Human resource management in Turkey
Current issues and future challenges

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Abstract In Turkey’s dynamic economy, HRM is recognized as one of the most important tools in maintaining organizational effectiveness and competitiveness. However, there are a number of barriers to the design and implementation of effective systems. The first part discusses the ways in which environmental forces influence HRM practices. In the second part, the administration of the key HR functions in Turkish organizations is described. Finally, future directions are discussed.

Introduction
In the last 15 years, human resource management (HRM) has been recognized as a key factor in maintaining competitive advantage in Turkish business organizations. As far as the Turkish scene is concerned, HRM is a “developing field” in a “developing country”. This combination has advantages as well as disadvantages. The obvious advantage is that wide interest in the field is shown both by business organizations and by students who would like to specialize in HRM. On the other hand, there are not sufficient know-how and expertise to guide practice and meet the demand from businesses.

External and internal environmental forces
Economic and political context. Turkey is a relatively young nation which has undergone significant changes in a short time. In the early years of the Turkish Republic (1920s), the economy relied heavily on agricultural output (43 percent of GNP). Today, agricultural output is only 14.5 percent of GNP, whereas the contribution of the service sector has increased to 57.8 percent. With this dramatic shift from a predominantly agriculture-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.

Turkey is the world’s 17th most industrialized and highly populated nation. Since the 1980s, Turkey has undergone a series of major changes that yielded positive outcomes for its economy. Almost 80 percent of the business organizations in Turkey were established after 1980. During the last 20 years, Turkey has witnessed an ever-increasing rate of international trade and foreign investment. Turkey’s entrance into customs union with the European Union (EU) in 1996, and inclusion in the list of candidate countries for EU membership in 1999, provided the impetus to further develop economic cooperation with European and Central Asian countries. Such changes also contributed to HRM
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In Turkey. Through interactions with foreign (mainly Western) counterparts, Turkish business organizations had the opportunity to import know-how on management and HRM systems. Also, in its efforts to be a part of the EU, Turkey has begun to pay more attention to human rights issues and effective utilization of its human capital.

On the other hand, as in many other developing countries, Turkey experiences uncertainties. Owing to volatile political and economic conditions, organizations find it very difficult to make long-term plans. For the last decade, Turkey has had short-lived coalition governments. Because of state-dependence for policy issues and financial support (Bugra, 1990), change of government resulted in change of economic policies and regulations. In addition, Turkey has been struggling with high inflation rates for the last two decades. Such uncertainties have negative effects on HRM professionals, who find it difficult and risky to do even mid-term HR planning.

Cultural context. The socio-cultural environment is also changing. Since Hofstede’s research (1980), Turkey has become somewhat less collectivistic (e.g. Goregenli, 1997; Aycan et al., 2000), less hierarchical (Aycan et al., 2000), and less uncertainty avoiding (e.g. Kabasakal and Bodur, 1998). According to the findings of the GLOBE project, Turkey is below the world average on performance and future orientation. Another salient cultural characteristic is paternalism. Aycan and Kanungo conceptualized and operationalized the paternalism construct in a recent study (1998). Accordingly, paternalism has been described as a subordinate-superior relationship, whereby people in authority assume the role of a parent and consider it an obligation to provide support and protection to those under their care. Subordinates, in turn, reciprocate such care, support and protection of the paternal authority by showing loyalty, deference and compliance to him/her.

What is the impact of socio-cultural environment on work culture and HRM practices in Turkey? Aycan et al. (2000) conducted a ten-country cross-cultural research to test the model of culture fit (MCF) (Mendonca and Kanungo, 1994). According to MCF, internal work culture is developed based on prevailing managerial assumptions about employee nature and behavior. Turkey was found to be highly paternalistic, moderately collectivistic and hierarchical, and non-fatalistic. With respect to internal work culture, managers held favorable assumptions and beliefs regarding employee malleability, responsibility seeking and participation. On the other hand, it was a common belief that employees were not proactive. In HRM practices, Turkey scored high on job enrichment and empowering supervision, but low on performance-reward contingency.

This study shows that Turkish societal and organizational culture is a blend of “Western” and “Eastern” values. Some organizations follow the newest trends in HRM practices (e.g. job enrichment and empowering supervision), but they experience difficulties due to some of the “emic” characteristics of both the societal and organizational cultures.
Legal context. The fundamental principles regulating labor law are embodied in the Labor Act. Employee as well as employer rights are protected under these laws. However, there is no system to monitor HRM practices vis-a-vis law and legislation. For instance, disability employment and day-care services are required by the law, but many organizations do not offer them. HR auditing is conducted on a voluntary basis by top managers of some of the better firms only. For those organizations whose employees are unionized, basic rights have been protected by unions.

Educational context. One of the major problems in the HRM field is that, despite the high demand, there is not sufficient research output to guide practice. Of some 75 universities, only five offer graduate programs in HRM and related fields. Organizations shy away from providing support for research. Usually, companies want to get quick solutions to urgent problems and they do not want to spend time and money on research. In the absence of local know-how, they turn to “global” (mainly North American) sources. However, the appropriateness of such practices for Turkey’s cultural context is questionable (cf. Wasti, 1998).

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 a young and well-educated workforce; the second is the increasing participation of women in the workforce.

One of the main forces behind Turkey’s economic momentum is the availability of young and educated human capital. More than half of Turkey’s population (57 percent) comprises people under the age of 30. Turkey also has a very young managerial population (mean age is 27.6). Aycan and Fikret-Pasa (2000) conducted a nation-wide survey on motivators and leadership preferences of senior business administration students from 15 different universities in Turkey’s six different regions. A total of 1,213 students participated in this study. Results showed that having power and authority, a peaceful work environment, opportunity for career advancement, and pay were the most motivating factors, whereas close supervision and guidance, praise from supervisor, feedback on performance, and sense of belonging were the least motivating. With respect to leadership, charismatic leadership was found to be the most preferred style, followed by participative and paternalistic styles. Compared with ten years ago, today the young and educated workforce has aspirations and preferences that are more aligned with those prevalent in “Western” industrialized societies (Aycan and Fikret-Pasa, 2000). This suggests that future HRM practices in Turkish organizations should take this into consideration by providing more developmental opportunities and empowerment.

In Turkey, women play an increasingly active role in the economy. According to the UNDP’s report (1996), the world ranking of Turkish women in scientific, technical and professional related jobs is 73rd (out of 210). According to ILO’s 1997 report, 4 percent of Turkish women are employed in top management positions, whereas this ratio is only 2.4 percent in the USA,
2 percent in the UK, 3 percent in Germany and 1 percent in Japan. Aycan (1999) found that there is generally a positive attitude towards women’s workforce participation. Despite the increasing participation of women in the workforce and positive attitudes towards it, societal values and expectations may create a barrier for career advancement. In Turkish culture, maintaining family integrity and harmony and taking care of children are the primary responsibilities of women. The possible “harm” to the family by women’s work is of constant concern. This concern is one of the underlying rationales behind the lack of practices for developing and using women’s potential to the fullest extent.

**The internal environmental forces.** A key factor in determining the level of resource allocation and quality of HR activities is the dedication and commitment of the top management. In the minority of private sector organizations, top management acts as a “full partner” (i.e. high level of support and influence in company policies) with the HR department. In such organizations, HR managers are included in the strategic decision making and actually are promoted to higher management levels such as vice-presidency. In the majority of private sector organizations, top management provides support, but considers the HR departments as “show-cases”. In these organizations, what gets changed is the name of the department from “personnel” to “human resource management”, not the functions. In public sector organizations, top management perceives HR departments, which are usually called “personnel departments”, as providing routine services. As such, the support they provide is very limited.

As is evident from the preceding discussion, there is an important public-private sector distinction. There are also variations within private sector organizations. HRM practices are more developed in those which have joint ventures with US, European or Japanese partners or representing offices of a foreign multinational firm. In family-owned firms, the HR departments fulfil more traditional functions. Size is another important determinant of structure, roles, functions and quality of services of HR departments. In large organizations HRM practices are more developed. Finally, the sector or industry affects the nature and services of HR departments. In Turkey, finance and IT industries have the leadership in creating, maintaining and investing in the most effective HR systems (Arthur Andersen, 2000).

**HRM practices in Turkey: current issues and trends**

Presenting a general outlook of HRM practices in Turkey is a challenging task, because there are vast variations among organizations. There are organizations which consider every employee as a strategic partner and design most effective HRM systems. These organizations tend to be highly successful and attribute their success to their partnership with their employees. Five of such organizations (Netas, Beko, Arcelik, Eczacibasi, Vitra), for instance, won the European Foundation for Quality Management (EFQM) award. There are organizations at the other extreme. They enforce a highly autocratic regime and treat employees as a means to an end.
In the analysis of HRM practices in Turkey, reference will be made to the findings of a recent survey conducted by Arthur Andersen (2000). Data were obtained from 307 private sector organizations in finance, automotive, textile, health, IT, fmcg, metal, mass-media, durable goods, and construction industries.

The structure and functions of HRM departments
In 65 percent of the participating organizations, the name of the department which fulfils HR functions is “Human Resource Management Department”. These are usually large firms in finance, IT, and service industries. In 12.2 percent of the firms, the HR manager is 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, health-related issues, performance evaluation, pay-roll design and maintenance, transfers and promotions, catering services, transportation services, job security and career planning.

Staffing
Among the participating organizations, less than half of them reported that they engage in HR planning and successfully implement it. The most popular recruitment channels include suggestions from employees and other contacts, which reflects the collectivistic nature of the culture.

Another reflection of collectivism is the heavy reliance on one-on-one interview as the most frequently used method of selection (almost 90 percent). Only a few organizations use “objective and standard tests”. Interviews are unstructured and heavily influenced by the interviewer’s subjective evaluation and intuition. A few popular “objective” tests are just translated from English to Turkish without a proper adaptation and standardization procedure.

Performance evaluation
Performance evaluation is one of the most challenging HR functions in Turkish organizations. There are mainly three reasons for that. First, although 72 percent of companies reported that they had a performance evaluation system with a standard evaluation form, it is difficult to obtain “objective” appraisals. One-third of the organizations reported that they evaluated performance on the basis of competencies and behavioral criteria. There is no evidence of any scientific validity of the measures developed to assess these criteria. Evaluators do not receive training prior to performance evaluation.

Another problem is related to the evaluation process. As would be expected in a high power distance culture, a majority of organizations (80 percent) conduct performance evaluations as a one-way process whereby subordinates are evaluated by their superiors only. Moreover, self-assessment did not yield reliable outcomes, as people tend to rate themselves lower than the ratings they received from their supervisors and peers in collectivist cultures. This is referred to as “modesty bias” (Yu and Murphy, 1993).
Finally, giving and receiving performance feedback becomes a real challenge in cultures where people get emotional when they receive especially negative feedback; this may be why 11 percent of private-sector organizations in Turkey do not show the evaluation results to employees.

**Reward and compensation**

Two-thirds of the organizations reported that they had a system to ensure performance-reward contingency, but the efficiency of this system is doubtful. Performance-based reward allocation is evident especially for the white-collar employees (60 percent), and not so for blue-collar employees (27 percent). The most frequently administered rewards include bonus and salary increase. Intrinsic 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’ feelings and disturb group harmony.

Less than half of the organizations conducted a study on job evaluation; and only one-third of them used it in determining salaries. At the entry level, the initial salary is usually determined through negotiations. The most important factor determining the level of salary increase is the inflation rate (94.4 percent). Next comes individual performance and tenure in the company. Close to 10 percent of organizations reported “networking” as an influential factor in determining salary increases.

Other benefits and allowances for white-collar managerial employees include cafeteria benefits, health insurance, company car, mobile phone, fuel-oil for commuting employees. The benefits and allowances for white-collar non-managerial and blue-collar employees reflect paternalism in society, and they include cafeteria benefits, health insurance, pocket money for religious holidays, fuel or firewood for heating, contribution to children’s educational expenses.

**Training and development**

Training and development is among the most important functions of the HRM department in Turkey. 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 percent), whereas only 44 percent of organizations administer tests before and after the training. In evaluating the training, “happy sheets” are the most frequently used tools. Participants whose promotion depends on the completion of a number of training programs are usually “happier” about the training compared with those who are sent on training programs due to inadequate performance. Many companies would like to see the evidence of “return-on-investment” but this is particularly difficult in “soft-trainings” such as leadership, communication and team-work.

**Career management and planning**

Career management and planning is particularly important for Turkish organizations whose employees had to make career choices very haphazardly.
This is mainly because of the education system as well as the cultural norms in Turkey. In Turkey, students are admitted to universities through a centralized university entrance exam that takes place once every year. In this system, students are allowed to make a limited number of choices of their preferred discipline and university, and only a small percentage are able to attend the university and faculty of their choice. Many people experience a mismatch between their interests/abilities and their job. Therefore, one of the major challenges facing HR departments is to act like career consultants. Slightly more than half of the organizations (58 percent) reported that they had career management systems in place. In 71 percent of the organizations, career planning systems fulfil the replacement needs within the organization. Promotion is contingent upon the level of performance (72 percent), completion of required training (70 percent), fulfilment of required service years in a particular position (44 percent) and competencies (31 percent). Still 14 percent of organizations do not inform their employees about the terms of promotion.

Conclusions and future challenges
The most important challenge facing HRM professionals is to follow the current global trends in the field, while at the same time establishing efficient and tailor-made systems. The majority of the HR professionals do not have the necessary know-how, nor is there enough research output to guide practices. HRM departments, while still struggling with establishing more objective and efficient systems in key HR functions, also have to innovate to handle organizational demands that stem from increasing globalization.

In order to establish effective HRM systems that meet the present and future demands, the following issues have to be addressed:

- *The balance between “global” and “local”*. As discussed in various parts of this paper, the cross-cultural applicability of North American HRM practices is highly questionable (cf. Wasti, 1998). While attempting to catch the current Western HRM trends, we must bear in mind that Turkey has social, economic, political as well as cultural characteristics which are distinct from those in Western industrialized societies. Successful application of a particular HR system requires a process of “adaptation”. That is, we must prepare the workforce for a new system or modify the system to fit the cultural realities.

- *The balance between science and practice*. Turkish organizations have somewhat negative attitudes towards using scientifically-based knowledge. Also, time that is required for a fair investigation of problems and their solutions is considered to be highly “costly” for organizations. Instead, organizations prefer to use the services of an ill-equipped consultant. According to an unofficial account, there are more than 1,000 HR consulting firms in Turkey, while there are only ten academics doing “some” research in the HRM field and only five graduate programs offering a Master’s degree in HRM or related fields.
How could we have possibly generated (indigenous) know-how to feed these 1,000 consulting firms? Apparently, they base their practices on something other than scientific knowledge. This harms not only organizations, but also the field, which may lose credibility.

- **Legal and ethical issues.** As discussed in the first part of this paper, there are labor laws well in-place to regulate HRM practices. However, law enforcement is one of the most problematic issues in Turkey regarding every aspect of social life. There are issues which are neither ethical nor legal, such as not providing employment opportunities for the disabled, or using networks in selection. There are other issues which are legal but not quite ethical, such as allowing women to take only very short maternity leave and not allowing any flexibility in work schedules. Task-forces assigned by the government should tackle such problems. All HRM activities should be carefully audited by government or private agencies to ensure equal employment opportunity and to minimize biases in personnel decisions. Finally, as is the case in the USA, HRM should be designated as a field which requires specialization and certification. In the entirety of Turkish organizations, there may be a handful of individuals who have been trained and have specialized in the field. The rest are self-taught professionals who try to do things through trial and error.

All in all, HRM is a developing, promising and exciting field in Turkey which is in high demand. However, unless we take measures to base practices on sound scientific knowledge and local values, the field is at risk of losing its credibility, attractiveness and resources.

**References**


