T.C.

KARABUK UNIVERSITY SOCIAL SCIENCES INSTITUTE DEPARTMENT OF BUSINESS ADMINISTRATION

HUMAN RESOURCES MANAGEMENT IN THE AUTOMOTIVE INDUSTRY A CASE STUDY OF TURKEY

THESIS MASTER'S PROGRAM

Prepared by Rafea E. Saleh MUUSA

Advisor
Assist. Prof. Mehmet Murat TUNÇBİLEK

KARABUK FEBRUARY, 2018

T.C.

KARABUK UNIVERSITY SOCIAL SCIENCES INSTITUTE DEPARTMENT OF BUSINESS ADMINISTRATION

HUMAN RESOURCES MANAGEMENT IN THE AUTOMOTIVE INDUSTRY A CASE STUDY OF TURKEY

THESIS MASTER'S PROGRAM

Prepared by Rafea E. Saleh MUUSA

Advisor
Assist. Prof. Mehmet Murat TUNÇBİLEK

KARABUK FEBRUARY, 2018

TABLE OF CONTENTS

THESIS APPROVAL PAGE	iv
CERTIFICATION STATEMENT	
ABSTRACT	vii
ÖZ	viii
ARCHIVE RECORD INFORMATION	viii
ARŞİV KAYIT BİLGİLERİ	ix
ACKNOWLEDGMENTS	X
LIST OF TABLES	xii
LIST OF FIGURES	XV
LIST OF ABBREVIATIONS	xvi
CHAPTER ONE: INTRODUCTION 1.1. Study Background and Significance	1
1.2. Aim and Objectives	2
1.3. Study Questions	3
1.4. Methodology Overview	3
1.5. Thesis Structure	5
CHAPTER TWO: LITERATURE REVIEW	
2.1. Human Resources Management Practices and Performance.	6
2.2. International Automotive Human Resources	10
2.3. Human Resource Management and Automotive Industry in	Turkey14
2.4. HRM Key Performance Indicators	16

CHAPTER THREE: METHODOLOGY

3.1. Research Design and Procedure	20
3.2. Interviews	21
3.3. Questionnaire Design	22
3.3.1. Part A: Personal Information	22
3.3.2. Part B: HR Practices Evaluation	23
3.3.3. Part C: Factors Affecting HR Practices	23
3.3.4. Part D: Important Talents for Automotive in Turkey	24
3.4. Sample and Analysis	24
CHAPTER FOUR: RESULTS	
4.1. Statement by Interviewees	25
4.2. Questionnaire Findings and Discussion	28
4.2.1. Part A: Personal Information	28
4.2.2. Part B: HR Practices Evaluation	29
4.2.3. Part C: Factors Affecting HR Practices	46
4.2.4. Part D: Important Talents for Automotive in Turkey	47
CHAPTER FIVE: CONCLUSIONS	
REFERENCES	
APPENDIX A	54

Thesis Approval Page

Karabuk Univeristy Institute of Business Administration

This thesis titled "Human Resources Management in The Automotive Industry: A Case Study of Turkey" submitted by Rafea E. SALEH MUUSA was examined and accepted by the Thesis Board unanimously/ by majority as a master thesis.

	Academic Title, Name and Surname	Signature
Chairman of the Board (Advisor)	Assoc. Prof. Cahit Aydemir	son h
Member	Assist. Prof. Ozan Büyükyılmaz	Bu
Member	Assist. Prof. Mehmet Murat Tunçbilek	When
Thes	is Exam Date:	

CERTIFICATION STATEMENT

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person or material which must a substantial extent been accepted for the award of any other degree or diploma at any university or other institute of higher learning, except where due acknowledgement has been made in the text.

Rafea E. Saleh MUUSA

Que les!

"I declare that all the information within this thesis has been gathered and presented in accordance with academic regulations and ethical principles and I have according to the requirements of these regulations and principles cited all those which do not originate in this work as well"

ABSTRACT

The automotive industry is one of the most important sectors in the domestic and international markets, which have been facing continuous challenges and subject to continuous changes. Moreover, the human assets are considered as an important factor for the development and growth of the automotive industry. In this research, the human resources practices for the automotive industry are examined through studying the case study of an international company, as well as comparing the implemented practices with the Turkish automotive sector. Through the literature review, key performance indicators (KPI's) are identified for the success, development and growth of the automotive industry through human resource practices. These indicators are used in interviewing three human resources' key personnel from the Fiat-Chrysler group, which is considered one of the significant automotive clusters worldwide. Furthermore, a subjective methodology is used through constructing a questionnaire in order to assess the implementation of human resources practices in the Turkish automotive organizations, taken by thirty-one employees in the Turkish market. The results show that human resources practices are implemented in the Turkish automotive industry; however, further attention shall be given to training and development programs, as well as work systems. Few other aspects is indicated to be focused on including hiring professionals with problem solving skills, carrying out job analyses regularly, and empowering communication between the human recourse management and the employees. Finally, two talents are recommended for the Turkish automotive industry; technical and business talent.

Keywords: Automotive, Human Resources Management, Turkey

ÖZ

Otomotiv endüstrisi, sürekli zorluklarla karşı karşıya olan ve sürekli değişime maruz kalan yurtiçi ve yurtdışı pazarlarda en önemli sektörlerden biridir. Üstelik, insan varlıkları, otomotiv endüstrisinin gelişimi ve büyümesi için önemli bir faktör olarak değerlendirilmektedir. Bu araştırmada, otomotiv endüstrisi için insan kaynakları uygulamaları, uluslararası bir şirketin vaka incelemesinin incelenmesi ve uygulanan uygulamaların Türk otomotiv sektörüyle karşılaştırılması yoluyla incelenmiştir. Literatür taraması ile, kilit performans göstergeleri (KPI'lar), insan kaynakları uygulamaları yoluyla otomotiv endüstrisinin başarısı, gelişimi ve büyümesi için tanımlanmaktadır. Bu göstergeler dünya çapında önemli otomotiv kümelerinden biri olarak kabul edilen Fiat-Chrysler grubunun üç insan kaynağının kilit personeliyle röportaj yapmak için kullanılmaktadır. Ayrıca, Türk pazarında otuz bir çalışanı tarafından alınan Türk otomotiv kuruluşlarındaki insan kaynakları uygulamalarının değerlendirilmesi için bir anket oluşturulması yoluyla öznel bir metodoloji kullanılmaktadır. Sonuçlar, insan kaynakları uygulamalarının Türk otomotiv endüstrisinde uygulanmakta olduğunu; Bununla birlikte, eğitim ve geliştirme programlarının yanı sıra çalışma sistemlerine daha fazla dikkat gösterilecektir. Problem çözme becerisine sahip profesyonellerin işe alınması, düzenli olarak iş analizleri yapılması ve insan kaynakları yönetimi ile çalışanlar arasındaki iletisimi güçlendirmeye odaklanılması için başka pek çok husus belirtilmelidir. Son olarak, Türk otomotiv endüstrisi için iki yetenek önerilmektedir; teknik ve iş yetenekleri.

Anahtar Kelimeler: Otomotiv, Insan Kaynakları Yönetimi, Türkiye

ARCHIVE RECORD INFORMATION

Title of the thesis	Human Resources Management In The Automotive	
	Industry: A Case Study Of Turkey	
Author of the thesis	Rafea E. Saleh MUUSA	
Supervisor of the thesis	Assist. Prof. Dr. Mehmet Murat TUNÇBİLEK	
Status of the thesis	Master Thesis	
Date of the thesis	09/03/2018	
Field of the thesis	Department of Business Administration	
Place of the thesis	KBU/SBE	
Total page number	58	
Keywords	Automotive, Human Resources Management, Turkey	

ARŞİV KAYIT BİLGİLERİ

Tezin Adı	Otomotiv Sektöründeki İnsan Kaynakları
	Yönetimi: Türkiye'nin Bir Vaka Çalışması
Tezin Yazarı	Rafea E. Saleh MUUSA
Tezin Danışmanı	Yrd.Doç. Dr. Mehmet Murat TUNÇBİLEK
Tezin Derecesi	Yüksek Lisans
Tezin Tarihi	09/03/2018
Tezin Alanı	İşletme
Tezin yeri	KBÜ/SBE
Tezin Sayfa sayısı	58
Anahtar Sözcükler:	Otomotiv, Insan Kaynakları Yönetimi, Türkiye

ACKNOWLEDGMENTS

To my family and friends, thank you for all the support A special thanks to my advisor Assist. Prof. Mehmet Murat TUNÇBİLEK for the advise and guidance.

Ailenize ve arkadaşlarınıza, tüm destek için teşekkür ederim. Yrd. Doç. Dr. Mehmet Murat TUNÇBILEK'e danışmanlık ve rehberlik için çok teşekkür ederim

LIST OF TABLES

Table 2.1	Human Resources Practices KPI according to Dyer & Reeves (1995)	16
Table 4.1	External and internal factors influencing human resource management practices	46

LIST OF FIGURES

Figure 1.1	Overview of research methodology	4
Figure 2.1	Impact of Human Resources Management on firm's performance	9
Figure 2.2	Connection between human resource management and organizational performance	10
Figure 2.3	High performance work systems' factors analyised in Zacharatos, Hershcovis, Turner, & Barling (2007)	12
Figure 2.4	Transfer of knowledge and its impact on human resource management practices and organizational outcomes	13
Figure 2.5	Human Resources management key performance indicators	18
Figure 2.6	Theoretical framework of the influence of internal and external factors on human resource management practices	19
Figure 3.1	Automobile brands owned by Fiat-Chrysler group	21
Figure 4.1	Participants position types in their organizations	28
Figure 4.2	Participants years of experience in Turkish Automotive	29
Figure 4.3	Hiring is based on stringent standards	30

Figure 4.4	Promotions are granted regularly according to company's performance	30
Figure 4.5	Promotions are based on merit	31
Figure 4.6	Formal training is provided regularly	32
Figure 4.7	Different types of trainings are provided	32
Figure 4.8	Training is provided at all levels and according to organizational objectives	33
Figure 4.9	Pay level is fair in comparison with competition	34
Figure 4.10	Incentives and bonuses are shared according to merit across the organization	34
Figure 4.11	Compensation is based on knowledge	35
Figure 4.12	Additional benefits are granted (health, housing, etc.)	35
Figure 4.13	All staff participate in the development process	36
Figure 4.14	Decision-making is decentralized	37
Figure 4.15	Human resources policies are flexible	37
Figure 4.16	Problem solving techniques are implemented	38
Figure 4.17	Formal job analyses and appraisals are conducted regularly	38

Figure 4.18	Quality responsibilites are distributed across the organization	39
Figure 4.19	Information shared regularly to keep all organization memebers updated with firm news	40
Figure 4.20	Due process procedure is implemented	41
Figure 4.21	Opinion surveys and appraisals by the staff are conducted	41
Figure 4.22	Social gatherings are regularly held	42
Figure 4.23	Skills are mixed and distributed across organization	43
Figure 4.24	Span of control is limited for managers	43
Figure 4.25	Number of job classifications is sufficient	44
Figure 4.26	Customer visits are regularly conducted	44
Figure 4.27	Suggestions implemented as a standard procedure in the organization	45
Figure 4.28	Employement security is maintained for all employees	45
Figure 4.29	Talent needed for the automotive industry in Turkey for development	48

LIST OF ABBREVIATIONS

CEO Chief Executive Officer

EU European Union

HR Human Resources

HRM Human Resources Management

KPI Key Performance Indicator

RCA Relative Competitive Advantage

R&D Research and Development

TQM Total Quality Management

CHAPTER ONE: INTRODUCTION

1.1. Study Background and Significance

The automotive industry is one of the growing industries on a global scale. After the economic crisis, the industry witnessed a spike growth of production of 26% in 2010 to compensate the decline in 2008 and 2009. Since then, the industry production growth is ranging between 2.6% and 5.3% on a yearly basis (Semmens, et al., 2014). Nevertheless, the industry has many success factors, which are closely tied to several contributing resources. Moreover, the human resource is one of the challenged aspects of the automotive industry due to the continuous automation of the manufacturing process. However, the focus within the industry is on the unique talent and knowledge to empower other needed aspects including performance, engineering and creativity (Sharif, 2004).

Furthermore, there is a strong link of the human resources practices of a firm and its overall performance in the production, development and financial aspects. The measurement of this relationship has been viewed as the added value behind developing the HR practices to drive performance, as well as the processes and their effectiveness in achieving that goal (Wright, Gardner, & Moynihan, 2003). Therefore, studies have identified different models for HR practices that could drive high performance within an organization, which includes (Nasurdin, Ahmad, & Ling, 2015):

- 1. Selective hiring
- 2. Communication
- 3. Appraisal
- 4. Rewards

Like other organizations, the automotive companies have to adopt the general HR practices, which are proven to drive the performance of the organizations. Nevertheless, it is significant to understand the specific HR practices that influence the employees in the automotive industry. Additionally, as a competitive and growing industry, there are many qualities that automotive organizations aim to find in a candidate. Thus, understanding the current and continuous needs of these qualities within the organizations would help clarify the HR path for the organization in practices adoption and the competencies that shall be focused on by the candidates.

1.2. Aim and Objectives

The main aim of this research is to understand the human resource management practices that are currently adopted in the automotive industry internationally and domestically in Turkey in order to drive the performance at all levels. Therefore, the objectives of this thesis are as the following:

- 1. Survey the literature for human resource management practices that are adopted in organizations worldwide in order to dive growth and performance.
- 2. Study the current practices that are implemented in the international automotive companies and understand their impacts.
- 3. Perform an overlook at the human resource management practices in the automotive industry internationally and in Turkey and understand the similarities and differences.
- 4. Build assessment criteria for the human resources practices for automotive firms and develop a survey that evaluates their impacts.
- 5. Align the human resources practices in the automotive industry by providing recommendations and conclusions that could drive the overall performance of the automotive companies in Turkey by using effective measures.
- 6. Develop a list of key competencies that are continuously needed by the automotive industry in order to fast-track automotive projects.

1.3. Study Questions

The main question is on how does the human resource management identify the key human capital needs to satisfy the operations of the automotive organization and what are the key competencies that are continuously needed within the industry?

It is essential to understand the current status of the automotive industry on the international and Turkish levels in order to compile the successful practices and the key competencies that are required to drive the industry's performance. Thus, other questions shall be asked in order to find answers to the main research question:

- Q1: What are the key human resources management practices that are implemented in international automotive industry and how does it influence the performance?
- Q2: What are the key human resources management practices that are implemented in Turkey's automotive industry and how does it influence the performance?
- Q3: What are the key competencies that are need for the current time of the automotive industry?
- Q4: How can the human resources practices change the performance in the automotive industry?
- Q5: What are the immediate measures and key competencies that are required to drive the performance of the automotive organization in Turkey?

1.4. Methodology Overview

The research is divided mainly into two main parts, which are the theoretical review of human resources practices in international firms and specifically in the automotive industry, and an assessment of the international and Turkish human resources practices and key competencies. Figure 1.1 below shows an overview of the study methodology that is implemented to achieve the research main aim.

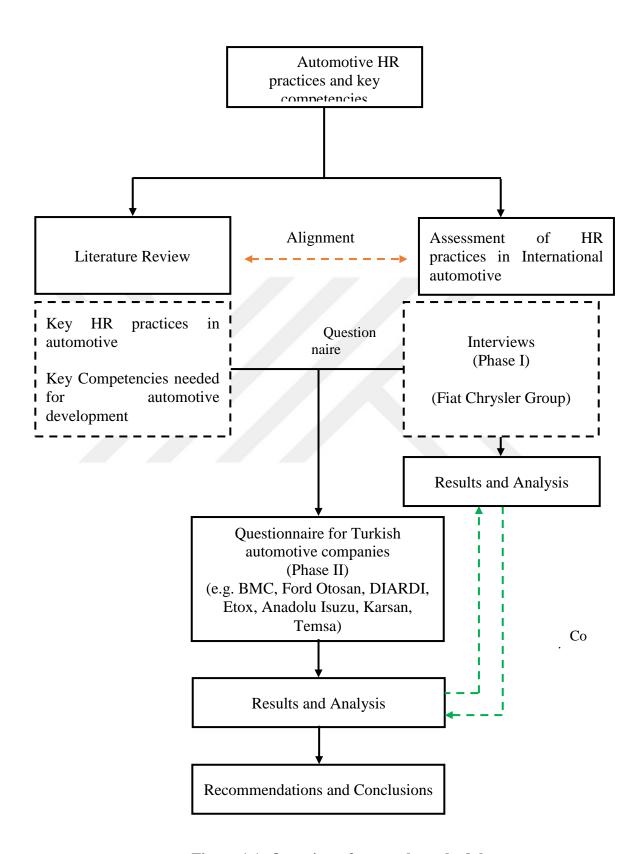


Figure 1.1: Overview of research methodology

1.5. Thesis Structure

The study is divided into five main chapters as the following:

- Chapter one: an introduction to the human resources and the automotive industry and an identification of the main objectives and questions of the study. Moreover, an overview of the research methodology is presented.
- Chapter two: a survey in the literature for the key human resources practices generally and specifically for the automotive industry. Furthermore, key competencies are identified, in addition to assessment criteria to build the questionnaire.
- Chapter three: Selection of research methodology and reviewing the specific aims of the questionnaire questions. Additionally, the reliability and the statistical criteria of the survey is presented to support the credibility of the research.
- Chapter four: an assessment of the human resource practices and the needed key competencies in an international automotive company through selective interviews, as phase one. Thereafter, a questionnaire is applied to the selected Turkish automotive organizations, as phase two. The chapter includes the descriptive findings of both phases, statistical analysis and a comparison of the results of phase I and II.
- Chapter five: recommendations are provided based on the study findings and analysis for the Turkish automotive organization regarding their human resources practices. Finally, the conclusions of the study are provided.

CHAPTER TWO: LITERATURE REVIEW

In this chapter, the main human resources practices are reviewed through the literature, as well as the practices used in international automotive companies. Furthermore, the status of the automotive industry is reviewed in Turkey, along with studies that researched the subject. Finally, key human resources performance indicators are reviewed and collected from the literature in order to utilize them the survey design for assessment of the human resource practices in the automotive industry in Turkey.

2.1. Human Resources Management Practices and Performance

In a competitive industry, the human asset of a company is considered of a great competitive advantage, which requires paying a special attention to the human resources' practices in order to leverage it (Wright, Gardner, & Moynihan, 2003). De Silva (2016) stated that the management objectives are influenced by human resources practices, which are subsequently influenced by globalization through the following:

- 1. More economically independent countries and increase of free trade.
- 2. Less control of government over capital, information and technology flow from and to their countries.
- 3. Emergence of integrational organizations such as the European Union.
- 4. Adoption of quality standards and practices globally, which makes the products and service acceptable globally.
- 5. An increased competitiveness in the major sectors, which pushed the quality and productivity expectations (de Silva, 2016).

Moreover, several factors increased the attention to ensuring the human resources practices implemented in a company are up to standards, which are (de Silva, 2016):

- 1. Improving management to achieve competitive advantage.
- 2. Models that have proven that excellence in human resources management impacts the performance of the company positively.
- 3. Failure of traditional management practices to cope with the developments in many sectors.
- 4. Decline of trade unions, which pushed management to focus on individuals rather than communities.
- 5. Availability of more educated workforce, which increased the individual expectations and emerged with more technological advances.
- 6. Factors such as commitment and motivation that have proven their positive impacts on performance.

In order to measure the human resources performance, several studies have considered different indicators for that purpose. The main aspects that are considered in literature are staffing strategies, training, rewarding, work system, communication, and employee relations (Dyer & Reeves, 1995). In staffing, the company shall have stringent hiring standards in order to ensure the acquisition of the best talent available in the market. Moreover, a promotion system shall be implemented that is based on merit rather than personal relations (Dyer & Reeves, 1995).

Furthermore, a regular training at all levels shall be provided for a continuous development that keep the competitive advantage of the human assets. The rewarding system of the company shall be based on knowledge and within the range paid by competitors in the market. Moreover, bonuses and incentives shall be shared between all the deserved employees. The human resources management have to ensure that the working systems adopted in the company are flexible, encourage participation in the development process, and distributes the quality assurance throughout the organization. The decision-making in the company have to be decentralized towards several positions, which makes the process encourage team work through sound problem-solving techniques (Dyer & Reeves, 1995).

It is recommended that human resources management perform formal job analysis, and conduct opinion surveys and social gatherings in order to form a sense of community

within the company and ensure that employees have the sense of employment security. Other practices are also recommended, such as; customer visits and ensuring skill mix throughout the organization (Dyer & Reeves, 1995).

One of the revolutionary human resources management practices that was adopted in the automotive industry in the beginning of the twentieth century are high performance work systems, which is based on defining the employees as company assets rather than an expense. These concepts empowered employees to increase their performance and use their creativity and critical thinking. It also allowed employees to be more involved in the decision-making process. It has been proven that adopting high performance work systems gives the employees a sense of job security and motivation to enhance their skills in order to develop their careers (Zacharatos, Hershcovis, Turner, & Barling, 2007).

There are evidences that the implementation of high performance work systems or practices positively influence the performance of the company. It was proven through statistical testing of the results of a questionnaire that including 3,452 companies that implementing human resource management practices that support high performance work systems increase the employees' productivity and turnover (Huselid, 1995). Based on that, the employees are expected to increase their performance in the following conditions (Savaneviciene & Stankeviciute, 2012):

- 1. Possess the required knowledge and skills.
- 2. Provided with adequate incentives and desire for development.
- 3. Provided with the support in the work environment and with means of feedback expression.

Moreover, the outcomes of implementing high performance work systems within the human resources management practices are defined through the following types of impacts (Savaneviciene & Stankeviciute, 2012), and as shown in Figure 2.1:

- 1. Employees outcomes through behavioral reaction
- 2. Organizational outcomes through effects on productivity, quality and efficiency
- 3. Financial outcomes, such as effects on profits, Return on Investment and sales growth

4. Market outcomes including effects on stock market prices

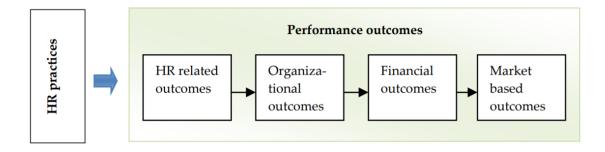


Figure 2.1: Impact of Human Resources Management on firm's performance (Savaneviciene & Stankeviciute, 2012)

Savaneviciene & Stankeviciute (2012) represented a final model of the impact of human resources management practices in the company's performance after studying nine models presented in the literature between 1996 and 2009. The proposed model, shown in Figure 2.2, shows that the human resources management strategy starts by a set of standard high performance work systems that are intended to be implemented in the company, where a line manager is responsible for its implementation through the development of the employees' skills, providing motivation, and invloving the employees in the decision-making and development process.

Furthermore, the practices that are set by the human resources management and delivered by the line managers are percieved differently by the employees, which then determines their reactions to them and behavior in the work environment, impacting the performance of the of the company. As a back effect, the performance would then indicate to human resources the required strategies that need to be implemented in order to drive the organization's performance (Savaneviciene & Stankeviciute, 2012).

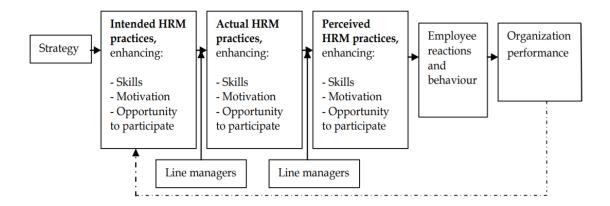


Figure 2.2: Connection between human resource management and organizational performance (Savaneviciene & Stankeviciute, 2012)

2.2. International Automotive Human Resources

In a case study of Harley-Davison, that aimed to research the impact of human resources management practices on the development of the company, the authors established two main objectives, which are correlating the work culture with the company's growth and evaluate the importance of recognition of employees. Using a questionnaire methodology, 139 employees were surveyed. More than 90% of the employees agreed that they enjoy a friendly working environment, while a close percentage agreed that the working environment is prevailing. Moreover, more than 85% of the participants agreed that their jobs at Harley-Davison provide them with an acceptable work and life balance and provide them with career growth opportunities (Das & Ara, 2013).

Nonetheless, more than 90% of the participants expressed their disagreement that they are acknowledged for good work by the management. The participants showed that they are mainly motivated by benefits, salary increments then promotions, rather than recognition by the company (Das & Ara, 2013). The results of this study show that the employees are satisfied for their employment as they work for one of the top automotive

companies in the world. However, the view of the employees is that they are well-recognized through benefits and salary increments.

Furthermore, in a study that examined the differences between the staff and operating engineers regardign their perception of the human resources management practices in the Indian automotive company Mando, around 650 participants have taken a questionnaire. The study divided the sample into two groups based on their agreement to the current practices of human resources in the company. The study found that young employees tend to agree less with the human resources practices than elder employees, which proves that demographics influence the perception of employees towards human resources management practices (Durai & Adaikalasamy, 2014) (Trehan & Setia, 2014).

Zacharatos, Hershcovis, Turner, & Barling (2007) have performed an analysis of results of different studies on the automotive industry in North America through examining high performance work system model of work systems, human resources policies and leadership and their impact on individual-focused factors, such as; job satisfaction, co-worker social support, health, and self-esteem, and organization-focused factors, such as; commitment to firm and perception of organizational fairness. Using key wording research, the authors tested the correlations and significant differences between the different factors as shown in Figure 2.3 through studying the data provided by different researches in the automotive industry in North America.

The results show that high performance work systems' factors have meduim correlation that are ranging between 0.43 and 0.66. Moreover, individual-focused factors showed meduim correlations with high performance work systems' factors, where leadership had the strongest correlation with up to 0.70 correlation factor. On the organization-focused relationships, work systems have shown the highest correlation factor of 0.59 (Zacharatos, Hershcovis, Turner, & Barling, 2007).

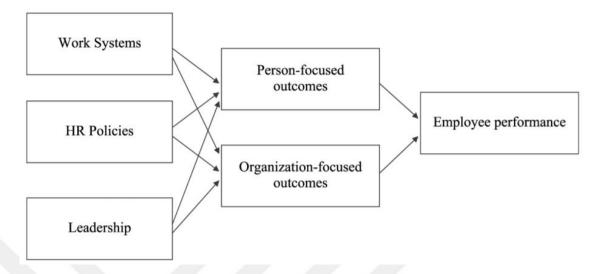


Figure 2.3: High performance work systems' factors analyised in Zacharatos, Hershcovis, Turner, & Barling (2007)

In a study that compared the training and development practices between four different automotive manufacturing companies in Japan and Malaysia, it was found that companies in Japan provide their employees in different level with regular training, while the Malaysian counterparts started adopting this practice in recent years. This emerges from the belief of the Japanese automotive industry that the human resources are their greatest assets. Moreover, providing motivation for employees for self-development is one of the strategies that distinguish the Japanese firms from their competitors in the Asian market (Wan, 2001). However, diversity of the human resources is one of the issues that are faced by the Japanese automotive manufacturers (Nkomo, 2014).

Acquiring human resource management knowledge can be a challenging task in a competitive industry like the automotive. Therefore, dealing with different companies within the supply chain can enhance the transfer of knowledge. Internal organizational factors that are related to human resource management practices, such as; socialization, training programs, communication between the company's employees, and human resource flexibility can empower the connection with many companies within the supply chain, contributing into the transfer of practices. Additionally, external factors including governmental policies, trade unions, and sociocultural factors can achieve the same

purpose. The resultant of these factors is performance outcomes for the automotive manufacturer, as well as increasing the firm's employees' retention and competitiveness within the sector (Wood, Dibben, & Meira, 2016). This model is explained through Figure 2.4.

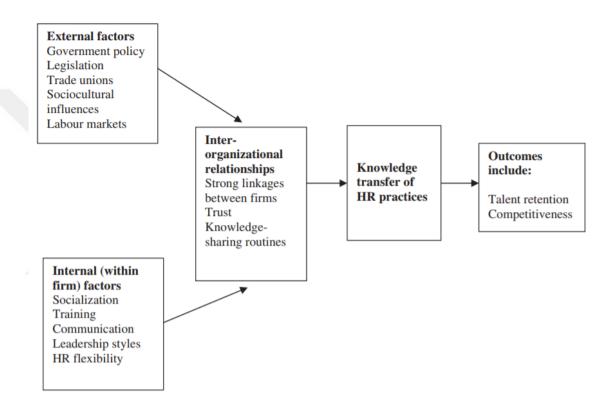


Figure 2.4: Transfer of knowledge and its impact on human resource management practices and organizational outcomes (Wood, Dibben, & Meira, 2016)

The results of Wood, Dibben, & Meira (2016) on Brazilian automotive manufacturers confirms the above model. Furthermore, the findings include compition from aboraod and demand fluctiations as additional external factors. The relations of with supply chain organizations is found to be impacted negatively by the cost-cutting strategies. While it is found to be benefitial to transfer knowledge through the supply chain, the fear of the organizations to lose competitive edge or talents to compitition are the limitations for this practice. Howeve, a studied strategy sould achieve the benefits of

the practice and limit the negative impacts (Dibben, Meira, Linhares, Bruce, & Wood, 2016).

The above case studies in Brazil confirms the importance of knowledge management as part of the human resource management practices. The main aim of knowledge management is enable its sharing between the organization's employees, while maintaining it within the organization. In case study of the Spanish automotive industry, the authors correlated the ability, motivation and career opportunity of the employee with achieving the required outcomes in knowledge management. The results show a moderate correlation between employee's ability and motivation, knowledge sharing and maintaining and development of knowledge within the company, and career opportunities provided and the knowledge creation, sharing and maintaining within the organization (Pastor, Santana, & Sierra, 2010).

2.3. Human Resource Management and Automotive Industry in Turkey

Human resource management practices in Turkey are well-established based on the company's size and attention of executives to the management style adopted in the organization. The level of human resource management practices' maturity is apparent from the discipline's size within the company. Where some organizations have a distinct human resource department (65%), others give the HR responsibilities to one of the Vice Presidents of the company (12.2%). Moreover, more than half of the Turkish organizations, there are clear policies, strategies and practices that are based on the European standards of business conduct (Aycan, 2001). Due to the newness of the automotive industry in Turkey, there are few studies found to date that are addressing the industry from a management point of view. Moreover, there are a few studies that are mainly focused on human resource management in the Turkish organizations.

Aycan (2001) is one of the studies that evaluted human resource management in Turkey obtaining data from more than 300 organizations in the country. The findings of the study show that a significant percentage of Turkish organizations do not rely on

certain hiring standards, but focus on personal interviews in selection of new hires. In evaluating the performance of the employees, only 30% of the evaluated organizations perform regular and objective appraisals, of which 80% depend on the line manager evaluation rather than a collective evaluation. There are few organizations that perform job evaluations that could help the human resource management enhance the job experience by the employee. Furthermore, trainings are provided the majority of the organizations in Turkey; However, the trainings are not evaluated correctly by more than 80% of these organizations through before and after tests.

In an evaluation of the automotive industry competitiveness in Turkey, Bekmez & Komut (2006) have compared the sector to its EU counterparts. According to the research, Turkey's automotive industry had an RCA competition power of 19.7% in 2003 that is exceeding the EU's collective competition power of 17.8%. However, the Turkish automotive industry is compared to Germany's competition power of 58%, and France and Spain's competition power of 32.1%. The study considered the Turkish automotive industry as significantly developing from 2000's competition power of -25.3%. The calculation of the RCA index takes into consideration the volumes of automotive imports and exports in comparison with the total imports and exports of the country (Bekmez & Komut, 2006).

Furthermore, in an investigation of the implementation of human resource management practices in Turkey, a study has been conducted on 217 manufacturing companies, considering internal and external factors. The study shows that factors such as legislations and regulations, technological changes and national economy changes among the most influential external factors on human resource practices. Moreover, priorities of management, organizational strategies and objectives, and actions by executives have been found to have the most effect on the human resource practices (Özutku & Öztürkler, 2009).

Özutku & Öztürkler (2009) have also found that in the Turkish manufacturing industries training and development practices are majorly influenced by the organizational strategies and objectives, followed by organizational mission and priorities of management. Moreover, benefits and recognition are mainly influenced by the priorities of

management and knowledge level of the human resource staff. Hiring is impacted by the objectives of the organization as a main factor. Furthermore, industrial relations and career developments have been found to be mainly affected by the organizational objectives. Finally, the knowledge and experience of the human resource staff is the main factor that affect the employees' appraisals.

2.4. HRM Key Performance Indicators

The performance measurement of human resource practices is recommended to be performed Considering different levels at the industry, in addition to using a representing sample and comparing the human resources practices to the financial performance of the company (Wright, Gardner, & Moynihan, 2003). The different human resources management practices reviewed earlier, Table 2.1 below shows the main human resources strategies considered in the literature along with the indicators used to quantify performance (Dyer & Reeves, 1995).

Table 2.1: Human Resources Practices KPI according to Dyer & Reeves (1995)

Human Resources Practices	Key Performance Indicator
	Stringent hiring standards
Staffing	Promotion from within
	Promotion based on merit
	Providing formal training regularly
Training	Providing different types of training
	Providing training at all levels
	Pay level in comparison with competition
Rewarding and recognition	Incentives sharing
	Knowledge-based pay

Table 2.1: Human Resources Practices KPI according to Dyer & Reeves (1995)

Human Resources Practices	Key Performance Indicator
	Providing benefits (health, housing, etc.)
	Development participation
	Decentralized decision-making
W - 1	Flexibility
Work systems	Problem solving techniques
	Formal job analysis
	Quality responsibility
Communication	Information sharing
	Due process procedure
Employee relations	Opinion survey
	Social Gatherings
Other indicators	Skill mix
	Span of control
	Number of job classifications
	Customer visits
	Suggestions implemented
	Employment security

Moreover, a study shows that there are different levels into evaluating the performance of human resource management practices, which emerge with evaluating financial aspects, customer relations, internal processes, and development and growth. Based on that model, the study developed a network of key performance indicators that are tested for relationships with strategic organizational goals as shown in Figure 2.5.

Thereafter, a list of different KPI's under the different human resources management levels have been developed (Gabcanova, 2012).

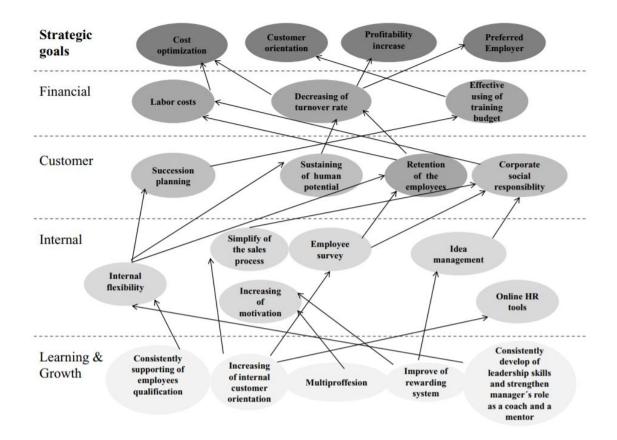


Figure 2.5: Human Resources management key performance indicators (Gabcanova, 2012)

In the study of Özutku & Öztürkler (2009), the main human resource management practices are studied with external and internal factors that affect them. As shown in Figure 2.6, the HR practices that are considered are recruitment, training, compensation, appraisals, career development and industrial relations. The impact of the internal and external factors have been reviewed earlier in the previous section, where organizational strategies and objective, and technological changes have been found as the most influential internal and external factors, respectively.

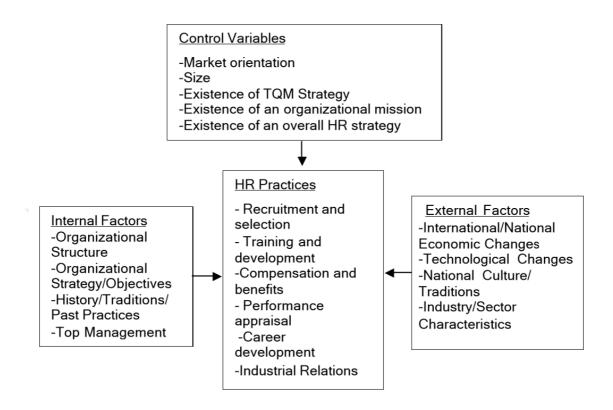


Figure 2.6: Theoretical framework of the influence of internal and external factors on human resource management practices (Özutku & Öztürkler, 2009)

CHAPTER THREE: METHODOLOGY

Based on the literature review performed in the previous chapter, the research design is reviewed in this chapter in order to facilitate the interviews and questionnaire design that are conducted as part of this study. The chapter also provides insights on the sample and the reliability analysis of the questionnaire in order to support the credibility of the results and introduce the findings in the fourth chapter.

3.1. Research Design and Procedure

The main aim of the study is to understand the human resource management practices that are currently adopted in the automotive industry internationally and domestically in Turkey in order to drive the performance at all levels. Therefore, the adopted research methodology satisfies the aim and its objectives by performing a literature review on the subject on the international and domestic levels, as well as collecting information from the industry on both levels for comparison and alignment.

According to Figure 1.1, which provided a summary of the methodology followed in this study, the research starts by understanding human resource management practices and the automotive industry generally and specifically for Turkey. Moreover, the literature aimed to understand the performance work system components and their performance indicators in order to be able to evaluate the discipline in the Turkish automotive industry. Furthemore, interviews are conducted with key human resource management experts from an international automotive organization who has an established and tested human resource policy for comparison and alignment with the study results.

A questionnaire is designed to include the key performance indicators of human resource management practices, the factors that impact these practices and the key skills that are required for the development of the Turkish automotive industry. Participants,

who are employees of the Turkish automotive organizations, are contacted and sent the questionnaire form through an online surveying platform. The employees are treated as experts in the sector, who can provide information and feedback about the HR practices and their influencers. After data collection and analysis, results are compared to the literature and the interviews for comparison and discussion.

3.2. Interviews

The main aim of conducting the interviews in this research is to ensure that the human resource practices and the key performance indicators that were compiled from the literature are in alignment with the industry standards, as well as with the results of the questionnaire for discussion. Therefore, three interviews were conducted with HR staff from the Fiat-Chrysler group in different regions. The Fiat-Chrysler group is selected due to its wide spread globally and inclusion of many automotive brands, such as; Jeep, Fiat, Chrysler and Maserati. Figure 3.1 shows the brands that are owned by the Fiat Chrysler group. The group had a revenue of 111 Billion Euros in 2016 and total employees of more than 225 thousand people worldwide (Cornell, 2017). Thus, managing that volume of business and employees would requires setting up high performance human resource management work systems.



Figure 3.1: Automobile brands owned by Fiat-Chrysler group (FCA Group, 2017)

For confidentiality reasons, the interviewees have requested not to mention their names, titles or regions. However, it was ensured that they are well-established in the organization and have the knowledge to provide us with the best of their knowledge. The interviewees also asked the researcher not to mention any financial or operational information that would be considered confidential. Therefore, the information provided were sent to them for any comments and final notes. The interviews were conducted by internet video calling, notes were taken and compiled into a statement on the different practices and work systems that are required to be implemented in an automotive industry that is able to compete internationally.

3.3. Questionnaire Design

The aim of the questionnaire is to measure the implementation of the human resource management practices in the automotive industry in Turkey, as well as understand the perception of the participating automotive professionals of the internal and external factors that could affect the implementation process and outcomes. Moreover, it was meant to create an idea about the possible expertise that are needed into the Turkish automotive sector for future referencing and guidance. Therefore, the questionnaire is designed into four main section explained in the following sub-sections. The template of the questionnaire is available for reference and further information as Appendix A.

3.3.1. Part A: Personal Information

The participating professional are asked for their position type, where they have to choose between four options: staff, supervision, Management, and human resources. The next question asks the participants to indicate their years of experience in the Turkish automotive industry with four choices of two years intervals starting from "Less than 2 years" and ending with "more than 6 years". The main aim of these questions is to ensure

that the participants are diverse and potentially would have the knowledge that can provide the study with the most accurate information.

3.3.2. Part B: HR Practices Evaluation

The Participating automotive professionals are asked to evaluate twenty-six points that fall under seven human resource management key performance indicators' categories that were compiled from Dyer & Reeves (1995), which are:

- 1. Staffing
- 2. Training
- 3. Rewarding and recognition
- 4. Work systems
- 5. Communication
- 6. Employee relations
- 7. Other indicators

The assessment is performed on a 6-point agreement Likert scale in order to increase reliability and validity (Chang, 1994). The main aim of this section is to evaluate the compliance of the automotive industry in Turkey with the key performance indicators of human resource management practices.

3.3.3. Part C: Factors Affecting HR Practices

Based on the study of Özutku & Öztürkler (2009), which adressed the impact of internal and external factors on human resources practices in manufacturing industries, seven external factors and six internal factors were included in the questionnaire assessed on a 6-point impact severance Likert scale. The External factors are:

- 1. International economy
- 2. Technology changes
- 3. Turkish Economy

- 4. Turkish culture
- 5. Automotive sector nature
- 6. Legislations and regulations
- 7. Competition

Furthermore, the internal factors are:

- 1. Organizational objectives and strategies
- 2. Size of organization
- 3. Structure of organization
- 4. Corporate priorities
- 5. HR knowledge and experience
- 6. HR strategies

3.3.4. Part D: Important Talents for Automotive in Turkey

Based on the experience of the participating automotive professional, they are asked to choose the type of skills that they believe is necessary for the development of the automotive industry in Turkey at this stage. The choice given are:

- 1. Technical talent (Manufacturing, R&D, Engineering)
- 2. Managerial Talent (Supervision, managers, executives)
- 3. Business talent (Sales, marketing, finance, accounting)
- 4. Production talent (skilled labor)

3.4. Sample and Analysis

Through a professional networking platform, prospects' professional profiles were reviewed by the researcher in order to ensure that the participants would have the expertise to provide an accurate feedback on the questionnaire. More than 100 prospects were shortlisted and invitations to the study were sent with a link to the online survey. Thirty-eight responses were received, of which 7 were disqualified for incompletion of the questionnaire, and 31 final responses that were analyzed. The results are entered into SPSS statistics and Cronbach alpha is calculated a 0.798, which is considered an acceptable ratio for business and social studies (idre, 2010). In the fourth chapter, descriptive results and necessary analysis are presented.

CHAPTER FOUR: RESULTS

After performing the research, the results of the case study are narrated in this chapter. A statement by the interviwee is provided, as well as the results of the questionnaire. Following that, a discussion of the results is carried out comparing the results with the literature.

4.1. Statement by Interviewees

In the automotive industry, managing human resources is essential to ensure carrying out operations smoothly in accordance with corporate mission and objective. Therefore, it is necessary for a successful automotive organization to implement the best human resource management practices, as managing such an organization involves supply chain management, manufacturing, marketing, sales, customer service, and several activities that rely mainly on human operations. The healthier the practices in the HR department, the more efficient the organization works towards the business targets by minimizing errors and issues.

Competitive automotive organizations implement specific human resources practices that are based on high performance work systems. The essential practices that shall be standardized, implemented and controlled are:

1. Setting up a hiring system that requires satisfying the criteria of the position, as well as focus into the personality of the candidates. Depending on the position and job responsibilities, the candidate has to master the technical skills that are needed. However, it is important to confirm that the person has the required passion, commitment and charisma through the interview process. The job interview shall

- consist of several interviews that leads to shortlisting candidates according to the marks they score. It usually starts with the regional human resource in-charge, then to the executive human resource director, and then the technical head of department or line manager that would be supervising the candidate.
- 2. Compensation has to be based on qualifications, knowledge and contribution to the development of the region and the company. Depending on the achievement of the department and the overall performance of the organization, quarterly and yearly bonuses are distributed among the achievers. Further benefits are given depending the packages given according to each staffing level. However, general benefits are compulsory for all employees including health insurances.
- 3. Promotions are evaluated on a yearly basis through an appraisal process that involves the employee, line manager, regional manager and human resources. Recognitions are also given in the form of one-time compensation, salary increments or appreciation certificates that are sent by the company's CEO.
- 4. Training programs are provided for all staff according to the objectives of the organization. The development program includes a training budget for all employees that is focused on customer relations for the sales oriented positions and technological updates for the engineering and manufacturing positions. Additional trainings are provided as seen suitable by directors, executives and the development team. The development program takes into consideration all levels of employees from manpower, supervisors, reaching to the sales and marketing teams across the world. There are several forms of trainings that range from online seminars up to conferences participation.
- 5. Quality control and quality assurance is part of the operational strategy of a successful automotive organization. The responsibility of developing quality control measures lies on the quality team, and the implementation is distributed among the employees throughout the organization. Quality does not only concern manufacturing and production, it also involves the sales team ensuring that the procedures of all suppliers and after-sales are in accordance with the mother company's standards.

- 6. The development of the organization systems, services and products involve all employees, each in their specialty and discipline. This emerges from having the decision responsibility distributed across the organization to ensure the contribution of as many productive hands as possible into driving the future of the company. The work systems adopted by the human resource management and the company generally shall ensure that people who are able of critical thinking and master problem solving techniques take part in day to day decisions.
- 7. The human resource department, and its regional subsidiaries, are concerned about ensuring that all employee experience the healthiest working environment possible. Therefore, it is important for all human resource management staff to impose a certain extent of flexibility dealing with the employees and implementing the policies within the acceptable limits defined by the policies. Communication channels are also open within all levels of employees to address professional and personal issues that may arise, and affect operations.

The automotive organization has to establish extraordinary relations with their customers with the focus on key clients that drive the performance and production. Regular visits to our headquarters are organized for internal customers, employees, and external customers, clients, to familiarize them with our working processes and teams as part of our public relations strategy.

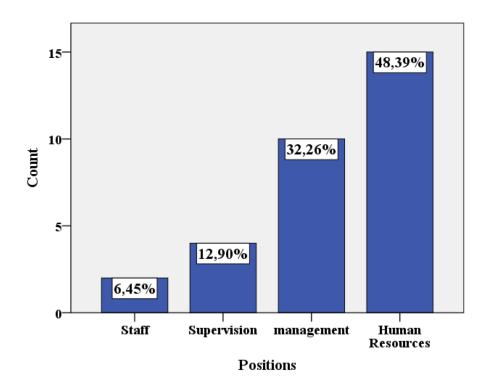
With regard to key skills that are currently needed, all types of disciplines are required for the organization to have a diverse talent. For instance, development talents including R&D and Engineering are always required in order to stay competitive in the international market. However, due to the challenges that the international economy is facing since 2008, the focus is drawn to sales and marketing talents that could increase the market share of our brands, and ensure competitiveness of our organization in the international market.

4.2. Questionnaire Findings and Discussion

The results of the questionnaire by the automotive professionals in Turkey are elaborated in this section. Each part of the questionnaire is described separately according its part, along with the discussion of these results.

4.2.1. Part A: Personal Information

Adding to the credibility of the questionnaire results, the participants from human resources background in the Turkish automotive industry formed 48.39% of the participants. Moreover, other positions backgrounds participated in order to form a collective picture of the human resource practices and their influencers. Therefore, 32.26% of the participants have managerial positions, and 19.35% are supervisors and staff, as they are affected directly and indirectly with the human resource management practices. Figure 4.1 show the position background of the participants. Furthermore, 51.61% of the participants have at least four years of experience in Turkish automotive industry, as shown in Figure 4.2.



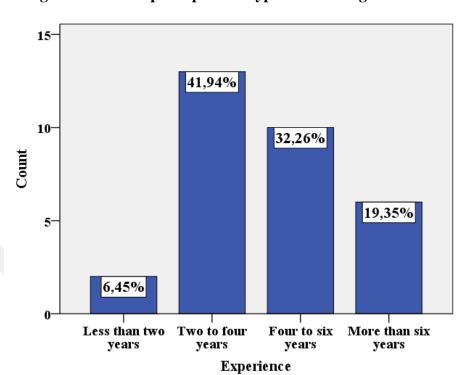


Figure 4.1: Participants position types in their organizations

Figure 4.2: Participants years of experience in Turkish Automotive

4.2.2. Part B: HR Practices Evaluation

Regarding the hiring strategies that are followed in the Turkish automotive organizations, the majority of the participants showed agreement that thir companies implement this practice. As shown in Figure 4.3, 29.03% of the participants strongly agree to the statement, while 45.16% agree to it. Furthermore, a lower strong agreement is shown for promotions being agranted in a regular basis according to the company performance; however, 80.64% agreed that the statement is true abour their organizations, as shown in Figure 4.4. As shown in Figure 4.5, the majority of the participants indicated different levels of agreement that their automotive organizations base the promotion and recognition decisions based on merit 83.88% total agreement.

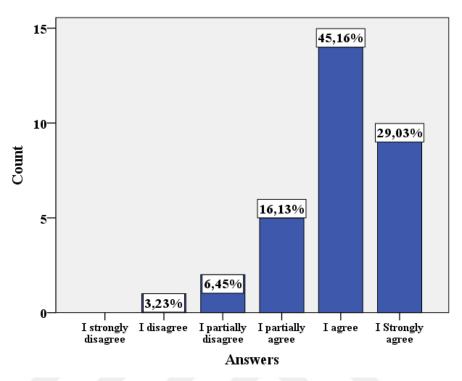


Figure 4.3: Hiring is based on stringent standards

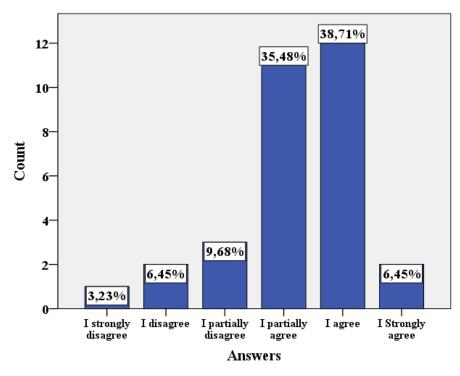


Figure 4.4: Promotions are granted regularly according to company's performance

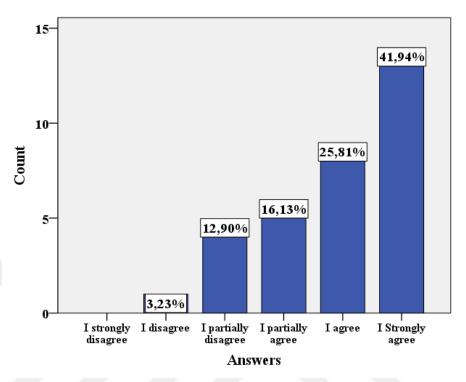


Figure 4.5: Promotions are based on merit

Regarding the training and development, a majority indicated that formal trainings are provided in their organizations, as shown in Figure 4.6. Nonetheless, 25.81% said that their companies do not provide formal training, which is considered an important practice of human resource management to ensure competitiveness of employees in the automotive industry. As shown in Figure 4.7, the majority also indicated that different types of training are provided, while a significant persentage did not confirm this practice. Furthermore, 61.29% of the participating professionals showed that training in their organizations are provided at all levels in accordance with corporate objectives, which is considered a majority indication, as shown in Figure 4.8. The overall training evaluation shows that at least 25% of the Turkish automotive organizations have issues with their training and development program.

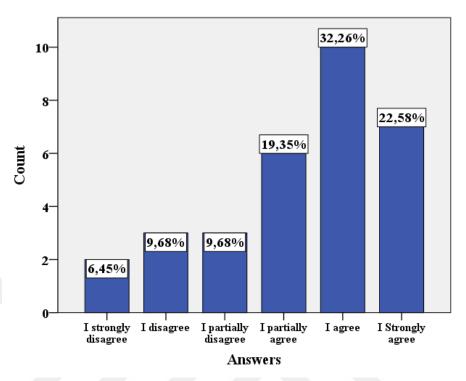


Figure 4.6: Formal training is provided regularly

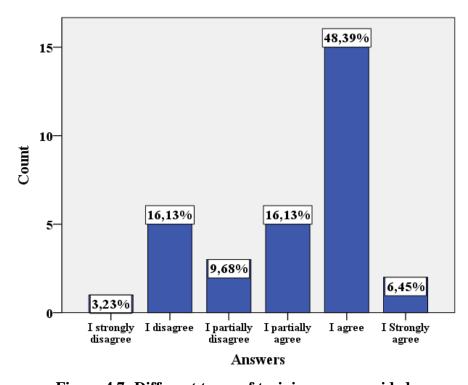


Figure 4.7: Different types of trainings are provided

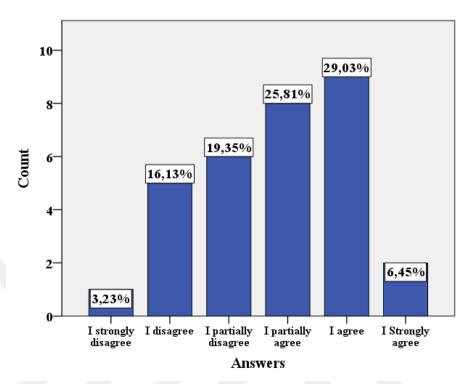


Figure 4.8: Training is provided at all levels and according to organizational objectives

Moreover, the participants evaluated compensation, benefits and incentives granted by their organization, where 74.20% indicated that their pay level is fair in comparison with competition, as shown in Figure 4.9. In regard to sharing incentives and bonuses across the organization and basing it on merit, Figure 4.10 indicate that 51.61% agree to the statement. However, none of the participants showed a strong agreement to it. An indicator that shows the level of professionality in managing the compensation practice is basing it on merit. Thus, 83.88% indicated different levels of agreement to the statement, as shown in Figure 4.11. The final indicator of compensation is the additional benefits that are provided by the company to support the compansation of the employees or in accordance with law, where the majority indicated that they recieve one or more benefits from their organizations.

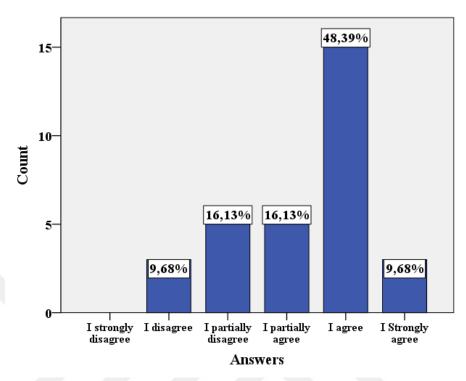


Figure 4.9: Pay level is fair in comparison with competition

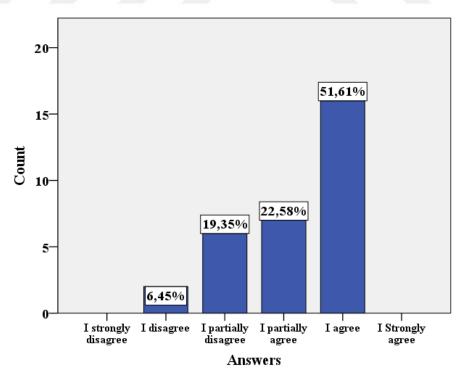


Figure 4.10: Incentives and bonuses are shared according to merit across the organization

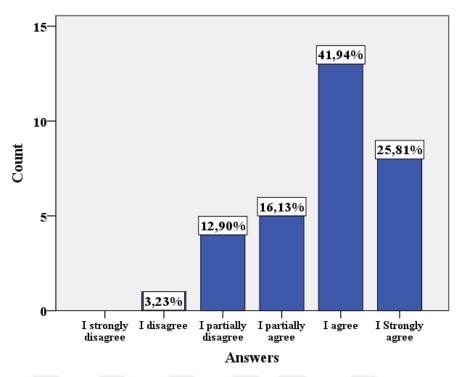


Figure 4.11: Compensation is based on knowledge

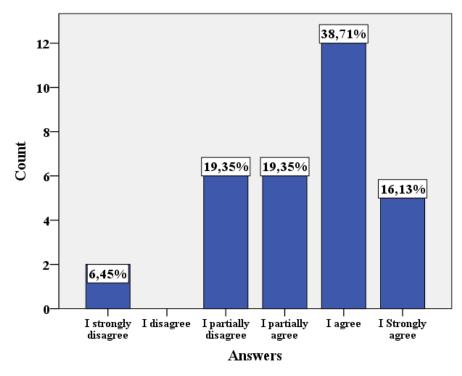


Figure 4.12: Additional benefits are granted (health, housing, etc.)

On evaluating the work systems of the Turkish automotive organizations, six key indicators are included in this research. The first indicator is the involvement of the employees in the development process, where 45.16% of the participating professionals partially agreed that this practice is implemented and 29.03% indicated their agreement, as shown in Figure 4.13. Moreover, 54.84% agreed that decision-making is decentralized, with lesser percentages for partial and strong agreements, as shown in Figure 4.14. The majority of the participants agreed that the policies of human resource management are flexible, as illustrated in Figure 4.15. However, 45.16% of the participants showed that problem solving techniques are implemented with partial agreement, Figure 4.16, which indicates that this practice shall be further reinforced in the Turkish automotive organizations. Although the majority of the participating professionals indicated that job analyses and assessments are implemented in human resource management practices, a significant percentage 29.03% indicated that this practice is not likely to be part of the implemented work systems, as shown in Figure 4.17. Furthermore, more than 70% of the participants showed different levels of agreement that quality responsibility is distributed across their organizations, as shown in Figure 4.18.

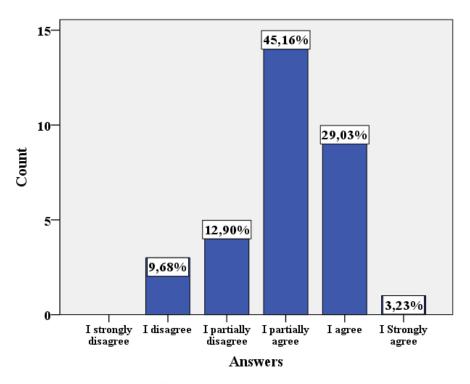


Figure 4.13: All staff participate in the development process

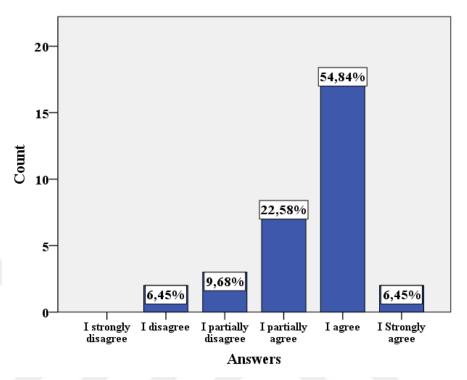


Figure 4.14: Decision-making is decentralized

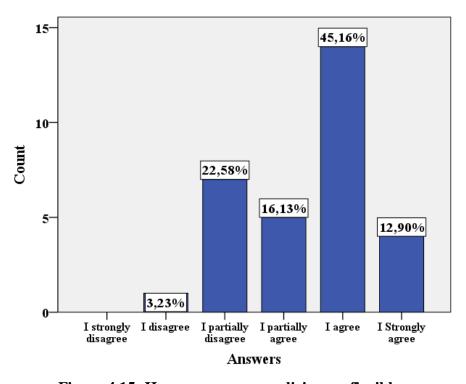


Figure 4.15: Human resources policies are flexible

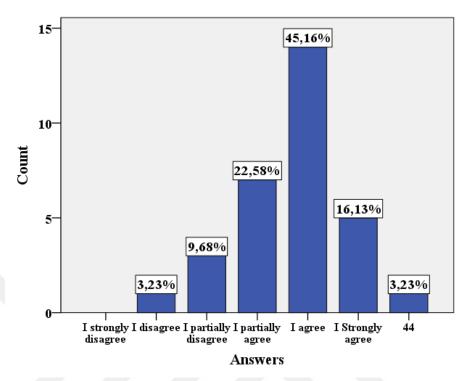


Figure 4.16: Problem solving techniques are implemented

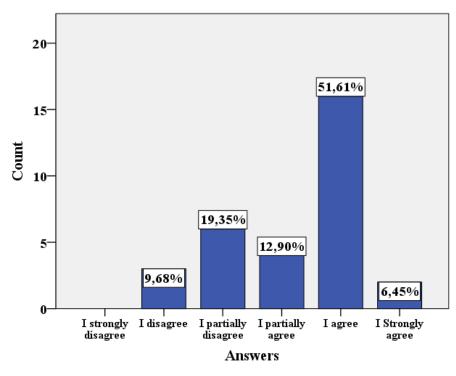


Figure 4.17: Formal job analyses and appraisals are conducted regularly

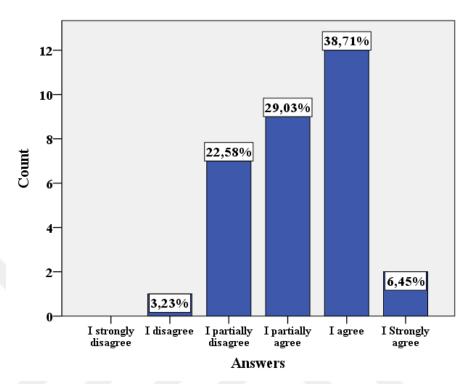


Figure 4.18: Quality responsibilites are distributed across the organization

Communication is also considered an essential part of human resource management practices. In the assessment made by the participants, 58.06% indicated that a fairly good communication system is implemented to communicate with the employees in their organizations, while 41.93% showed disagreement to the statement. This indicates that a major percentage of human resource management in automotive organizations in Turkey have issues in communication with the employees regarding news, updates and issues that could increase the participation level.

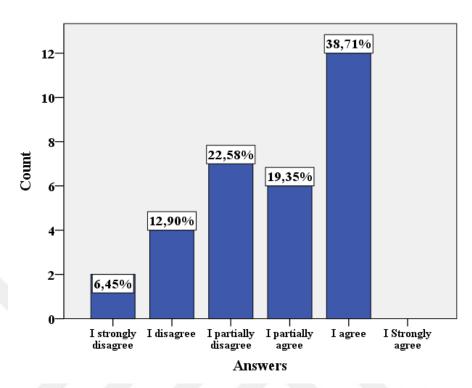


Figure 4.19: Information shared regularly to keep all organization memebers updated with firm news

Furthermore, employee relations is a practice that strengthen the connection between the work environment and the employees and enhace it. Under this category, three indicators are evaluated. The due process procedure ensures that the work is communicated through a team strategy, while achieving the targets set based on the organizational objectives. The majority of the participating professionals showed that they agree that due process procedure is implemented, as shown in Figure 4.20. Moreover and as shown in Figure 4.21, more than 75% of the participants indicated that opinion surveys are carried out, which contributes into enhancing the development process of the organization. More than 85% of the participants confirmed that social gatherings are conducted regularly, as shown in Figure 4.22, contributing into strengthening the communication and the relationships within the organization.

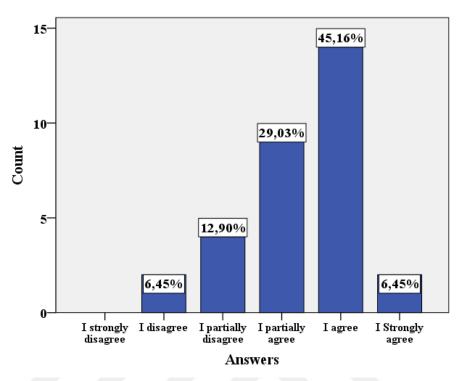


Figure 4.20: Due process procedure is implemented

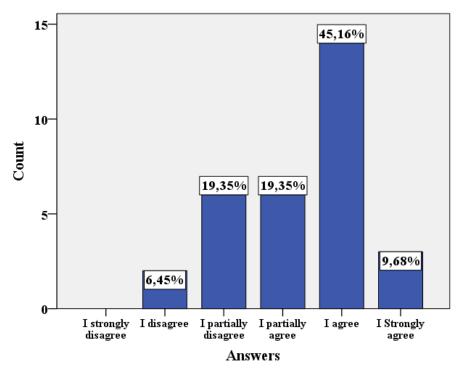


Figure 4.21: Opinion surveys and appraisals by the staff are conducted

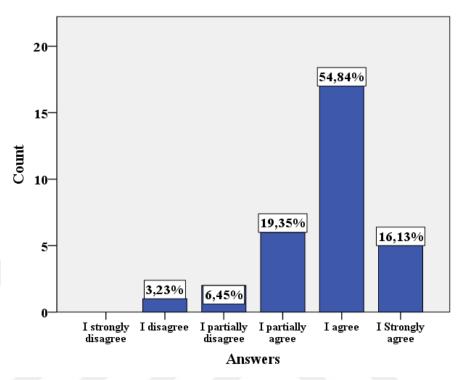


Figure 4.22: Social gatherings are regularly held

Other indicators are assessed in the questionnaire under this part, which are considered significant in indicating the implementation of human resource management practices. As shown in Figure 4.23, almost all the participant indicated their agreement that their organizations have a good skill diversity, where more than 60% indicated that control is limited by a certain person and distributed across the organization, as shown in Figure 4.24. Also Figure 4.25, indicates that job classifications are well-established as a practice in the Turkish automotive organizations. Nonethelss, customer visits assessment indicate that it is impliminted as a practice by 54.84% of the organizations with different extents (Figure 4.26), while the rest of the participants showed disagreement to the statement.

Furthermore, 75% of the participating professionals showed that suggestions are welcomed in their organizations, as illustrated in Figure 4.27. Jobs security sense is one of the important indicators that human resource management practices are well-established, implemented and maintained in the automotive organization. The results shown in Figure

4.28 show a high agreement rate; however, the overall results are of a meduim range that confirms the need for better empowerment for job security sense for the employees.

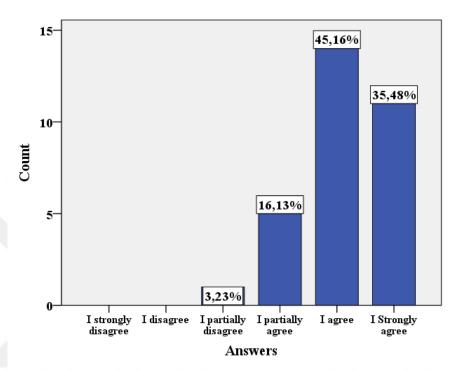


Figure 4.23: Skills are mixed and distributed across organization

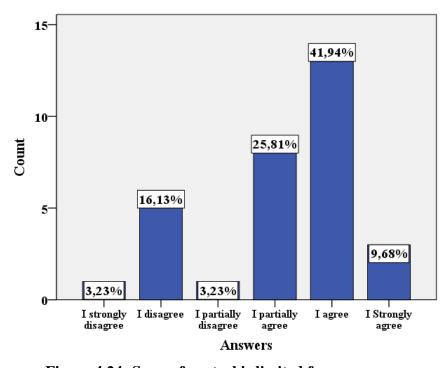


Figure 4.24: Span of control is limited for managers

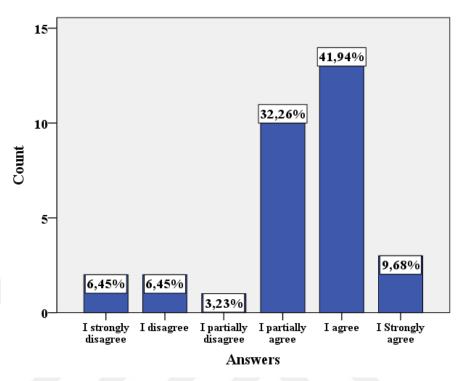


Figure 4.25: Number of job classifications is sufficient

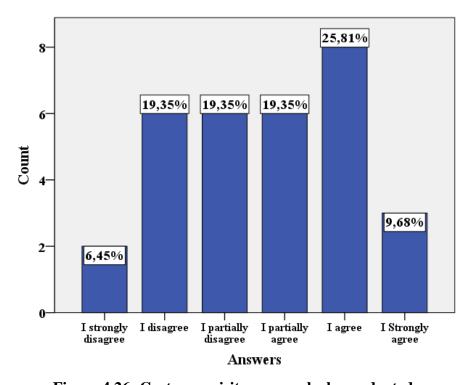


Figure 4.26: Customer visits are regularly conducted

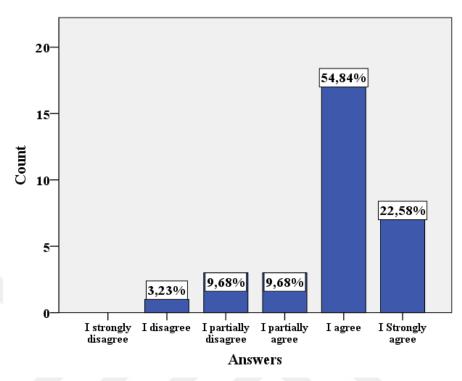


Figure 4.27: Suggestions implemented as a standard procedure in the organization

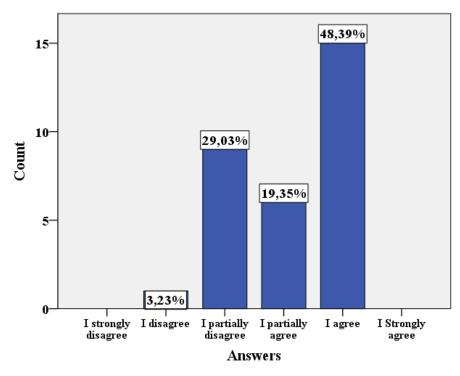


Figure 4.28: Employement security is maintained for all employees

4.2.3. Part C: Factors Affecting HR Practices

In studying the factors that impact the human resource management practices, two types of factors are reviewed; external and internal factors. As shown in Table 4.1, the most influential external factors are technology changes, competition, and legislations and regulations, respectively. These results are similar to the results of Özutku & Öztürkler (2009); however, competition was not found to be from the top influencing factors. Moreover, factors that scored more than four points on a 6-point scale that was used in the questionnaire can all considered important.

Furthermore, the most influencial internal factors on human resource management practices are found as HR knowledge and experience, organizational objectives and strategies, and corporate priorities, respectively, which also confirm the results of Özutku & Öztürkler (2009).

Table 4.1: External and internal factors influencing human resource management practices

6-Point **Factor Factor** Mean Category Score International economy 4.23 Technology changes 4.87 3.74 Turkish economy Turkish culture 3.68 3.87 Automotive sector nature Legislations and regulations 4.45 Competition 4.65

Table 4.1: External and internal factors influencing human resource management practices

Factor Category	Factor	6-Point Mean Score
	Organizational objectives and strategies	4.61
	Size of organization	4.39
rnal	Structure of organization	4.23
Internal	Corporate priorities	4.52
	HR knowledge and experience	4.97
	HR strategies	4.35

4.2.4. Part D: Important Talents for Automotive in Turkey

The participating professionals were also requested to indicate the talents' type that they believe is needed for the next stage of the automotive industry in Turkey, illustrated in Figure 4.29. 51.61% have shown that technical talent, which includes R&D and Engineering, are essential for the next phase of the industry in the country. For a developing sector in Turkey and with the increase of the competition globally as stated by the interviewees from the Fiat-Chrysler Group, this these types of talents are needed in the automotive industry on all levels.

Furthermore, business talents that includes sales and marketing are required for the automotive industry in Turkey in order to push the financial performance of the organization as one of the important dimensions as shown in Gabcanova (2012). These results are also confirmed by the interviewees, who attributed the need for these talents to the international economic situation.

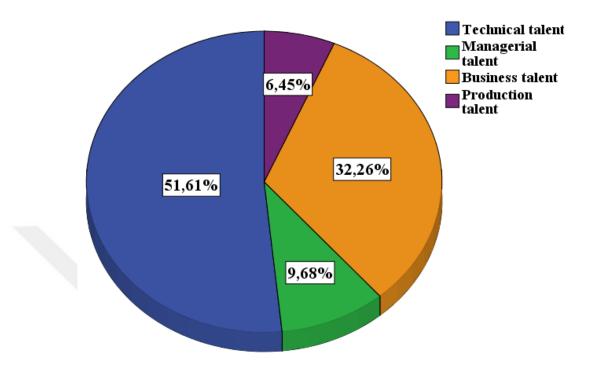


Figure 4.29: Talent needed for the automotive industry in Turkey for development

CHAPTER FIVE: CONCLUSIONS

As one of the significant industries in the world, the automotive industry is one of the challenging sectors, especially following the economic crisis in 2008. Moreover, due to its lucrative revenues, dependence of people on its products, and contribution to major economies such as Germany and Japan, Turkey is one of the countries that is trying to follow the footsteps of the major automotive manufacturers. The main aim of this research was to understand the human resource management practices that are currently adopted in the automotive industry internationally and domestically in Turkey in order to drive the performance at all levels.

The study commenced with performing a literature review to understand human resource management practices and high-performance work systems, and their impact on the performance of the automotive organization. Furthermore, the literature addressed automotive and human resource management studies on the international and Turkish levels. In order to ensure that the study is performed in alignment with previous studies on the subject and the practical implementation in international automotive organizations, the following steps were taken:

- 1. Extracting key performance indicators from the literature and influential factors that affect their implementation: twenty-six indicators under seven main human resource management practices were used, as well as fourteen internal and external factors that affect their implementation from Dyer & Reeves (1995) and Özutku & Öztürkler (2009).
- 2. Conducting interviews with three human resources department staff of different regions from Fiat-Chrysler Automobiles. The interviewees confirmed the practices that are included in the study, as well as showed the most important skills and talents that are required in the automotive sector in the current time.

Subsequently, a questionnaire is designed to be taken by participating employees from the Turkish automotive industry, with the focus on participants from human resources and management positions. Thirty-one participating professionals have taken part in the study, where their answers indicate that a lot of the human resource management practices are implemented in their organizations. However, a significant percentage of the participants showed that further training and development programs have to be planned and executed in variety and across the whole organization.

Furthermore, a special attention is to be given to work systems in the Turkish automotive industry. Problem solving techniques have to be further provided in trainings, as well as hiring professionals that has this talent. Also, job analyses and assessments have to be carried out regularly in order to ensure that responsibilities and tasks are satisfied, and current positions are aligned with the organizational objectives and corporate strategies. Communication is also recommended to be empowered between human resource management and the employees to ensure targets and expectations are well-delivered.

Human resource management in automotive organizations in Turkey are recommended to concentrate on two types of talent; technical and business talent, as they are necessary for development, competition and overcoming the economic difficulties that are faced internationally. For future research, further studies can investigate different aspects of human resource management of the automotive industry in Turkey. Studies that would focus on work systems, training and development, job perceptions can contribute into the development of the automotive industry in Turkey.

REFERENCES

- Aycan, Z. (2001). Human resource management in Turkey: Current issues and future challenges. *International Journal of Manpower*, 22(3), 252-260.
- Bekmez, S., & Komut, M. (2006). Competitiveness of Turkish Automotive Industry: A Comparison with Eueopean Union Countries. *International Conference on Human and Economic Resources* (pp. 180-189). Izmir: ICHER.
- Chang, L. (1994). A Psychometric Evaluation of 4-point and 6-point Likert-Type Scales in Relation to Reliability and Validity. *Applied Psychological Measurement*, 18(3), 205-215.
- Cornell, J. (2017, August 28). Fiat Chrysler Could Spin-Off Maserati, Alfa Romeo, Jeep, Ram Or Auto Parts Unit. Retrieved from Forbes: https://www.forbes.com/sites/joecornell/2017/08/28/fiat-chrysler-could-spin-off-maserati-alfa-romeo-jeep-ram-or-auto-parts-unit/#1257a3ff10aa
- Das, K. K., & Ara, A. (2013). Strategic role of Human Resources in Automobile Industry: A case study of Harley-Davison. *SIT Journal of Management*, *3*(2), 480-495.
- de Silva, S. R. (2016). *Human Resources Management, Industrial Relations and Achieving Management Objectives*. Bangkok: International Labour Ogranisation.
- Dibben, P., Meira, J., Linhares, C., Bruce, R., & Wood, G. (2016). Vanishing value chains, industrial districts and HRM in the Brazilian automotive industry. *The International Journal of Human Resource Management*, 1-18.
- Durai, F. R., & Adaikalasamy, I. (2014). A Study on Human Resources Audit Practices Perception of Employees in Mando Automotive India Limited. *International Journal of Advanced Research in Computer Science and Management Studies*, 2(1), 405-411.

- Dyer, L., & Reeves, T. (1995). *Human Resources Strategies and Firm Performance: What Do We Know and Where Do We Need to Go?* Washington, USA: 10th World Congress of the International Industrial Relations Association.
- FCA Group. (2017). *Brands*. Retrieved from Fiat Chrysler Automobiles: https://www.fcagroup.com/en-US/Pages/home.aspx
- Gabcanova, I. (2012). Human Resources Key Performance Indicators. *Journal of Competitiveness*, 4(1), 117-128.
- Huselid, M. A. (1995). The Impact of Human Resource Management Practices on Turnover, productivity and corporate financial performance. *Academy of Management Journal*, 38(3), 635-672.
- idre. (2010, April 04). What dies cronbach's alpha mean? Retrieved from UCLA: Institute of Digital Reseach and Education: https://stats.idre.ucla.edu/spss/faq/what-does-cronbachs-alpha-mean/
- Nasurdin, A. M., Ahmad, N. H., & Ling, T. C. (2015). High performance human resource practices, identification with organizational values and goals and service-oriented organizational citizenship behavior: A review of literature and proposed model. *SHS Web of Conferences*, *18* (pp. 1-14). EDP Sciences.
- Nkomo, T. (2014). *Analysis of Totoya Motor Corporation*. Cambridge, Massachusetts: Harvard University.
- Özutku, H., & Öztürkler, H. (2009). The Determinants of Human Resource Practices: An Empirical Investigation in the Turkish Manufacturing Industry. *Ege Academic Review*, 9(1), 73-93.
- Pastor, I. M., Santana, P. P., & Sierra, C. M. (2010). Managing Knowledge Through Human Resource Practices: Empirical Examination on the Automotive Industry. *The International Journal of Human Resource Management*, 21(13), 2452-2467.
- Savaneviciene, A., & Stankeviciute, Z. (2012). Human Resource Management and Performance: From Practices Towards Sustainable Competitive Advantage. In H.

- Cuadra-Montiel, *Globalization Education and Management Agendas* (pp. 179-206). London: InTech.
- Semmens, D., Andres, F., Atkinson, A., Boata, A., Islam, M., North, D., . . . Starner, M. (2014). *The Global Automotive Market: Economic Outlook no. 1210*. Paris: Euler Hermes (Allianz).
- Sharif, M. Y. (2004). The Development of Knowledge Management Capability in Malaysia's Automobile Industry: The Case of Proton. *Knowledge Management International Conference and Exhibition 2004* (pp. 1-6). Penang: KMICE.
- Trehan, S., & Setia, K. (2014). Human Resource Management Practices and Organizational Performance: An Indian Perspective. *Global Journal of Finance and Management*, 6, 789-796.
- Wan, H. L. (2001). Education and Training in the Auto Manufacturing Industry: a Comparative Analysis between japan and malaysia. *Human Resources for Health Development Journal*, 5(1-3), 39-46.
- Wood, G., Dibben, P., & Meira, J. (2016). Knowledge transfer within strategic partnerships: the case of HRM in the Brazilian motor industry supply chain. *The International Journal of Human Resource Management*, 27, 2398-2414.
- Wright, P. M., Gardner, T. M., & Moynihan, L. M. (2003). The impact of HR practices on the performance of business units. *Human Resources Management Journal*, 13(3), 21-36.
- Zacharatos, A., Hershcovis, M. S., Turner, N., & Barling, J. (2007). Human resource management in the North American automotive industry: A meta-analytic review. *Personnel Review*, *36*(2), 231-254.

APPENDIX A

(Questionnaire Template)

Questionnaire on HR Practices in Turkish Automotive

Dear participant,

As part of a master thesis at Karabük University research titled "Human Resources Management in the Automotive Industry – A case study of Turkey", this questionnaire aims to examine the implementation of human resource management practices in the Turkish automotive industry. Moreover, we intend to understand the HR-related challenges, as well as the skills that are currently needed for the sector. You have been chosen from several candidates due to your valuable experience and involvement in the automotive industry. Therefore, we would appreciate your feedback on the following questions, which shall not take more than 7 minutes.

Best regards,

Rafea - Master Degree Candidate

Part A: Personal Information

1 Desition type	Staff	Management		
1. Position type	Supervision	Human Resources		
2. Years of experience in the	Less than 2 years	2 to 4 years		
Turkish automotive industry	4 to 6 years	More than 6 years		

Part B: HR Practices Evaluation

In your organization	I Strongly agree	I agree	I partially agree	I partially disagree	I disagree	I strongly disagree
Hiring is made based on stringent standards						
4. Promotion are granted regularly according to company's performance						
5. Promotion are based on merit						
6. Formal training is provided regularly						
7. Different types of trainings are provided						
8. Training is provided at all levels and according to organizational objectives						

In your organization	I Strongly agree	I agree	I partially agree	I partially disagree	I disagree	I strongly disagree
9. Pay level in fair in comparison with competition						
10. Incentives and bonuses are shared according to merit across the organization						
11. Compensation is based on Knowledge						
12. Additional benefits are granted (health, housing, etc.)						
13. All staff participate in the development process						
14. Decision-making is decentralized						
15. Human resources policies are flexible						
16. Problem solving techniques are implemented						
17. Formal job analyses and appraisals are conducted regularly						
18. Quality responsibilities are distributed across the organization						
19. Information shared regularly to keep all organization members updated with firm news						
20. Due process procedure is implemented						
21. Opinion surveys and appraisals by the staff are conducted						
22. Social Gatherings are regularly held						
23. Skills are mixed and distributed across organization						
24. Span of control is limited for managers						

In your organization	I Strongly agree	I agree	I partially agree	I partially disagree	I disagree	I strongly disagree
25. Number of job classifications is sufficient						
26. Customer visits are regularly conducted						
27. Suggestions implemented as a standard procedure in the organization						
28. Employment security is maintained for all employees						

Part C: Factors Affecting HR Practices

Kindly evaluate the following factors according to their impact on HR practices	Very High	High	Slightly	Slightly	Low	Very low
29. International economy						
30. Technology changes						
31. Turkish economy						
32. Turkish culture						
33. Automotive sector nature						
34. Legislations and regulations						
35. Competition						
36. Organizational objectives and strategies						
37. Size of organization						
38. Structure of organization						

Kindly evaluate the following factors according to their impact on HR practices	Very High	High	Slightly high	Slightly	Low	Very low
39. Corporate priorities						
40. HR knowledge and experience						
41. HR strategies						

Part D: Important Talents for Automotive in Turkey

	Technical talent (Manufacturing, R&D, Engineering)
42. Kindly select the most demanded skills in the	Managerial talent (Supervision, managers, executives)
automotive industry in Turkey according to your experience	Business talent (Sales, Marketing, finance, accounting)
	Production talent (Skilled labor)

THANK YOU FOR YOUR TIME AND EFFORT