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## **Human Resource Management in Turkey**

**Zeynep Aycan**

Department of Psychology

Koç University

Tel: 90-212-338 1353

Fax: 90-212-338 1559

e-mail: [zaycan@ku.edu.tr](mailto:zaycan@ku.edu.tr)

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### Turkey in brief: Historical, political and socio-economic background

Turkey is considered to be one of the cross-roads of civilizations. The Republic of Turkey, founded in 1923, has its roots in history of 4,000 years. The history of Turkey goes back to the Neolithic period. The Byzantine Empire is the continuation of the Roman Empire and was surrendered in 1453 to the Ottoman Turks. The Ottoman Turks were descendants of Turkoman nomads entered Anatolia in the 11th century as mercenary soldiers of the Seljuks, a group of nomadic Turkish warrior leaders from Central Asia. The Ottoman Empire collapsed at the end of World War I, when its heartland of Anatolia became the Republic of Turkey. Modern Turkey was founded in 1923, as the successor of the Ottoman Empire. After the defeat of the Ottoman Empire in the World War I, Turks won the independence war and established the Republic of Turkey, under the leadership of Mustafa Kemal Atatürk.

Turkey is an independent republic occupying a region partly in Europe and partly in Asia, and playing a major role in the world history as a bridge connecting East and West. The actual area of Turkey inclusive of its lakes is 814,578 square kilometers, of which 790,200 are in Asia and 24,378 are located in Europe. With 70.15 million citizens, Turkey is the third largest population in Europe after Russia and Germany. Around 98 % of the population believes in the Muslim faith.

Turkey is democratic, secular and social state governed by the rule of law. It has a parliamentary democracy; members of the parliament are elected for seats in the Grand National Assembly in every 5 years. Currently, Turkey is led by a single-party government elected by the 34.3 % of the population in 2002. This has brought the much needed political stability to the country which has been led by multi-party coalition governments since 1987.

Since the Second World War the Turkish economy has been transformed by the steady growth of industry and services, and the consequent decline in the share of agriculture in

national income. In the early 1980s, Turkey launched a program of structural change and economic liberalization. However, since 1986, the achievements of the stabilization program in question have been overshadowed by high inflation rising from gradually increasing public sector deficit. Despite the positive signs to overcome the effects of the political crisis in Russia in the beginning of 1999, the earthquakes of August and November of the same year, the continuing high interest rates and increasing domestic taxes deepened the declining trend in GNP.

The deep economic crisis of Turkey in February 2001 triggered the start of a fundamental reform and design of a new economic program to strengthen the Turkish economy. When the program has started to bring up some results, September 11 events happened in the US. In 2001, inflation rate rose sharply and Turkey was in the midst of its deepest recession for decades with steep increases in unemployment and widespread difficulties in the corporate sector. The economic program was revised with strong structural and social elements. This resulted in the recovery of the economy in 2002, but the volatility in the financial markets continued. Thanks to the political stability and macroeconomic normalization, the outlook of Turkish economy remains positive in 2005. The inflation dropped to almost single-digits (11.2 % as of the first quarter of 2004) from 110.2 % in early 1980s.

Turkey is one of the more developed Middle Eastern countries, and industrialization is still in progress. The U.S. Commerce Department designated Turkey as one of the world's ten "Big Emerging Markets." In 1999 Turkey was included in the G-20 group along with other major dynamic emerging economies. Turkey is a full member of the European Union (EU) Customs Union. Turkey has been recognised as a candidate state for EU membership since the 1999 Helsinki European Council. According to the most recent decision reached at the Brussels Council in December 2004, accession negotiations with EU are scheduled to start

with Ankara on 3 October 2005. Currently, the Government of Turkey is engaged in harmonizing its legislation and institutional framework to match EU standards and requirements. The Turkish Government is implementing an ambitious structural reform and economic stabilization program with the support of international financial institutions (e.g., IMF). The Turkish Grand National Assembly approved numerous legislative changes, paving the way towards broader integration of the Turkish economy with the global economy.

#### Historical developments in HRM in the country

In the last 20 years, Human Resource Management (HRM) has been increasingly recognized as a key factor in maintaining competitive advantage in Turkish business organizations. There are a number of important forces behind this development, such as Turkey's adoption of liberal economy, changing nature of market structure, decrease in government intervention and increase in privatization, legal and economic changes that are geared towards European Union membership, globalization, and change in workforce characteristics as well as societal values. All of these changes required Turkish business organizations to be more profit-oriented and maintain competitiveness locally as well as globally. HRM is now recognized as one of the key factors in accomplishing these objectives.

In the early years of the Turkish Republic (1923s), economy relied heavily on the agricultural output (43 % of Turkey's GNP). Production industry gained momentum during 1950s with the aim of meeting the local demand. Almost 80 % of the business organizations in Turkey were established after 1980. Turkey's main economic activity has shifted from agriculture to services. Services, with its share of 66% in total remains to be the most important sector in the Turkish economy followed by industry, which has a 19% share in GDP, and agricultural production with 16 % of GDP. With this dramatic shift from predominantly agricultural-based economy to an increasingly industrialized and service-based

economy, the emphasis has also shifted from the 'product' to 'human' as the key success factor.

Until 1950s, personnel-related issues were limited to fulfilling legally-required practices that were taking place under the finance departments of organizations (Özden, 2004). Around 1960s, personnel departments emerged as a subdivision within finance departments (Arthur Andersen, 2000). With the rapid growth of organizations after 1970s, personnel departments were officially formed to carry out personnel-related tasks, and the Personnel Management Association was formed in 1971. However, the scope was still limited to compensation, tax and social security, premiums (Dereli, 2001). In 1980s, with the liberalization movement, organizations found themselves at the heart of the global competition and recognized the importance of human resources (HR) as a competitive advantage. The term "human resources management" was adopted at the beginning of 1990s (Kuzeyli, 2000). HRM as a term became synonymous with "modern management" that organizations were embracing. In 2000 the percentage of organizations with HRM departments has increased to 65 % (Arthur Andersen, 2000). However, the recent large-scale downsizings following the February 2001 economic crises disturbed the positive sentiments towards HRM departments which were accused of victimizing employees during the economic crises.

#### Role and importance of, and degree of partnership in HRM in most companies in Turkey

According to the Arthur Andersen's (2000) survey of HRM in 307 private sector organizations in Turkey, "Human Resource Management Departments" exist in 65 % of the participating organizations. These are usually large-size firms in finance, IT, and service industries. In 12.2 % of the firms, HR manager is also one of the VPs in the organization. In half of the organizations, there are written HRM strategies which are in line with the firm's

overall business strategies. The main functions of HR departments include (in descending order) staffing, wage determination and compensation, training and development, employee health and safety, performance evaluation, pay-roll administration, employee transfers and promotions, catering services, transportation services, job security and career planning. As can be seen, HR departments continue dealing mainly with traditional personnel functions. Therefore, what gets changed is the name of the department but not necessarily the function of it. In the majority of the organizations, HRM fulfils the administratively reactive role, followed by administratively proactive and strategically reactive roles (Brockbank, 1999). There are almost no organizations playing a strategically proactive role.

Harschnek, Peterson, and Malone (1978) provided a typology of HRM climates based on the level of support received from top- and middle-level management. Applying the typology to HRM climates in Turkey, it can be concluded that in only a minority of private sector organizations, top management acts as a 'full partner' with the HR department. In such organizations, HR managers take part in the strategic decision making and actually be promoted to higher management positions such as vice-presidency. In the majority of private sector organizations, top management provides support, but considers the HR department as a 'showcase'. In public sector organizations, top management perceives HR departments, which are usually called 'personnel departments', as providing routine services.

In addition to the public-private sector distinction, there are also variations within private sector organizations. HRM practices are more developed in organizations with foreign partners or subsidiaries of Western MNCs. In family-owned firms, the HR departments fulfill traditional personnel management functions. Size is another important determinant of structure, roles, functions and quality of services of HR departments. In large-size organizations HRM practices are more developed than SMEs. Finally, the sector or industry

affects the nature and services of HR departments. In Turkey, finance and IT sectors have the most sophisticated HR systems, compared to manufacturing.

### Key factors that determine HRM policies and practices in Turkey

#### Institutional Context

Turkey is undergoing an important economic and political transformation process. The policies are being developed in line with the EU perspective. The structural reforms mainly aim at scaling down public sector, further strengthening the financial sector and enhancing the role of private sector (Commission of the European Communities, 2004a). In line with the Accession Partnership, reforms have been introduced by means of a series of constitutional and legislative changes. The EU accession process has a number of important implications for HRM in Turkey which will be discussed next.

#### *The New Labour Law.*

The new labor law, which replaced the one that has been in use since 1971, was accepted in May 2003. One of the major changes in the new labour law is the protection of employment. While employment protection in the state-owned-enterprises is *de facto* very strong and severance pay is awarded for regular employees in case of dismissal, there was no employment protection act for the whole economy (Auer & Popova, 2003). According to the new labor law employers carry the burden of proof of inadequate performance in cases of dismissals. This requires that organizations assess and keep the record of workers' performance. It further suggests that organizations have the responsibility to conduct careful selection and placement procedures to enhance the person-job fit, they also have the responsibility to provide proper job descriptions to employees. In short, obligation of employers to prove inadequate performance requires replacement of simple personnel management systems with more sophisticated human resource management systems.

Currently, many organizations are getting training and consulting to start or improve their HR functions to fulfill the requirement of the new labour law.

In the new labor law, women's maternity leave was extended from 12 to 16 weeks. In the same circular, it was issued that at least 3 % of the staff in public institutions with more than 50 employees should be disabled and / or ex-convicts. Equal treatment of women and men, the constitutional amendments adopted by the Parliament in May 2004 introduced the following provision: "Men and women shall have equal rights. *The State* has the duty to ensure that this equality is put into practice" (emphasis added). Additional regulations referring to minimum health and safety requirements on vibration, noise, safety, and health signs were recently adopted (Commission of the European Communities, 2004b). In the new labor law, *employers* are given the responsibility to ensure the health and safety of the workers by monitoring the appropriateness of health and safety procedures and providing regular trainings to workers.

Women are not allowed to work in mining jobs, but the ban for women to work in night shifts has been lifted. Despite accession to the International Labour Organization Convention, child labor is still a significant problem in Turkey (Commission of the European Communities, 2004b). With the new labor law, child labor is strictly prohibited and children and young people under the age of 18 are not allowed to work in night shifts and in underground jobs.

According to the new labour law, temporary works, outsourced employment, part-time and flex-time employment forms are recognized as legitimate forms of employment. Part-time workers will have equal rights and privileges (proportionate to their working hours) as full-time workers. Elimination of discrimination towards part-time employees makes this an attractive employment option for young unemployed (Ba levent, 2002). Özbilgin and Healy

(2004) documents the impact of state policy and dominant family ideology on both women's and men's careers in academia.

*Labor market.*

Downsizing after the 2001 economic crisis and resultant increase in unemployment is a serious challenge for HRM in Turkey. Turkish labour supply is underutilized (Auer & Popova, 2003). According to the report of the Commission of the European Communities (2004b) labor market imbalances have widened as a result of low growth and low job creation, while the working-age population continued to increase by 2 % annually. The employment rate of persons of working age (15-64) declined from 51 % in 1999 to 45.5% in 2003. The unemployment rate increased from 7.7 % in 1999 to 12.4 % in the first quarter of 2004. Youth unemployment has increased from 15 % in 1999 to 23.7 % in 2004.

Turkey is in the midst of a restructuring process that will displace thousands of workers from state-owned enterprises to private ones, because of the policy of privatization that is being pursued in the framework of structural adjustment programs (Auer & Popova, 2003). The social consequences of restructuring, privatization, and re-employment are being observed. According to the report of Auer & Popova (2003), only a fraction of the workers laid-off (around 2.4 %) participated in training and retraining. The same authors state that the reasons for the low take-up for training are the low skills and the remoteness from any training other than on-the-job. High unemployment among the better educated and, among those who participated in trainings further discourage low-skilled workers from pursuing training. Cultural factors play a role as well. Many older workers feel that it might be more fruitful to offer education and training to their children rather than them.

Underemployment is another problem. Underemployment rate of youth in the labour force is 5.5 % (Auer & Popova, 2003). Mostly cited reasons for underemployment are insufficient income, not working in the usual occupation, and working less than 40 hrs. High

female underemployment is observed in community, social and personal services and high male underemployment in construction industries.

*Educational context.*

Lack of education prevents smooth transition of the workforce from agriculture to industry and services (Auer & Popova, 2003). UNICEF and EU-funded educational programs led to improvement in the enrolment of girls, particularly in the south-eastern regions and eastern Anatolia. EU funds support vocational education and training (VET) programs, which cover both the initial, as well as continuing education throughout a person's life, such as formal and non-formal education. Highly centralized educational structure decreases flexibility and autonomy, and prevents universities from being more market-oriented. Participation in lifelong learning is very low (Commission of the European Communities, 2004b). The enrolment rates for vocational junior high school for both males and females are already very low and have decreased over the years. Turkey needs better general education, but more effort needed to extend vocational training (Auer & Popova, 2003).

In the present educational system, many young people have to make their career decisions haphazardly. There is insufficient career guidance at schools. In most cases, young people have to study in areas in which they are placed according to their their scores from the centralized university entrance exam. Upon graduation, they realize that they do not want to develop a career in the area in which they receive college or university training. They start seeking employment in other areas where there are better employment opportunities. A college or university degree does not adequately prepare the young people for business life; hence, organizations have to allocate budget to offer job-specific trainings. Moreover, organizations bare the responsibility of career guidance for young people who do not receive adequate career guidance during their formal education. Excessive parental protection and

involvement in every aspect of their children's lives is another factor that delays the development of self-identity and self-oriented (instead of family-oriented) career planning.

Related to the educational context, another major problem concerning the HRM field is that there is insufficient training on HRM. Out of 77 universities, only 8 of them offer graduate programs in HRM or related fields. Many organizations hire HR specialists who have no formal training in the field. There are no professional bodies to grant diplomas in HRM.

#### *Unions.*

Workers, except police and military personnel, have the right to associate freely, form representative unions, and bargain collectively. This right encompasses civil servants, including school teachers. However, the constitutional right to strike is restricted. According to the data released by the Ministry of Labor, in 2001, there are 104 trade unions for workers and 49 for employers. With respect to trade unions, significant constraints remain on the right to organize and the right to collective bargaining, including the right to strike, and Turkey falls short of ILO standards (Commission of the European Communities, 2004b). The unionization rate dropped from 67.84 % in 1999 to 57.78 % in 2004.

In line with the requirements of the EU, Tripartite Advisory Board composed of representatives from the government, trade union confederations, the main employers' union and the public employees' union was formed and met for the first time in May 2004 (Commission of the European Communities, 2004b). The Board has the tasks of advising on matters of working life. The June 2001 Law on Public Employees' Trade Unions limited the right to organize for bargaining. Amendments adopted in June 2004 simplify procedures related to union membership, but do not address these issues. As for the private sector, membership procedures are cumbersome and costly. In order for a trade union to be eligible for collective bargaining it must organize at least 50 % of workers within the company and

10 % of workers within the relevant sector nationwide (Commission of the European Communities, 2004b).

*Small and Medium Enterprises, Family Businesses; Foreign Direct Investment*

Private sector accounts some 80 % of Turkey's economy in which the majority is comprised of family owned small and medium enterprises (SMEs). SMEs are the stabilizing core of the Turkish economy. Although they account for only about 30 % of value added in manufacturing, they represent some 60 % of the sector's employment. The percentage of registered family businesses in Turkey is 95% (Genç & Karcıo lu, 2004). SMEs need support for development (Commission of the European Communities, 2004b). There is a wide spread agreement among academicians and professionals that the traditional management approach in SMEs and family-owned business should be replaced by modern approaches, and effective HRM plays the key role in this transformation.

Beginning from 1980s, which marks the era of economic liberalization, Turkey has witnessed an ever increasing rate of international trade and foreign investment. Turkey's dynamic economy, strategic geographical location between Europe and Asia, and young, skilled, flexible, and business-oriented workforce makes her an attractive destination for foreign investors. However, despite these advantages Foreign Direct Investment (FDI) inflows to Turkey have not lived up to the potential of the economy. Turkey's share in global FDI flows remains at very low levels with an average of 0.2 % in the world and 0.6 % among the developing countries for the last five years. According to UNCTAD, Turkey realizes only one tenth of inward FDI potential. The new FDI Law has been drafted by taking into consideration the international best practices. The new law eases the FDI procedure and regulates the work permits of expatriates in line with international standards (Commission of the European Communities, 2004a). Foreign direct investment not only contributes to the Turkish economy, but also to the development of HRM in Turkey. Through interactions with

foreign (mainly Western) counterparts, Turkish business organizations have the opportunity to import Western HRM know-how.

### *Work life.*

A recent survey conducted by the European Council for Betterment of Work and Conditions (2003) revealed that the most frequently cited physical risks in Turkish organizations include noise, repetitive actions, lifting heavy objects, steam, and high temperature work environments. Only 10 % of the employees use protective equipment or gadgets, and less than half of them (48 %) reported that they received information about the workplace risks. Half of the respondents reported to work in monotonous jobs. Compared to EU countries, Turkey seems to enjoy more flexibility at work. Eighty eight percent of respondents reported to have some control over their work schedules and methods used in their jobs; 85 % reported to have freedom in determining their break times (61 % in EU countries), 69 % working hours (45 % in EU countries), and 66 % (57 % in EU countries) days of granted leave. Despite the fact that the labor law sets a 45-hour work week, the average working hours per week was reported to be 61.67 hours. This is much higher than the average of EU countries: 38.2 hours. Fifteen percent of Turkish employees reported to attend a training in the last 12 months. Days of training per year on average are high: 34.51 days. Eight percent of respondents work in shifts. Finally, reported rates of discrimination due to gender, age, race or ethnicity, sexual preference is quite low and slightly lower than the EU average. However, one should bare in mind that incidences of discrimination that are self-reported may be lower than the actual incidences.

With respect to benefits and allowances, most workers in Turkey receive nonwage benefits such as transportation and meal allowance, and some also receive housing and support for subsidized vacation. In recent years, fringe benefits have accounted for as much as

two-thirds of total remuneration in the industrial sector (Bureau of Economic and Business Affairs, 2002).

Included in the work conditions is sexual harassment at work. Wasti, Bergman, Glomb, & Drasgow (2000) compared Turkish and American women on the frequency with which they have experienced offensive sex-related behaviors from male coworkers or supervisors in the last 2 years, using a 5-point scale ranging from 1 (*never*) to 5 (*most of the time*). It was found that the mean frequency of sexual harassment was 1.13 for the Turkish sample whereas it was 1.21 for the US sample. In another study, Wasti and Cortina (2002) reported that among the 355 Turkish women in their sample, 64 (18%) reported sexual harassment in their workplace.

### Cultural Context

The socio-cultural environment is changing. Since Hofstede's research (1980), Turkey has become somewhat less collectivistic (e.g., Goregenli, 1997; Aycan, Kanungo, Mendonca, Yu, Deller, Stahl, Khursid, 2000), less hierarchical (Aycan, et al., 2000), and less uncertainty avoiding (e.g., Kabasakal & Bodur, 1998). According to the findings of the GLOBE project (Kabasakal & Bodur, 1998), Turkey is below the world average on performance and future orientation. Another salient cultural characteristic of Turkey is paternalism. In a recent cross-cultural study (Aycan et al., 2000), Turkey was found to be highly paternalistic along with India, China and Pakistan. In the same study, Turkey scored low on fatalism, compared to Russia and India.

What is the impact of socio-cultural environment on work culture and HRM practices in Turkey? Aycan, Kanungo and associates (2000) conducted a cross-cultural research to test the Model of Culture Fit (MCF). According to MCF, internal work culture is formed on the basis of prevalent managerial assumptions on employee nature and behavior. Such

assumption are influenced by culture and guide the design and implementation of HRM practices. As stated above, Turkey was found to be highly paternalistic, moderately collectivistic and hierarchical, and non-fatalistic (Aycaan et al., 2000). With respect to internal work culture, managers held favorable assumptions and beliefs regarding employee malleability (employees by nature can be changed and improved if given the opportunity), responsibility seeking (employees accept and seek responsibility in their job) and participation (employees prefer delegation at all levels and like to be consulted in matters that concern them). On the other hand, they commonly believed that employees were not proactive (they do not act proactively towards their job objectives; they do not take initiative). Finally, in HRM practices, Turkey scored high on job enrichment and empowering supervision, but low on performance-reward contingency.

Results showed that lack of fatalism was associated with the managerial belief that employees are malleable which, in turn, led organizations to engage in empowering supervision and job enrichment to improve employee potential and performance. Paternalism had a positive impact on participation but negative impact on proactivity. Because managers have personalized and family-like relationships with subordinates, they are involved in the decision making of personal and professional matters of their employees. Participation also takes place at the level of 'seeking opinions' of employees, rather than 'implementing' their suggestions. This underscores the indigenous conceptualization of 'participation'. Paternalist leaders are trusted as elderly family members and relied upon as 'authority figures' who can give the right decisions that would benefit employees. Hence, employees prefer to be 'reactive' rather than 'proactive' in their stance towards their jobs. The dark side of paternalism, however, is the differential treatment in organizations, which is reflected in the lack of performance-reward contingency. Those who are closer to the paternalistic leader get the rewards regardless of their performance. The same study also showed that performance-

reward contingency was the most important predictor of job satisfaction, whereas empowering supervisory practices were the most important predictor of organizational commitment.

In a recent study by Aycan and Kabasakal (in press), it was found that the social contract affected the way in which organizations coped with 2001 economic crisis in Turkey. If the prevailing social contract in an organization tended to be more transactional, there was more focus on cost-cutting strategies in human resource management practices compared to cost-cutting in production, marketing or financial (PMF) areas. On the other hand, organizations with relational contracts (i.e., paternalism) would focus more on cost-cutting in PMF areas, compared to that in HRM areas. Organizations relying on relational exchange preferred to cope with the financial crisis by reducing their production and/or changing their marketing and finance strategies. On the other hand, they protected their employees by not downsizing or reducing salaries, benefits, training expenses, and so on. Cost-cutting in production, marketing and finance yielded lower justice perception in organizations with high transactional contracts. In contrast, cost-cutting in human resource management practices yielded lower justice perceptions in organizations with high relational contracts. Perceptions of injustice were associated with lower psychological well-being and lower organizational commitment, and resulting decrease in self-reported job performance.

#### Workforce characteristics and changing demographics

There are two trends that are important for HRM practices in Turkey. The first is the changing values and expectations of young and well-educated workforce; the second is increasing participation of women in workforce.

Turkey is among the most attractive markets and growing economies in Europe. One of the main forces behind Turkey's economic momentum is the availability of young and educated human capital. Seventy percent of Turkey's population is comprised of people

above the age of 15. Turkey also has a very young managerial population (mean age of those at the managerial position is 27.6). It is important to understand the values and expectations of this young population in order to manage them effectively. Aycan and Fikret-Pasa (2003) conducted a nation-wide survey on motivators and leadership preferences of senior Business Administration students from 15 different universities in Turkey's 6 different regions. Participated in this study were 1,213 students. To assess the factors that motivate them in business life, total of 25 items such as 'pay', 'close supervision', 'opportunity for self development', and 'power and authority' were ranked by using the Q-sort technique. Results showed that having power and authority, peaceful work environment, opportunity for career advancement, and satisfactory pay were perceived to be the most motivating factors, whereas close supervision and guidance, praise from supervisor, feedback on performance, and sense of belonging were the least motivating factors. Findings suggest that young workforce today has aspirations and preferences more aligned with their counterparts in the Western industrialized countries. Erdogmus (2004) found that Turkish professionals who have work experience value organizational stability / security, sense of service and entrepreneurial creativity anchors as the most prevalent career orientations. This suggests that future HRM practices in Turkish organizations should take into account the need for more opportunities for development and empowerment as well as age- and work experience-related differences in career aspirations while motivating the workforce.

Another important development in the changing workforce characteristics is the increasingly active role women play in the economy. According to UNDP's report world ranking of Turkish women in scientific, technical and professional related jobs is 73rd and in administrative, executive and managerial jobs 137th out of 210 countries. Four percent of Turkish women are employed in top management positions, whereas this ratio is 2.4% in the US, 2% in England, 3% in Germany and 1% in Japan (Aycan, 2004). In an in-depth

qualitative study with 52 women at middle to top management levels, Aycan (2004) identified key success factors leading to career advancement of women in Turkey. According to the results, the primary factor that leads women to achieve their career objectives is self-confidence, determination and self-efficacy beliefs. This is followed by the availability of support mechanisms at home and at work. In the same study, Aycan found that there was a positive attitude towards women's workforce participation.

Despite the increasing participation of women in workforce and positive attitudes towards it, societal values and gender-role expectations from women create barriers to women's career advancement. In Turkish culture, maintaining family harmony and taking care of children are the primary responsibilities of women. Expectations regarding a woman's role in the family are not diminished just because she is working. The possible harm to the family by women's employment is the primary concern in the society. Women with high potential may not be considered for international assignments or trainings, because it was 'assumed' that they will not accept such assignments due to family responsibilities. Similarly, a few women are sent to costly leadership programs. Only a few multinational companies provide leadership trainings to women. It is a common belief that sending a woman to such trainings is an investment without return, because it is believed that women will not seek managerial jobs as they do not want to compromise their family and children. HR practices based on these assumptions certainly put barriers to women's career advancement.

HR should also help women to better integrate work and family by making necessary modifications in jobs to allow women work part-time or flex-time in the first few years after having children or helping women arrange on-site or off-site child-care facilities. These are some of the expectations that women employees had from their employers in a recent study on work-family conflict (Aycan & Eskin, 2004). Whereas companies with more than 50

women employees are obliged by law to provide daycare, the majority does not offer this service due to high cost incurred by such arrangements.

With the increasing involvement of women to workforce, work-family conflict becomes an issue that also affecting male employees. Participated in a recent large-scale work-family conflict research (Aycan & Eskin, 2004) were 463 Turkish mothers and fathers in dual-earner families with preschool children. Results revealed that both men and women allowed greater interference from work to family, rather than from family to work. However, women experienced more work-to-family conflict than did men. Interestingly, for women spousal support was very critical in relation to WFC, whereas for men, both spousal and organization support decreased the work work-family conflict. This suggests that work-life balance is also an issue for males. Indeed, 80 % of participants in training programs on work family balance designed by the present author were males.

#### HRM Practices in Turkey: Current Issues and Trends

In this section, current HRM practices in Turkish organizations will be briefly presented. Presenting an overall picture is very difficult as there are vast variations in HRM practices among organizations. In the analysis of HRM practices in Turkey, findings of a large-scale survey conducted by Arthur Andersen (2000) will be used. In this survey, data were obtained from 307 private sector organizations in finance, automotive, textile, health, IT, fast moving consumer goods, metal, mass-media, durable goods, and construction industries. Among participating organizations 68 % were large-size (200 employees and above), 7.9 % were small-size (0-49 employees), and 23.7 % were mid-size (50-199 employees) enterprises. Given that SMEs comprise the largest group of organizations in Turkey, Arthur Andersen's sample should not be considered as representing Turkish organizations.

Staffing: Among the participating organizations, only less than half report that they conduct HR planning. This reflects the uncertainty that is caused by the economic instability

and political volatility in Turkey in recent years. The most popular recruitment channels include suggestions from employees and other acquaintances. Using social networks in recruitment and selection reflects the collectivistic nature of the culture (cf. Aycan, in press). Another reflection of collectivism is the heavy reliance on one-on-one interviews as the most frequently used method of selection (almost 90% of organizations). Only a small portion of organizations use objective and standard tests (cognitive ability tests or personality inventories) in employee selection. Interviews are unstructured and heavily influenced by the interviewer's subjective evaluation and personal intuition. The few popular objective tests are used without proper adaptation and standardization procedures. Because the norms were not established for Turkey, interpretation of scores is based on non-Turkish data. There are few good exceptions such as the adaptation of NEO-PI-R to Turkish (Gulgoz, 2002).

Among the most required competencies from job candidates are initiative and responsibility taking, team work, conscientiousness, and customer-orientation, whereas risk-taking, proactivity, entrepreneurial orientation and performance-orientedness are down the list and becoming important competencies just for managerial jobs. Finally, as a method of reducing employee turnover and increasing organizational commitment, 82 % of organizations provide opportunities for personal growth and development. This is in line with the results of the nation-wide study conducted by Aycan and Fikret-Pasa (2003) showing that opportunities for personal growth and development are the most important motivators for the young workforce.

Performance evaluation. Performance evaluation is one of the most challenging HRM functions in Turkish organizations. There are mainly three reasons for that. First, although 72 % of companies report to have a performance evaluation system with a standard evaluation form, it is difficult to obtain a bias-free appraisal. This is mainly because of the nature and measurement of performance criteria. One-third of the organizations report that they evaluate

performance on the basis of competencies. However, because criteria are not properly explained and operationalized in behavioral terms, the interpretation and evaluation may be highly subjective and biased. Evaluators do not receive trainings to sensitize them about the possible biases in performance evaluations.

Another problem is related to the evaluation process. As would be expected in a high power distance culture, majority of organizations conduct performance evaluations as a top-down process whereby subordinates are evaluated by their superiors only (80 %). Organizations who attempted to adopt the 360-degree performance evaluation system got frustrating results, because employees find it very difficult to evaluate their superiors and colleagues. Especially the latter is perceived to be against the collectivistic norms of maintaining group harmony. Moreover, self-assessment did not yield reliable outcomes as people tend to rate themselves lower than the ratings they receive from their supervisors and peers in collectivist cultures. This is referred to as 'modesty bias' (Yu & Murphy, 1993). Finally, giving and receiving performance feedback is a real challenge in cultures where people take criticisms as personal attacks and get emotional about it (cf. Aycan, in press). This may be why 11 % of organizations in Turkey do not show the evaluation results to employees (note that this percentage is higher in public sector organizations).

Reward and compensation. Two-thirds of the organizations reported that they had a system to ensure performance-reward contingency. Performance-based reward allocation is administered mainly for white-collar employees (60 %) compared to blue-collar employees (27 %). The most frequently administered rewards include bonus and salary increase. Rewards that single out high performers, such as selecting the 'employee of the month' or presenting plaques for superior performance are not preferred, because it is believed that this will hurt other employees' feeling and disturb group harmony.

Less than half of the organizations conduct performance evaluations; and only one-third of them use it in determining salaries. At the entry level, the initial salary is usually determined through negotiations. Usually what is being 'evaluated' is not the job, but the individual. Therefore, it may not be surprising to see significant salary differences among employees in the same job family. The most important factor determining the level of salary increase has been the inflation rate. Next comes individual performance and tenure in the company. Close to 10 % of organizations reported 'networking' (i.e., good interpersonal relations with high-ups) as an influential factor in determining salary increases.

Other benefits and allowances for white-collar managerial employees include cafeteria benefits (93 %), health insurance (71 %), company car (86 %), mobile phone (69 %), petrol for commuting employees (77 %). The benefits and allowances for white-collar non-managerial and blue-collar employees reflect paternalism in society: cafeteria benefits (95 %), health insurance (55 %), monetary gifts for religious holidays (42 %), fuel or firewood for heating (41 %), and contribution to children's educational expenses (29 %).

Training and development. Training and development is among the most important functions of HRM departments in Turkey. Hours of training per person varies from one sector to another. For instance, in finance organizations, it is as high as 42 hours, whereas in construction industry it is 14 hours on average. Training and development opportunities are among the most motivating factors for young workforce (Aycan & Fikret-Pa a, 2003). Also, organizations complain about the fact that university graduates are not well-equipped with the necessary knowledge, skills and abilities that are required in the business world. Therefore, organizations try to fill this void by in-house trainings. Finally, organizations use training as a way to increase organizational commitment and job satisfaction. Some organizations consider costly trainings (overseas training or MBA trainings) as a way of rewarding successful or loyal employees.

Half of the organizations have a separate training department and two-thirds have a separate budget for training. Need assessment is conducted via employee surveys (39 %), face-to-face interviews with employees (29 %), or on the basis of performance evaluations (21 %). Training content and design are determined mostly by employees' supervisors (33 %) and employee surveys (27 %). Most frequently used training methods include on-the-job trainings, seminars, computer-mediated trainings and out-door trainings. Most popular training topics include effective team-work and communication, leadership and project management.

One of the major challenges in training and development is the evaluation of training effectiveness. In evaluating the trainees there is heavy reliance on the evaluation of the trainer (82 %), whereas 44 % of organizations administer tests before and after the training. In evaluating the training, 'happy sheets' are the most frequently used method. Participants whose promotion depends on the completion of a number of training programs are usually 'happier' about the trainings compared to those who are sent to training programs due to inadequate performance. Many companies would like to see the evidence of return-on-investment but this is difficult particularly in 'soft-trainings' such as leadership, communication and team-work.

Career management and planning. Slightly more than half of the organizations (58 %) report that they have career management systems in place and that it is linked to the performance evaluation system (85 %). In 71 % of the organizations, career planning systems fulfill the replacement needs within the organization. Promotion is contingent upon the level of performance (72 %) organizations, completion of required trainings (70 %), fulfillment of required service years in a particular position (44%) and competencies (31 %). Still 14 % of organizations do not inform their employees about the criteria for promotion.

Current challenges and future directions for HRM in Turkey

HRM in Turkey is a 'developing field' in a 'developing country'. This combination has advantages as well as disadvantages. Because it is a newly emerging field, there is growing interest in the field in the public. The process of EU integration and the new labor law have stimulated the demand for more efficient HRM systems. On the other hand, despite the high demand, there is still not sufficient know-how and expertise to guide practice. In this last section, I would like to outline the key challenges facing HRM and discuss about the possible scenarios of the future of HRM in Turkey.

HRM as a field in Turkey is expected to have a bright future. As indicated in previous sections, the new labor law and integration with EU will help HRM to transform from being a unit that practices basic personnel functions to becoming a strategic partner that contributes to the organizational bottom-line. HRM has much to offer to Turkish organizations. Given that the majority of Turkish organizations are family-owned SMEs, transformation of such organizations towards being more professional and institutional can be achieved with the help of well-functioning HRM departments. Ethics and corporate governance are critical issues in this transformation. Corruption is one of the major problems in Turkish organizations. Disagreements concerning the government's anti corruption policies played a big role in the financial crisis that erupted in 2001. Although in the last year, some progress has been achieved in adopting anti-corruption measures, surveys continue to indicate that corruption remains a very serious problem in Turkey (Commission of the European Communities, 2004a). EU integration requires the development of a strong code of ethics in public and private sector. HRM departments could and should contribute to the development and deployment of code of ethics.

The mandate of HRM in Turkey is to play a strategic role in transforming organizations. However, the challenge is to convince the top management about it. The first thing to do is to prove the added-value of the services and practices that HR departments

provide. The HR departments must be employed by specialists who receive appropriate HR training. The skills and competencies of the current HR specialists must be updated. The majority of the HR professionals do not have the necessary know-how, nor is there enough research output to guide practices. In the absence of expertise, organizations turn to under-qualified consultants and/or other local and international organizations for benchmarking purposes. The result is the creation of partially effective HRM systems and loss of trust to HRM department.

To leverage HRM for organizational improvement also requires that practices are based on sound research. In a rapidly developing economy, organizations look for urgent solutions and quick fixes to personnel problems. They do not want to ‘waste’ time on research that can provide better and more tailor-made solutions to HRM problems. Instead, many organizations attempt to implement the US-based HRM practices without considering whether or not they would fit the cultural context (cf. Wasti, 1998). Terpstra and Rozell (1997) conducted a study on the attitudes of practitioners in HRM towards information on academic research. Resistance to collaborate with scientists and use scientifically-based knowledge in practice were due mainly to three reasons: time constraints, budgetary constraints and organizational size. Such negative attitudes are also evident in Turkish organizations for similar reasons. Organizations prefer to use the services of ill-equipped consultants. According to an unofficial account, there are more than 1000 HR consulting firms in Turkey, while there are few academicians conducting research in the field and only eight graduate programs offering Master’s degree in HRM or related fields (e.g., OB or I/O).

The large-scale downsizing after the 2001 economic crisis resulted in the erosion of trust and the loss of credibility for HRM departments in Turkey. There is an urgent need to reinstate trust towards HRM departments. Research shows a positive correlation between efficient HRM practices and trust towards organizations (e.g., Tzafirir, Harel, Baruch, &

Dolan, 2004). One way of achieving this is to ensure the fit between social contracts in an organization (i.e., employee expectations) and HRM practices (cf. Aycan & Kabasakal, in press). The continuing structural changes for EU accession requires that there are further downsizing especially in the public sector organizations. This must be done with the utmost care and competence, and HRM departments will play a crucial role in this process.

HR-related decisions and practices must be fair and just; unethical practices must be eliminated. There are violations of ethics in HRM practices in Turkey. For example, equal employment opportunity is not always observed. There is a pervasive problem of favoritism and nepotism in recruitment and selection. Given the increased unemployment rate, organizations receive thousands of job applications everyday. To select among them is a serious challenge for HR departments. Applicants who have no social networks helping them to find a job stand a little chance to find employment despite their high credentials. The questions in the job application forms have the potential to create discrimination and violate the rule of equal employment opportunity. The questions are elusive and include those such as names and employment situation of the mother and the father of the applicant, marital status of the applicant, number of siblings that the applicant has, membership to associations, applicant's property ownership (e.g., house, car), and so on. These questions aim at assessing the socio-economic background of the applicant, which is one of the key criteria for selection. Like many other developing countries, Turkey suffers from unequal income distribution (gini coefficient, showing the level of equality in income distribution, for Turkey is around 0.50) and access to good quality education. Therefore, the socio-economic status of the applicant (the education and income level of the parents) largely determines the way he or she is socialized, and this, in turn, becomes a critical factor in evaluating the possible fit of the person to the organizational culture of the private sector especially in the Westernized urban cities like Istanbul and Izmir.

There is no system to monitor the compliance of HRM practices with law and ethics. It is very difficult to make a court case in incidences of differential treatment in recruitment, selection or promotion. In some cases, people have to apply to the European Human Rights Commission with their complains of discrimination in employment. Other examples include the long working hours without extra compensation. Disability employment or daycare services are enforced by law, but many organizations do not comply with it. On social policy and employment, progress has been made in areas particularly concerning health and safety at work. The main problematic areas remain gender equality, labor law, anti discrimination, and social dialogue. Enforcement and full implementation of the legislation remain to be major challenges.

Another challenge facing HRM professionals is to follow the global trends in the field, while at the same time try to form the basic HRM systems. HRM departments, while still struggling with establishing the basic HR systems, must also follow and adopt global trends. Following the most recent global trends process wrong because the level of development of the field in Turkey and in industrialized Western countries (mainly US) are very different. For instance, without having an established employee selection system, HR departments are asked to create an expatriate selection system. Similarly, in some cases where there is no performance evaluation system, HR departments are asked to implement 360-degree appraisals. Students of HRM use US books and get acquainted with US trends. However, they cannot transfer what they learn in class to real-life situations. Because cross-cultural applicability of North American HRM practices are in question, MNCs in Turkey must establish a global-local balance in their HRM practices.

The readers can refer to the following web-sites to get more information about Turkey and Turkish HRM practices.

Turkey- EU relationships: <http://www.dtm.gov.tr/ab/ingilizce/turkeyeu.htm>

State Institute of Statistics: <http://www.die.gov.tr/english/SONIST/>

Government Institute of Statistics: <http://www.die.gov.tr/istTablolar.htm#eko>

Unemployment statistics: <http://www.die.gov.tr/ieyd/troecd/page9.html>

<http://www.tisk.org.tr/yayinlar.asp?sbj=ic&id=852>

[http://www.turksae.com/face/index.php?text\\_id=18](http://www.turksae.com/face/index.php?text_id=18)

[http://www.tisk.org.tr/isveren\\_sayfa.asp?yazi\\_id=793&id=47](http://www.tisk.org.tr/isveren_sayfa.asp?yazi_id=793&id=47)

Inflation statistics: <http://www.die.gov.tr/ieyd/troecd/page8.html>

Laborforce statistics: <http://www.die.gov.tr/english/SONIST/ISGUCU/160704/S1.htm>

Population & development indicators: <http://nkg.die.gov.tr/>

Organizational statistics: <http://www.die.gov.tr/TURKISH/SONIST/SIRKET/090804h.html>

Economic crisis: <http://www.belgenet.com/eko/21subat01.html>

[http://www.isguc.org/arc\\_view.php?ex=15](http://www.isguc.org/arc_view.php?ex=15)

Education statistics: <http://www.meb.gov.tr/indexeng.htm>

Current government: <http://www.belgenet.com/secim/3kasim.html>

The new labour law: [http://www.isguc.org/arc\\_view.php?ex=130&hit=ny](http://www.isguc.org/arc_view.php?ex=130&hit=ny)

HRM sites: <http://www.personelonline.com/linkler.htm>

[http://www.geocities.com/jumptobetterjob/diger\\_hr.html](http://www.geocities.com/jumptobetterjob/diger_hr.html)

<http://www.ntvmsnbc.com/news/250272.asp>

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