

4th International Conference on Leadership, Technology, Innovation and Business Management

Structural Transformation of Turkish Insurance Sector and Leadership & Coaching Applications for Human Resources Competency Development: Güneş Insurance Company

Selma Kalkavan^a, Alev Katrinli, Serhat S.Çetin^b, a*

^a*ThePerformance Coach, İstanbul, Turkey*

^b*İstanbul Aydın University, İstanbul, Turkey*

Abstract

This study examines the effects of Leadership Development Model, which was developed in parallel with the restructuring of human resources department of an insurance company that acts in Turkish Insurance Sector Elementary Branch, as part of the change management process on the corporation and on its employees. This study aims to find out the contribution of the mentioned development model to corporations and employees and to give an opinion about the possible model application methods in different corporations and organizations.

Keywords: Leadership, Coaching, Organizational Commitment, Human Resources Development, Organizational Performance

© 2015 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Peer-review under responsibility of the International Conference on Leadership, Technology, Innovation and Business Management

1. Introduction

This study examines the effects of Leadership Development Model, which was developed in parallel with the restructuring of human resources department of an insurance company that acts in Turkish Insurance Sector Elementary Branch, as part of the change management process on the corporation and on its employees. The effects of Leadership Development Model are inspected under the titles of Contribution to Organizational and Individual Performance, Contribution to Organizational Commitment, Contribution to Career Management, Contribution to Strategic Objectives, Contribution to Change Processes, Contribution to Corporate Brand Perception, Contribution to Brand Perception of Human Resources Management, and Contribution to the View of Other Company Employees

* Corresponding author. Tel. + 90-530-333-81-60

E-mail address: selma@kalkavan.net

Regarding Development Process basically. Furthermore, the article covers how the model can be adapted to different corporations and organizations and how the effectiveness of the model can be increased in the next phases.

1.1. An Overview of Turkish Insurance Industry

Turkish insurance industry, developing and growing Turkey keeps creating new opportunities. 66 companies act in the Turkish insurance industry including the reinsurance companies. Low penetration rates together with the strong growth in insurance and individual pension sectors aroused interest of foreign investors in the last years. There were only 17 foreign capitalized insurance companies in 2000 where this number became 46 in 2013.

By the end of 2013, Turkish Insurance sector had a growth rate which exceeded 22%. When the proper economic conditions occur, positive developments in Turkey, like increasing insurance awareness or growing middle class, are reflected as growth in the sector. SWOT analysis of Turkish insurance sector produces the below table:

Table 1. SWOT Analysis of Turkish Insurance Sector

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ■ Low insurance penetration due to young and dense population in Turkey ■ Turkey is an attractive market for international groups ■ The capital structure of the sector keeps getting stronger ■ The actors in the sector also canalize to non-auto insurances ■ The sector produces an important source of liquidity for the economy 	<ul style="list-style-type: none"> ■ Low per capita income ■ Customers have a negative perception of insurance due to past unpleasant experiences ■ The sector is behind banking sector because required resources are not produced ■ Low insurance awareness and 'fatalism' ■ Non-life insurances are affected by the economic stagnations
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ■ Young and dynamic population of Turkey ■ Economic and political stability ■ High growth potential of the financial sector ■ The acceleration in the process of information society transformation 	<ul style="list-style-type: none"> ■ Growing global economic and financial risks ■ Natural disaster risks ■ Regional political risks ■ Ambiguities about the upcoming laws and legislation regarding the sector

Source: TSRŞB, Turkish Insurance Sector, March 2011

If the expected developments and reformations in the sector are realized, it is possible that the premium production in non-life insurance will reach 63 billion TL in the next 10 years, which will make the Turkish market a member of the first 16 markets in the world. It is possible that the profitability of the sector becomes far much better if the pricing problems in the current market are removed, the prices come to normal level (the level they should be), and the structural problems of the companies, which decrease their profitability are resolved. This positive expectation makes the insurance business one of the most dynamic sectors in the economy. The enterprises, which emerged as results of mergers or company handovers, are indicators of the boom in the sector. By the end of 2013, total premium production increased by 22.2% and was 24 billion 229 million 616 thousand TL. Approximately 20.8 billion TL of this amount was produced by non-life insurance policies and the remaining 3.4 billion TL was produced by life insurance policies. The annual growth rate for non-life insurances and life insurances were 21.7% and 25.3%, respectively. Considering the Consumer Price Index of 7.4%, the insurance sector had a real growth rate of 14% in 2013. The top ten insurance companies (non-life) make 73% of the total production of the sector. 18,137 employees work in the sector and 68.89% of the non-life premium production is made via agent distribution channel, 13.87% of the production is made via bank channel, 11.59% of the production is made via broker channel, and 5.65% of the production is made via direct channel. The insurance companies prefer production via bank channel and they structure their working models on this issue.

During the development process of Turkish insurance sector, Undersecretariat of Treasury Directorate General of Insurances published a series of legislation and regulations in order to build the infrastructure about organizational

governance and organizational sustainability. After the development of the sector, appointing competent employees and retaining these employees became one of the major issues.

2. Aim of The Study

This study examines the effects of Leadership Development Model, which was developed in parallel with the restructuring of human resources department of an insurance company that acts in Turkish Insurance Sector Elementary Branch, as part of the change management process on the corporation and on its employees. This study aims to find out the contribution of the mentioned development model to corporations and employees and to give an opinion about the possible model application methods in different corporations and organizations.

3. Methodology

In the context of the aim of the study, meeting directly with the company authorities was preferred to acquire the results of the model application in the company. Model were developed by human resources departments of the insurance company and consulting firms according to vision of general manager and expectation from potential leaders competencies. In the design phase of the project, meetings, which were attended by the General Manager of Güneş Insurance Inc. and HR team, were held with the consultant company, and the module contents were designed. After 3 revisions in the design phase, the project content was approved by the management and the project was realized. Also several techniques were used to evaluate the success of the project. The contribution to general corporate business results was analyzed by comparing official results in the annual activity reports. In addition, to evaluate the effects of the model on organizational commitment and promotion rates, official statistics were requested from Human Resources.

4. Case: Güneş Insurance Company

4.1. Company Introduction

The company which was inspected as the case study is an insurance company, which has more than 50-years-experience in the insurance sector and operates across Turkey with 11 Regional Directorates, over 2,500 sales points, and more than 700 employees. Basic indicators for the Human Resources Policy of Güneş Insurance Company for 2011 and the company organization chart are presented below.

Table 2. Gender Distribution of Güneş Insurance Company

Gender Distribution	Male	Ratio	Female	Ratio	Total
Number of employees	388	53%	338	46%	726
The number of employees promoted	20	40%	30	60%	50
The number of employees who resigned/ quit	62	70%	26	30%	88

Table 3. Age Distribution of Güneş Insurance Company

Age Distribution	0-30	30-50	50+
Number of employees	248	455	23
Ratio	34%	62%	3%

Table 4. Educational Background Distribution of Güneş Insurance Company

Educational Background Distribution		High School or Lower	University	M.Sc. and Ph.D.
Number of employees	of	194	494	38
Ratio		26%	68%	5%

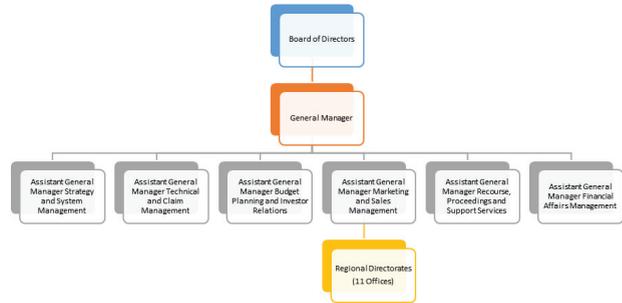


Figure 1. Organizational Chart (2011)

As one of the leading companies in the insurance sector, Güneş Insurance followed policies which focused on profitability and productivity, and after 2011, it changed the weight of motor insurance in its portfolio, targeting growth in the designated non-motor insurance branches. In this context, at the end of 2013, 29% increase was achieved in the designated branches and the results were over sector mean. In the fire insurance branch, one of the most lucrative fields in the sector, 42% growth was achieved, which was 18% more than the sector mean. Similarly, in the engineering branch, sector growth was 34%, where the growth of Güneş Insurance was 50%. However, as mentioned before, after the development of the sector, appointing competent employees and retaining these employees became one of the major issues. In this context, consolidating Human Resources Management and Applications within the companies and ensuring employee competency development parallel with the company strategies became important. In this context, the aforementioned insurance company decided to restructure its Human Resources Management and Applications in 2011 and structured a leader development approach, which consisted of self knowledge, relation management, business management by understanding the outer world, and realization, supported by internal and external coaching applications. In this study, the following mentioned model, which is developed in order to get some positive business results (contribution to strategic target, contribution to effective communication and being a team etc) will be analyzed. Additionally, the results of the application of this model in Güneş Insurance Company will be searched.

4.2. Güneş Insurance Inc. Leadership Development Model

The idea of improving the employee competency development and structuring a leader development approach, which consisted of self knowledge, relation management, business management by understanding the outer world, and realization, for the leading managers, supported by internal and external coaching applications, was defined directly by the General Manager of Güneş Insurance Inc. Accordingly the aims of the Güneş Insurance Inc. Leadership Development Model were listed as follows:

- To determine the future organizational leaders’ aspects which are strong and open to improvement,
- To increase the awareness levels of the leaders on these aspects and to make the leaders build up their own leadership styles,
- To plan in-class training, homework, coaching, feedback, presentation, and similar development applications about the designated subjects,
- To develop new and difference making projects aligned to the company mission, vision, and strategy, to create added value for the company with these projects, and to increase the organizational commitment and organizational performance by building up a strong employer image for all of the employees

4.2.1. Context of the Leadership Development Model

According to obtained information, the model covered 17 employees who work as middle level managers in Güneş Insurance Inc. and 6 executives who provided internal coaching support to these employees. There are 54 middle level

managers in Güneş Insurance Inc. and they were taken a “Development Center” process. Among them, 17 got successful results and were chosen for the Leadership Development Model. The executives who provided internal coaching were included in the program voluntarily.

4.2.2. Structure of the Leadership Development Model

The Leadership Development Model was initiated in January, 2012. According to obtained information, “Leadership Development Model” of Güneş Insurance Inc. was developed in order to make the chosen 17 middle level managers know themselves, manage their business and teams according to the gained awareness, and make them perceive the outer world better. In this context, the Integrative Coaching Model was used in the model and studies were conducted to strengthen transformational leadership. In this manner, three groups with different roles were identified:

- **Leader (Coachee):** The employees in this group are middle level managers - newly appointed or working in this position for some time -, who successfully completed the Assessment Center. They are also “Coachees” because they are coached in the context of the related model (17 Leaders).
- **Internal Coach:** These are the executives who provide voluntary coaching in the model context (6 executives)
- **External Coach:** These are the business partners who perform coaching professionally, inform the leaders and the internal coaches about coaching process in the model, supervise the progress and evaluate the process in phases. (1 external coach)

According to the General Manager of Güneş Insurance Inc, the internal coaches, who were executives, provided internal coaching to the leaders during the program, aroused awareness, and supported the leaders in every phase of the process. Internal coaches were selected by the participants but a participant was not allowed to choose his direct colleague. In the context of integrative coaching modeling, “Develop, Watch Development, Create an Environment of Trust, Support, Reach to Maximum Potential” issues were taken care of. In the Leadership Development Program, 17 leaders were set off to a leadership development journey which was adapted by, Know Yourself, Manage Relations, Develop Your Business, Realize / Apply modeling. In this journey, the leaders were asked to perform projects (difference making) about one of 8 different subjects, which were directly related to organizational performance increase and organization strategies. Human Resources management also asked the leaders to meet the internal coaches at least once-a-month to make coaching interviews, to share their subjects of interest during the development process as a result of the trust relation, and to make assessments on their project subject.

The Leadership Development Model was conducted according to the below modules. In this process, 80 hours of training were served and 6 sessions of internal or external coaching were provided.

COACHING (Internal and External Coaching)				
Start - Launching	Module 1 “Know Yourself and Manage Relations”	Follow-up Applications	Module 2 “Develop Your Business and Perceive Outer World”	My Acquisitions Facilitation Difference Making Projects
	<ul style="list-style-type: none"> • Effective Leadership and Vision Development • Development and Openness to Change • Social Me and My Relations • Personal Awareness, Emotional - Social Intelligence, Developing Interpersonal Relations 	<ul style="list-style-type: none"> • Assertive Relation Development Homework • Big Picture Study/Leadership Homework 	<ul style="list-style-type: none"> • Assertiveness and Persuasion • Solve Problem / Make Decision / Manage Time • Analytical Thinking and Problem Solving, Decision Making, Time Management 	

Figure 2. Leadership Programme Details

4.2.3. Coaching Process in Leadership Development Model

According to the General Manager of Güneş Insurance Inc, aligned with the Leadership Development Model, an internal coaching process included the below steps;

1. Phase:
 - Context Meeting:
 - Defining leaders' coaching needs
 - Defining the targets of the coaching program and the expectations from it
 - The internal coach, the leader, and the external coach attended this meeting.
2. Phase:
 - Coaching Sessions (3 sessions)
 - Defining targets
 - Use of tools and equipment
 - Strong aspects of the leader and the performance drawbacks of the leader were studied.
3. Phase:
 - Presenting a written report
 - A report was prepared by the internal and external coaches and it was shared with the HR department with the consent of the leader.
4. Phase:
 - Coaching Sessions (3 sessions)
 - Making the potential sustainable
 - Reflecting the differences to business
 - Sharing the outputs of the learning by experience process.
5. Phase:
 - Closing Meeting
 - Preparation of the final report about the development plan of the leader and the whole coaching process.
 - The report was shared with the HR department and leader's superior, if existed, with the leader's consent, then the process ended. The participants of the closing meeting were the internal coach, the external coach, and the leader together with his superior, if existed.

During the coaching process, the external coach informed the leaders and the internal coaches about the coaching process and supervised them according to the 7 Eye Model (Hawkins, 2006).

5. Acquisitions Through Leadership Development Model

At the end of the program, both the leaders and the internal coaches were asked for their assessments about the program in general. After the assessment, the program success was found as 4.85 out of 5. Both the leaders and the internal coaches expressed their individual and organizational acquisitions. The acquisitions after the program and their organizational contributions are defined in the below groups:

5.1. Contribution to Individual and Organizational Performance

According to the General Manager of Güneş Insurance Inc, in the Leadership Development Model, the aim was making the leaders notice their own personal differences and directing them to increase their performances by focusing on their strong aspects. In this respect, the premium production of Güneş Insurance Inc. increased by 31% from 2011 to the end of 2013.

5.2. Contribution to Organizational Commitment

According to the General Manager of Güneş Insurance Inc, none of the leaders, who participated in the program, left their jobs and organizational job quitting rate decreased by 1%.

5.3. Contribution to Career Management

According to the General Manager of Güneş Insurance Inc, 2 of the 17 leaders, who participated in the program, promoted to a superior position, 1 participant was appointed to a higher position with a greater responsibility area but remained in the same rank, and 2 participants were appointed to strategic company functions which were restructured.

5.4. Contribution to Strategic Targets

According to the General Manager of Güneş Insurance Inc, by the projects given in the context of Leadership Development Model, the leaders were asked to develop different projects which would have affected the performance and the strategy of the organization. In this context, leaders proposed to change the regional structure of the insurance company to increase the premium production and profitability. The proposal of the leaders was accepted by the executives and the board. The board decided that agency and bank distribution channels should be managed by different regional directorates and the service model should be changed.

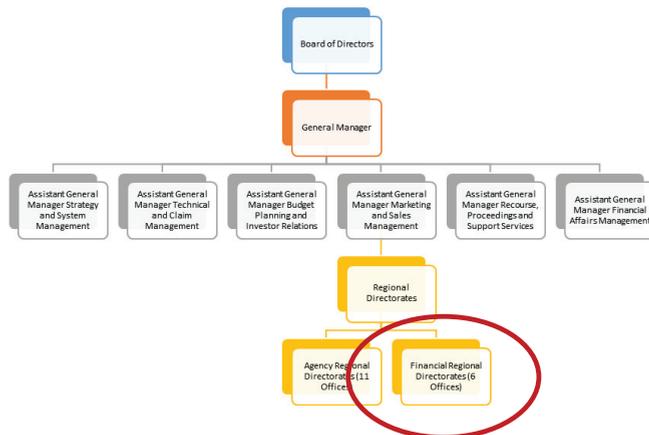


Figure 3. New Organizational Chart (2013)

5.5. Contribution to Effective Communication and Being a Team

According to the General Manager of Güneş Insurance Inc, the participants of the Leadership Development Model were managers of different organizational functions and they stated that the inter-functional collaboration and interaction increased by the relation model in the Development Program.

5.6. Contribution to Transformation Processes

According to the General Manager of Güneş Insurance Inc, leaders became the “Pioneers of Transformation” by taking role model responsibility of “Constant Improving” competency, which existed in the competency set of Güneş Insurance.

5.7. Contribution to Organizational Brand Perception

According to the General Manager of Güneş Insurance Inc, the Leader Development program, which was conducted for the first time in Güneş Insurance Inc., was an important program, which supported change and development together with organizational interaction, by all of the employees. In this manner, the participant leaders shared the program content on their networks and in this particular period, job applications to the organization increased by 233% and closing duration for professional manager positions decreased.

5.8. Contribution to HR Management Brand Perception

According to the General Manager of Güneş Insurance Inc, with the mentioned program, the employees’ perception of HR Management transformed to a strategic function from a support function. In addition, by the constructed trust relation, the organizational interaction and energy increased.

5.9. Contribution to Internal Coaches

It was also determined that the volunteer internal coaches of the leader development program were effected positively during the process. Internal coaches improved in

- Structuring the coaching dialog in clear target definition and improvement,
- Defining development needs,
- Building a trust and agreement culture in the coaching relation between the employee and the leader,
- Asking strong questions in order to increase awareness,
- Having knowledge about fulfilling promised actions and controlling them,
- Structuring quality dialogs with employees, colleagues and partners,
- Having knowledge about how coaching helps sustainable high performance by using especially their coaching competency.

6. Results and Suggestions

Situational and transformational leadership, developed by James McGregor, J.M. Burns, and B.M. Bass, is considered as a new vision in management sciences (Gürüz and Yaylacı, 2004). According to this approach, leadership is divided into transactional and transformational leadership approaches (Townsend, 2002). Leadership approaches are different according to the perception of the past and the future. The leaders who connect past to present day are called transactional leaders and the leaders who connect present to the future are called transformational leaders (Tahiroğlu, 2004). Interactional leaders continue the positive and beneficial traditions of the past and legate them to ne next generations. Transformational leadership is about change (Mohammad, Al-Zeaud and Batayneh, 2011) and it makes change possible by presenting required behavior in the required phases of the transformation process (Bolat and Seymen, 2003). Interactional leadership tends to keep the status quo where transformational leadership is focused on mission and vision in management, creativity and innovation (Gürüz and Yaylacı, 2004). By influencing the employee

behavior, attitude, values and commitment, transformational leadership pioneers a transformation process including team decision making and creating a common culture (Moynihan et al., 2011; Hyypää and Parjanen, 2013).

The results of this study showed that coaching increased the leadership behavior of the employees and the model implemented in Güneş Insurance Inc helped organisation in many ways from innovativeness to organisational commitment. In fact, the main aim of the model was improving the transformational leadership within the organisation and the results showed that this was achieved by the management. In fact, Transformational leadership outcomes include increased employee satisfaction, motivation, (Kovjanic et al., 2012) innovation, and leader effectiveness ratings (Humphreys, 2002; Medley and Larochelle, 1995). The results of the model showed that employees' motivation was increased significantly, the company was able to improve its sales channels through innovative new structure and leaders became more effective than ever. Similarly, it is claimed in the literature that Transformational leaders build trust, improve organizational learning, and elicit organizational members to share their expert knowledge (Farrell et al., 2005; Tafvelin, 2013). The results of the implemented model showed that organisational commitment was increased among the employees and employees and leaders started to share more information between them and within the organisation.

The results of this study showed that increased competition within business climate required organisations to look for better approaches to improve their competitiveness that require more leadership, and specifically, the use of more transformational leadership. Organizations will want to develop transformational leaders and transformational leadership capacity. Two important assumptions form the basis for leadership development programs: (a) leader development is an ongoing process that occurs in almost every situation and (b) leader development must be at the core of the organization's collective mental mode (Popper, 2005). Companies can develop contingency models of leadership development that account for the current organizational context, individual leader developmental needs, and a strong understanding of the leadership development approaches that work the best for each leadership passage (Popper, 2005). In this process, another important factor is the leader's realization of his own being (Harms and Credé, 2010). Coaching approaches are widely applied to support this factor.

The assessments of the leaders, the employees and the internal coaches reveal that the model made an important impact on employee commitment and motivation. As general evaluation, application of the model is recommended to;

- Increase the development and the performance of leaders and their direct subordinates
- Help creating sustainable high performance culture in the organization
- Create an environment in which individual talents and potential are utilized
- Support the employees to take new responsibilities and encourage them to reach hard targets
- To create loyalty and retention by increasing employee happiness
- Manage the organizational human resources perception
- Strengthen the general organization brand perception

Application of the model on companies from other sectors than insurance sector is recommended in order to strengthen the model. To understand the sustainable performance, it is also recommended to evaluate the applications on different groups of the same company in several years time.

References

- Allenbaugh, G. (1983), Coaching a management tool for a more effective work performance, *Management Review*, Vol.72, No.5, pp.21-26.
- Aydar, N. (1999), Bir eğitim tekniği olarak koçluk, Basılmamış Doktora Tezi, Sakarya Üniversitesi Sosyal Bilimler Enstitüsü, İstanbul.
- Barutçugil, İ. (2004), *Stratejik İnsan Kaynakları Yönetimi*, Kariyer Yayıncılık, İstanbul.
- Bennett, J. L. and Bush, M.W. (2009), Coaching in organizations: current trends and future opportunities, *OD Practitioner*, Vol.41, No.1, pp.2-7.
- Bolat, T. ve Seymen, O.A. (2003), Örgütlerde iş etiğinin yerleştirilmesinde "dönüşümcü liderlik tarzı"nın etkileri üzerine bir değerlendirme, *Balikesir Üniversitesi Sosyal Bilimler Dergisi*, Cilt.6, Sayı.9, ss.59- 85.
- Çınar, Z. (2007), Coaching ve Mentoring, *Paradoks, Ekonomi, Sosyoloji ve Politika Dergisi*, Cilt.3, Sayı.1, ss.1-25.
- Gallwey, T. (2011), *The Inner Game of Work: Focus, Learning, Pleasure, and Mobility in the Workplace*, Random House, New York.
- Gürüz, D. ve Yaylacı, Ö. G. (2004), *İletişimci Gözüyle İnsan Kaynakları Yönetimi*, Mediacat Kitapları, İstanbul.

- Harms, P.D. and Crede, M. (2010), Emotional intelligence and transformational and transactional leadership: a meta-analysis, *Journal of Leadership & Organizational Studies*, Vol.17, No.1, pp.5-17.
- Hyypiä, M. and Parjanen, S. (2013), Boosting creativity with transformational leadership in fuzzy front-end innovation processes, *Interdisciplinary Journal of Information, Knowledge, and Management*, Vol.8, pp.21-41.
- Kampa-Kokesch, S. and Anderson, M. Z. (2001), Executive coaching: a comprehensive review of the literature, *Consulting Psychology Journal: Practice & Research*, Vol.53, No.4, pp.205-228.
- Kovjanic, S., Schuh, S.C., Jonas, K., Van Quaquebeke, N. and Van Dick, R. (2012), How do transformational leaders foster positive employee outcomes? A self-determination-based analysis of employees' needs as mediating links, *Journal of Organizational Behavior*, Vol.33, pp.1031-1052.
- Medley, F. and Larochele, D. R. (1995), Transformational leadership and job satisfaction, *Nursing Management*, Vol.26, No.9, pp.64-67.
- Mohammad, S.I.S., Al-Zeaud, H.A. and Batayneh, A.M.E. (2011), The relationship between transformational leadership and employees' satisfaction at Jordanian private hospitals, *Business and Economic Horizons*, Vol.5, No.2, pp.35-46.
- Moynihan, D.P., Pandey, S.K. and Wright, B.E. (2011), Setting the table: how transformational leadership fosters performance information use, *Journal of Public Administration Research and Theory Advance*, Vol.22, No.1, pp.143-164.
- O'Neill, T. and Broadbent, B. (2003), Personal coaching, *American Society for Training and a Development*, November, pp.77-79.
- Popper, M. (2005), *Leaders Who Transform Society*, Praeger, Westport.
- Sperry, R. (1993), The impact and promise of the cognitive revolution, *American Psychologist*, Vol.48, No.8, pp.878-885.
- Tafvelin, S. (2013), *The Transformational Leadership Process: Antecedents, Mechanisms, and Outcomes in the Social Services*, Umeå, Department of Psychology
- Tahiroglu, F. (2004), *İşte Başarı, Hayat Yayınları*, İstanbul.
- Townsend, C. D. (2002), Leader education: fantasy or reality?, *Journal of Leadership Education*, Vol.1, No.1, pp.35-40.
- TSRSB (2011), *Turkish Insurance Sector*, available at: <http://www.tsb.org.tr/>
- Witherspoon, R. and White, R. P. (1996), Executive coaching: A continuum of roles, *Consulting Psychology Journal: Practice and Research*, Vol.48, No.2, pp.124-133.
- World Economic Forum (2012), *Outlook On The Global Agenda*.
- Wright, S. and Mackinnon, C. (2007), *COACHING: A leadership style, leadership: magazine for managers*, Vol.4, No.10, pp.22.
- Zeus, P. and Skiffington, S. (2000), *The Complete Guide to Coaching At Work*, McGraw-Hill, Sydney.