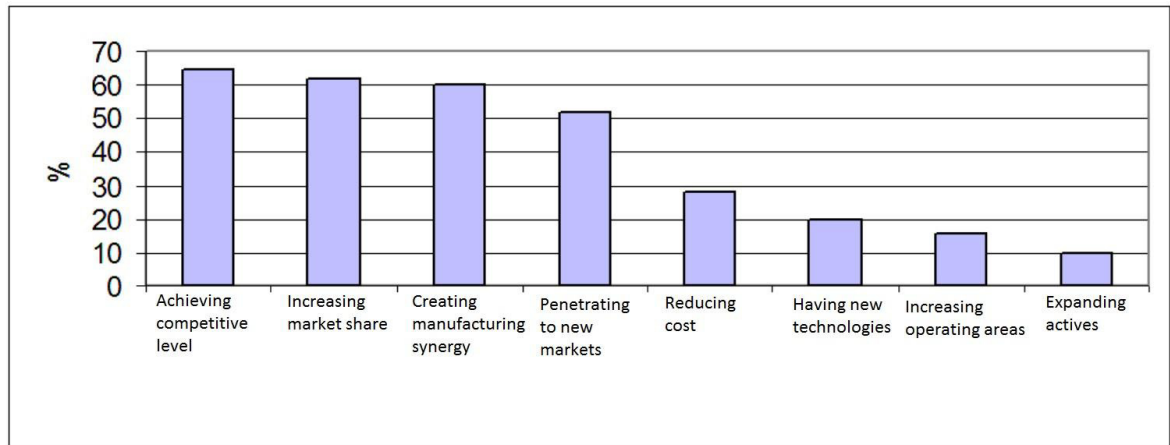
Aim of growth in businesses is not only achieving opportunities of development before competitors but also make it easy to fight against challenges and to help resisting. Besides, deciding to grow the business is an indication of importance given to business by its owners and managers. Aiming growth of business mandates managers to adapt business to the developments and changes in future by knowing environment better instead of executing today's conditions (Eren, 1987).

Based on abilities, businesses can grow by acquiring competitors or merging with competitors. At the same time various strategies such as differentiating operating areas, finding new markets can be followed for growth (Koçoğlu: 2012). Strategies varying depending on aims, politics and market structure of the business can be grouped under: internal growth strategies and external growth strategies. (Eren: 2003)

**Internal Growth Strategies:** Businesses on one hand try to grow and expand operational areas while on the other hand trying to survive against competitors. We can group strategic growth plans of businesses under six items. These can be summarized as:

Expertise,  
Horizontal differentiation,  
Vertical differentiation,  
One way differentiation  
Aggregation,  
Homogeneity

**External Growth Strategies:** External growth strategies such as acquiring other businesses or merging with other businesses can be grouped in two. These are horizontal growth and vertical growth strategies. Motivating factors for companies for growth are positive impacts of increase in business size or production capacity. This positive impact is called scale of economy. In other words, scale of economy can be described as getting benefit of large size of business for reducing cost of goods, increasing efficiency and production capacity and total positive impact of all savings (tr.wikipedia.org, 2009). Businesses executing growth strategies are willing to benefit from economy of scale and increasing their profits by reducing cost. Table below "Merges and Acquisition Research 2000" shows results of research done by Watson Wyatt 28 Worldwide within companies in Europe in 2000.



Source: "Reasons of Merges and acquisitions"

[http://www.business tomorrow.net/m&a\\_tr\\_neden.htm](http://www.business tomorrow.net/m&a_tr_neden.htm), Erişim Tarihi: 23.05.05

## 2.2. Human Resources and Human Resources Strategies

Technological, economical and social changes going on in today's world urge individual organizations to give a higher emphasis on human resource in order to be able to achieve growth and profitability objectives set for themselves as set forth hereinabove. In this context, certain changes do place place in field of human resources management, as well. The remit of human resources unit traditionally defined on the basis of such sub-functions as personnel selection, training, performance appraisal and recognition is expanding into further aspects, such that enterprises are now urged to take a strategical point of view at human resource management for better achievement of organizational objectives.

Canman argues (1995) that human resource management is a modern point of angle towards personnel management which is focused on human factor and which considers human to be a corporate centerpiece. From human resource management perspective, employees are now considered to be a factor which adds value to their enterprises and which contributes to their enterprises in achieving effectiveness and efficiency in line with strategic importance of human, rather than a factor of cost.

Human resource management relies on the concept of developing the workforce for maximal contribution to their enterprises and of thus ensuring a robust integration on ther side. (Baysal, 1993). This feature renders human resource management a critical component for enterprises to achieve success.

Human resource management may be defined as a body of functions and efforts which ensure effective and efficient management of human resources in any organizational and environmental setting in a way to contribute to organization, individual and environment, all in compliance with the applicable legislation. (Kaynak, 1998)

Human resource management has two primary objectives. It, first, aims to mobilize human resources in a most efficient and effective way in line with objectives of organizations and, secondly, to meet requirements of workforce and to enable them to develop themselves professionally. In other words, human resource management should both strive to achieve business objectives making maximal use of knowledge, skills and experiences of workforce and employ proper methods for being able to respond to expectations of workforce from their organization. This two-way task imposes a high level of responsibility on human resource management. (Filizöz: 2003)

Workforce themselves and the method employed to manage them are getting more and more important, mostly because of the fact that factors once considered essential for a competitive success are now losing their strengths. In order to be able to provide a different framework for discussing managerial and strategical issues, one should, first of all, understand the fact that the grounds for having a competitive edge have now changed. Although product and process technologies, protective markets, availability of financial resources, economies of scale, which are considered to be traditional resources of success, could still offer some competitive edge, they are losing grounds on thei front now. (Pfffer, 1994)

When Strategies for Growth and Strategies for Human Resources are addressed together, one cannot argue that quantitative and qualitative development of an enterprise does not have an impact on any internal process. However, process, timing and form of impact on a given process may vary or different growth strategies may reflect different impacts.

H1: Human resource strategies vary in companies which follow Internal Growth Strategy

H1a: Recruitment strategies vary in companies which follow Internal Growth Strategy

H1b: Performance appraisal strategies vary in companies follow adopt Internal Growth Strategy

H1c: Training management policies vary in companies which follow Internal Growth Strategy

H1d: Career management policies vary in companies which follow Internal Growth Strategy

H2: Human Resources Strategies of companies has a significant relationship between their capital resources types.

H2a: Recruitment policies of companies has a significant relationship between their capital resources types

H2b: Performance Evolution of companies has a significant relationship between their capital resources types

H2c: Training management policies of companies has a significant relationship between their capital resources types

H2d: Career management policies of companies has a significant relationship between their capital resources types.

### **3. Methodology**

#### *3.1. Research Goal*

In this survey we aim to identify the effect of growing strategies on the human resources policies and human resources quality. To test the hypotheses, a field survey using questionnaires will be conducted. The survey of this study will be conducted on middle and senior human resources managers of high performing firms in Turkey. Firms fulfilling the criteria that (1) conducted at least one of growing strategies at 2002-2012, and (2) had a human resources department during the growing process.

#### *3.2. Sample*

The sampling method to be used, is preferred to be picked from non-random sampling and of convenience sampling because of its ease in the collection of data.

As a sample, using convenience sampling method, a total of 70 participants who are company managers and employees in various corporations filled in an online survey prepared and sent by us.

#### *3.3. Method*

The evaluation medium used was that of a survey. The questionnaires in the survey were collected from studies involving Human Recourses. The survey has a total of three sections together with demographic information. In the first section, the participants age and occupation is asked, In the second section, information about the organization he/she is working for are gathered, and on the last section the participants were asked the human recourses policies in their organization, with a 5 point likert scale.

#### *3.4. Findings*

The results acquired from the participants were analyzed by package program SPSS 16.0. The acquired data is primarily seen as to weather it is suitable for factor analysis, and in accordance the Kaiser-Meyer-Olkin(KMO) and Barlett tests has been concluded. The KMO sample coherence has been found as 0,793, and the Barlett normal distribution result for the test has been found to be a suggestive ( $p < 0,05$ ). The result conducted with the factor analysis, the first 9 questions are valued as demographic information and information about the Organization, the third section which consists of questions 10 to 24 is determined to be a three factor structure.

**Table 1.KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,793
Bartlett's Test of Sphericity	Approx. Chi-Square	1,512E3
	df	105
	Sig.	,000

Variables were determined in the light of research data in order to evaluate the hypotheses. In all of our hypotheses were independent variables for growth, and the Human resources functions for the business were dependent variables. We are going to examine the internal and external growth strategy (H1 and H2) followed by the companies in accordance to whether there are changes in Business' Human Resources Functions by the level of significance.

When we apply the Anova test to see whether the companies that followed the Human Resources Strategy in the past 5 years have undergone change, we get the table below.

**Table 2. Descriptives**

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
15- Our business has undergone revision in Human Resources strategies within the past 5 years	Yes	42	3,21	1,001	,154	2,90	3,53	2	5
	No	28	2,61	1,197	,226	2,14	3,07	1	4
	Total	70	2,97	1,116	,133	2,71	3,24	1	5
16- Our business has undergone change in Recruitment strategies within the past 5 years.	Yes	42	3,07	,973	,150	2,77	3,37	2	5
	No	28	2,36	,951	,180	1,99	2,73	1	3
	Total	70	2,79	1,020	,122	2,54	3,03	1	5
17- Our business has undergone change in Performance Evaluation strategies within the past 5 years.	Yes	42	2,93	1,091	,168	2,59	3,27	1	5
	No	28	2,36	,951	,180	1,99	2,73	1	3
	Total	70	2,70	1,068	,128	2,45	2,95	1	5
18- Our business has undergone change in Training Management policies within the past 5 years.	Yes	42	3,43	1,151	,178	3,07	3,79	1	5
	No	28	2,86	1,533	,290	2,26	3,45	1	5
	Total	70	3,20	1,336	,160	2,88	3,52	1	5
19- Our business has undergone change in Career Management policies within the past 5 years.	Yes	42	2,69	,924	,143	2,40	2,98	1	5
	No	28	2,61	1,197	,226	2,14	3,07	1	4
	Total	70	2,66	1,034	,124	2,41	2,90	1	5

Table 3. ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
15- Our business has undergone revision in Human Resources strategies within the past 5 years	Between Groups	6,193	1	6,193	5,280	,025
	Within Groups	79,750	68	1,173		
	Total	85,943	69			
16- Our business has undergone change in Recruitment strategies within the past 5 years.	Between Groups	8,571	1	8,571	9,220	,003
	Within Groups	63,214	68	,930		
	Total	71,786	69			
17- Our business has undergone change in Performance Evaluation strategies within the past 5 years.	Between Groups	5,486	1	5,486	5,095	,027
	Within Groups	73,214	68	1,077		
	Total	78,700	69			
18- Our business has undergone change in Training Management policies within the past 5 years.	Between Groups	5,486	1	5,486	3,169	,080
	Within Groups	117,714	68	1,731		
	Total	123,200	69			
19- Our business has undergone change in Career Management policies within the past 5 years.	Between Groups	,117	1	,117	,108	,744
	Within Groups	73,655	68	1,083		
	Total	73,771	69			

The above tables include statistics that illustrate our data, and analysis of variance values. Descriptive Mean values in the table on the far left of the table shows the level of change in the functions of human resources in the enterprises of the sector employees. When we examine individually:

- "H1: "Human resource strategies vary in companies which follow Internal Growth Strategy" Sig by hypothesis. value  $p = 0.025 < 0.05$  H1 is accepted. Human resource strategies have differences in companies which follow Internal Growth Strategy
- "H1a: Recruitment strategies vary in companies which follow Internal Growth Strategy" Sig by hypothesis. value  $p = 0.003 < 0.05$ , H1A is accepted
- "H1b: Performance appraisal strategies vary in companies follow adopt Internal Growth Strategy" Sig by hypothesis. value  $p = 0.027 < 0.05$  H1B is accepted.
- H1c: Training management policies vary in companies which follow Internal Growth Strategy" Sig by hypothesis. value  $p = 0.08 > 0.05$ , H1C is rejected.
- H1d: Career management policies vary in companies which follow Internal Growth Strategy" Sig by hypothesis. value  $p = 0.025 < 0.05$ , H1d is rejected.

In the same way, our H2 assessment is assessed whether there is an impact on the companies capital resources through the change of human resources. To be able to do this assesment we have undergone the One-way Anova test.

Table 4. ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
15- Our business has undergone revision in Human Resources strategies within the past 5 years	Between Groups	2,656	2	1,328	1,068	,349
	Within Groups	83,287	67	1,243		
	Total	85,943	69			
16- Our business has undergone change in Recruitment strategies within the past 5 years.	Between Groups	3,278	2	1,639	1,603	,209
	Within Groups	68,508	67	1,023		
	Total	71,786	69			
17- Our business has undergone change in Performance Evaluation strategies within the past 5 years.	Between Groups	10,786	2	5,393	5,321	,007
	Within Groups	67,914	67	1,014		
	Total	78,700	69			

18- Our business has undergone change in Training Management policies whithin the past 5 years.	Between Groups	1,845	2	922	509	603
	Within Groups	121,355	67	1,811		
	Total	123,200	69			
19- Our business has undergone change in Career Management policies whithin the past 5 years.	Between Groups	7,828	2	3,914	3,977	023
	Within Groups	65,944	67	984		
	Total	73,771	69			

When the related table is analyzed, the 5 dependent variables are respectively (0.349) (0.209) (0.007) (0.603) (0.023) P values were obtained. Given that the evaluation is made by a 95% confidence interval, it does not matter whether the operating capital structure is domestic or foreign, when regarding the change in Company Human Resources Strategies, Recruitment Strategies and Training Management Policies. (H2 p = 0.349, p = 0.209 and H2c H2A p = 0.603 > 0.05, is rejected) However, the different types of business enterprises with capital resources, the performance evaluation and career management policies have been identified as significant. (H2b p = 0.007; H2d p = 0.023 < 0.05 is accepted.) When the Descriptives Table (Table 5) is analyzed, for foreign business enterprises the Performance Evaluation and Career Planning values have been positive, while for domestic and mixed enterprises this value has been lower.

**Descriptives**

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Max
						Lower Bound	Upper Bound		
15- Our business has undergone revision in Human Resources strategies whithin the past 5 years	Domestic Capital	37	2,81	1,309	,215	2,37	3,25	1	5
	Foreign Capital	15	3,00	,655	,169	2,64	3,36	2	4
	Mixed Capital	18	3,28	,958	,226	2,80	3,75	2	4
	Total	70	2,97	1,116	,133	2,71	3,24	1	5
16- Our business has undergone change in Recruitment strategies whithin the past 5 years.	Domestic Capital	37	2,68	1,203	,198	2,27	3,08	1	5
	Foreign Capital	15	3,20	,414	,107	2,97	3,43	3	4
	Mixed Capital	18	2,67	,907	,214	2,22	3,12	2	4
	Total	70	2,79	1,020	,122	2,54	3,03	1	5
17- Our business has undergone change in Performance Evaluation strategies whithin the past 5 years.	Domestic Capital	37	2,62	1,187	,195	2,23	3,02	1	5
	Foreign Capital	15	3,40	,507	,131	3,12	3,68	3	4
	Mixed Capital	18	2,28	,895	,211	1,83	2,72	1	4
	Total	70	2,70	1,068	,128	2,45	2,95	1	5
18- Our business has undergone change in Training Management policies whithin the past 5 years.	Domestic Capital	37	3,24	1,722	,283	2,67	3,82	1	5
	Foreign Capital	15	3,40	,507	,131	3,12	3,68	3	4
	Mixed Capital	18	2,94	,802	,189	2,55	3,34	1	4
	Total	70	3,20	1,336	,160	2,88	3,52	1	5

#### 4. Outcome and Evaluation

Business' are obliged to keep up with the competitiveness, and revise their operations according to the current condition. One leg of this necessity is to keep pace with the change in Human Resources and its functions, which are an important constituent within the system.

Whith this study we have tried to evaluate whether any operation of change in business' causes revisions in their Human Resources strategies and its functions, as well as the changes in capital resources and their strategies as a control variable has been investigated.

As an expected result, changes in business' seems to change in parallel the human resource strategies. However, when it is analyzed according to the capital resources, although general human resource strategies, Recruitment and Training Management Policies don't tend to change significantly, change in performance evaluation and career planning policies are significant in domestic and foreign capital structured firms. This is because domestic companies are more specialized in traditional Human resources functions but haven't yet taken the necessary action on the more complicated systems such as Performance Evaluation and Career Planning.

Although change in inevitable, the more important notion is how much role would Human Resources' play in the decision making and operation of this change. As seen in the surveys and results HR has to and is required to be an active part in this operation. But the main question is how much will HR be involved in the decision making. Hence, for the sake of duty HR must leave behind its passive structure.

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