



## CONTEMPORARY ISSUES IN HUMAN RESOURCE MANAGEMENT (HRM) IN TURKEY

Esin Can Mutlu, Yonca Gurol, Aysen Wolff, Muhtesem Baran

## СЪВРЕМЕННИ ПРОБЛЕМИ ПРИ УПРАВЛЕНИЕ НА ЧОВЕШКИТЕ РЕСУРСИ В ТУРЦИЯ

Езин Кан Мутлу, Йонка Гурол, Айсен Уулф, Мутсемен Баран

**ABSTRACT:** *This paper is about the changing role of Human Resource Management (HRM) in Turkey considering its' status as a European Union candidate. Understanding increased competition and evolving employment practices as well as trends in empowerment, flexibility, downsizing, outsourcing and rewards are some of the challenges facing HRMs in Turkey. Relating these criteria to performance and benchmarking procedures are seen as tools for HRM practitioners. Still there is concern that "traditional personnel management" is resistant to change.*

**Key words:** Human Resource Management (HRM), Personnel Management/PM), Strategic Human Resource Management(SHRM)

### Introduction

In this era of globalized competition and knowledge, it is recognized by both businessman and academics that human resource management needs to be recognized not as a cost component but as a component tool. Nowadays, the human factor is one of the most critical factors in companies' strategic success. Due to this, both in universities and companies, there is a growing interest in human resource management. We have reviewed the literature and coupled it with our experience. Factors such as globalization, technological change and trends in the nature of work which affect HR functions will also be covered. Following section offers the change of HR in the world and also how they affect on Turkish companies from a traditional to modernized profile. This study is a theoretical approach to the evolution of HRM.

### “Personnel Management” versus “Human Resource Management” and “Strategic Human Resource Management”

There has been a big change in the nature of work since the start of the Industrial Revolution in England towards the end of the 18th century. Steam power and machines replaced as it augmented labor. Factory production distinguished the era. This transformation of production created boredom for the employee, low productivity, low incomes, high labor turnover and con-

flicts with management [1]. Even though by the end of 19th century personnel management had developed into an independent profession, its' main function was perceived as management.

Passage from Industrial Relations (IR) and Personnel Management (PM) to the understanding of HRM is an important sign of major transformations in the world of work. That is, this passage dating back to 1970s has not happened at once. Among the reasons behind this transformation, there are important factors such as globalization, liberalization, open competition, social responsibility, social democracy, and hence HRM becomes the appropriate term for these post-modern times. The value of human has increased, and human abilities and skills have become the most important competitive advantage for organizations all over the world [2].

In the 1900s' HRM had an operational role and in the 1960s' a managerial role but has since gained a strategic role since the 1980s'. While in the beginning the practice and function of human resources was decided by top management. It later began to decide its' own policies and strategies. Besides its own duties, it now acts in tandem with the chain of command to promote the main strategies of the business. Competition, globalization, the constant changes in markets and technology are the main reasons for the development of HRM [3]

## **The changing environment of Human Resource Management Globalization**

Globalization brought the most important changes to multinational corporations which subsidiaries as they globalized. Competition increased. This was the beginning of HR's changing functions and the evolving of a long-term decision capacity. Globalization's essential characteristic is this: more globalization means more competition, and more competition means more pressure to be "world-class"- to lower costs, to make employees more productive, and to do things better and less expensively [4]. HR's functions and responsibilities were augmented by globalized. International human resource planning, international human resource staffing, international human resource training, etc.

### **Technological changes**

New knowledge economy increased competition throughout the world and living in age of massive technological evolution is changing the nature of business (especially e-business). E-business is challenging current HRM policies and functions as it uses internet technology to drive organizational performance. E-HRM can be briefly defined as the planning, implementation and application of information technology for both networking and supporting at least two individual or collective actors in their shared performing of HR activities. Consequently, academic interest in e-HRM has increased, as companies adopt e-HRM strategies to purpose of increase their efficiency and effectiveness. The literature on E-HRM suggests that the three goals of e-HRM are cost reduction, improving HR services and improving strategic orientation [5]. Furthermore E-HRM is seen as a driving force for companies growing both regionally and in labor force. It is becoming a prerequisite for the internalization process of any firm. Using the internet theoretically makes your labor pool global rather than local. You can use information technology to do all the routine HR administrative work automatically without having to stay in the office.

### **Knowledge work and human capital**

Business organizations are coming to view knowledge as their most valuable and strategic resource. The knowledge resource is becoming

increasingly more important as a vital strategic tool to improve organizational decision-making and problem-solving capabilities [6]. Knowledge Management is the new industry buzzword. "Intellectual Capital Management", "Organizational Knowledge Management" and "Intellectual Asset Management" [7]. Human capital is an important element of the intangible assets of an organization. It refers to the knowledge, education, training, skills, and expertise of a firm's workers. Today, as management guru Peter Drucker predicted several years ago, "the center of gravity in employment is moving fast from manual and clerical workers to knowledge workers..." [8].

As described by Scarborough and Elias (2002): "The concept of human capital is most usefully viewed as a bridging concept- that is, it defines the link between HR practice and business performance in terms of assets rather than business processes". New developments in measuring and reporting human capital had a huge impact on HR's accounting procedures. In order to get more productivity from human capital; it's necessary to invest in workers, build their competencies, and store and share their experience within the organizations [9]. These is the long-term view of HR.

### **The Strategic role of HRM**

An organization's external or internal environment affects the organization's HRM strategies. Factors such as globalization, technological change and trends in the nature of work require a long-term strategy. If an organization is to grow and remain competitive, its objectives must achieve the best fit between external opportunities and its' threats and the internal strengths and weaknesses of the organization. Alternative strategies generated by a SWOT analysis identify which ones will best achieve a company's objectives. HR managers must ask: Which strategy creates a competitive advantage? [10]. HR needs to have a written business mission besides a HR strategy [11]. Drucker says that the most important component of a business strategy is mission statement. Drucker also says that asking the question "What is our business?" is synonymous with asking the question "What is our mission?". A clear mission statement is essential for effectively establishing objectives and formulating strategies [12].

As HRM becomes more business oriented and strategically focused, four key roles for the HR manager can be identified:

- 1- Strategic partner
- 2- Administrative expert
- 3- Employee champion
- 4- Change agent

According to Ulrich (2007), “HR professionals play a **strategic partner role** when they have the ability to translate business strategy into action”, to become **administrative experts** refers to the efficiency of HR managers and the effective management of HR activities (such as selection, etc.) so that they create value, **employee champion** requires the HR manager to be the employee’ voice in management decision, as a **change agent** serving as a catalyst for change within the organization [13].

Strategic human resource management means formulating and executing human resource policies and practices that produce the employee competencies and behaviors the company needs to achieve its strategic aims. In practice, human resource management’s strategic role means several things. Today’s focus on competitiveness and operational improvements also means that human resource managers must express their departmental plans and accomplishments in measurable terms . Strategic human resource management is also focus on productivity and performance [14].

### HRM in Turkey

The evolution of HRM in Turkey is a process influenced by applications in the U.S. context. Although earlier works (in 1930s and 1940s) exist on such matters as personnel selection, compensation, promotion, and the like, the field of personnel management as an academic discipline is established in 1960s and 1970s [15]. Examining academic studies conducted in Turkey in the years 1972-1999, Usdiken & Wasti (2002) claim that interest in personnel related issues in Turkey began at around 1950s, through increased contact with U.S. academia. HRM has inherited its subject matter from Personnel Management. That is, the areas of interest in HRM studies are very similar in essence. However, a general criticism is that issues in HRM remain fragmented, without an underlying theory [15,16,17]. This is because the field has primarily developed out of practice, and its topics seem not to have conceptual bond with each other.

In Turkey, it is seen both in the literature and practice that the term human resource management has been used in place of the term “personnel management” and the use of the human resources terms has increased considerably [18]. Because of Turkey’s efforts to join the EU, it is more coming more and more important for HRM to have a strategic role in companies in Turkey. New regulations based on the harmonization with EU norms are closely related to HRM and are aimed at improving the Turkish work environment [19]. Labor act Number 4857, which has been affected in Turkey, since 2003, is the result of the harmonization attempts of national labor law and international label standards such as the International Labor Organization’s (ILO) Termination of Employment Convention No.158 [20]. Labor Act Number 4857 replaced Labor Act number 1475 which after more than 30 years had become inefficient with respect to the needs of workers. Human Resource Management (HRM) had to recognize a change in principles and new subtleties in “employment security”, “flexibility” and “other arrangements [21]. For example, performance management had to account for new understandings of “employment security” and “discrimination”. A management system which adheres the scientific method tends to respect justice and fair procedure. Companies must now evaluate all employees blue collar as well as white. Before the new law in Turkey some companies only evaluated white collars. With this new evaluation system, companies have to indicate clearly, job rotation, training needs, salary and redundancies.

All documents must be filed as a matter of proof. Training and career planning are now tied to employee performance. “Flexibility” with respect of job creation and the encouragement of minority groups like, the elderly, women and the handicapped. This flexibility extends to office hours- not necessity 9 to 5, but 40 hours any which way you can. According to the OECD 2004 report, Turkish as well as Portuguese, companies are still decidedly rigid [22].

Cranfield, an International Strategic HRM ,Research group has published many reports on giving priority to contain HR practices that have a strategic character. According to a report 2005, 44% of business in Turkey in 1995 had written HR strategies and this ratio increased to 58% by the year 2000 and to 57% by 2005. Due to the economic crisis of 2001 HRS’ popularity in Turkey, somewhat cooled, but practitioners increased their knowledge and experience, made

themselves valuable, and HR remained a serious factor in any business equation [23].

### Conclusion

In a fast-changing world, human resources provide the competitive edge. In today's business climate, HR must shed its gatekeeper image and evolve into an innovator that can continually create value for the organization it serves. Human resources should focus on aligning itself with the business, think about key challenges and design a plan to respond. HR metrics is about measuring and managing the linkages between initiatives and challenges. Alignment with the business is crucial the implementation of a competitive strategy.

HR in the twenty-first century envisions specific political venues with strategic re-amplifications. These venues of the symbolic political power of HR provide various opportunities for itself to socially construct its global strategic relevance as a resource. In the use of the venues of its influence, HR struggles to achieve its ultimate goal to complement the corporate efforts to obtain homogenization of best practices in the organization while preserving the specific capabilities and responsiveness of individual companies.

With Turkey's plans to integrate with the EU it is necessary to catch up to a changing world. During the past decade as a result of competition, globalization, institutionlization, Total Quality Management (TQM) and such, there has been an increase of interest in HR. In Europe, The US and Turkey HR has gained in strategic volume. HR managers play an important role in implementing corporate culture and strategy within the organization. In Turkey, new entrepreneurs don't understand the potential of HR and as a result HR feels the pinch first in a crisis.

### References

1. Selamoğlu, A., "İnsan Kaynakları Yönetimi ve Endüstri İlişkilerinin Zenginliği," *İşveren Dergisi*, 2000, 37 (10), pp. 13-14.
2. Gürol, Y., Aşık, Ö. , Doğrusoy, G. "An Examination of Areas of Interest in Turkish Academic Studies of Human Resource Management on the Dimensions of Past, Present and Future," *Workshop on Management*

*Knowledge on Time and Space*, 26-28 Eylül 2003, Bilgi Üniversitesi, İstanbul, Turkey.

3. Uyargil, C., DüNDAR, G. "İşletmelerde İnsan Kaynakları Fonksiyonunun Stratejik Niteliğinin Belirlenmesine Yönelik Bir Araştırma," 8. *Ulusal Yönetim ve Organizasyon Kongresi Bildiriler Kitabı*, Erciyes Üniversitesi, Nevşehir, Turkey, 2000.

4. Dessler, G. *Human Resource Management*, Pearson Education, Inc. New Jersey, 2008, pp. 8-9.

5. Ruël, H., Bondarouk, T., Looise, J. K. E-HRM: "Innovation or Irritation. An Explorative Empirical Study in Five Large Companies on Web-based HRM", *Management Review*, 2004, 15(3), pp. 364-381.

1. Ruël, H., Bondarouk, T., Velde, M.V.D. "The Contribution of E-HRM to HRM Effectiveness", *Employees Relations*, 2007, 29(3), pp. 280-291.

6. Gürol, Y., Türer, T. "Knowledge Management Technologies and Case Study: Lotus Notes Application", *The Third European Conference on Organizational Knowledge, Learning, and Capabilities*, Atina, 5-6 Nisan 2002.

7. Gürol, Y., Baran, M. "Some Perspectives and Principles of Knowledge Management: A Case Study", *The Journal of American Academy of Business*, Cambridge, USA, volume 1, number 1, Semtember 2001, pp. 85-95.

8. Dessler, G. *Human Resource Management*, p.11

9. Edvinsson, L., Malone, M.S. *Intellectual Capital: Realizing Your Company's True Value by Finding Its Hidden Roots*, HarperCollins Publishers, New York, 1997.

10. Stone, J. R. *Human Resource Management*, John Wiley & Sons Australia, Ltd., Fifth Edition, 2005, pp.17-21.

11. Özçelik, A. O. "Türkiye ve ABD'deki İşletmelerde İnsan Kaynakları Departmanlarının Stratejik Rolüne İlişkin Karşılaştırmalı Bir Çalışma", Çanakkale Onsekiz Mart Üniversitesi Biga İ.İ.B.F. Yönetim Bilimleri Dergisi (**Journal of Administrative Sciences**), 2006, 4, (1), p.81.

12. David, R. F. *Strategic Management, Concept and Cases*, 12 Edition, Pearson Education, Inc., New Jersey, 2009, p.83.

13. Stone, J. R., *Human Resource Management.*, pp. 9-10.

14. Dessler, G., *Human Resource Management*, p.13.

15. Üsdiken, B., Wasti, S.A. "Türkiye'de Akademik Bir İnceleme Alanı Olarak Personel

veya 'İnsan Kaynakları' Yönetimi, 1972-1999," *Amme İdaresi Dergisi*, 2002, 35 (3), ss. 1-37.

16. **Dulebohn, J. H., Ferris, G.R., Stodd, J.T.** "The History and Evolution of Human Resource Management." In Gerald R. Ferris, Sherman D. Rosen and Darold T. Barnum (eds.), *Handbook of Human Resource Management*. Blackwell Publishers, 1996, USA.

17. **Kaufman, B.E.**, "Human Resources and Industrial Relations Commonalities and Differences" *Human Resource Management Review*, 2001, Vol.11, pp.339-374.

18. **Özçelik A. O., Fulya A.** "Strategic Role of HRM in Turkey: a three-country comparative analysis", *Journal of European Industrial Training*, .30 (4),Bradbord: 2006. p. 310

19. *Ibid.*, p.4

20. *Ibid.*, p.3

21. **Acar, C. A., Aydınlı, F., Yıldırım, O.** "Principal Arrangements In The Labour Act Number 4857 And The Effect of The Changes To Human Resource Management", *İ.Ü. İşletme Fakültesi Dergisi*, Kasım 2005, 34 (2), İstanbul, pp. 12-17.

22. **Süral, N.** "4857 Sayılı İş Kanunumuzda Esneklik Açılımları", *İŞVEREN özel eki*,2007, 45 (12), Ankara, pp. 18-24.

23. **Uyargil, C., et al.**, *Cranfield International Strategic Human Resource Research, 2005 Turkish Report*, İ.Ü. İşletme Fakültesi, İstanbul, Turkey, 2006, pp. 14-19.

**Assoc. Prof. Dr. Yonca GUROL**  
*Yildiz Technical University*

*Faculty of Economics and Administrative Sciences*

*IIBF İşletme Bölümü Barbaros Bul. H Blok  
34349 Besiktas, Istanbul TURKEY.  
gurol@yildiz.edu.tr*

**Assoc. Prof. Dr. R. Aysen Wolff**  
*Halic University*

*Faculty of Business Administration  
Okçu Musa Cad. Şişhane Sok.No:17 Şişhane, İstanbul, TURKEY.*

*aysenwolff@halic.edu.tr*

**Assist. Prof. Dr. Muhtesem BARAN**  
*Istanbul University, Faculty of Business Administration, Department of Business Management and Organization, Avcılar Campus, İşletme Fak.*  
*34320 Avcılar, Istanbul, TURKEY.*

*muhtesem@istanbul.edu.tr*

---

**Prof. Dr. Esin Can MUTLU**  
*Yildiz Technical University*

*Faculty of Economics and Administrative Sciences*

*IIBF İşletme Bölümü Barbaros Bul. H Blok  
34349 Besiktas, Istanbul TURKEY.  
emutlu@yildiz.edu.tr*