



Modern Management Technologies and Characteristics of their Application

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Abstract

Nowadays, globalization and competition affect both business and economy. Companies need to make changes in order to maintain their continuity. The aim of modern management techniques applied in management is to adapt the business to the changes. Large enterprises in the world are analyzing the relationship between these techniques and innovation. The aim of research paper is to determine the effects of Modern Management Techniques on the enterprises and the consequences of these practices in the enterprises. The modern management techniques applied by the enterprises show different effects as the number of work places and employees is not equal. As a result of this, the features, advantages, disadvantages of modern management techniques were inclusive in the research.

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INTRODUCTION

The computer, internet and communication technologies that have developed and integrated rapidly since the second half of the century have opened a new era in the world. During this period, the social and economic structure changed. Today's rapid and continuous change in the economic, technological and social sectors has a great impact on the business. These influences, the business world is demanding change.

One of the main challenges facing businesses today is governance. In Europe, America and Japan, which have more experience and knowledge in business management, there have been many new management techniques and methods aimed at adapting to the conditions imposed by this change. The fact that these techniques were successful in the enterprises directed attention to these methods. Benefits of new management techniques to enterprises: increased management success, quality in production, reduction in costs, increased competitive advantages such as income and profit.

To keep competitive in today's marketplace, businesses must have factors such as price, quality, speed and creativity. However, companies with innovative, creative, and entrepreneurial qualifications deserve long-term success. Competitive efforts to deliver fresh products and services to the market through innovative processes are important. The most important condition for a company to stay competitive in a highly competitive environment is to improve its innovation capabilities. In this direction, companies must create innovations that can continually improve their market share. Therefore, innovative functions of the enterprise play a significant role in staying for a long time.

The research paper consists of 2 parts:

In the first chapter, the emergence and development of modern management approaches is mentioned. In the second chapter, the methods applied in modern management and their characteristics, objectives and effects on enterprises are mentioned.

Chapter 1 - MODERN MANAGEMENT THEORIES

1.1. Modern management theories and different approaches to them

There are two important elements in the notion of modern management.

1. System approach
2. Contingency approach

These insights have been enriched by completing the deficiencies of traditional management concepts. Modern management theory does not ignore the human factor, unlike the classical theories of management. Modern management theory is also different from the neoclassical theory where human factor is very important. Modern management theory tried to overcome the shortcomings of traditional approaches and benefited from its positive aspects.

According to the classical management theory, the only requirement of the company was the increase in production. The purpose of this approach was to increase production by using the maximum available resources. The neoclassical theory has addressed the importance of human and motivational factors. In the traditional approaches, the company is considered as a closed system. These approaches are focused solely on human factor and production. Modern theory treats the company as an open system. Adaptation to environmental developments is the basic condition of modern theory.

The characteristics of modern theory are:

-Modern management advocates the abandonment of goals and methods to individuals in companies.

-The focus is on the dynamic process of interaction in modern management.

-Modern management acknowledges that companies in each case have an impact on each other.

-According to modern management there is no single form of proper management

-Modern management organization accepts as a whole

-Modern theory is based on an organic organization model.

-Modern management theory treats the organization as an open system of environment.

System berthing is the basis of modern management theory. The system approach was suggested by the German philosopher Hegel in the 19th century. But at that time, they did not pay attention to this approach. In the 1970s, Ulrich's organizations defined the system approach as a social system. Thus, the effects of the approach in management have been observed.

The system is a whole with different boundaries, consisting of different parts, including the process in which these parts are pertinent to each other and with the environment. Keneth Boulding has classified systems as different. Systems according to this classification: systems on static construction, simple dynamic system level, systems with control mechanism, self-protecting systems with interactions with the environment.

When all systems leave their environment, they lose their chance of life or need to implement changes on the system. Everything that comes out of the system is called output. Everything that enters the system from the outside is called input. Each entry

in the system undergoes certain conversions and then becomes output. The input is the result of the environment affecting the system. Outputs are the result of the system affecting the environment. It is mandatory to have input for output. All systems have their own unique structures and functions. Communication and coaction with the environment, systems that can change each other are called open systems. Systems that are not influenced by the environment and do not change are called closed systems.

The boundaries of the system is a line separating the interior variability of the system and the external environment. Open systems are more affected by the environment. Therefore, open systems are constantly exposed to heavy traffic of inputs and outputs. This traffic modify according to the subsystems within the system. Because sub-systems are different from each other according to their structures and functions. While one of the subsystems is more related to the environment, the other sub-system may be less associated with the environment. The boundary of the closed system is quite rigid compared to the open system.

One of the modern management approaches is the contingency approach. This approach evaluates the company as an open system. According to this approach, an effective management depends on the organizational power and environmental conditions. The contingency approach is closely related to technology. Organizations are in a constantly changing technological environment. There are many factors affecting the company. These factors are externally and internally divided into 2 locations. These are to external factors; market competition, customers and so on. Internal factors; staff qualification , company's objectives, mission and etc. These factors should be taken into account when selecting appropriate methods for company management according to the contingency approach. If so, the company will succeed.

According to contingency approach, company structures are all different. Conditions within each company are different. The most important factors is that the company adapts to the external and internal environment. Arriving the highest level of compliance with the external and internal environment is the most significant task of the company managers.

The meaning of the contingency approach is not "managing the order". On the contrary, it is to apply a different management style for each different situation within the company.

Until the seventies, system approach was used in company structures. It was later replaced by the contingency approach. Considering the contingency approach, which tries to explain the changes in the effects of factors affecting the management system according to the characteristics of the conditions around the company and the current situation, each organization is quite different from the others. The reason why each company's management system is unique is that the internal state of the organization and the conditions affecting the company are different. While classical approaches focus on the best organizational structure, Contingency approach is related to conditions and situations.

To propose strategies to managers to achieve success with in the company is the most significant objective of the contingency approach. There are a lot of reasons managers choose the contingency approach. There is no concept of "single plan" in contingency approach. Different plans are determined according to the purpose of the company. The appropriate plan is selected and implemented by taking into consideration the circumstances surrounding the company and the situation of the company. As such, contingency approach recommends managers to first analyze the general situation. Then recommend that they choose what is appropriate for the company and make arrangements accordingly.

1.2. Effect of environmental conditions on the organization

Since the Contingency Approach imagine the company as an open system, the main focus is on understanding how environmental conditions affect this system. According to the contingency approach, the processes in the company are different due to the characteristics of the environmental conditions.

Unlike modern theories, classical theories considered the company as a closed system. It has been proposed that the company is not touched by the factors in the external environment. However, the impact of external factors on the management of the company is quite large.

If you need to define the environment, it can be considered as anything other than the boundaries of the company. The elements that form the external environment are social and physical factors outside the boundaries of the company.

1. Technological Environment- has significant impact on the company structure. People in the present age question what technology should do. New technologies, automation and patent protection are the elements that make up the technological environment.

2. Economic environment- The economic environment also has a considerable impact on the company. Economic conditions should be good for easy management of companies. Otherwise, the economic environment will have a negative impact on the company. Inflation, Unemployment, Tax, Interest Rates are the elements that constitute the economic environment.

3. Legal environment- Often the legal environment is ignored, but it also has enough importance. Laws always have a considerable impact on the company (both positive and negative). Laws that protect consumers, tax laws, environmental protection laws

and other laws applicable in the country are the elements that constitute the legal environment.

4. Natural Environment. Natural resources, natural disasters, environmental pollution and lack of energy are the elements that constitute the natural environment.

5. Social Environment. Social environment has started to increase its importance in recent years. Social forces and values constitute the social environment. Cultural norms and social expectations are used to measure this environment. Education and income impact are also important elements of the social environment. Some people believe that low income creates social changes. Trained individuals are experts in influencing management and social values in the company. Literacy rates, traditions, year of the population are the other elements that make up the social environment.

Consequently, the contingency approach is based on research. Many researchers have done research around this approach and contributed to the theory. At the end of the works, different models were developed.

CHAPTER2. MODERN MANAGEMENT TECHNOLOGIES AND CHARACTERISTICS OF THEIR APPLICATION

Most of today's companies are looking at their new techniques within the framework of their current business processes. The successful conclusion of modern management techniques depends on the effort and belief shown by all employees in the enterprise. The support of senior management to the technique to be applied is important for the harmony and close cooperation of the workers at all levels. The adaptation of the new management technique according to the specific conditions of the enterprise will ensure that the application reaches the intended result. Modern management techniques that can be encountered in this section are examined and explained briefly.

2.1 Benchmarking: its importance, basic features, principles and purposes

In the field of business administration, benchmarking can be expressed as a management technique or a management vehicle that other companies or organizations, which are known for their best practices, will evaluate their products and business processes with their own. Benchmarking through comparison of processes with another enterprise is a management technique that provides development, it is sometimes misunderstood. In order not to make mistakes in practice, before explaining what this concept is, it is useful to know what does not mean. Benchmarking:

- Used to prevent resource wastage method is not.*
- Once applied, it is not a study that will end.*
- It is not a research process that gives simple answers.*
- To copy and to imitate is not*

-In the concept of Benchmarking, the "to adapt" approach applies¹. The definition of the notion of Benchmarking and its handling in different ways can lead to complexity between managers. Therefore, the notion of benchmarking is not just to make comparisons. To identify best practices and to adapt them according to the structure of the company in question. Consequently, the notion of benchmarking is defined as the adaptation of good practices.²

Benchmarking, which is an important part of the management approach in organizations; is a process of learning and teaching, understanding and adapting, sharing and developing. In other words; the identification, analysis and use of best practices; an extroverted and systematic review method where research is a top priority or, in short, the company conducts external analyzes to improve performance. As it can be understood from these definitions, benchmarking is a process of improvement and development and meeting the expectations of the client is a necessary system to provide a lasting competitive advantage. (Akdemir, 2011: 157). Benchmarking is an effective method of continuous development of the basic processes related to activities within the company. The notion of benchmarking according to this definition it can be described as a management technique aimed at achieving the best by learning and enhancing the business through examples of other companies considered to be the best in the same and other fields. (Tavana 2013: 510)

The significance of the Benchmarking technique for enterprises has increased after the National Malcolm Baldrige Quality Award, which was introduced in 1988. However; Using the benchmarking method is important for an enterprise:

-The difference between the company and its competitors is determined

¹ Seymen ve Bolat, 2002: 182- 185; www.kykonline.com

² Aktan, C. Coşkun. (2007)

-The opportunity to quickly identify the product within the market conditions and to determine the internal standards.

-Continuous opportunities are offered in order to obtain information about different sectors in the world, to determine quality standards at the best level and thus to target the best results of the sector.

-It is provided the opportunity to examine the processes that have been tried in many companies and to keep the risk at the lowest level.

-Better focus on performance.

-The time spent for the invention of previously discovered techniques is prevented

-Determines what changes should be made and what results are desired after the change. (O'Deel, 2010: 63)

Benchmarking differs from result oriented approaches. Because benchmarking is a process-oriented approach. The reason for the benefits of this method is that it is process-oriented. The difference between the results-oriented approach and process-oriented benchmarking is shown in Table-1.

Result oriented	Process-oriented
Looks at the results controls what is happening makes comparisons within the organization	It controls how things are done makes comparisons with other companies makes research for mutual earnings may not be competitive

<p>conducts research without any share</p> <p>always competitive</p> <p>continues with confidentiality</p> <p>works separately from each other</p> <p>has the habit of controlling competitors</p> <p>focusing on the requirement of the company is essential</p>	<p>works with the understanding of partnership</p> <p>has the habit of accessing development goals</p> <p>focus on customer needs is essential</p>
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3

Companies have to know the characteristics and principles of benchmarking in order to reach success by applying the benchmarking technique. The main features of benchmarking technique are as follows.

- *What is essential is continuous development*
- *Focused on applications*
- *Define the processes that bring change*
- *Only good practices are taken as examples*
- *Takes time, requires hard work*
- *The goal is to reach valuable information.*
- *Based on mutual benefit between the parties.*

³ Source: Osman SARAC, (2009), § Benchmarking and Strategic Management ve, Number of journal, Number: 56, p.59.

There are fundamental principles of benchmarking to increase productivity in companies.

1. Principle of change. If any company asked for information from another organization, he / she should also be positive to inform the other party.

2. Privacy principle. The information changing in the benchmarking technique is for institutions. Information should not be transferred outside the institution without the consent of the people in the institution. The information that the company has participated in the benchmarking application should be announced to others after the permission has been obtained.

3. Principle of Use. The information acquired after the benchmarking study should only be used for the improvement of the companies involved in the study.

4. The first Contact Principle. The first contact of the companies with other organizations should be done by the person designated for the benchmarking. It is also possible to assign other persons to this subject in the later stages.

5. Third Party Principle. The name of the institution is given when the information about the third party is required. If a personal connection is requested, information can be given after that person has permission.

6. Preparation Principle. The parties applying the benchmarking technique should make preparations before the first meeting in order to show their belief that they will contribute to their activities.

These features and principles of the Benchmarking technique provide significant contributions to companies in determining their goals and the way they will pursue these goals.⁴

⁴ Çati vd., 2007: 151

Benchmarking-It is a process of continuous measurement of products, services and application against strong competitors and organizations known as the leader. Benchmarking - is an important managerial tool to set standards for the products and services in the environment and to know the level of the organization. Benchmarking technique, as in other management techniques, have purposes. The purposes of the benchmarking technique are as follows.

- Assist in identifying the company's goals*
- Changing the company culture and make it stronger than before.*
- Ensure that the company is managed in harmony with the strategy*
- Improve the company's vision by evaluating the factors surrounding the company with a wide perspective*
- Reducing company costs*
- Perform superior applications*
- Raise the quality*
- To increase employee knowledge and skills*
- To increase employee motivation*
- Knowing the companies that have potential for rival*
- To determine the correct criteria to determine the productivity measurements*
- To gain an understanding of organizational learning to company*
- To know what is the highest standards*

We can separate the benchmarking technique into 3 parts according to the focus.

1.Product oriented benchmarking

2.Strategic benchmarking

3.Process oriented benchmarking

Product oriented benchmarking.Product oriented benchmarking is an old application. This method allows another company's product to be segmented and analyzed. In this case, the company that compares the product can take part in the rival position. Furthermore, companies other than competitors who use the same technologies who try to satisfy the same customer can also use this technique. Product-oriented benchmarking can also be applied across departments with in the company. As the departments within the company are different in their culture and organizational structure, companies implement the benchmarking method among themselves. For example, in chain hotel businesses, they can go to the benchmarking application by focusing on product-oriented benchmarking in a service-oriented manner.

Process Oriented Benchmarking. When process-oriented benchmarking is mentioned, it is possible to focus on separate processes or different processes. In the process-oriented benchmarking type, companies that perform the same jobs are searched and utilized in their work. Process-oriented benchmarking examines how an excellent enterprise performs the selected process. After seeing the results of the process, it can be adapted to another company. In this type of benchmarking, activities within the company should be reviewed with a broad perspective. Process-oriented benchmarking- marketing, training, human resources, etc. applicable to processes. Executives should apply the process-oriented benchmarking type after determining the mission, vision and objectives of the company. After the vision, mission and objectives of the company are determined, the benchmarking process can be realized more effectively.

Strategic Benchmarking. When it comes to strategic benchmarking, it is understood that the strategies of successful companies are examined and compared. Strategic Benchmarking It is a benchmarking method that can increase the preference by evaluating alternatives in strategic issues such as new product purchase, new market entry, new product development, technology change, adapting to the successful strategy of benchmarking partner and applying it to business. The strategic benchmarking method implements companies that want to achieve success in the long term. (Çatı vd., 2007: 159)

Benchmarking by Selected Partner

The benchmarking according to the selected partner is separated into four groups.

-internal benchmarking

-competitive benchmarking

-functional benchmarking

-generic Benchmarking

Internal benchmarking. In this type of comparison, it compares processes within the organization. Attempts are made to identify best practices. Internal comparison tries to make operations more efficient by comparing similar transactions within an organization. This benchmarking type is just one step to achieve excellence.

Competitive Benchmarking. In this way, the "best practice" is determined by comparing with competitors in the same service department and trying to apply to the organization, which allows companies to gain an opportunity to view configurations outside their own applications. So it can be said that companies that apply the competition type of benchmarking can benefit from two aspects. These; Information about the current situation in the market can be aforesought as

increasing the level of savings and maintaining the existing market share or moving to higher levels. However, the excessive application of competitive benchmarking by businesses can lead to a negative situation for the overall market. This negativity can lead to uniformity in the product or service offerings of enterprises and may lead to a decrease in quality. Davies and Kochbar attempted to achieve the goal with a comparative analysis of competitive advantage, but did not consider the processes and skills required to achieve high performance. But benchmarking applications can tell you what kind of application differences you can see because of performance differences with your competitors.

Functional benchmarking. As with competitive benchmarking, it is an unstructured benchmarking technology. Here, the operations, functions, and processes of organizations that are not the same service departments but have similar production processes are analyzed and the best practices determined are applied to the organization. Benchmarking can be done in terms of sales and marketing between two organizations operating in two different sectors. E.g; Hotel business can benchmark with an approach to customer relationships with bank operators operating in other areas of the service sector.

Generic Benchmarking. Common benchmarking methods are used to implement process-oriented perspectives. This method can be considered a six-step model.

- To decide which direction to perform benchmarking.
- To determine the internal processes of the company.
- To identify the best company in the industry.
- To Collect important information for company.
- To analyze the results.

- To implement the specified activities⁵

2.2. Outsourcing: its types, advantages and disadvantages

Outsourcing-In addition to benefiting from the current capabilities of the companies, it is also able to provide non-own capabilities from other companies specialized in this field. Utilization of external sources in any company will help the company to keep pace with the innovations and technological progress that are leading the world.

About fifteen years ago, companies were doing all the work themselves, they did not benefit from external sources. This behavior was for companies with a traditional structure. They thought they were strong when they did all the work themselves. All the work done by the company caused the company consume more time on unnecessary jobs. Increasing globalization and increasing competition have compelled companies to cooperate by completing each other. As such, companies focus on what they do best for the company, which they need, and they leave rest of work to the responsibility of other companies, with which they both save resources and specialize in their own field.

For the first time external sources have been applied in the automotive sector. Firstly, it was applied in the production of spare parts. Then applied to other sectors.

Outsourcing started with the transfer of information systems to the companies operating outside the company. Basically, the outsourcing of UK metalworking companies and the widespread use of outsourcing as a primary step have been used for public sector and waste management. In the same period, outsourcing was used

⁵ Cano vd., 2010

to produce and repair railway rails used in France, to store and transport water needed for public use.

By leveraging the benefits of outsourcing, sector-specific growth can be realized, and companies that are active in this area can outperform their competitors to keep pace with this growth. This situation is very significant in terms of maintaining the existence of the company. Outsourcing is widely used economically in developed countries. The fact that these countries have a elevated market share in the world market is one of the most significant reasons in this situation.

Businesses need three factors to keep their businesses running in a highly competitive environment. these; Cost advantage, speed and flexibility. Nowadays, customers who are more conscious of technology help provide customized services and product services. They also consider speed factors. During this service, companies continue to be influenced by globalization and rapid development technologies.

With this effect, companies need to make radical changes and change their management and production side to adapt their structure to these factors. To be able to fit to these changes, you should remain outsourced at the pace of information technology that is less affected by periodic events and continually updated.

Factors causing the emergence of outsourcing

Outsourcing is a strategic outcome, but a natural outcome of management approaches found within the company and its culture. The level of importance is very high in terms of development. Developments related to this are handled as follows:

Globalization. The origin of the notion of globalization is based on a very old time frame. In recent years, intensive use and reasons for technology use have been developed. In the early '80s, rapidly developing market conditions contributed to the rapid development of other cases.

Some of them are the development of production and transportation, and the other is the development of communication technology. Consequently of these developments, the growing market network and the diverse needs arising from its growth have been sought by industrialized countries. This quest has moved towards bringing the market to world class.

The improvement of the transportation sector is one of the biggest factors that increase the mobility of the produced products. As this speed increases, time and cost decrease inversely. Along with developed countries in Europe, railroads are provided by railways, and railroads can be realized as the distance increases.

It facilitates the connection of distant points to each other. The development of trade between countries has made goods and services much easier to reach in large areas. It has also led to intercultural cultural interactions.

The notion of globalization has led to convergence of elements such as the use of technology and management in companies within a particular organization.

Due to the impact of globalization, companies have tried to change their angle and lower the level of costs realized in transportation to gain advantage over other companies in the market. This situation contributed to the improvement of the foreign trade phenomenon as well as the competitive identity of the enterprise.

Outsourcing has brought quality and service competition among companies because of the global environment. In this sense, it helps you interact with companies

that provide outsourcing services, sign agreements that include partnerships, and keep customer satisfaction and service quality at their best.

Quick Change. Nowadays, companies are looking for new ways with the rapid development of the market, the rapid development of product and services produced, and the increase of competitors. This search is significant in terms of changes in business philosophy and adherence to newly adopted methods. The aim is to follow market expectations. Strategies developed in this direction have a considerable impact on resource allocation.

Businesses must fit to market changes and their effects to ensure success while maintaining assets. The strength of international competition and the need for change in this direction must be established on flexible efficiency.

It is observed that the activities performed in the production area have become more resilient and the productivity level has increased as the costs have decreased. This strategy was prepared to prepare for the sudden demand of the market and brought the company in a favorable position under market conditions.

Technological developments. The improvement of information technology affects businesses very closely. New adaptive technologies help companies adapt to these interactions more quickly. Technological advances in ease and flexibility in terms of helping other innovations in adaptation costs should be considered.

The adaptation of data processing personnel and infrastructure to be employed within the enterprise is an activity that must be undertaken by the enterprise. This adaptation activity must be implemented by an on-site expert. Made the objective of this application is to help companies update both their technology infrastructure and their activities.

It is believed that outsourcing contributes to maintaining the company in a growing and growing competitive market, since companies that do not have any information technology in their actual activities can not operate effectively in this regard.

In order to be active in the market in terms of efficiency and market, companies must expand their activities and activities in a diversity of strategies. During these activities; Profitable transactions that create value retain their existence. When creating this value, companies must work in harmony with environmental factors.

Increased Competition Conditions Environment. It is important to focus on communication and interaction with contracted suppliers. Businesses will have a competitive superiority in assessing strategic opportunities and effectively leveraging their capabilities to eliminate potential threats.

Businesses need to be effective in identifying and outsourcing elements that are distinct from other businesses in the marketplace. Another way to establish superiority in competing with other companies is to provide companies with lower costs and stronger cash inflows. In this case, it is very considerable to control the costs incurred. We meet in the sense of exploitation as a guiding element for outside sources. One of the factors that led to market mobility is the dissolution of the trade barriers between countries caused by the phenomenon of globalization.

Companies acting with the idea of competing globally must maintain their assets and activities. In this regard, you need to think the strategies and success factors that apply and at the same time open up innovation. To keep going with these changes and developments without difficulty, companies must maintain high returns and market interest rates.⁶

⁶ Özbay, 2004:p. 18-27

Factors that determine the importance of outsourcing

1. Reduce and Control Operating Expences

Companies that provide outsourcing services have more than any company's scale. This is why operating cost and purchasing cost are low. Jobs that are not in the area of expertise of companies; outsourcing is the experience of the company that provides service, the work with the lowest risk results. As such, companies that provide outsourcing services provide their clients with precise and detailed information about the cost and the risks of the work.

2.Improving Basic Skills, Leading the firm to the main event

The reason why the use of external resources is increasingly implemented in many companies is to take advantage of the developed strategy by prioritizing the basic skills of the companies. Companies leave the rest of the work to the responsibility of other firms, except for the jobs they prioritize. Consequently, companies shrink in size and save resources. If companies focus on jobs that they prioritize, use of external sources will increase.

3. Accessing Worldwide Facilities

If any company is benefiting from external resources, the company has the right to demand the highest quality of the service or product from the company providing this service. The primary goal of the companies providing outsourcing services is to fulfill the expectations of their customers. In order to achieve these goals, company should make technological investments and have managerial and manpower. In this case, a combination of expertise be formed in company. This gives an advantage to the company. Companies that use this service have the opportunity in alignment with technological developments and management developments.

5. Accessing Resources That Couldn't Have Inside.

When the organization does not have the essential resources, the company uses external resources. In this way, by eliminating the resources that are missing, company continue to produced successfully. For example, if a company follows a growth strategy and intends to enter recent markets, it will need different facilities in that region. The reason why the company benefits from external sources will be to meet the facilities that need it. Because, no investment has been made in this region before. For the establishment of new facilities should cost to a large extent. That's why the company will benefit from external sources to avoid wasting its resources.

6. Accelerate Restructuring

When the company, which considers changing its structure, takes vantage of the services provided by the companies specialized in this field, it will reach its targets in a shorter time. For example, the company that wants to develop its management systems and then to institutionalize does not train its own personnel. Instead, by taking consultancy services from companies specialized in the field, it will reach its target in a short time.

7. Creating Capital Funds

In general, there was competition between companies for having big capital. The most important responsibility on the governing body is to direct existing capital to more profitable jobs. This time the company chooses to benefit from external sources. Organization does not spend capital to acquire resources, but instead allows the supplier to pay the costs.

8. Sharing Risks

There is a risk increase at the same rate as the investments made in companies. Economic situation, political situation, competition, technological development are changing rapidly. To keep up with the change, companies should always renew themselves and take ongoing risks. Responsibility for projects with high costs falls on the outsourcing company. Outsourcing companies should take the essential measures, should analyze the risks in advance. Otherwise the outsourcing company will have payment for the loss. Risks are shared as a result.

If the company applies outsourcing, it has to go through a series of processes to succeed.

1. Planning
2. Preparation period of the contract
3. Management of the contract

The planning is implemented by the company's management. In this process, the ideas of experts with experience in outsourcing should also be taken.

Experts who are analyzing the current situation during the contract preparation period should be consulted to the experts who can foresee the returns of the service to be received and the experts who are in charge of the legal aspects of the contract.

The most difficult is the contract management process. If the contract management fails, the success of other processes does not matter. Contract management- means the mediation function between the company providing the service and the service provider.

There are more than one external resource classification. Consideration when dealing with them; personnel training, data records, elements that will ensure the integrity of the system, common tasks. The most common types of outsourcing today are described below.

1. Out-Tasking. In order to get a larger share in a competitive environment, companies contract with low-cost companies. This can be seen as an advantageous alternative for businesses. A low cost guarantee is provided for the workforce and information technology.

This app is taking disposable services. With the help of experts with high skill and skill levels, it is seen that there is an advantage in providing opportunities in buying and exchanging in the spot market.

2. Functional Sourcing .It is a type of outsourcing offered in a narrow sense of corporate activity. These activities include; Services such as job control, cleaning work, construction work. High dynamics in the market and outsourcing providers can be seen as an advantage in leaving this potential. In addition, the lack of a common management approach and continuous change in the workforce are disadvantageous to companies.

Vertical Sourcing: More than one enterprise And to provide these companies with the ability to perform specific functions from their own point of view, in accordance with agreements with more suppliers. This application has many advantages such as low cost, interpretation of results, saving resources and minimizing the number of employees.

3.Integrative outsourcing. In this type of outsourcing, companies buy workers to invest. It then combines the relevant service delivery with personnel, vehicle management, procurement and other functions.It helps develop technology by

meeting new and different experts, by taking capital investments from suppliers, sharing risk, creating commercialization potential, and linking between supplier processes and company processes. The disadvantage is that the contract with a single partner is usually based on a contract for more than 10 years.

4.Strategic sourcing. Strategic resource utilization is optimal for using tools to improve and maintain the performance level of business functions at a cost. Strategic funding involves significant activities that have significant contribution to the value added of the business and create future competitive advantages.

It is important to be an expert in your field, to team up, to improve yourself and to have qualified staff that can differentiate and reflect a global, customer-focused culture. Functions that rivals can not easily imitate are functions that provide economic benefit and potential for competitive advantage. There are five basic elements that provide strategic resources.⁷

- There should be a close relationship between outsourcing and key performance elements of the company.
- The transfer of ownership regarding the company function must be made in advance.
- The global contract must be long and detailed.
- There should be a long-term connection between the company and the customer.
- The responsibilities and service levels of the partners must be clearly defined in the contract.

⁷ Ölçer, 2011: 57

Advantages of outsourcing. Companies that run businesses in the field of outsourcing have relatively many activities in their business. E.g.; to reduce transportation, customs, and shipping costs, you need to work with an integrated system. This situation will have an affirmative impact on the effective use of resources. For this reason, the cost of purchasing the product and the cost included in the enterprise are lower.

Companies are more likely to change and focus their core business in their area of activity and develop market conditions. In this sense, the company understands the changes that need to be made in a fraction of the normal time, shows the behavior quickly, and does not have a problem. With this strategy, you can effectively use time factors to eliminate additional load and specialize those fields.

1. Knowing Costs in advance. Companies want to develop strategies appropriately because companies want to know in advance the cost factors that can be faced in each field related to market situation and compliance with sustainability in business operation. It is an undesirable situation where a company can not adapt to changing conditions in operation.

Businesses rely on outsourcing to diminish the impact of this situation. They make long term contracts with companies and guarantee themselves not to face situations outside pre-defined conditions. Companies can be challenged to determine the cost ratio in the future. For this reason, outsourcing companies for reverse processes recognize the costs already incurred and improve their strategies accordingly.

Outsourcing companies prevent companies from providing more money to the company in case of a dangerous situation that may arise.

2. *Using IT Properly.* Companies start out from their own reserves for make investments in their activities. The goal is to use current technology and avoid investment in this area. At this point, outsourcing companies must use current and actual technology tools to keep up with market conditions. With outsourcing, companies can modify their investments with lower investment value using high-quality technology that can be invested in the same area.

For companies, the notion of competitiveness has become a very important concept. To achieve a high level of competition, companies value the utilization of information technology. In this sense, it is significant to apply information technology in the right direction, manage it properly.

When information technology is not used correctly, companies are having trouble controlling processes and implementing integration. In addition, the time it takes to reach the delivered product and the quantity of inventory in the system can be a problem. In this sense, companies that provide outsourcing are used to effectively use information technology according to their goals.

Outsourcing providers are responsible for protecting their companies from sanctions and potential failures.

3. *Service Standards.* The company must approve and enforce the terms at the commencement of the transaction to avoid distrust of the contract or contracting company. These agreements are established and enforced under the terms of certain criteria. The processes and strategies that apply to your business are taken into account while determining the terms of these standards.

Contracts and contract details prepared in the process should be acceptable, but there should be a standard that can bring about the negative impacts that can occur

legally and the impact to a minimum. In this way, companies can minimize the risks and problems they can face.

4. *Process Renewal.* As you look at the concept of process updates, you may want to review each strategic process within your enterprise and structure it appropriately so that you can keep up with the race conditions and provide better service. In this sense, specialists in the field can help you respond quickly to customer requests. In this sense, the company is using external resources to quickly update procedures and processes implemented within the enterprise.

Of course, the quality of the services provided or provided must comply with the conditions of the competition. The speed and suitability of the services provided must be aligned with all processes within the company. This adaptation process is a configuration step. Process updates are to improve quality, determine the standards of products, services produced, and reorganize and implement information systems.

Disadvantages of outsourcing. One of the issues to consider when using outsourcing is the loss of examination situation. Long-term contracts can cause difficulties in evaluating processes. Strategies and actions to be taken in this regard can decrease the impact of negative outcomes.

Another negative situation is that it did not meet the conditions of the contract. In this sense, outsourcers may not comply with contract rules, can not keep up with changes in market conditions, and there may be a misunderstanding between the two companies. To overcome this situation, we must prioritize specialized companies and apply the services provided at institutional level to mutually appropriate procedures.

1. *Control Costs.* Businesses can terminate their contracts due to negative conditions caused by discrepancies with the outsourcing suppliers and mistrust. Controlling

activities determined consequently of a contract is considered a cost-generating situation for an enterprise. The success rate of outsourcing is related to the strength of the control mechanism of the enterprise and can be seen as a disadvantage in terms of competitive advantage if the activity fails appropriately according to the operational duties. Compliance with activities undertaken as a business goal is also relevant to external and other conditions.

2. *Effects on Employees.* One of the most significant issues that companies should be aware of when outsourcing is internal HR issues. Operators are heavily influenced by outsourcing. The pressure from these activities on employees can lead to under productivity. This situation is closely related to employee loyalty and productivity, so we need to mind to outsourcing activities. In order for a company to meet the stressful situation of its personnel in a harmless way, it is essential to select a service provider and perform activities appropriate to its business activities.

3. *Loss of Audit over Supplier Business.* The efficiency level of enterprise outsourcing is closely related to the service you receive. This situation demonstrates the considerable of corporate control over outsourcing services. Companies should carefully monitor and review the behavior of outsourced companies.

Communication is the most considerable element of company and can lead to loss of control and efficiency that can lead to communication problems and misunderstandings caused by misunderstanding of outsourced companies.

One of the concerns about outsourcing is the reduction or complete loss of audit over the company. Lack of proper use of long-term contracts and other alternatives raises concerns such as loss of power. This kind of anxiety can be removed with measures to be taken. Moreover to the uncontrollable problems, it also negatively affects the reality that the service entity does not meet the conditions of the contract,

does not act due to changes in market conditions and strategies compatible with the development.

Companies with poor performance should identify areas that need to be modified to be effective in this situation, and update and adhere to compliance requirements.

4. *Self Capability Concept.* The business is established with certain qualifications and dimensions at the stage of establishment. One of these activities is the owner's business. It can not be said that all the capabilities of the enterprise encompass all activities, and that is not at the level of competitiveness. The most considerable factor in achieving a competitive advantage is that it is far from the concept of temporality. Consequently of this situation, differences arise and your competitive advantage is lost. To eliminate these negative situations, it is essential to constantly improve the competitive advantage and competence⁸.

The concept of self-talent is formed by combining all the skills and expertise and considers the whole concept to be business according to the standards of the world market. There is a difference between integration and skills acquisition. Technology that can be utilized in every way and is valid everywhere is not seen as self-efficacy. For this reason, it is essential to combine proprietary technologies and add value to the business structure in which synergy has been created.

In order for the basic talent concept to be valid, it should not be easily imitated or easily understood by other businesses. This feature, which includes the concept of creativity, must develop the business and provide a competitive advantage. The activities performed by your company's dynamics must be the best special applications your business can implement. It also improves your progress when you recognize your company's strengths and weaknesses.

⁸ Ülgen & Mirze, 2010: 118-120

Be cautious about unexpected situations that are difficult to cope with changing conditions. When you know the talents and strengths of your business, you will know that you do not need to centre on what direction you are focusing on and wasting your time. Companies that focus on their skills as far as possible can be differentiated from other businesses.

Companies that act with this awareness will know where and how to behave and establish superiority. Companies that offer the right direction in terms of progress will be able to behave in the marketplace and learn how to evolve in that direction.

The concept of self-talent has had a positive impact on strategy development and development of external resource utilization. The complication of the areas of activity in which the business areas are developed has created complexity. In this regard, companies need to center on areas where competency is appropriate in areas where expertise is needed.

Areas of outsourcing

Organizations must design every process, goal, and core competency to work effectively. Which should provide development in this aspect and develop suggestions. Along with this phenomenon, all processes that are not related to their own companies and cause power loss can be used externally. In this regard, companies can get ideas about how to take action on outsourcing.

When the historical development of outsourcing usage is considered, it has been demonstrated to be mainly used for essential functions. These features may implicate services such as food, security, and environmental maintenance. Moreover to these functions, the use of accounting and management of human resources in areas such as HR management has become widespread.

The most developed areas of outsourcing today are considered information technology and logistics applications. The use of external resources has been limited to practices developed in the construction and transportation sectors, which have maintained applications ranging from the past to the present. Recent economic fluctuations and technological advances have contributed to the development and globalization of the boundaries of external resource use. This sector has diversified into today's conditions.

1. Administrative activities-15%

2.HR-9%

3.IT-20%

4. Production-7%

5. Logistics-10%

6. Governance-4%

7. Finance-7%

8. Customer Service-7%

9. Transportation-5%

10. Property-10%

11. Marketing Sales-6%

2.3. Reasons of organizational downsizing and its features

Today, the importance of strategic management has started to increase due to increasing competition. As a result of globalization, more attention was given to

strategic planning and to strategic thinking, either in the state sector or in the private sector.

Companies in different finders of the world uncounted economic challenges. Companies are trying to deal with economic challenges by reducing their costs. For this, companies are applying downsizing. The globalization of markets leads to rapid regeneration of technologies and other competitive features. These reasons have forced companies to adapt to modify in the environment. In addition, managers are focused on changing of company culture, organizational techniques, and the company's strategy. Change management is therefore a feared situation for many managers.

Nowadays, the notion of downsizing has become the practice that companies use to increase their competitiveness. Organizational downsizing means reducing positions in the company and hierarchical units with the help of managers' strategies. In other words, downsizing means decreasing the number of staff in the company, increasing efficiency, improving quality. By focusing on this goal, managers decrease the number of workers and levels in line with their decisions. Downsizing is not applied only for a unit in the company. The downsizing can be applied to different units in the company as it hangs from the manager's decision.

Organizational downsizing is the method that companies apply when they can profit. These are the reasons for the implementation of the downsizing strategy of companies.

1. Lean organizational structure: Companies prefer lean organization type when the competitive environment develops rapidly. The reason why this type of organization is preferred is that there is little labor force in these companies. Therefore, it is thought that costs will be less.

2. *Strategic flexibility.* In order to stay in the market, companies must follow technological developments. If they do not, the products and services cannot meet the demand, they are negatively affected. Therefore, companies are restructuring and apply the downsizing method.

3. *Learning organizations.* The reason for the continuous learning of today's companies is to achieve success and sustain success. Besides, they must apply what they learn. It takes some time to adapt the newly learned information to the company. Some activities in the company need to be reduced in this process. Consequently of this they apply the downsizing method.

4. *Charismatic management approach.* It is very significant to have a leader among employees in the company. A good leader should always motivate his employees. Motivation provide for more work with less labor. In this case, there is no necessity for some employees, it requires companies to choose the method of downsizing.

5. *Financial hardship.* The uncertainty in the markets causes the companies not to reach their targets. Therefore, in this case, the costs are reduced. For this reason the number of workers will be reduced and the downsizing method will be applied.

6. *To Prepare Privatization.* Herewith of the increase in competition, companies can be merged to prevent bankruptcy. In this case, companies prefer the method of downsizing.

Downsizing strategies may not be the cause of environmental threats. At the same time, the company can also implement its downsizing strategy in order to evaluate the opportunity in an area where it can make a profit.

Main reasons of downsizing; Technological Changes, Globalization, Economic conditions, Competition.

-Technological Changes. The fastest changing factor in the environment is technology. Due to technological developments, risks arise due to modify in the production processes of the organization and the machinery used in production. Technological developments have positive effects on companies. It may also endanger the existence of the company. The complexity of technology affects the skill level of the workers who will use this technology and the format of the company. However, technological changes affect the use of new strategies by companies. Technological developments brought about the emergence of new jobs as well as the loss of certain occupations. The transition to automation in companies caused less workers to be needed. Therefore, managers have had to terminate the work of some of the employees to reduce costs.

- Globalization. Since the 1990s, the world has begun to change rapidly. Technological innovation, which is used in different parts of the world, can make the technology of companies that are far away from here inefficient. The economic unions that are created in the world can affect the economic situation of different countries. The war in any territory in the world affects the political situation of other countries. Therefore, companies should take international developments into consideration when identifying strategies.

- Economic conditions. When we speech about economic conditions, the economic situation of the country where the company is located is aimed. Included in economic conditions: unemployment rates, inflation rates, taxes, purchasing power of people. These factors affect the activities of companies. Changes in the economic conditions can disrupt the supply-demand balance. This imbalance affects the amount of products sold by companies, the prices of the products they sell. In changing economic conditions, companies apply the downsizing strategy to stay in the market. This strategy is preferred by companies because it reduces costs.

- Competition. In the competitive circle that comes with globalization, companies aim to increase the market shares. While implementing the downsizing strategy, companies are thinking of lowering costs and achieving a competitive advantage. Reducing costs means decreasing the number of employees. Companies will have a competitive advantage by reducing their employees.⁹

Features of downsizing.

Organizational downsizing has four main characteristics:

- Reducing personnel
- Changes in business processes.
- Intentional decision making.
- Activity issues

The downsizing that has these features is different from the collapse. Collapse has a wider perspective. If the company cannot adapt to the environment, they are subject to collapse. Collapse is the wrong reaction response of companies to environmental changes. And that is why companies fail. Therefore, declining workforce due to employees leaving the collapsed companies does not mean organizational downsizing. Because this downsizing is not strategic.

Companies that implement the corporate downsizing strategy are planning to regain their lives. But organizational downsizing is confused with collapse. The factors that bring collapse can be similar to the characteristics of organizational downsizing. While predicting the conditions that brought the collapse, companies

⁹ Ataman, Göksel; İşletme Yönetimi: Temel Kavramlar ve Yeni Yaklaşımlar, Türkmen Kitabevi, İstanbul 2009. Ataman

are taking measures in advance. Therefore, companies are implementing the downsizing strategy.

1. Intentional Decision Making. Downsizing is not an event that arose by chance. It is the method that the company executives consciously implement. This method, which is consciously applied, differentiates the concept of downsizing from the reduction of employees and the loss of income.

2. Reducing personnel. A lot of strategy is applied as to the reduction of staff. Placement of employees in other companies, transfer of employees, retirement of employees, dismissal of employees and similar situations. Downsizing is not only concerned with the reduction of employees. Reducing employees in one part of the organization does not require the reduction of employees in the other department. For example, reducing the number of personnel in the accounting department does not require the reduction of personnel in the marketing department.

The difference that separates the concept of Downsizing from the organizational decline is that the number of workers is not always reduced. For example, in the last five years, forty-two million jobs were closed in Australia, and seventy million new jobs were opened.

3. Activity issues. These 3 features are aimed at enhancing the capacity of the company. The downsizing is implemented by increasing incomes, keeping the competition in place and controlling the prices. We can say that this method increases the performance of the corporation and decreases the risk of company sinking.

4. Changes in business processes. Downsizing impacts business formation in the company. When it happens, a lot of work falls on employees, the same work is done by less staff. The fact that fewer employees do the identical job is causing some

problems. For example: overload, workers' conflict and similar negative behaviors. Such negative behavior in the company also affects the business structure automatically. Besides, this feature of the downsizing method increases the performance of the corporation and can produce positive results.

Effects of downsizing on organizations

The downsizing method has positive and unfavourable effects on companies. Although there are such arguments, companies choose to implement this method in times of crisis.

Positive effects. These are the expected results of companies after implementing the Downsizing method: increased communication, accelerated workflow, increased productivity. As a result, companies will achieve their goals to gain an advantage in competition. The positive results of downsizing strategies are the following.

- *Reduction of labor costs*
- *Elimination of unnecessary levels in the company*
- *The company becomes sensitive to the expectations of its customers*
- *Communication between employees in the company becomes effective*
- *The decision-making process is much easier*
- *Employees contribute more to the company*
- *Product development process accelerates considerably*
- *Fluidity of the company's activities*
- *Efficiency increases in the company*
- *Increases competitiveness of the company*

Negative Effects. Moreover to the positive effects, the downsizing method has negative effects. If downsizing is implemented short-term, without planning, this method leads to many problems. The most important error when applying this method is to perceive and implement only the reduction of employees. When this is the case, this method may cause damage to the company as opposed to giving benefit to the company. The negative results of downsizing strategies are the following:

- *The company's profit rates fall down*
- *The workload of the personnel in the company increases*
- *Company specific knowledge and skills are wasted*
- *Employee morale falls, absences increase*
- *Increase in medical expenses of the company*
- *Shares in the company lose value*
- *Lawsuits against the company increases*
- *Employees' commitment to the company is reduced*
- *Employees' loyalty to the company is reduced¹⁰*

2.4. The importance and characteristics of horizontal hierarchy model

Horizontal management model is applied in companies with less management levels. Companies with horizontal hierarchies have wide control areas.

¹⁰ <http://docplayer.biz.tr/251773-T-c-gazi-universitesi-egitim-bilimleri-enstitusu-buro-yonetimi-egitimi-bilim-dali.html>

Many companies, employees within the company think that communicating with the business owner and the manager is a horizontal hierarchy. However, being able to talk easily with the manager does not prove that there is a horizontal hierarchy structure in this company.

It is the hierarchical structure in the corporation that makes the boss available within the company. Sometimes the company employees feel that it is unfeasible to talk to the manager and to see her. Knowing how to get to the boss easily in most companies, talking to him comfortably creates the magic of horizontal hierarchy. However, the positive effects of the horizontal hierarchy are much more than just talking to the manager.

When talking about a real horizontal hierarchy structure, it requires employees in this company to take responsibilities like boss. If there is a horizontal hierarchical construction in the corporation, everyone in this company knows how much salary employees will receive. Employees in the team determining salary's amount in this company. As with any company structure, there is also a base income that changes based on talent and experience. The new employee is aware of how much he will receive. Furthermore, bonuses and bonuses are determined by company employees.

Properties of horizontal hierarchy

Ownership equals outcome. If employees have a say in any matter, they think they have authority in the company. This gives the feeling of having employees. But if the employees in the team do not have a say on any subject, they will not be able to have a sense of ownership only if they follow the orders mentioned. If we are talking about horizontal hierarchy, the employees who will work with the company, the amount of salaries to be paid to the employees and other decisions related to this company should be unanimously decided. In such cases, employees feel that their

actions contribute positively to the company, and they are proud of what they do for the organization. When it is, the possibility of employees ownership will increase.

Less politics equals better teamwork. In companies with horizontal hierarchies, political thoughts and movements are less. To be close to the boss in the company, to be the favorite of the manager, close relationships with senior employees does not care anyone. No one will make an effort to please the manager; employees focus on the business that will contribute more to the company. Nobody lies to a colleague because the salaries and premiums in the company are open to employees; employees are honest with each other. Thus, a transparent environment is created in the company.

More Ideas equals Better Practices. In the hierarchical systems that are always encountered, the ideas and creativity of the employees in the team are not taken into consideration. The boss is responsible for the project, the final decision about the project belongs to the boss. If so, the outcome of the work is relevant to the creativity and skill of the manager. This is not the case in a company with a horizontal hierarchical structure. All employees of the team have a say on the project until the date of delivery of the project. The fact that employees have a say in the project shows that they are liable for the project and cause different ideas to occur until the project is finished. Meanwhile, the fact that there are employees with different experiences and opinions on the team in the company will increase the likelihood that creative ideas will increase. The best appropriate alternative ideas is decided unanimously by the team. Meanwhile, the emergence of different ideas leads to the creation of innovations.

Transparency Functioning equals Equity. If the amount of salary is open to everyone, this increases the confidence of the team employee. It is decided unanimously to give premiums to overtime workers, meanwhile the salary of the

employees who perform poorly is determined by everyone. In other words, if anyone contributes to the company, he knows in advance how much he will receive the salary. This is called transparency. All employees in the company perceive what they deserve. In that, a more Transparent, fair environment is created in the company.

Independence equals strength The most important element that makes horizontal hierarchy important is freedom. Giving freedom to employees increases their performance. Freedom makes employees even stronger than they are. In this case, the employees are free to say what are they thinking about, and they are not afraid of anyone. Sometimes, when the manager disagrees, the manager's idea is rejected. Solutions to problems related to the company, being free to comment makes employees strong. Employee strength is equal to the power of the manager.

Horizontal hierarchical structure is currently being implemented by a small number of companies. Because many companies use a vertical hierarchical structure. After seeing the positive effects of horizontal hierarchical structure on companies, all managers will apply this structure to their companies in time. In companies where horizontal hierarchy is applied, employees contribute positively to this system because they were bored with vertical management.

Today, some of the companies in which the horizontal hierarchical structure is implemented are:

1."Pisano"

The company was founded in 2014. The founder of the company applied the horizontal hierarchical structure, motivating his employees with the slogan "every employee is an executive". This caused the company to grow in 4 years. In 2018, many investors lined up to invest in this company. This company, which opens many offices proves the positive effects of horizontal hierarchical structure.

2."Facebook"

Horizontal hierarchical structure is applied worldwide known "Facebook" company. Thousands of people work in this company. The company's founder, Mark Zuckerberg, doesn't even have a room in the company. He works in the same area as in an ordinary employee. In the present time this company is among the top 10 companies according to the rating.

3."Morning Star"

The biggest tomato companies "Morning Star" is practicing the horizontal hierarchy structure. In this company "self-management" model is applied. Employees in this company always develop themselves. They do this without being tied to anyone. This company supports and motivates each employee. Morning Star frees every employee for success. The company's objectives are clearly and comprehensively determined to all employees.

2.5. The importance and role of Total Quality Management (TQM)

TQM was first used by Henry Ford. TQM had been described as the new management style in Henry Ford's book "My Life and Work". This management style has not been very popular in that period. But the Japanese have started to adopt this management style. In the 1950s, the Japanese began to implement this form of administration. Japanese managers have spread the quality to all of the business units, educated the employees and made them aware of this issue. After the application of TQM, the products produced by Japanese companies quickly managed to dominate the world market.

The aim of TQM is to increase the capacity and quality of the products, services provided.

The only purpose of TQM is not to provide that the product is of good quality. TQM is the understanding of ensuring quality in all fields of activity of companies. All companies see TQM as an advantage in competition. Companies that implement total quality management think that productivity will increase and quality will increase.

The principles of TQM must be thoroughly adopted by all employees in the organization in order to successfully implement the total quality management. These are the principles: focus on the customer, continuous development, avoid mistakes, staff training, senior management leadership, total participation.

1. Leadership of Senior Management. Leadership of Senior Management is one of the most considerable principles of TQM. The responsibility for high quality falls on top management. 20% of the problems in the quality of the companies are channeled from the lower level staff. The residual 80% of the problems are due to top management. Therefore, the transition from the existing system to the TQM is carried out with the leadership and support of the managers. ¹¹

On the basis of leadership, which efficiently directs human factors, total quality management that targets unconditional and continuous human happiness provides success. “Entry of the process - employee, project - employee orientation, the output of the process -the happiness of the employees”.

¹¹ Develioğlu vd., 2009, s.193-194

In the leadership process, the company leader must set goals to be achieved. In this process, leaders should devote their time to working for quality. Increasing training activities should focus on allocating budget to high-performance players.

2. Focus on the Customer. Customer focus is one of the significant principles of TQM. According to this guideline, customers are perceived as the main starting point of the company's activities. The purpose of the company is to ensure the customer's continuity and customer satisfaction. The quality is guided by the customer's wishes.

The customer satisfaction principle divides the customer into two categories.

1. Internal customer-Internal customer is the workers working in the company.
2. External customer-Outer customers are people who buy products or services from the company. Everyone in this company considers others as customers.¹²

Customers define the basic criteria of quality. As it is known, if the companies always satisfy their customers, this will cause the customer to buy products from this company and to bring new customers to the company. Thus, customers will increase as time progresses. Consequently, companies will increase their market share. For this reason, it has become inevitable for companies to perform their work on the satisfaction of customer expectations. Meanwhile, companies are required to design products and services. The development of market research studies led to the perception of external customers' expectations.

3. Total Participation. Joseph Juran emphasized the significant of giving responsibility to employees. In his opinion, giving responsibility to workers increases workers' creativity and problem-solving skills. In his opinion, that is exactly why Japanese companies are successful.

¹² Develioğlu vd., 2009, s.193-194

Ensuring the development of all personnel working in the company is one of the main objectives of TQM. It is aimed to benefit from the suggestions of the employees in solving the problems related to the company.

4. Continuous Development. It is known that those who have competitive vantage in the market today are constantly renewing themselves. When talking about quality, most people think about product quality. No one can think about the human quality. However, human quality comes first in total quality management. Employees' self-improvement gives the company an advantage over their competitors.

5. Employee Training. The main element of quality management is the human factor. When any company applies TQM, it will make a gateway to a different system from traditional management systems. It is very considerable for employees to be trained so that companies can easily adapt to the total quality management system. The professional and mental knowledge of the workers are very important for them to overcome their new duties. If employees are educated, they do not resist innovation.

6. Avoid Mistakes. There is no concept of extracting errors in total quality management. On the contrary, there is a concept of not making mistakes. The approach to avoid error can be summarized as the correct planning of the process. Comprehensive planning studies can help you avoid as many errors as possible. Although it is not possible to estimate any kind of error, it is a great advantage for the company to be prepared in advance. The total quality approach should make the company's performance with environmental-oriented and customer-oriented analyzes to minimize errors.

Objectives of TQM

In the 1980s, the main objective of the enterprises was to increase efficiency. Then managers began to understand that quality is more important than efficiency. As such, total quality management began to attract companies' attention. Total quality management is a form of management which aims to provide the customers with the satisfaction, to provide advantages for the cemiyyet, focusing on quality and consisting of the participation of all personnel. TQM is a form of management that provides customer satisfaction by providing quality services according to the philosophy of development.

The main objective of TQM is to optimize the utilization of human, financial and other resources. The objectives of TQM include improving productivity, minimizing cost, and improving quality.

1. Increasing Efficiency. Increasing efficiency in the company is primarily related to the salaries of employees. The amount of salaries plays a significant role in motivating workers. Therefore, this directly affects the efficiency. There are other elements that increase productivity besides workers' salaries. Sometimes the efficiency factor is mixed with quality. Quality is a larger notion, efficiency is included in the concept of quality. Productivity is related to the quantity of work done, the amount of service provided. Quality is related to how good the work is done. The aim of efficiency is to produce as many products as possible from existing sources. The aim of quality is to aim at better product produced from available sources.

Quality and efficiency are developed in parallel. Therefore, while improving quality, productivity will also increase. Simultaneously, the costs will be reduced and the motivation and creativity of the employees will increase.

2. Preventing Extravagance. The extravagances you will encounter in the companies are divided into two places as invisible and visible. Market research should be done well in order to counter them and needs should be planned in advance. The importance of education factor in the prevention of extravagance in companies is very largest. In all companies, where employees are educated and experienced, the extravagance is minimal.

One of the main objectives of TQM is to use all of the resources in the direction of the company's objectives and prevent all extravagance.

3. Reducing Costs. Performance in total quality management relates to three elements. These include productivity, product quality and cost. Increasing productivity in a firm and minimizing cost only makes management satisfied. However, improving quality can satisfy workers, customers and managers. Increasing the quality with creative methods will decrease the costs and increase the production.

4. Continuous improvement of quality. Continuous improvement of quality can be achieved through management approaches. In the competitive environment, companies must always improve the product they produce, the services they provide for to stay in the market. The purpose of developing the product and the service is to constantly satisfy the customers. Companies should always make long-term plans, they should improve their services and the product they produce at all times.

Globalization is one of the important features of the century we live in. Nowadays, besides the formation of competition among companies, globalization movements are formed. Consequently of international developments and technological advances, cross-border movements of goods and services have increased considerably. Companies have rapidly entered into a competitive

environment by globalizing. With the impact of globalization, competition between countries and companies is increasing day by day.

TQM is not limited to service and product output only. Simultaneously, TQM is the contemporary management model of the century we live in. TQM improves quality and increases productivity in all activities of the company. They also provide competitive advantage to the company.

The benefits of TQM for the companies that are applied are as follows:

1. Integration of workers with the company they work with.
2. The motivation of employees in the company is always high.
3. Improved communication relationships between employees and customers.
4. Reduction of complaints made by employees and customers.
5. two-fold and more increase in the market share of companies.
6. Increased responsibilities to the environment and reduction of waste.
7. A large increase in sales and a decrease in inventories.
8. Reduction of work accidents.
9. Increased customer and employee confidence.
10. Reduction of expected economic risks.
11. Perfecting the outcome of the work.
12. Developing relations between the company and suppliers.
13. Reduction of costs spent by the company and increase in quality.

Criticism for TQM

In this section, both negative and positive criticisms of TQM are examined.

1. Positive Reviews

Besides TQM approach, other techniques have been developed. These include techniques for the provision and development of quality. Zero defect, quality control circles, zero stock, statistical process control techniques are the applications of these developments. These applications have not only developed the quality of the companies but also improved the outcome of the production. This led to an enhancement in employee and customer satisfaction, to gain confidence in the company and to a lack of faulty production.

2. Negative Reviews

In the transition from traditional management to total quality management, there are some problems facing companies. Problems; lack of trained human resources, lack of support for the establishment of the mission, vision and policy of the organization, resistance of some managers to this system it can be listed as.

The reasons for the failure of the companies implementing this management model:

- Unrealistic expectations of company executives.
- Lack of quality culture in companies.
- Distrust of statistical methods.
- Indifference to this system.

Many companies think that TQM is a form of short-term management. This is the wrong idea. TQM is a form of management that requires long term and experience. Years must take years to achieve the desired financial results and technical results.

Many managers don't know it and expect instant results. Therefore, companies encounter problems.

CONCLUSION AND RESULT

If we look at the developments in the field of management in the historical process, it is seen that today's modern management foundations were laid in the early 19th century. In the modern management phase, some researchers, who are not satisfied with the classical and neo-classical approaches of management, have envisaged the use of modern research techniques such as mathematical models and computers to explain the behavior of people. Thus, in the management and organization concept, changes from the system approach have begun to be seen since 1960, and in 1970, the contingency approach, which is an extension of the system approach, has emerged. The contingency approach is a form of management that plans to achieve the business goals by applying the best management style to the needs of the needs. The validity of different theories in various contexts is the most considerable reason to strengthen the contingency model.

The application of modern management techniques has become a strategic tool for businesses to sustain their assets and to achieve success in a highly competitive environment. With globalization, the disappearance of national boundaries has opened up new markets for enterprises and has also created new competitors. In this intensely competitive environment, it is necessary for corporation to be able to maintain their competitive advantage. Therefore, the enterprises have to do their jobs well and develop management and production systems that will constitute a competitive advantage for them.

As a result of the research, different effects have been observed in enterprises which are applied modern management techniques such as benchmarking, downsizing and total quality management. Some businesses support the positive impact of modern management practices on the company. Others support that these practices create negative effects. The positive or negative effects of management techniques are related to the culture of the company, the tendency of the employees to change. The aim of the companies in applying modern management techniques is to ensure efficiency, competitive advantage and reduction of risks. If the companies that apply modern management techniques want to achieve success in the short term, the result will be negative. If the companies apply modern management techniques for long term, they will achieve success.

With "Nokia" as an example we can show "Samsung". Nokia was the market leader before the emergence of smartphones. The market share of "Samsung" was very low. As time went on, "Samsung" took the lead in the market by adapting to innovations. Nokia couldn't keep up with the change. In order to stay in the market it is necessary to keep up with the change. If any company like Nokia cannot keep up with the change, it will be out of the race.

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