

Current Human Resources Management Practices in TURKEY

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Abstract—This paper discusses current Human Resources Management (HRM) practices in Turkey. The paper explains briefly the Turkish way of doing business, the manner of management and the Turkish values system. Current Turkish HRM understanding is covered in the context of “public” and “private” sector distinctions. The differentiation between the public and private sector has some traces from the Ottoman Empire and is still continuing in modern Turkey. The process of transition from personnel management to human resources management, it was not only western business practices that directed Turkish companies but also various books, articles and seminars developed in the academic field which played a guiding role in Turkish HRM practices. The developments in the economic, legal, social and academic fields of Turkey have accelerated the process of transition from personnel management to human resources management.

Keywords—Human Resource Management (HRM); HRM Practices; Strategic HRM; Turkey

I. INTRODUCTION

Turkey is a dynamic country strategically located in the Eurasian region with a young population and a growing economy. With the influence of its economic development and the modernization of the country its traditional personnel management system is leaving its place to human resource management practices. This paper firstly outlines the Turkish management model and how HRM is conceptualized in Turkey in order to give an understanding of the HRM system. Secondly, it analyses the legislative, social, cultural and business factors that shape HRM practices. This is followed by the discussion of how “Personnel Affairs Departments” are

being transformed into HRM departments in Turkey. Throughout the paper relatively heavy references and comparisons are made to state-owned enterprises (SOEs) public and private sector organizations. The reason behind this is that the state was a major employer in the past, but in the last 20 years, major changes regarding people management have been implemented by the State. Private sector organizations in Turkey are heterogeneous and it not easy to compare their HRM practices without considering their sizes.

II. TURKISH SOCIETY AND GENERAL ECONOMIC INDICATORS

Today, Turkey has a total population of 72 million (with an average age of 28.5) of which 24 million people are active in the labor force; the 5th largest labor force of the 27 EU countries.*Turkey is a secular country; its official language is Turkish and 99.8% of the Turkish population is Muslim. The capital city is Ankara, located in the central Anatolia region.

The Republic of Turkey is a republican parliamentary democracy based on division of power between various ruling bodies. The Turkish legal structure is organized following western examples and the present structure began to take

* Turkey has had a long association with the project of European Integration. It made its first application to join what was then the European Economic Community (EEC) in July 1959. Turkey has sought full membership of the EEC since its Association Agreement (Ankara Agreement) was signed in September 1963. Turkey submitted a formal application for full membership in the EU. Turkey was accepted as a candidate for EU membership at the Copenhagen Summit in December 2002.

shape with the radical reforms which followed the declaration of the Republic of Turkey (Kabasakal and Bodur 2002, p.45). Since the 1920s Turkey has based its cultural and economic development on Western principles. Links with Europe and the United States are strong (www.deloitte.com, 10 February 2011).

III. HRM IN TURKEY: THE EVOLUTION OF HRM

To appreciate the history of HRM in Turkey it is helpful to first understand its current situation. Therefore, in this beginning section I provide an overview of the structure, practice and philosophy of HRM in Turkey as it exists today and then in the remainder of the chapter go back a century and describe the roots of HRM in the days of the Ottoman Empire and how step by step through the twentieth century HRM evolved to what it is today.

IV. CONCEPTUALIZATION AND MEANING OF HRM IN TURKEY

It is possible to say that almost all (99.89%) of the active businesses in Turkey are Small and Medium-sized Enterprises (SMEs)(Gençyılmaz 2006, p. xviii). The structures of HR in SMEs and Large-Sized Enterprises (LSEs) are different from one another. One of the key elements that differentiate Turkish HR is that SMEs have practices that reflect Turkish culture; whereas some LSEs have developed or are developing a real HRM structure and HR practices that mirror those of Western countries. However this structure has been cloned and is an effort to imitate a model of Western countries' systems. In this respect, the HRM description and approach in domestic LSEs and foreign-capitalized firms in Turkey can be considered as being parallel to the West. In accordance with economic, social and technological developments in Turkey, it is clear that the Turkish style HR model and practices previously inherent in SMEs are now rapidly changing in an attempt to develop new structures.

V. NATIONAL AND ORGANIZATIONAL FACTORS INFLUENCING HRM

A. National Culture: Is There a Turkish Model of Management?

In order to better comprehend Turkish HRM, it is necessary to understand the Turkish way of doing business, the manner of management and the Turkish values system. Certainly one of the basic factors of Turkish HRM is the form and understanding of general management. Despite Turkish people perhaps appearing to possess universal western values in world thought, as will be discussed in later chapters, they have adopted the common-collective sub-conscious as an heirloom inherited from generation to generation. This heritage is based on the mentality of customs and traditions. Within this area, there are various values that reflect the profile of the Turkish way of doing business. Among these are honesty, centralism, loyalty, sentimentality, fatalism, favoritism, modesty, traditionalism, self-interest, family ties,

nationalism, cliques, rank and position, religion and protectionism. In today's Turkish labor system there are various western-based values. (Aldemir, Arbak, Özmen, 2003, *İşgörme Anlayışı*, p.12). Examples of such values are risk-taking, inquisitiveness, responsibility, competition, having a vision, being open to new ideas, competency, information sharing and rationalism. (Aldemir, Arbak, Özmen, 2003, *İşgörme Anlayışı*, p.18).

The general characteristics of contemporary Turkish management culture can be summarized in a few key points. It has an inclination towards a centralized structure; a clearly defined organizational pyramid of hierarchy; an attachment to authority and values status symbols. Moreover, Arbak et al (1997) states that centralism is one of the most important characteristics of public institutions. The organized maintenance of social life and societal relations forms the basis of the way business is conducted in companies when legal norms are insufficient in business ethics. In Turkish companies, "family" is the most important and effective variable that forms the behavior with regard to work ethics. "The family institution" is still the most important factor that determines attitude and behavior in Turkish society. In Turkish work life "the family institution" and "religious belief" are references and direct the formation of the understanding of the work ethic. Besides family and religious beliefs, variables such as managers, bosses, work environments, written company rules and traditions play an effective role in forming work ethic.(Torlak, Özdemir and Erdemir 2008, p.56).

Kıray (1997) notes that belonging to same region, which she labels as being "fellow countrymen", serves as a basis for solidarity. The person with the more powerful position solves many personal problems of their dependents such as helping to find job opportunities, places in the hospital for family members or helping with paperwork in a police station. The importance of relationships becomes paramount in conducting business. Most businesses in Turkey are family-owned. This is true even for the larger holding companies. Important positions in family companies are occupied by family members, relatives, and friends from the same schools (Kabasakal and Bodur 2002, p.52).

The employer-employee conflicts in Turkey are usually not resolved by open confrontation but rather by third-party intervention. In a study conducted with 435 Turkish participants, Ergin (2000) reported that a third party was involved in more than 65% of conflict resolution instances in organizations. While individuals in other parts of the world would remain passive in situations unrelated to them, managers and colleagues are expected to get actively involved in resolving disagreements among others (Kabasakal and Bodur 2002, p.53).

B. Turkish HRM Understanding & Practices

The human resource management system in Turkey cannot be considered without taking into account the general public administrative structure within the country. In this section,

current Turkish HRM understanding will be covered in the context of “public” and “private” sector distinctions. The differentiation between the public and private sector has some traces from the Ottoman Empire and is still continuing in modern Turkey. Private sector companies can be classified as “small and medium sized enterprises” and “large sized enterprises”. Each business group has its own individual HR applications. In comparison, HR applications in the public sector are quite static, determined by public law and inflexible towards change; whereas the private sector is more dynamic, and ready to adapt to any changes that occur externally.

TABLE I. HRM COMPARISON BASED ON SECTOR

HRM Functions	Public Sector	Private Sector	
		SMEs	LSEs
Planning	Macro planning methods (Centralized-Formal Planning)	Informal Partly formal systems (related to company size)	Macro Planning Methods (Formal) Budgets Managers' judgments
Staffing	Based on Public Laws Centralized Exam	Informal Nepotism “Fellow countryman” Short-term/spontaneous	Formal Long-term/systematic Discretionary and Selective Methods
Training and Development	Macro Training Needs Analysis	On-the-job training Job instruction method	Formal -Strategic Based on training needs analysis Development based
Performance Management	Employment Records Seniority	Informal Formal- number of employees > 50 (according to Law No.4857)	Formal Documentation Related to many HR functions
Career Management	Seniority	No career management	Succession Planning Talent Management
Rewards Management	Based on Public Laws	Market conditions Individual Bargaining Benefits	Strategic Wage Surveys Based on Job Evaluation/Competency based compensation
Industrial Management	Public Servants' Unions Act, No. 4688	Trade Unions Act, No. 2821 Collective Agreement, Strike and Lock-out Act, No. 2822	Trade Unions Act, No. 2821 Collective Agreement, Strike and Lock-out Act, No. 2822

In the public sector, decisions related to “HR planning” are taken at the upper level of State. In the public sector in Turkey, HR Planning has characteristics of being “macro” and “centralized”. The Ministry of Finance of the Republic of Turkey assumed the most basic role in HR planning. Decisions related to labor demands are directly linked to the state budget. This shows that the State still considers the workers it employs as a “cost”. There is a centrally administered examination called the “Public Personnel Recruitment Examination” (KPSS) in Turkey for entering the

civil service. Candidates are recruited according to the score they attain in the examination. Favoritism played an important role in employment and promotions, causing the personnel system to become fundamentally corrupt. Although there is an effort to get away from the favoritism (“fellow countrymen”, “relative”, “political”) mentality by means of the central examination system, we can still identify this mentality in domestic management. In accordance with an old-fashioned mentality, in the public sector, employees’ performances are examined according to the employee records - “sicil”; there is no pressure regarding determining the employees’ real performance during a certain period or their future development potential (Kapucu, Palabiyik, 2008, p.223). In the Turkish public sector “seniority” and “education level” are determinant factors in promotions. Salaries and wages are determined on class and degree basis. The career system, including salaries, is based on seniority in accordance with public laws. Employees’ performance levels do not have a large effect on salary in the public sector. In exceptional cases, according to examples, state officials who are considered to be successful can receive remunerative increments to their monthly salaries. For new employees in the public sector there are formal orientations and training programs including on-the-job training to increase their knowledge and skills. Another characteristic of public personnel system that differentiates it from the private sector is that public sector personnel employees have “job security”. According to the above-mentioned factors, the Turkish public sector has still not completely developed a “real” understanding of HRM’s strategic qualities and the existing level of understanding has not drastically changed in a long time.

In the private sector and especially in SMEs it is not possible to mention the existence of HR planning. One can however come across more formal systems in SMEs as their size increases. In LSEs, HR planning comprises operations of formal structures according to mission, strategies, goals and budgets of the organizations.

C. Shifting Agenda in the Twenty- First Century: The Strategic Aspects of HRM in Turkey (2000- now)

The above discussions prevalingly indicate that Turkey’s HRM functions with traces of Ottoman Empire, causing it to face many key challenges at individual, organizational and national level. At the organizational level, the strategic quality of HRM has become a much-discussed item on the agenda with consultancy firms’ benchmarking studies and businesses participating in sector-oriented ‘best business practices’-style competitions.

In the recent years in which the strategic importance of human resources management has been discussed, after analyzing Turkish data from 1992 to 2005, it can be seen that the representation of the function of HR at the board of directors’ level has a decreasing tendency (CRANET 2005, p.16). In 2007 according to the results of research about the representation of HR at the board of directors in the “Banking”, “Tourism”, “Pharmaceuticals” and “Textiles” sectors, the role of HRM in most of the businesses covered

had not yet reached the strategic partnership level (Sadullah 2010, p.16).

It can be said that the strategic role of HR's function within the Turkish large-sized companies is still in its infancy. When the data regarding, what stage the involvement of a HR manager in the development of the business strategies takes place, is analyzed, 44 % of the responding companies' HR managers declared that they have taken part from the outset while 35% of the responding companies' HR managers declared that they have played an active role in the implementation of the strategy (CRANET 2005, p.20).

Another indicator of SHRM is the extent of outsourcing in HRM functions. In Turkey, the tendency to outsource HR activities has increased in recent years and this indicates that HR departments are much more involved in their core competencies. In 2008, research regarding the member companies of White Goods Industrial Associations on outsourcing HR activities, it was determined that companies are aware of their core competencies in human resources management function (performance management, industrial relations) and they outsource various HR activities (recruiting, training, payroll) (Tüzüner and Dündar 2008, p.72).

As a result, mostly in large-size businesses, HR departments are line departments and strategic HR practices are not given much importance. Whereas in HR departments in small and medium-sized businesses, HR has the quality of being a staff function. Thus from a standpoint of HRM development processes in Turkey, we can say that personnel management, HRM and SHRM exist at the same time (Özdemir and Bayraktaroğlu 2010, p.35). Based upon all that has been previously mentioned, HRM practices in Turkey are trying to be closer to the American model. Without doubt, it is a reality that academics and practitioners in Turkey are following the new developments and practices in the West.

Conclusion

In view of the discussions outlined in this paper, the characteristics of the Turkish HRM system could be outlined as follows:

- Turkish Public System with the traces from Ottoman Empire highlights the HRM system in Turkey.
- The Islamic Religion and the paternalistic style of social relations in the family and the working place cause the Turkish HRM system to diverge from those of Western countries.
- The traditions of “centralized control”, “organization styles” and “career management” are inherited mainly from Ottoman system, upon which the Turkish public system was built.
- After the 1980s and the establishment of multinational companies in Turkey, HRM understanding evolved by applying Western business practices.

- The heterogeneous compositions and sizes of Turkish companies differentiate HRM understanding in Turkey. In SMEs the paternalistic leading style governs employment relations and labor law is not strongly applied because of the proximity between the employer and the employee. Conversely, in larger companies, employment relationships are more formal, institutionalized and inflexible.

- During the process of transition from personnel management to human resources management, it was not only western business practices that directed Turkish companies but also various books, articles and seminars developed in the academic field which played a guiding role in Turkish HRM practices.

In conclusion, in line with all that has been discussed on the topic, the developments in the economic, legal, social and academic fields of Turkey have accelerated the process of transition from personnel management to human resources management.

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