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Human resource development strategies for effectively developing middle managers at global conglomerates to create synergies through cross-business collaboration

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Abstract

When corporations develop multiple businesses, they become conglomerates. Companies such as Apple, Google, and Amazon have become emerging conglomerates by expanding their business toward several new fields. Although conglomerates suffer from discounts in the stock market, their productivity and efficiency depend on effectively managing sub-businesses. Conglomerates must synergize through cross-business collaborations, where middle managers play a significant role in strategy realization. However, little research has been conducted on middle managers' strategic role in the success of conglomerates. This multi-case qualitative study is designed to address this gap. This study reveals that middle managers are important for conglomerates in creating synergies. By developing 11 themes, this study thematically categorizes related development programmes and corporate initiatives for middle managers to create cross-business synergies. Finally, it demonstrates a three-step process for human resource development managers and corporate executives to evaluate whether their human resource development strategies are adequately established. In addition, the results reveal two categories of managerial strategy for middle manager development — collaborative and open/flexible management strategies.

Keywords

conglomerate • multi-industry firm • human resource development • middle manager • cross-business collaboration • social capital

Introduction

Background

Multi-industry or diversified firms are recognized as conglomerates (Calzolari & Scarpa, 2016). Conglomerates operating in many business sectors can access a wide range of business opportunities and are expected to contribute to solving daunting global problems, such as meeting the needs of a growing global population with depleting resources, environmental destruction, and the expanding gap between the rich and the poor (Felenbok et al., 2018; Shulman, 2017).

A conglomerate's potential for growth and profitability lies vertically, within one business unit, and in collaboration and coordination with other business units (Galli, 2011). Leaders who effectively enhance co-operation between units, balancing conflicting interests, would realize this growth potential. Additionally, organizational performance is heavily influenced by what occurs in the middle of the organization, where the middle managers play a crucial role in realizing the overall growth and profitability of the conglomerate (Galli, 2011; Knoll, 2008). This study examines middle managers' roles in cross-business collaboration and coordination to support co-operation between units and help the conglomerate realize its overall growth potential. In doing so, this study uses the concept of synergy to describe cross-business collaboration and coordination.

In this study, middle managers are managers who typically occupy positions between senior leadership and frontline employees, have at least one subordinate, are responsible for implementing organizational strategies, and oversee the day-to-day operations of their teams or departments. The middle manager is "assigned subordinates within a firm and leads that team as their main performance evaluator" (Tsuda & Sato, 2020, p. 242). Synergy describes "the value that is created over time by the sum of businesses together relative to what their value would be separately" (Martin & Eisenhardt, 2001, H2. Knoll (2008) identified four cross-business synergies: operative, market power, financial, and corporate management synergies. Based on decentralized collaboration, synergy is crucial for continuously realizing growth (Knoll, 2008; Martin & Eisenhardt, 2003). Martin and

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Eisenhardt (2003) emphasized the role of middle managers in generating cross-business synergies.

Additionally, Knoll (2008) and Galli (2011) examined the critical role of middle managers in strategy realization in most organizations for cross-business collaboration. Hence, it is meaningful to explore synergy generation in conglomerates with diverse businesses (Ahuja & Novelli, 2017; Knoll, 2008; Martin & Eisenhardt, 2003) by middle managers. This study examines the required competencies or skills for middle managers at conglomerates to create synergies. Using thematic analysis, this study also explores related development programmes and corporate initiatives that encourage middle managers to create cross-business synergies and how human resource development (HRD) managers and corporate executives evaluate whether their HRD strategies for middle managers are adequately established. HRD is an academic field that combines training, career development, and organizational development to envision a learning organization (Dibella, 1993).

The following research questions were used to guide this study:

What competencies or skills are required of middle managers to support the creation of synergies in conglomerates?

What management development programmes are conducted at conglomerates to develop middle managers' knowledge and skills?

What corporate initiatives, including incentives and job designs, are used by conglomerates to encourage middle managers to create cross-business collaborations?

What are the common themes of developmental programmes, incentives, and job designs that encourage middle managers to create synergistic activities?

Literature review

This literature review includes findings from research papers (peer-reviewed articles and doctoral dissertations) and non-research papers (works of practitioners and non-peer-reviewed articles) published between 2000 and 2024. There are two reasons for including practitioner and non-peer-reviewed articles. First, a preliminary review yielded limited peer-reviewed articles covering synergy creation by the middle manager in the context of conglomerate organizations. Second, it allowed us to include articles authored by professors from business schools and professionals at management consulting companies; these articles have been published in trade journals and firms' official websites and reflect current thinking in the field, thus enriching the review.

Conglomerates' Cross-Business Synergy and Middle Managers

Conglomerates possess considerable business resources, such as capital, business skills, know-how, and marketing and distribution channels (Parhizgar & Parhizgar, 2008). However, in many cases, the conglomerates have yet to fully exploit the potential synergy among these resources to realize their growth (Schulze et al., 2005). Martin and Eisenhardt (2003) and Galli (2011) emphasized the role of middle managers in generating cross-business synergies in conglomerates. Canales and Caldart (2017) explored four factors that facilitate autonomous cross-business collaboration, using business units' local knowledge without direct intervention from headquarters. The four factors were "a sense of urgency at the level of the firm; the existence of a few broad but strong corporate strategic guidelines; the existence of a set of cross-business integration mechanisms; and an organizational culture promoting collaboration" (p. 300). Organizational culture is described as "the accumulated shared learning of a given group, covering behavioural, emotional, and cognitive elements of the group members' total psychological functioning (Schein, 2004, p. 17)." Moellers et al. (2020) confirmed the effectiveness of organizational culture in promoting collaboration. Based on a qualitative study of executives at six firms, Martin and Eisenhardt (2010) articulated that having multi-business teams of middle managers work together leads to better collaboration among business units. Hence, middle managers with local knowledge of the operation within their businesses have the most opportunity to identify and build cross-business synergy in conglomerates.

Management Development

McCall et al. (1988) defined management development as an organization's conscious effort to develop managers, hoping it would result in a cadre of managers with skills to lead an organization to function effectively. Management development should link to the organization's business strategy and meet the business needs (Werner & Desimone, 2012). As shown in Table 1, Werner and Desimone (2012) and Werner (2021) presented that management development, a popular HRD practice, has three components — management education, training, and on-the-job experiences.

Management education is often called formal classroom learning offered by degree-granting organizations, including bachelor's or master's degree programmes, such as MBA or executive MBA programmes (Keys & Wolfe, 1988); management training refers to internally designed training programmes or seminars. The advantage of such programmes is that they are often customized to meet the organization's specific needs (Werner & Desimone, 2012). On-the-job

Table 1. Management development and its three components

Key Words	Definition
Management development	An organization's conscious effort to provide its managers (and potential managers) with opportunities to learn, grow, and change, thus ensuring they have the necessary skills to function effectively.
Management education	The acquisition of a broad range of conceptual knowledge and skills in a formal classroom situation in degree-granting institutions.
Management training	Training focuses on providing specific skills or knowledge that can be applied immediately in an organization and/or to a specific position or set of positions.
On-the-job experiences	Planned or unplanned opportunities for a manager to gain self-knowledge, enhance existing skills and abilities, or obtain new skills or information within the context of daily activities.

Note. Adapted from Werner and Desimone (2012).

experiences are planned or unplanned opportunities for a manager to gain self-knowledge, enhance existing skills and abilities, or obtain new skills or information within the context of day-to-day activities (Van der Sluis et al., 2002), and are considered the most critical part of management development (Lombardo & Eichinger, 1996; Tichy, 1989).

While Day (2000) studied leadership and leadership development without referencing conglomerate corporations, Knoll (2008) and Galli (2011) referred to Day's study to argue that it is foundational for middle managers to develop competencies that allow them to generate social capital at conglomerates. Social capital is understood as the networks and relationships an individual can access and utilize. Developing and leveraging these networks are considered a critical competency for middle managers at conglomerates, and among the middle managers' development programmes, Day (2000) included 360-degree feedback and executive coaching, mentoring and networking, job assignments, and action learning. In addition, job rotation programmes enhance horizontal perspective and mindset across the corporate portfolio, which are considered important for conglomerates with multiple lines of business (Knoll, 2008).

Roles of HRD Professionals in Middle Manager Development

HRD professionals can influence the strategy and the implementation of workforce development programmes, including developmental programmes for middle managers (Mok et al., 2022) in their respective organizations. HRD professionals are also in a position to support middle managers in implementing what they learned on-the-job (Trullen et al., 2016). However, middle managers often receive low levels of preparation and support because of their wide range of responsibilities in realizing corporate initiatives (Shanley, 2007). Therefore, HRD professionals should take responsibility for implementing various HRD activities aligned with corporate strategic and long-term goals (Garavan, 2007, Garavan & Carbery, 2012). Moreover, HRD professionals should involve middle managers and top management to form a strategic HRD process (CIPD, 2007).

Research methods

Research Design

This study utilized a multi-case qualitative study design to answer the research questions. According to Creswell and Poth (2013), a case study could involve an individual, a community, a decision process, or an event. A case study involves multiple information sources, such as observations, interviews, audio-visual material, documents, and reports, to develop an in-depth understanding of the case and increase the study's reliability and validity. The multi-case study approach is more robust and avoids issues related to a single-case design, such as uniqueness or artificial conditions, owing to key informants or special data (Creswell & Poth, 2013; Yin, 2009).

Case and Participant Selection

Maximum variation sampling (Creswell & Poth, 2013) was used to maximize takeaways by choosing companies with different business structures and headquarters. Regarding the sample size, Creswell and Creswell (2014, p. 278) mentioned that "case studies include approximately four to five cases." Consequently, the researchers decided to select five global conglomerates. A well-established criterion for case selection can maximize the chances of obtaining insights when a limited number of cases are available (Stake, 2006). It helps control extraneous variation and sets the limits for generalizing the study findings (Eisenhardt, 1989). Three criteria were employed to select the companies. First, the company must be listed to allow for access to the company's online information. Second, the company's market capitalization must be among the top 100 in the country of its headquarters, based on data from CompaniesMarketCap.com (n.d.). Third, the company must have a corporate university or its equivalent as a token of placing importance on employee training and learning. Using these criteria, the researchers reached out to conglomerates who met these criteria until five of them agreed to participate in the study, and their HR leaders agreed to be interviewed. Once the sample size reached five, no further companies were approached. The author contacted interviewees via LinkedIn — a business-oriented social networking site. Consent from interviewees was obtained. The profiles of the organizations and interviewees are presented in Table 2.

Specific issues were encountered during this stage. First, in case B, the interviewee was not from the conglomerate's holding company but from one of its subsidiaries, raising concern that the interviewee did not know the conglomerate's overall HRD strategy. However, the subsidiary was a flagship company for the conglomerate, with a market cap of more than half of the conglomerate's total market cap. Hence, this interviewee was qualified to participate in the research.

Second, the interviewees had left their organizations in Cases C, D, and E. However, they were considered to have up-to-date information regarding the conglomerate's HRD strategy because their resignation dates were within a few years of the interview. Detailed information on the interviewees is presented in Table 3.

Interview portfolio development

Interviewees (Table 3) were asked about the conglomerate's cross-business collaboration strategy, activities, success measurement, organizational design, incentives, and culture. Middle managers' roles and contributions to each topic were discussed to understand how cross-business synergies were realized in collaboration with the contribution of middle managers, other corporate executives, and staff members. The responses address the third research question regarding corporate initiatives to create business synergies. The participants were asked about the necessary competencies or skills for middle managers and each organization's HRD programmes. Their responses addressed the first and second research questions to understand the competencies of middle managers and management development programmes. The Appendix lists all the interview questions, which include specific questions regarding middle managers and general questions about conglomerate synergies. The fourth research question asked interviewees about middle managers' role in understanding cross-collaboration in each organization. The answers were analysed to understand the common themes of developmental programmes, incentives, and job designs.

Data Collection and Analysis Strategy

Online website research, interviews, and reflection notes were utilized (Merriam, 1998) to increase the study's reliability (Merriam, 1998; Yin, 2009). Online website research was conducted for each of the companies. One-on-one semi-structured online interviews lasting approximately 90 minutes were conducted via Zoom with an interview protocol, following the order of questions shown in the Appendix. Interview questions were sent to the interviewees in advance for preparation after obtaining their online consent. The interviews were conducted in English or Japanese without any interpreter, subject to the interviewees' native language. The collected data were transcribed after each interview.

Data analysis was conducted using the following steps. First, a single-case analysis was conducted based on an online documentary analysis and an interview within the conglomerate. This analysis aimed to examine respondents' experiences and perceptions of HR development initiatives within their company.

Table 2. Five Global Conglomerates for the Case Study

Case	HQ location	Market cap (USD)	No. of employees	Interviewee
A	India	More than 50 billion	More than 100,000	Interviewee A: A manager for talent management at a holding company in the Indian headquarters (HQ).
B	India	More than 300 billion	More than 800,000	Interviewee B: Head of corporate university in an Asian office of the conglomerate flagship subsidiary.
C	United States	More than 1.5 trillion	More than 1,500,000	Interviewee C: A previous hiring manager and business head (until 2019) in an Asian office.
D	Japan	More than 50 billion	More than 350,000	Interviewee D: A previous manager (until 2021) at a corporate university in the Japanese HQ.
E	Japan	More than 60 billion	More than 45,000	Interviewee E: A previous manager (until 2019) for corporate planning and talent development in the Japanese HQ.

Table 3. Detailed Information about the Interviewees

Interviewee	Position	Gender	Years of Professional Experience as of 2022
A	Manager for talent development	Female	Approx. 15 years
B	Head of a corporate university	Male	Approx. 20 years
C	People manager	Male	Approx. 20 years
D	Manager at a corporate university	Male	Approx. 25 years
E	Manager for corporate planning and development	Male	Approx. 20 years

Information was organized based on the four research questions. Second, a cross-case analysis was conducted to compare and analyse the findings of the five single-case analyses. Cross-case analysis investigates similarities and differences, enhances aggregation across cases, and fosters generalization formation (Mathison, 2005). Researchers used thematic analysis for the cross-case analysis because it facilitated the identification of themes or patterns. This study followed the six-step thematic analysis approach — familiarizing oneself with the data, generating initial codes, searching for themes, reviewing themes, defining and naming the themes, and producing a report (Nowell et al., 2017).

Results

The findings of cross-case analysis are presented in Tables 4, 5, and 6. The authors thoroughly reviewed and integrated all the findings obtained from the case studies and categorized them into the following 11 themes: mission, vision, and values; message from the management; who to lead; area for collaboration; competencies defined for cross-business collaboration; success rate; organization; incentive; development programme – training; development programme — job rotation/assignment; and culture. In these Tables, the column represents a case, and the row the themes found in cross-case analysis. Each cell contains a summary of the online documentary analysis and the interview with the respective conglomerate. There is a topic that only consists of the results of one company, such as mission, vision, values, and success rate. Among the five conglomerates, only one company (conglomerate A) included "thought for synergy" in their values statement so that employees can recognize the critical importance of implementing cross-business collaboration. Among the other four companies, three (conglomerates B, D, and E) did not include a word related to cross-business collaboration; however, their management was aware of the significance of cross-business collaboration and continuously shared their message to encourage it. Notably, conglomerate D set cross-business collaboration as one of their management key performance indicators (KPIs) and shared the progress with their shareholders. Therefore, the authors still use these two themes for thematic analysis as they may be an emerging trend among conglomerates.

The result of the cross-case analysis aggregated the five companies into two categories (Table 7). Category 1 companies have a collaborative management strategy for cross-business collaboration, primarily based on the analysis of companies A, B, and D. In Category 1, cross-business collaboration is included in the mission, vision, and value statement. The management sends a clear message, encouraging employees to facilitate

cross-business collaboration, a primary agenda for employees' periodic appraisals. An area for collaboration is broadly identified, and a special department is established to coordinate cross-business collaboration. Along with

Table 4, Thematic Cross-case Analysis of Five Conglomerates Regarding Cross-business Collaboration (1/3)

Location	**India**	**India**	**United States**	**Japan**	**Japan**
Company	**A**	**B**	**C**	**D**	**E**
Mission, vision, and values	"Thought for synergy" in values.	Not available	Not available	Not available	Not available
Message from the management	Reminder of "thought for synergy" at an annual appraisal.	Actively pursuing cross-business collaboration when required by clients.	The corporate values include "customer focus" and naturally pursuing cross-business collaboration when it is beneficial for clients.	"Progress of cross-business collaboration" is a management KPI.	Actively pursuing cross-business collaboration when it is beneficial for clients/customers.
Who is to lead	Middle managers and senior management.	Middle managers as client partners.	All employees	Middle managers	Senior management marketers, regardless of their level.
Area for collaboration	New business development.	Not defined	Not defined. Customer sales information is available for each business unit, and they naturally define areas for collaboration.	Digital transformation of each business unit. using the company's shared expertise.	Strategic business unit while there are three units.
Competencies defined for cross-business collaboration	Not defined for cross-business collaboration but for each position in general. Reference to social capital to enhance collaboration.	Not defined for cross-business collaboration but for each position in general. Reference to social capital to enhance collaboration.	Not defined for cross-business collaboration but for each position in general. Reference to social capital to enhance collaboration.	Not defined for cross-business collaboration but for each position in general. Reference to social capital to enhance collaboration.	Not defined for cross-business collaboration but for each position in general. Reference to social capital to enhance collaboration.

Table 5. Thematic Cross-case Analysis of Five Conglomerates Regarding Cross-business Collaboration (2/3)

Location	**India**	**India**	**United States**	**Japan**	**Japan**
Company	**A**	**B**	**C**	**D**	**E**
Success rate	**Not available**	**Not available**	**Not available**	**20-30%. They keep track of realized cases.**	**Not available**
Organization	Learning centre	Each business unit	Finance team of each business unit tries to set effective key performance indicators (KPIs). Management shares the customer information openly so that each team competes to achieve respective KPIs.	Special team of 20-30 in a corporate planning office. Team for each business unit (concurrent posts) in each business unit.	Three strategic business units to create cross-business collaboration. Marketing team in a holding company to which every marketer belongs concurrently with the subsidiary company.
Incentive	Middle manager: bonus formula linked with the whole business performance. Senior management: bonus formula linked with the whole conglomerate performance.	Revenue growth as one of the KPIs.	Respective KPIs for each team. Restricted stock units for most of the employees.	One critical element of business unit annual appraisal is cross-business collaboration, where around 20-30% of bonus compensation of middle managers is linked.	Respective KPIs for each team.

Table 6. Thematic Cross-case Analysis of Five Conglomerates Regarding Cross-business Collaboration (3/3)

Location	**India**	**India**	**United States**	**Japan**	**Japan**
Company	**A**	**B**	**C**	**D**	**E**
Development programme, training	A cross-mentoring programme for middle managers. A cross-business task force programme at a learning centre for various levels of employees.	Business unit: by strengthening internal networks; conference call to share best practices, etc. HR: training programmes to invite various employees for networking.	Not available for cross-business collaboration.	Training programmes and workshops for middle managers to acquire a design-thinking framework to consider cross-business collaboration.	An annual internal conference for all the levels of employees to share best practices.
Development programme, job rotation/assignment	Qualification to be a senior manager: 2 business x 2 functions x 2 location. Job rotation programme (1-2 years) for young, promising candidates for middle managers.	Only available for senior management.	Not available aimed at cross-business collaboration.	Job rotation between a cross-business collaboration team in a corporate planning office and each business unit. Job rotation across business units is encouraged; company oriented and employee oriented.	A job rotation programme across different subsidiaries only for senior management. This could be applied for lower-level managers in a strategic business unit from now on.
Culture	Collaborative	Flexible	Open	Collaborative	Open and competitive

development programmes, such as training and job assignments, a monetary incentive programme is set for employees, especially for middle managers. Cross-business collaboration is quantifiable, and management may periodically track its progress.

Category 2 has an open/flexible management strategy for cross-business collaborations, primarily based on the analysis of companies C and E. Companies with this strategy rarely mention the cross-business collaboration with their employees; however, employees are encouraged to facilitate cross-business collaboration by their KPIs and democratization policy. Their KPIs are set for respective business units or departments and focus on the customer. Employees are encouraged to facilitate such collaboration if the customer's requirements are met by cross-business collaboration and additional value is presented to the KPIs. They create cross-business collaboration if customers' information is openly shared. Although a standardized approach to cross-business collaborations does not exist, the open and flexible culture would propel employees to pursue these collaborations.

Categorizing these companies into two streams is an unexpected and critical finding that presents new perspectives on how organizations achieve business collaboration. It can be used to inform the development of HRD strategy and practice implementation. Middle managers in Category 1 should be trained to recognize the importance of cross-business collaboration and encouraged to pursue it through various measures, missions, visions, value statements, and KPIs. In Category 2, middle managers may not necessarily develop cross-business collaborations. Instead, all employees, including middle managers, respond to customers' information effectively, while management creates a system in which customer information is shared fairly and openly.

Answers to the Research Questions

Research Question 1: What competencies or skills are required by middle managers to support the creation of synergies in conglomerates?

No competencies were recorded for cross-business collaboration during the interviews or online research for the five conglomerates. All interviewees reported that competencies for cross-business collaboration have not been clearly defined, although a general competency description for every position exists. According to previous research (Day, 2000; Galli, 2011), building social capital is a necessary competency to facilitate cross-business collaboration, about which all the interviewees agreed. This study confirms that the interviewees shared no competencies other than building social capital. Conglomerates in both categories agree that social capital is the key to establishing a collaborative synergy, implying that social capital is crucial in creating cross-business collaboration.

Research Question 2: What management development programmes are conducted at conglomerates to develop middle managers' knowledge and skills?

Cross-mentoring (conglomerate A) and job assignments (conglomerates A, B, D, and E) are examples of individual practices. In contrast, collective practices include workshops to acquire a design-thinking framework (conglomerate D), training programmes for various networks (conglomerates A and B), and annual/monthly internal conferences to share best practices and business trends (conglomerates B and E). The conglomerates in both categories conduct these management development programmes; however, only Category 1 conglomerates have a more collaborative culture and are developing unique initiatives. For example, the job assignment or job rotation at conglomerate A sets qualifications for senior management positions and experience of two businesses, functions, and locations to ensure that all employees, including middle managers seeking promotion, can actively pursue job rotation at their will. By conducting five case studies, the authors found additional management development programmes, such as a customized job rotation programme in each organization and design-thinking workshops.

Research Question 3: What corporate initiatives, including incentives and job designs, are used by conglomerates to encourage middle managers to create cross-business collaborations?

The answer to this question leads to critical findings. Based on the five case studies, it was observed that the HRD strategy for cross-business collaboration relates to the entire corporate strategy. At the same time, the interview results revealed that messages from the management at the five studied conglomerates motivated employees to pursue cross-business collaboration explicitly and implicitly. Conglomerate A's objective is to "become a world-leading conglomerate." The CEO of conglomerate B emphasized "the importance of the whole group synergies" or "cross-business collaboration with more than 100 companies" since the 2000s. At conglomerate C, the CEO rarely emphasized the importance of cross-business collaboration. However, they have a viable platform to gather customer information and enhance cross-business collaboration. The finance team considers and monitors effective KPIs for each business unit, operational team, and individual. Since the mid-2010s, the management at conglomerate D "has continuously shared with stakeholders and employees the notion that they are a conglomerate and cross-business collaboration is critical for their growth."

Furthermore, the management of conglomerate E "decided to create three strategic business units to establish additional cross-business collaborations in each strategic business unit" in the late 2010s. Development programmes for middle managers are intricately linked to management themes — mission, vision, and value statement or management message — (conglomerate A); defined areas for cross-business collaboration (conglomerates A, C, D, and E); tracked success rate (conglomerate D); had an organizational structure including concurrent posting (conglomerates A, B, C, D, and E); and had a link with compensation for cross-business collaboration (conglomerates A and D). The cross-case thematic analysis shown in Tables 4, 5, and 6 list all the corporate initiatives in the five conglomerates and the initiatives identified in this study.

Research Question 4: What are the common themes of developmental programmes, incentives, and job designs that encourage middle managers to create synergistic activities and outcomes?

The responses were incorporated into the 11 themes: mission, vision, and values; message from management; who is to lead; collaboration area; competencies defined for cross-business collaboration; success rate; organization; incentive; development programme (training); development programme (job rotation/assignment); and culture (Tables 4, 5, and 6).

Discussion

The study findings advance the field of conglomerate HRD research. This research is the first multi-case study on HRD practices about conglomerates based on our review of the literature. Trade journals often discuss conglomerates' discount and criticize their expansion strategy to seemingly unrelated business fields without mentioning needed HRD strategies and practices to help with the challenges conglomerates are facing (Hariharan, 2016; Felenbok et al., 2018; Kengelbach et al., 2014; Kumar, 2016; Shulman, 2017; Vestring & Felenbok, 2017). Very limited research was found to examine the importance of middle managers' role in generating cross-business synergies. Ahuja and Novelli (2017), Martin & Eisenhardt (2003), and Galli (2011) discussed the importance of middle managers' role in generating cross-business strategies. Knoll (2008) published a single case study about middle managers' development at a conglomerate. This multi-case study added to the literature and contributed to HRD professionals' knowledge base in the context of conglomerates. In addition, this research raised the importance of middle managers in the success of large conglomerates. It may lead to new support from HRD professionals and top management because they often need more support (Shanley, 2007; Trullen et al., 2016).

Theoretical Implications

No existing theory in the HRD field that examines employee and management development at conglomerates was found before this study. Galli (2011) analysed the characteristics of a conglomerate and the required capabilities for leadership or middle managers, demonstrating that the growth and profitability potential lay vertically within one business unit and in collaboration and coordination activities across businesses. Galli also identified two critical leadership capabilities to capture this potential — enhancing collaboration between units and balancing conflicting interests and entrepreneurship to effectively realize growth potential — which are forms of social capital (Day, 2000; Galli, 2011).

In the present study, two categories of managerial strategy were identified (Table 7). Category 1 is a collaborative management strategy, while Category 2 is an open/flexible managerial strategy. In Category 2, middle managers are not told to create cross-business collaboration; however, they pursue it, especially when required by customers. Thus, they create cross-business collaboration if customer information is fairly and openly shared. Large companies address the complexity of internal coordination

Table 7. Comparison Between Previous Literature and the Result of this Study based on Thematic Category

Thematic category	Literature review	Findings of this study	
		Category 1 conglomerate	Category 2 conglomerate
Mission, vision, and values	No literature	Cross-business collaboration is included.	Not available
Message from the management	No literature	Constantly reminded of the importance of cross-business collaboration.	Conduct cross-business collaboration, especially when required by customers/clients.
Who is to lead	Middle managers (Canales & Caldart, 2017; Galli, 2011; Martin & Eisenhardt, 2010)	Middle managers	Senior management/all employees with democratization of information.
Area for collaboration	No literature	Defined such as new business area/DX.	Not defined
Success rate	No literature	One company counts realized cases.	Not available
Organization	A specific business/innovation entity (Mitsui & Co., Ltd., 2020; Moellers et al., 2020).	Corporate planning office/HR division.	Each business unit.
Incentive	15–20% rule, monetary incentives (Kashima, 2019).	A KPI for cross-business collaboration.	Ordinary business KPIs/Stocks.
Competencies	Social capital (Day, 2000; Galli, 2011; Knoll, 2008)	Social capital (confirmed).	Social capital (confirmed).
Development programmes	360-degree feedback, coaching, mentoring, job assignment (job posting and exchange programmes with other companies), internal leadership training, action learning, and networking events/off-sites (Day, 2000; Galli, 2011).	Mentoring, job assignment, job posting, workshop on design-thinking and networks (confirmed).	Job assignment and networking events (confirmed).
Other initiatives	Company dormitory for the young, business contest platform (Mitsui & Co., Ltd., 2020; Moellers et al., 2020).		Not available
Culture	No literature	Collaborative	Open/flexible

to meet their quarterly targets and maximize shareholder value (Denning, 2014). Conglomerates will continue to include large organizations, and middle managers will play a key role in Category 1. We recommend that future studies explore further how different managerial strategies may impact conglomerate performance and what HRD professionals can do to support middle managers in generating cross-business collaboration and creating synergies.

Practical Implications

Based on Category 1's managerial strategy, middle managers were developed to create cross-business collaborations. Middle managers seek synergies across different businesses internally and consider leveraging those synergies to develop a new business or critically transform the existing business model for more profits. Thus, new business opportunities arise as firms seek synergies. This process prompts new business opportunities; hence, it is a form of intrapreneurship and consists of three steps:
Step 1: Letting individuals become aware of businesses and people across all companies.
Middle managers should know what the company is doing overall. Some conglomerates are large, with numerous business units and thousands of employees. As a foundation to discuss synergies across different business units, middle managers need to know recent business strategies and operations. To consider cross-business collaboration, they should know who leads strategy implementation and manages the operations. Management may consider promoting employees to become middle managers, especially those who have been with the organization for a few years. Hence, employees may be expected to become middle managers through internal promotions.
Step 2: Preparing incentive schemes to encourage employees to utilize knowledge (business and people) to implement new business development and transform an existing business model.
Conglomerates must utilize their knowledge (business and people) to develop and implement better business strategies and operations. Some conglomerates in this research introduced a monetary incentive scheme for middle managers who implemented cross-business collaborations. Additionally, mission, vision, and value statements are crucial. Some conglomerates included the "importance of synergy" in their values and constantly made employees aware of its importance through the company website, Intranet, workplace posters, and performance review sheets.
Step 3: Sharing the best employee practices
Opportunities to share good business synergy practices are crucial. This research studied five companies, and certain good practices were established. Certain companies have set up a scheme for sharing good practices more than once a month. The development programmes and initiatives in Table 7 can be re-categorized into three steps (Table 8). These provide tips for conglomerates based on the three steps of a synergy-based intrapreneurship framework.
Table 7 presents an overall view of the conglomerate management structure that facilitates cross-business collaboration and the conglomerate's HRD strategy for middle managers. Therefore, it demonstrates when a conglomerate would like to review its cross-business collaboration and HRD strategy. These reviews can be used as a checkpoint for HR managers and corporate executives at conglomerates to evaluate whether their HRD strategies for middle managers are effectively designed and aligned with their organizational goals. The author also prepared Table 9 for guiding questions. The responses to these questions will help HRD practitioners/professionals identify what is required to support middle managers and train them to create synergies through cross-business collaboration. For example, if the response to the question, "Is the keyword related to cross-business collaboration included?" is no, they will consider how to incorporate cross-business collaboration into the statement of their mission, vision, and values.

Limitations and Future Directions

This study has two limitations. First, it included an analysis of only five cases; however, hundreds of conglomerates exist worldwide. Incorporating a significant number of conglomerates will enhance the study findings. Furthermore, the research was conducted online, and only one interview was conducted with the HRD-related professionals for

Table 8. Three Steps and Respective Development Programmes and Initiatives

Steps	Development programmes and initiatives
Step 1: Letting people become aware of businesses and people across all companies.	Coaching (especially cross-divisional programmes), mentoring, job assignment (job posting, exchange programmes with other companies, etc.), networking events/off-sites, etc.
Step 2: Preparing incentive schemes to encourage employees to utilize knowledge (business and people) to implement new business development and/or transform an existing business model.	Cross-business collaboration in the company's mission, vision, and values statement; constant management messages regarding the importance of cross-business collaboration; identification of business areas for cross-business collaboration; tracking the success rate of cross-business collaboration; support from the corporate planning office; a KPI for a bonus scheme, etc.
Step 3: Sharing the best employee practices.	Periodical (more than monthly) events to share the best practices of cross-business collaboration, which also allow employees to make new networks.

Table 9. Checkpoints to Judge Whether the HRD Strategy for Middle Managers' Cross-business Collaboration is Properly Established

Theme	Guiding questions to raise
Management concept	• Is the corporate culture collaborative or open/flexible? • If it is open/flexible, how much business information is shared internally to naturally encourage cross-business collaboration?
Mission, vision, and values	• Is the keyword related to cross-business collaboration included?
Message from the management	• Is there any message to remind employees of the importance of cross-business collaboration periodically? • Are there any KPIs set to keep track of the progress?
Who is to lead	• Is any specified group of employees expected to develop cross-business collaboration? Are they middle managers?
Area for collaboration	• Is an area for cross-business collaboration defined? If not, why?
Success rate	• Is there any scheme to keep track of the success of the cross-business collaboration quantitatively or qualitatively? • How can employees be aware of the progress?
Organization	• Is there any special team to facilitate cross-business collaboration?
Incentive	• How are employees, especially middle managers, encouraged to develop cross-business collaboration? Is there any linkage between cross-business collaboration and the compensation formula or promotion?
Competencies	• Are social capital necessary skills for cross-business collaboration? • Are there any other competencies required?
Development programmes	• How can employees, especially middle managers, develop organizational social capital? • Is there an event to share best practices and business cases? • Is there any guiding framework to consider when teaching cross-business collaboration to employees? • Is there a job rotation programme/scheme across different business units? Are middle managers encouraged to experience job rotation?
Other initiatives	• Are there any special initiatives to develop cross-business collaboration?

each conglomerate. Future research should include more employees from different backgrounds to test the robustness of the findings and achieve more critical insights.

An in-depth study of a single conglomerate may further contribute to conglomerate research. Extended coverage of other conglomerates would be of interest. Whether middle managers have competencies other than social capital to create cross-business collaborations, which is Research Question 1, should be further investigated. However, if only social capital is required, future researchers should seek ways to measure the quality of social capital and improve it effectively. This approach may reveal the elements of social capital unique to middle managers, irrespective of the conglomerate (Day, 2000). An enhanced methodology for middle manager development will be established for the future prosperity of conglomerates.

Conclusion

Middle managers are important in developing conglomerate synergies, especially in strategy realization. The previous literature reveals that middle managers can effectively identify business opportunities and maximize them to create outstanding value through collaboration among different business units within the organization. So far, social capital is an identified competency required to realize cross-business values. The study proposed two categories of managerial strategy toward cross-business collaboration. Category 1 is a collaborative management strategy in which middle managers play a key role. Category 2 is an open/flexible managerial strategy where all the employees may (naturally) facilitate cross-business collaboration.

Among various management development programmes, the critical finding of this research is the focus on on-the-job experiences at a conglomerate to develop middle managers and create cross-business collaboration. Other initiatives include organizational business strategy and culture, including missions, vision, and values; KPI settings for performance evaluation; business collaboration proposed by management; a scheme to track the success of cross-business collaboration quantitatively; and organizational structural designs for collaboration. These initiatives are organically connected and help middle managers create cross-business collaboration as a package. The three steps proposed under practical implications are designed to make middle managers aware of the importance of creating cross-business collaborations.

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Appendix

Interview questions for HR managers

Topics	Sub-topics	Questions
Organizational context	Strategy	Could you briefly describe the strategic objectives and strategic concept of your company (rationale, source of corporate advantage, differentiation from competitors, long-term vs. short-term)?
Cross-business value creation	Motivation/activities	What are your company's strategies for achieving cross-business synergies (e.g., joint market penetration, joint market development, joint diversification, specific value chain activity approaches, R&D, production, sales, client relationship management, etc.)? What are the cross-business synergies for your company? How are they important for your organizational strategy? What motivates cross-business collaboration at your company (e.g., capital market pressures, integrated corporate business model, customer requirements, etc.)? Who initiates cross-business collaboration (corporate centre, senior management, middle managers, staff members out of businesses itself, clients, etc.)?
	Area for collaboration	Does your company follow a standardized approach to sensing/evaluating the potential of cross-business values (e.g., searching for new possibilities about new products/services, clients, etc.)? Which organizational units have the highest potential for cross-business value creation today and in the future?
	Success	How much of this potential is already realized today (in percentage, less than 25%, 25–50%, 51–75%, 76–100%)? Why is it low/high? **Quantitative success**: Did the cross-business collaboration at your company in the last five years result in quantifiable results, such as cost reductions and increased turnover or revenues? To what degree? How much of the market value of your firm (share price) is related to cross-business value creation (less than 5%, 5–10%, 11–20%, 21–30%, more than 30%)? How does your firm measure it? **Qualitative success**: Overall, how would you evaluate the success of cross-business collaboration realized in your firm (e.g., positive/negative contribution considering implementation costs)?
Facilitation of cross-business collaboration	Organizational design	What mechanisms have been implemented to coordinate, enhance, or stimulate the cross-business unit activities among the businesses (e.g., permanent teams, task forces, integration managers, off-sites)?
	Corporate centre	What is the role of the corporate centre regarding cross-business coordination at your company? Specifically, how does the corporate centre add value in cross-business coordination?
	Incentives	To what extent is the variable part of management compensation related to business performance (0%, 1–10%, 11–25%, 26–50%, more than 50%)? How about middle managers and other staff members? How is cross-business collaboration motivated and recognized (e.g., shared goals, KPI, cross-business objective evaluation, award)? For what length are KPIs set (1 year, 2–3 years, or more than that)?
	Culture	How would you describe the culture of your firm (e.g., competitive, collaborative, hostile, bureaucratic, meritocratic, etc.)? In which way does communication enhance a cross-business collaboration culture? Which kind of intra-firm networks would you describe as being crucial to realizing profitable cross-business collaboration? How do middle managers contribute? Does your company's mission, vision, and values statement aim to enhance cross-business collaboration?
	Competencies for middle managers	Which of the middle managers' competencies (skills) have been the most useful in cross-business collaboration situations? How do those competencies contribute to the cross-business synergies at your organization?
	Competency development for middle managers	What kind of development programmes for middle managers or **potential** middle managers do you have in place to notably support cross-business collaboration (e.g., 360-degree feedback, mentoring, coaching, job assignment/rotation, such as certain tasks, projects, situations, challenges, opportunities for management education/training courses, corporate university, etc.)? How have they contributed to the development of specific competencies?

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