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STRATEGIC HUMAN RESOURCES MANAGEMENT
APPLICATIONS IN LEADING TURKISH FIRMS

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STRATEGIC HUMAN RESOURCES MANAGEMENT APPLICATIONS IN LEADING TURKISH FIRMS

Abstract

Since Strategic Human Resources Management (SHRM) is generally accepted as a potential tool for creating a unique and permanent competitive advantage out of company's Human Resources, essence of it is well documented at the international literature. What is less clear is whether or not effective SHRM applications are still rare among the leading firms of Turkey. Based upon a systematic review of the literature, the initial two sections of this dissertation defines the concepts of Personnel Management, Human Resources Management (HRM) and Starategic Human Resources Management (SHRM), emphasizing that, a growing number of sources support the transition of Human Resources perspectives from Personnel Management to HRM and then to Strategic HRM. Final parts are devoted to the evaluation of the research findings at which the perceptions of the survey's respondents (top and middle level executives) about the SHRM applications in the leading Turkish firms are illustrated. It concludes that, effective SHRM applications are still rare among the leading firms of Turkey.

TÜRKİYE’NİN ÖNDE GELEN ŞİRKETLERİNDEKİ STRATEJİK İNSAN KAYNAKLARI YÖNETİMİ UYGULAMALARI

Özet

Şirketlerin insan kaynaklarından, benzersiz ve kalıcı rekabet avantajları yaratabilen potansiyel bir araç olduğu genellikle kabul edilen Stratejik İnsan Kaynakları Yönetimi’nin önemi uluslararası literatürde oldukça kapsamlı bir şekilde ele alınmıştır. Tam olarak açıklığa kavuşturulmamış husus ise etkin Stratejik İnsan Kaynakları Yönetimi uygulamalarının Türkiye’nin önde gelen şirketlerinde yaygın olup olmadığıdır. Sistemli literatür taramasına bağlı olarak, Tez’in ilk iki bölümünde, Personel Yönetimi, İnsan Kaynakları Yönetimi ve Stratejik İnsan Kaynakları Yönetimi konseptleri açıklanmış ve bununla birlikte Personel Yönetimi’nden İnsan Kaynakları Yönetimine ve son olarak da Stratejik İnsan Kaynaklarına uzanan gelişim trendi vurgulanmıştır. Son bölümler ise üst ve orta kademe yöneticiler tarafından Türkiye’nin önde gelen şirketlerindeki Stratejik İnsan Kaynakları Yönetimi uygulamalarının değerlendirildiği anket çalışmasından sağlanan araştırma bulgularının analizine ayrılmıştır. Söz konusu analizlerin sonucunda Türkiye’nin önde gelen şirketlerindeki etkin Stratejik İnsan Kaynakları Yönetimi uygulamalarının halen nadir olduğu saptanmıştır.

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Chapter 1

Introduction

Both practitioners and academicians are increasingly aware that they face a future of rapid and complex change arising from globalisation of the economy, intense competition and extensive developments in technologies. One of the most notable results of this change is a revision of attitude toward the organization's human resources. Practitioners and academicians realize now, that people are among the organization's most valuable strategic resources. Progressive companies are therefore reappraising the way in which they manage their "human capital". This reappraisal is leading to diffusion of personnel management role, as indicated by the increasing popularity of the term "Human Resource Management" (HRM).

In the past, personnel management had a strong functional focus; that is, personnel specialists were primarily concerned with the administration of specific employee-related functions such as hiring, training, wage setting and disciplinary action. However, recently, human resource management has been seen as the function of an organization that is concerned with the most important dimension in today's competitive business life: "people dimension". Human resources management can no longer be viewed as an activity which can be delegated solely to human resource staff. Rather, it has become a prevalent and influential approach for business strategists.

The importance of "human factor" was considered by many of the practitioners and academicians. It is an important contemporary management subject; because, unlike the other resources of an organization, human factor is not an element for consumption. It continuously produces and adds value to the organization. In the competitive business life of the present complex economy, effective management of

this resource can be the source of a permanent competitive advantage. Managing such a dynamic process is what makes HRM so important and challenging.

The business world is rapidly changing. As part of an organization, HRM is to be prepared to deal with the effects of the changing requirements of the business world. To be a strategic partner, to have a consultant role, to be innovative and proactive as well as to contribute to organizational performance are the part of this strategic point of view. Supporting the organization's strategy, human resource departments identify "manpower planning" as one of their most important functions, that is, determining the numbers and types of employees the organization will require in order to meet its objectives. HRM is critical to the success of organizations because human capital has certain qualities that make it valuable. In terms of business strategy, an organization can succeed if it has a sustainable competitive advantage. By influencing who works for the organization and how those individuals work, HRM contributes to such basic measures of an organization's success as quality, profitability, and customer satisfaction. All these critical issues enable HRM being a strategic unit of the organization. Thus, not only an evolution from personnel management approach to HRM approach, but also an evolution from HRM approach to Strategic HRM approach is the recently discussed topic in the contemporary HR literature.

The essence of Human Resources Management literature rests on endorsement of the transition from personnel management to human resources management and to the strategic human resources for the organizations. However, the role of HRM in the firm's strategic plan and overall strategy was usually named after some fuzzy terms and abstractions. HRM was merely an isolated unit with people oriented plans, not a major part of planning or strategic thinking. Managers have mostly seen HRM as a necessary expense, rather than a source of value to the organization as a business unit.

An issue of further concern is that of HRM effectiveness. There are two perspectives of HRM effectiveness in need of theoretical and empirical attention: (1) the effectiveness with which HRM policies and practices are implemented; and (2) the effectiveness of these policies and practices in producing desired results. The only study to date examining these issues was conducted with regard to the second

perspective. Huselid (1995) found a positive relationship between HRM capabilities and overall HRM effectiveness, as well as a positive impact of HRM effectiveness on firm performance. Both measures of HRM capabilities and HRM effectiveness, however; were determined through surveys of senior HRM executives.

While there is an emerging body of research on HRM effectiveness, these studies do not fully address the effectiveness of the corporate-level HRM function (Teo and Carwford, 2005). Instead, the emphasis of these studies is on the effectiveness of personnel activities and processes. The literature has suggested that HRM effectiveness can be explained by examining the contributions of the people management function in the process of achieving strategic integration (Teo and Carwford, 2005). However, the links between HRM and strategic management could be affected by the effectiveness of the function. Despite the numerous studies on HRM, there were insufficient studies that focused on the effectiveness of the changing roles of the HRM function (Teo and Carwford, 2005). The findings have demonstrated that the level of strategic HRM effectiveness is influenced by the strategic role played by the senior HRM practitioner in the strategic management process.

Technical HRM activity spans a series of HR practices (Wei, 2006). These activities range from attracting high quality employees, placing them in appropriate positions, training them to work in the firm's specific way, and motivating them to devote more enterprise to organizational goals. This requires a systematic design of HRM practices. HRM effectiveness is likely to be decreased if not enough attention is paid to coordinating these separate HRM practices (Wei, 2006).

There is some divergence of opinion on the emerging roles of HR executives. While some argue for an increasingly critical role of HR executives in strategic decisions (e.g. Schuler, 1994; and Ulrich, 1997), it is often asserted that HR specialists, senior or otherwise, are not typically key players in the development of corporate strategy (e.g. Huselid, Jackson and Schuler, 1997). Authors generally argue that the contribution of HR managers is strongly oriented to the implementation, rather than to the making of strategic decisions. Research by Huselid, Jackson & Schuler (1997) has

shown that HR managers may not be meeting the challenge of their new role. These researchers found that most HR managers were very proficient in the delivery of HRM capabilities that relate to traditional activities but were found to fall short in terms of strategic HRM capability.

In order to form a more collaborative partnership with the strategic management process, HR executives will have to re-examine their skills to meet the challenges (Azmi, 2008). However, firms need to ensure that their technical HRM effectiveness is also of a certain standard before developing strategic HRM effectiveness. In an attempt to explain the failure of HR managers to become strategic business partners, Ulrich (1997) has suggested that the career background of the HR manager may require to undergo a change. The statements and rhetoric of HR professionals are not enough to effect the substantial transition required from personnel management to strategic HRM. HR professionals need to be familiar with as many functional areas in the organization as possible so that they can make fully informed, considered contributions to any strategic discussion. Success in the emerging environments hinges on the pivotal role of HR executives in steering human resource capabilities towards attainment of organizational objectives (Azmi, 2008).

While the notion of HRM has been seen as a US development, it is now gaining ground among European countries and Turkey is not an exception. In Turkey, 80 % of corporations established after 1980. This is an advantage for establishing human resources perspective easily. A survey shows that in 1999, 56% of companies have human resources departments. In 2000, it became 65.4 % (Andersen & Türkoglu, 2000). However, we wonder whether the HRM approaches radically changed in practice as cited often in literature. Is it still dominated by short-term technical tasks or has it become a function rather “strategic”, which is long-term oriented, integrated into the whole organization’s decision making processes and finding its place in the daily life of the organization? Is it just a term used by the academicians, because the term “strategy” has a certain prestige, which is developing? Does the “strategic” character of the function reflect only the good sense of the authors in the literature simply followed by managers in practice?

The initial literature review showed that, when compared with the international Strategic HRM literature, number of studies in Turkey investigated this phenomenon were rather limited. Thus, a lot of issues were left untouched. In this manner, this thesis hopefully fills a gap in the literature. Objective of this descriptive study is to analyze the evolution and current state of the art in the field of Strategic Human Resources Management (SHRM) research as well as to investigate the practical applications in the leading firms of Turkey. Based upon a systematic revision of the literature, the initial two sections of this dissertation define the concepts of Personnel Management, Human Resources Management (HRM) and Strategic Human Resources Management (SHRM). It concludes that, a growing number of sources support the change and development of Human Resources perspectives from Personnel Management to HRM and then to Strategic HRM. Final parts are devoted to the evaluation of the research findings at which the perceptions of the survey's respondents (top and middle level executives) about the SHRM applications in the leading Turkish firms are illustrated.

This thesis appeals both to the practitioners and the academicians at the fields of Human Resources Management, Strategic Management and Strategic Planning. The practitioners may comprehend how their Strategic HRM applications diverge from the ideal theories; and the academicians may realize how they are ruptured from the current realities of the business life in Turkey.

Chapter 2

Evolution of Human Resources Management (HRM)

2.1 Personnel Management

2.1.1 Personnel Management Concept

Before stressing the importance of Human Resources Management field (HRM) within management science we should attribute to the general concept of management. The most prevalent definition of Management is; “The process of achieving the objectives of the organization with and through people” (De Cenzo and Robbins, 1996). To achieve its objective, management typically requires the coordination of several vital components that it is called functions. The primary functions of management that are required are planning, organizing, leading, and controlling. When these four functions of operate in a coordinated fashion, it is said that the organization is directed correctly in the aim of achieving its objectives. Achieving the objectives is required efforts commonly which have three elements: goals, limited resources, and people. (De Cenzo and Robbins, 1996)

Traditional management is scattered, bureaucratic, universal, technique, reactive, difficult to justify because of lack of the bond between the activities of personnel management and organizational objectives. Activities of traditional personnel management are badly coordinated. Employment is considered fixed and the employee is treated like the variable which must be adjusted with the requirements of employment (Coşkun, 2007).

Shaun Tyson in his article “The management of the personnel function”, proposes a model of HRM which can (according to him) be conceived like “ideal types” (Shaun, 1987). The model is called “clerk of works” model. This model of personnel

management is an administrative activity of support, without integration to the planning of company. All of the authority is attributed to line managers. There are few personnel systems and employees in this department rarely receive specialized training and they haven't much authority. Principal activities for these employees are recruitment, to keep the records and social assistance.

2.1.2 Historical Evolution of Personnel Management

The concept of "Human Resources" only came about when industry experienced fundamental changes in the 20th century. Employees needed to be educated and given task specific parameters. At that time, the strictly hierarchal structure of firms meant that a worker only understood his job to be what his "superior" specifically asked of him. Additionally, legal regulations were established around minimum wages and working conditions.

Personnel function extends his roots far in XIXth century. Historically, personnel departments did not exist in agency organizations. Manager-owners engaged, discharged, formed, developed and rewarded their own assistants, agents. Personnel departments are firstly in the functional organizations and they carry out in a relevant way a series of services. These services seem a tradition of developed working methods associated to Scientific Management, with the birth of the syndicalism between 1800s and 1900s (Taylor, 1972).

Scientific management is based on the idea that there is one best way to do a job. The best way is the most efficient, the fastest and least expensive. Taylor believed the same techniques used by scientists in the laboratory-experimentation, forming and testing hypotheses and proposing theories based on research and testing could be used by management to increase efficiency in the workplace (Taylor, 1972).

Scientific management, which promoted a new philosophy of management-worker relationships, had a major impact on personnel and human resources management. Before scientific management, the idea of creating an acceptable work environment and spending time and money on employees was unheard of. In other words, the

employee was considered to be no different than a machine. The workers had been responsible for bringing their own tools to the job and developing work techniques and practices for getting the job done. Soon employees refused to tolerate this dehumanization and began to protest poor working conditions. They unionized and the concept of “unskilled labor” became a thing of the past. Under scientific management, the organizations were responsible for providing both the tools and the necessary training for the job. Organizations also assumed some responsibility for motivation in the form of wage incentive became responsible programs.

There is no specific date, but the personnel departments started to appear around 1920s. During the period of 1910-1920 chiefs and personnel departments appeared: emergence of an autonomous function. Also around the time of the World War, employee hiring experienced a period of modernization. Individuals’ psychological attributes, abilities, areas of interest were examined such that the right person was hired for the right job. But it is only after the Second World War that these services became larger and diversified, and “personnel management” appears then.

During the decade 1930, the activities of HRM experienced a reorientation because of the consecutive depression of Economic Crisis started in 1929. In decades 1940 and 1950 the phenomenon of the massive unionization of the employees developed (Coşkun, 2007).

The seeds of change were sown, however, by the Hawthorne experiments and, more generally, the application of theories in the behavioral sciences to the study of business organizations and the performance of work (Kaufman, 2001). The Hawthorne experiments were important not only for the knowledge they produced but also for stirring the interest of other behavioral scientists in workplace issues. Suddenly in the 1940s “human relations” became a very hot subject and a number of academics with a background in social psychology, sociology, and anthropology became interested in studying people and small groups in factories and other work organizations. By the late 1950s the human relations movement had fallen into some disrepute for certain of its overly simplistic. But as human relations diminished, a new field was born that was to have a major impact on both Industrial Relations and

Personnel Management (Kaufman, 2001). This new field was organizational behavior (OB). The central point made by early researchers in OB, such as Douglas McGregor, was that effective organizational performance requires that organizations be designed and operated in a way that best fits and makes use of the psychosocial needs and properties of the human beings who manage and work in them. McGregor (1960) thus developed the “Theory X and Theory Y” typology of human work motivation in order to make the case for a managerial style that was less command and control oriented, while Likert (1961) used earlier research of Kurt Lewin on effective leadership styles to make the case for more participative organizations. All of these new people and ideas, while strengthening management thought and practice, also caused the Personnel Management side to evolve a separate, increasingly independent set of research and teaching interests that had a dwindling link to Industrial Relations (Kaufman, 2001).

2.2 Human Resources Management (HRM)

2.2.1 Definition and Concept of Human Resources Management

The concept of competition in human resources is beginning to expand beyond its traditionally narrow definitions. Instead of being confined to personnel intake strategies, cost minimization and efficiency, HR is playing a role in the contemporary business concepts of production quality, product diversification, creativity and the ability to adapt to changing market conditions. With a new appreciation for how human resources can affect the overall competitiveness of a firm, management is beginning to take a closer look at optimizing their HR performance.

The basic principle of the academic theory of HRM is that humans are not machines. Therefore, we need to have an interdisciplinary examination of people in the workplace. For that reason, fields such as psychology, industrial and organizational psychology, sociology play a major role in Human Resource Management (Wikipedia, 2006).

HRM is generally defined as a process of acquiring, training, appraising and compensating employees, and attending to their labour relations, health and safety, fairness concerns (Dessler, 2002). It is also defined as the part of the organization that is concerned with the “people” dimension. In general, HRM can be said to refer to an organization’s efforts to instill a corporate culture and work ethic among its employees.

To manage human resources is to give objectives according to the human, to carry out them and to control them in logic of system. Humans are considered as resources, because their work constitutes a production factor and because their development, their initiatives and their potential contribute actively to the total effectiveness of the organization. Target of effectiveness exhibits the importance of HRM as a critical point of management which is presumed company performance (Dessler, 2002).

Since human resources management is a new discipline, it has a recent scientific constitution. The term “human resources management” can be understood from several points of view, from more extensive to most restrictive view. It was considered as synonym of personnel management, human relations, social relations, human and social development.

The following are two restrictive view definitions of HRM that we have generated in the light of the pre-existing definitions in the literature:

- HRM is the vehicle by which an organization ensures that it has enough well trained and motivated human capital to attain management’s business goals. HRM represents all the decisions made and actions taken to influence the relationship between an organization and its employees.

Human resources is necessary for today’s business organizations to reach their goals. Human resources includes all of an organization’s employees, from the highest level managers to the entry level laborers. However, it also reaches beyond those individuals within the firm, and also refers to potential workers as well. Regardless of its financial fitness, if a firm is not properly employing its HR, it will not be very

successful. A poorly motivated workforce simply will not be efficient, nor will it produce quality work. In this respect, we can say that there are two basic purposes of HR – increasing efficiency and improving quality of the work environment. HRM uses various criteria to reach its goals in either of these metrics. HRM, in any organizational setting, is any effort which, within the boundaries of the law, which improves the internal functions of that organization.

In light of these definitions, HRM optimizes management's efforts to lead its team toward a given goal. HRM, in the broadest sense, is the effective management of a company's most valuable assets, its employees. HRM is an organization's hiring, retention, training, and motivation of high quality workers. Therefore, HRM's real purpose must be to satisfy the needs, be they personal or professional, of the employee.

2.2.2 Historical Development of Human Resources Management

Until the 1960s, the personnel function was considered to be concerned only with blue-collar or operating employees. It was viewed as a recordkeeping unit. And the importance of the function had been barely discussed. The modern personnel department didn't emerge until the 1960s. But, till that time some of its functions, in some organizations, emerged as the basis of modern personnel department. Between the years 1960-1980, we can see that the HRM function has been matured, industrial legislation has been increased, informatics has been developed and competences of managers in HRM have been improved (Başusta, 2006).

The base of organizational development movement of 60s and the 70s was formed by the concepts of behavioral scientists and this total approach is concentrated on corporate culture as a central issue in the management of human resources. The 1980s saw HRM entering the entrepreneurial phase, adapting itself to the market economy and enterprise culture. During the 1980s, unions began to decline, and top HRM managers became directly involved in corporate management (Başusta, 2006).

Some critics have noted that, while the philosophy of HRM has changed; in practice, the department or manager who was referred as "Personnel Manager" has now changed that title to "Human Resource Manager" and that is the only change. According to this thought, human resource management is just a modern term for what has traditionally been referred to as personnel administration or personnel management. However, some experts believe human resource management differs somewhat from traditional personnel management. Despite there are some similarities between Personnel Management and HRM, there are important differences between them:

Unlike personnel management, HRM has a long-term outlook. HRM professionals stopped wasting majority of their working hours dealing with operational actions. Rather than that, they concentrate on consulting services. HRM use planning and is proactive, whereas personnel management was reactive and most of the time had even been a late follower. HRM adds value, but personnel management dictated old fashioned norms. HRM is integrated with rest of the business, while personnel managers were simply concerning with stereotyping. HR managers direct the job, whereas personnel practitioners were often administrators and clerks.

But in fact, the difference between the two approaches remains a largely abstract debate on definition. Because, in practice, it is very difficult to say that HR departments are doing something much different from what is done in all personnel departments.

Up to the 1980s, the implementation of HR tasks were left to "personnel departments", but back then, HR was nothing more than keeping a record of staff. However, because the wars strained the availability of qualified individuals, managers began to look for ways to achieve greater efficiencies from the staff they had available. Personnel departments were soon charged with hiring top quality individuals as well as making sure staff did not leave for competitor firms.

After the 1980s "personnel management" developed in to "human resources." The biggest difference between the two is that where personnel management is solely

concerned with increasing the efficiency of employees (without regard to the employee's wants or needs), human resources approaches the task of efficiency improvement by treating the employee like an internal client.

Table 2.1 Differences of Personnel Management and Human Resources Management
(Sabuncuoğlu, 2000)

Personnel Management	Human Resources Management
Business focused	Human focused
Operational action	Consulting service
Recording system	Source conception
Static structure	Dynamic structure
Human is a cost factor	Human is an important input
Models and norms	Mission and values
Classical management	Total quality management
Human works in a job	Human directs the job
Internal planning	Strategic planning

Lastly, the changes brought on by globalization have changed both the expectations and attributes of the work force. For firms to be successful, they have to place a greater emphasis on aligning themselves for the future. HRM has had to adapt to this by taking a more proactive and strategic (as opposed to tactical) role within the firm.

The goal of any organization is to attain maximum profitability. On the other end, employees also have their own desires, unexpected needs, and career goals within the company. For these reasons, HR has to balance the goals of the business with the goals of the employees and in doing so create a mutually beneficial work arrangement

2.2.3 Major Contributions to the Human Resources Management Literature

At their milestone study Miles & Snow (1984) documented the evolution of HR departments. According to them, during the early days of personnel departments, the role typically included recruiting, selection, record keeping, training, time and motion studies, welfare and union relations - top management expected these personnel activities to maintain employee morale and cooperation. About 80 years ago, a separate personnel organization began to form in large businesses due to massed labor, concentrated immigration, and union organizing. The modern personnel department appeared with the rapid spread of divisionalized organizations in the 1950s. These departments retained expertise in job analysis, selection, training, and other activities developed by their predecessors. In addition, they became more professional and sophisticated by hiring highly qualified human resources specialists at the corporate level while decentralizing basic maintenance activities to the operating divisions. Then the primary focus of personnel activities began to shift from the employee to the middle manager, from the short to the intermediate term, and from employee skills training to managerial education and development. All of these activities helped to support the divisionalized organization's basic strategy, which involved having enough qualified executives to manage the various businesses generated by diversification.

With the proliferation of mixed form organizations, and their demands for the efficient lateral allocation of scarce technical specialists, HR departments were often asked to perform three new tasks (Miles & Snow, 1984): (1) assisting in locating competent project managers and starting their teams, (2) aiding in the internal career progression of members moving between two or more project groups, and (3) helping to select managers as heads of strategic business units. Clearly, these structures represent the most vivid instances of the importance of linking these two vital processes: strategic planning and human resources planning.

Right after Miles & Snow (1984), Handy, Barham, Panter and Winhard (1989) published their study called "Beyond the Personnel Function". According to them, the essence of HRM is that people are regarded as a competitive asset to be led,

motivated, deployed and developed, together with the firm's other resources, in ways that contribute directly to the attainment of the firm's strategic objectives. They also claim that an effective human resource system should full fill the following functions:

- the smoother introduction of new employees into the company through the recruitment and induction processes and in the first job assignment;
- "personal dynamics" — ensuring that employees devote part of their energies to the goals of the company through attention to reward systems, communications, encouragement and career development;
- "progress" — being receptive to employees' ideas and preparing employees for the new skills demanded by tomorrow's needs through training, cross-fertilization and job enrichment;
- setting up a permanent and constructive internal dialogue;
- attention to quality of work life, providing as much security as possible and a fair share in the fortunes of the enterprise — the company is a community confronting a risk, and employees should "go to war" together, and
- building the company's image — demonstrating "a humane system of organization" so that the labour market has a clear understanding of the firm's special qualities and the company attracts the best people.
- as a science rather than an art, the aim of human resource management should be to help create and support an organization that is able constantly to evolve and adapt to its changing environment in order to survive.

In his work, Schuler (1992), makes some statements about HR philosophy (or values), HR policies, HR programs, HR efforts. Human Resources Philosophy is a statement of how the organization regards its human resources, what role the resources play in the overall success of the business, and how they are to be treated and managed. This statement is typically very general, thus allowing interpretation at more specific levels of action within an organization. A firm's HR philosophy can be found in its statement of business values. Instead of using the terms HR philosophy or HR values to describe how human resources are regarded, treated, and managed, some organizations use the term culture (Schuler, 1992).

Shaped by HR policies, HR programs represent coordinated HR efforts specifically intended to initiate, disseminate, and sustain strategic organizational change efforts necessitated by the strategic business needs. These efforts may begin at the top of the organization and filter down, or they may begin elsewhere (Schuler, 1992).

According to Schuler (1992), linking HR strategy and business strategy is a major role for human resources. To accomplish this, HR needs to spend time understanding the business strategy, competitors, technologies, and customers, help the firm gain a competitive advantage using HR practices, design a set of HR practices and activities that link with each other and link with the needs of the business, and become more customer-focused. Schuler (1992) outlines six new key roles based on where HR people spend time: business person, shaper of change, consultant to organization/partner to line, strategy formulator and implementer, talent manager, and asset manager and cost controller.

Wright & McMahan (1992) emphasize the fact that the field of HRM consists of the various practices used to manage people in organizations and these practices commonly have been grouped into sub-disciplines of selection, training, appraisal and rewards, generally reflecting the identifiable functions of the HR department in organizations.

Towers & Perrin (1992) emphasized that "The companies that gain competitive advantage from existing or yet-to-be discovered initiatives will be those that successfully forge business partnerships between HR and line management to integrate HR capabilities with business needs".

According to Towers & Perrin (1992) the activities performed by the human resource department include: (1) scanning and analysing the environment; (2) planning for human resource needs; (3) staffing the human resource needs of the organization; (4) appraising employee behavior; (5) compensating employee behavior; (6) improving the work environment; and (7) establishing and maintaining effective work relationships. Not all human resource departments of organizations currently perform all these activities, but the trend is clearly in that direction. Certainly, they are

performed in the most effective firms in highly competitive environments today (Towers & Perrin, 1992).

At his ground breaking study (details of the study will be comprehensively discussed later on) Huselid (1995) found that human resources can provide a source of sustained competitive advantage when four basic requirements are met. First, they must add value to the firm's production processes. Levels of individual performance must matter. Second, the skills the firm seeks must be rare. Since human performance is normally distributed, as Wright and McMahan (1992) noted, all human resources meet both of these criteria. The third criterion is that the combined human capital investments a firm's employee represents cannot be easily imitated. Although human resources are not subject to the same degree of limitability as equipment or facilities, investments in firm specific human capital can further decrease the probability of such imitation by qualitatively differentiating a firm's employees from those of its competitors. Finally, a firm's human resources must not be subject to replacement by technological advances or other substitutes if they are to provide a source of sustainable competitive advantage. Although labor saving technologies may limit the returns for some forms of investment in human capital, the continuing shift toward a service economy and the already high levels of automation in many industries make such forms of substitution increasingly less probable.

The theoretical literature clearly suggests that the behavior of employees within firms has important implications for organizational performance and that HRM practices can affect individual employee performance through their influence over employee's skills and motivation and through organizational structures that allow employees to improve how their jobs are performed (Becker & Huselid, 1995). If this is so, a firm's HRM practices should be related to corporate financial performance. Because, if the returns from investments in superior HRM practices exceed their true costs, then lower employee turnover and greater productivity should in turn enhance corporate financial performance. In fact, The Behavioral Perspective suggests that an effective HR management system will acquire, develop and motivate the behaviors necessary to enhance firm performance (Becker & Huselid, 1995).

An important issue is whether HRM practices are universally superior to more traditional practices or rather if the HR system should be contingent upon organizational strategy or other contextual conditions. The universalistic perspective takes a “best practices” perspective (Huselid, 1995), the central argument being that the contemporary environment facing most organizations is turbulent and uncertain; top employee contribution is needed at all levels. Many studies attempted to provide empirical evidence to prove that organizations that have and apply certain HR policies and practices have greater levels of organizational effectiveness than those that do not. For example, Huselid (1995) find support for the hypothesis that those HR practices that improve general employee skills, motivation and work structure are positively related to the performance of the organization.

There is no consensus on what the term “performance” actually means. While some researchers (e.g., Huselid, 1995) concentrate on financial performance, others (e.g., MacDuffie, 1995) measure productivity and quality. The absence of a widely accepted measure of firm performance construct (in addition to an HRM practices construct) makes it difficult to compare findings across studies. Most of the previous studies focus on one or two of them; subsequently they do not adopt a more integrated view.

There is currently a wide range of approaches to analyze the practices of human resources management (HRM). Jackson and Schuler (1995), in their state-of-the-art summary of the various models and theories used by researchers studying human resources management, stressed the interdisciplinary nature of such research. They conclude, for example, that numerous perspectives are of a sociological (institutional theory), economic (human capital, transactional costs), managerial (agency theory or resource-based theory), or psychological (role-behavior perspective) nature.

In an early effort to define the HR value chain, Dyer and Reeves (1995) reviewed much of the existing research on the relationship between HR practices and performance, and proposed that measures of performance could be broken down into four categories. First, employee outcomes deal with the consequences of the practices on employees such as their attitudes and behavior, particularly behaviors such as

absenteeism and turnover. Organizational outcomes focus on more operational measures of performance such as productivity, quality, and shrinkage, many or all of which would be precursors to profitability. Financial/accounting outcomes refer to the actual financial performance measures such as expenses, revenues, and profitability. Finally, they suggested market-based outcomes were those outcomes reflecting how the financial markets valued a firm, particularly stock price or variations of it. Beyond merely offering a categorization of outcomes, however, they suggested that these outcomes represented a causal order; HR practices impacted employee outcomes, which consequently influenced organizational outcomes, thereby affecting financial outcomes, ultimately resulting in market-based outcomes.

Attributing to Miles & Snow (1984), Conner & Ulrich (1996) remind the revolution of HR function that expands its focus beyond its traditional operational and transactional role. According to them, to improve its effectiveness and have greater impact, the human resource function must understand how to add value in the organization by helping line managers align HR strategies, processes, and practices with business needs. This will require HR professionals to perform increasingly complex and at times paradoxical roles.

Conner & Ulrich (1996) is followed by Schuler & Jackson (1996), whom also emphasized how the study of managing people has changed rather dramatically during this century, as with many other disciplines. Beginning with the works of Taylor around the turn of the century, the focus of managing people in organizations was on developing precise analytical schemes to select and reward an individual. This focus was typically for the purposes of motivating, controlling and improving the productivity of entry-level employees. While the focus during the first quarter century was on the individual employee, the second quarter was to see it shift to the group. During the 1950s and 1960s much of the work concerned with managing individuals in organizations highlighted individual needs and motivation. Advances were being made in selection and development. The more theoretical work came under the new domain of organizational behaviorists. Enter human resource management During the 1970s another discipline evolved under the name of human resource management. Encompassing the methodological tradition of the personnel and industrial and

organizational psychologists and the theoretical frameworks of the organizational behaviorists, human resource management took on a broader focus than earlier work.

Schuler & Jackson (1996) also bring forward some statements of Schuler (1992) about HR policies, programs and processes. According to them, for the human resource leader to be effective in playing the human resource roles, the leader needs the following knowledge, skills and abilities (competencies):

- problem-solving skills
- business knowledge/organization sensitivity
- knowledge of compensation techniques to reinforce business plans
- strategic and conceptual skills
- knowledge of succession/career-planning systems
- established relationships and acknowledged leadership skills
- ability to analyze and plan from data
- computer literacy
- competence in human resource management functional areas
- awareness of the financial impacts in the human resource function as well as to the organization, particularly in areas such as pension costs, healthcare and compensation.

While this list of competencies is rather extensive, these are the ones that effective human resource leaders in firms in highly competitive environments need (Schuler & Jackson, 1996).

According to Stephen (1998), there are different approaches to the term HRM because there is a lack of consistency in the adoption of the term HRM by most researchers. It has been used to refer to personnel management related activities, such as those activities which are mainly concerned with the functional and mechanistic nature of staffing, developing, rewarding, and sanctioning. The emphasis is short-term, focusing on the day- to-day operations of the people management function. This body of literature has also been criticized as nothing different from the emphasis of

personnel management research, by stating that it's just a matter of repackaging personnel management into the modern heading of HRM.

Rogers & Wright (1998) mention about universal application of macro HRM models of analysis with dynamic constructs for performance. According to them, such kind of macro HRM models may prove more achievable and useful than the search for a single universal linkage of micro HR to a particular measure of organizational performance. Just as happened with the field of economics, human resource management is developing a clearly distinguishable macro side. They conclude that, HR field must face the questions of micro-macro linkage, bias in aggregation, and plausible mechanisms of action to connect individual human activity in the form of HRM with organizational performance.

U.S. Office of Personnel Management (1999) emphasizes the importance of human resources alignment which means integrating decisions about people with decisions about the results an organization is trying to obtain. By integrating human resources management (HRM) into the agency planning process, emphasizing human resources (HR) activities that support broad agency mission goals, and building a strong relationship between HR and management, agencies are able to ensure that the management of human resources contributes to mission accomplishment and that managers are held accountable for their HRM decisions.

As Bawa & Ali (1999) declared, managerial competencies particularly in the HR function bring two advantages to the HR function: (1) Enhance the status of the HR department; (2) Act as important influences on the level of integration between HR management and organization strategy. They stress that the internal dynamism of the HR function serves as the most critical mechanism to keep the integration process going after it has been started under favorable organizational and strategic circumstances. Their study shows that if HR managers can evaluate their priorities and acquire new sets of professional and personal competencies, the HR function would be able to ride the wave of business evolution proudly with other functions in the organization.

Becker, Huselid and Ulrich (2001) are among those who support the view that the HR role within a firm has evolved over the past century quite dramatically. They claim that HR started to be seen as a strategic asset from several perspectives, such as:

- Personnel – Hiring and developing exceptional employees.
- Compensation – Rewards for exceptional performers.
- Alignment – Executing whatever management wants.
- High-performance – Using HR to achieve greatness.

According to them, a firm's HR architecture has three components or dimensions:

- The HR Function: Historically, HR managers focused on the delivery of services such as recruiting, compensation and benefits. Today's HR managers tend to be more interested in finding ways to deliver HR services that directly support the designated strategy of the business. HR managers are acquiring the competencies required to provide strategic human resources management services.
- The HR Management System: This system attempts to maximize the overall quality of the organization's human capital by putting in place and supporting policies and practices which create links between promotions and competencies, provide skills training, attract and retain high performers.
- Strategic Employee Behaviors: All the employee actions which are productive in implementing the firm's preferred strategy are strategic employee behaviors. Therefore, this area will incorporate behaviors that flow from core competencies as well as situation-specific behaviors required at key points in the value chain. HR focuses on motivating the appropriate behaviors

Becker, Huselid and Ulrich (2001) also point out the fact that, ideally, the strategy map will detail how HR and line management work together seamlessly as a partnership to create value within the firm. Specifically, the strategy map should

outline how the six core HR competencies are integrated and measured. These HR competencies are:

1. Knowledge of the business: HR managers and professionals need to understand the financial indicators of business success, the measures customers use to determine success, competitor strengths and weakness and have a working knowledge of the firm's processes. With that background knowledge base, good HR decisions cannot be made which will drive business success.
2. Delivery of human resource services: HR managers need viable measurement metrics so they can make informed decisions about which HR systems to adopt, what the trade-offs are between various HR options and to identify which HR practices are generating the greatest return and should therefore receive the greatest amount of attention. Measurement systems will also be used to determine when the marginal benefits from specific HR programs are falling.
3. Management of culture: Whatever gets measured gets valued and ultimately is integrated into the culture of the firm. HR professionals and managers take the lead in this area because of their competency in management and their ability to articulate the benefits of the firm's culture from the customer's perspective.
4. Management of change: HR managers are well versed in the demands and rigors of rapid organizational change. Therefore, they are advantageously positioned to understand the most likely internal impacts of the change process and develop ways to facilitate those changes effectively. By acting as change agents, HR managers generate an internal capacity to move quickly in response to evolving market conditions – which can be a sustainable competitive advantage for any firm.
5. Personal credibility: Good HR managers “walk the walk and talk the talk”. They exemplify and live the firm's values and effectively act as good role models. That gives them credibility and acceptance from other line managers.

6. Strategic HR performance management: This is the ability to orchestrate the firm's implementation of strategy by using balanced performance measurement systems. HR managers not only need to know what to measure but also how to measure it.

Becker, Huselid and Ulrich (2001) have built on the balanced business scorecard of Kaplan and Norton to create an HR scorecard. At the centre of the model is the strategic choice of the organization. This uses Tearcy and Wiersema's scheme in which firms pursue value propositions of low cost provider (operational excellence), innovator (produce or service leadership) or customization/ unique solutions (customer intimacy). The targets of the HR system are defined as workforce mindset, competencies and behaviors, and to produce these the HR system has to have in place the right competencies, practices, and be aligned and integrated with the strategy of the business. The focus of the model is HR rather than people management and Becker and Huselid suggest that bespoke measures are developed within the organization in line with the organization's objectives for each of these elements of the scorecard.

According to them, a well thought-out HR scorecard has four basic dimensions:

1. HR Deliverables: These help you identify the causal relationships through which HR generates value in the firm, with an emphasis on HR performance drivers and HR enablers. Ideally, HR deliverables whose actual impact on the firm's performance can be measured should be used. The acid test for whether the HR deliverables are clearly stated is line managers will understand them and be willing to pay for them.
2. The High-Performance Work System: Once the HR deliverables have been clearly defined, the High-Performance Work System (consisting of HR policies, processes and practices) implements the business strategy and generates the deliverables specified.

3. External HR System Alignment Measures: This dimension measures how well the HR system is aligned with the firm's key performance drivers. When properly aligned, the HR system should be making a definable and significant contribution to the value creation process. Regular measures should be incorporated, so if alignment slips, the appropriate action can be taken quickly and appropriately.

4. HR Efficiency Measures: These are the metrics, benchmarks and standards by which the HR system's performance will be gauged and evaluated. Most HR managers divide their key efficiency metrics into two categories:

- i. Core efficiency measures – significant expenditure items which make no direct contribution to the firm's strategy implementation. These are most likely to be considered expenses rather than human-capital investments. Some examples: benefit costs, workers compensation costs and percentage of correct entries on data input systems.
- ii. Strategic efficiency measures – HR activities and processes designed to produce HR deliverables for direct application in strategy implementation. These are accounted as investments in human capital. Some examples: cost per new hire, costs per trainee hour, HR expenses per employee.

OECD (2002) report points out the micro-macro distinction in the area of traditional or core HR management. According to the report, there is a large array of micro-activities including recruitment, training & development, promotion, performance, pay and incentives, conditions of employment, classification, and senior civil service. There are also many macro issues such as the legal framework of HR management, size of the workforce, openness of the posts, managerial flexibility, role of the central HRM body, and decentralization & devolution.

Traditionally, micro HRM research has explored the impact of HR practices on individuals. Based in foundations such as industrial/organizational psychology and industrial engineering, this vein of research largely explores how HR can increase

individual productivity, quality, or satisfaction (Wright & Boswell, 2002). It often entails manipulating relevant HR practices in an experimental format, and then examining the impact on individuals or assessing individuals on some characteristic (skills, abilities, attitudes, etc.) and relating the assessments to some performance measure (productivity, absenteeism, turnover). In all cases, however, the goal of the research is to identify and account for variance across individuals (Wright & Boswell, 2002).

Another distinction within the HRM literature concerns the number of practices examined. A large number of studies have examined an individual practice independent of any other HR practices that might exist. When conducted by micro researchers, such research often aims at technological sophistication of a particular HR practice through demonstrating the efficacy of a particular HR technique in isolation from other HR practices (Wright & Boswell, 2002).

Another area of debate in the literature is the definition and conceptualization of the high performance HR bundle. Horgan (2003) is one of the major authors who studied on this issue. He believes that, many authors contrast high performance HR bundle with either the 'rigid Fordist' system of supervision and fragmented job tasks or with the more traditional and bureaucratic approach to organization, in which internal labour markets, seniority based advancement criterion, and employment security are considered to be obstacles to flexibility and a high-effort work culture. Some studies build around the notion of high-performance, others high-involvement, and yet others high commitment or flexible production systems (Horgan, 2003). Studies vary dramatically in the number of practices considered to be included in the bundle. Some studies reflect a somewhat functional conception of HR management, seeing the selection of practices as confined to performance management and training. Others enlarge the bundle by incorporating employment security, grievance procedures, work organization practices, and the minimization of status differences between employees. Nevertheless, each combination is presented as the definitive high performance bundle (Horgan, 2003).

The high performance bundle is expected to have an effect on a range of employee performance dimensions, such as training, work motivation, co-operation, conscientiousness, and discipline, among others (Horgan, 2003). In short, the relationship between the high performance HR bundle and company performance is depicted as being mediated by both employee and production performance.

Horgan (2003) also lists down the high performance HR practices: first practice involves the management of employee work performance through incentive systems. The second practice is relational signals and these have the effect of indicating to employees the extent to which their companies are likely to be generous and reliable. The offering of such 'gifts' as high wages, such as non-pecuniary rewards as perks and fringe benefits, and various types of company bonuses are all examples of relational signals. The third, guidance practices, serves the function of information sharing, reducing uncertainty and/or communicating on issues of general performance and career development. The fourth refers to the company's efforts to develop human resources through training programs. Fifth, elaborate selection procedures allow a company to improve its chances of identifying and recruiting the best candidates from the pool of applicants. Screening techniques can be used to maximize the chances of accessing the information needed to identify promising recruits.

Many argue that while high performance HR management increases a company's productivity and profits, the effect is even more pronounced when complementary bundles are used together. Many suggest that the potential of this high performance HR bundle holds good for the performance of all organizations, across all industries, irrespective of context. One important question is whether the high performance HR bundle can be applied with equal success in all contexts? The lion's share of research that has been conducted on this question has taken place either in the United States or the EU countries. Additionally, it has been largely confined to single industry studies.

Dolan, Mach and Sierra (2003) found that the HR function within certain configurations plays an important strategic and operational role in adding value to the firm's performance; by contrast, and when some HR policies and practices are absent

or poorly implemented, the detrimental consequences on the firm's economic/financial performance can be devastating.

The search for a quantifiable link between HR practices and organizational performance is preoccupying HR professionals, consultants, academics, and government. This preoccupation with 'numbers' has done nothing to address the absence, in the paradigm, of theory (Fleetwood & Hesketh, 2004). Yet in a world in which financial resources are hard-won, the field of HR has traditionally been seen as a 'soft' function. That is, HR has found the challenge of providing evidence of an unequivocal and measurable link between HR inputs and performance outputs a difficult one. There is now an identifiable paradigm centered on the measurement of HR practices, the measurement of organizational performance, and the attempt to demonstrate a quantitative link between them (Fleetwood & Hesketh, 2004). Most of the research done on the HRM-Performance link has, generally speaking, been by those who claim a link exists and are searching for empirical evidence of it. After all, those who doubt the existence of this link are unlikely to go about empirically testing its non-existence. What usually happens is that empirical evidence against the link comes as a 'spin-off' from research with a slightly different agenda (Fleetwood & Hesketh, 2004).

Stiles & Kulvisaechna (2004) draw attention to the large and growing body of evidence that demonstrates a positive linkage between the development of human capital and organizational performance. The emphasis on human capital in organizations reflects the view that market value depends less on tangible resources, but rather on intangible ones, particularly human resources. Recruiting and retaining the best employees, however, is only part of the equation. The organization also has to leverage the skills and capabilities of its employees by encouraging individual and organizational learning and creating a supportive environment in which knowledge can be created, shared and applied.

Finally, Stiles & Kulvisaechna (2004) provide a comprehensive review about the evolution of the HR function:

- During 1960s and 1970s initial writing on human capital flowed from economists of education, focusing on the economic benefits from investments in both general and firm-specific training. These works, based on detailed empirical analysis, redressed the prevailing assumption that the growth of physical capital is paramount in economic success. In addition to economists, human resource accountants wanted to explain how the contributions of employees added to the asset value of the firm, and set out to establish valid and reliable techniques for measurement of cost and value of employees to organizations. The chief issue within human resource accounting (HRA) is that human assets, unlike capital assets, have a largely uncertain future service life. Measuring the value of human resources has therefore been concerned with the nature of the uncertainty and providing estimates of this, with a number of measures used, including the discounted future compensation model where the value of an employee is the present worth of their remaining earnings from employment, and the replacement cost method, where ‘costs incurred by recruiting, selecting, compensating, and training employees reflect the expected value of successful job performance’.
- The rise of human resource management in the 1980s brought managerial scholars to the debate on the link between the management of people and performance. A number of attempts were made to put empirical flesh on the theoretical bones of the resource-based view and the specific HRM prescriptions concerning vertical and horizontal alignment and how the systems of HR practice can increase organizational performance. Early studies at this time examined investment in HR practices and business performance. A number of scholars tried to link the effect of certain HR practices to specific organizational outcomes. The adoption of training programs was positively associated with financial performance. Job security, presence of a union, compensation level, culture and demographics have an impact on turnover, while transformational labour relations (involving partnership and involvement) were linked to increased productivity.

- The research approach of focusing on individual HR practices and their link to performance continued into the early 1990s, some relying on single measures of HR practices. In general, selectivity in staffing has been shown to be positively related to organizational performance. Performance evaluation and its linkage to compensation schemes have also been identified as contributing to increases in firm profitability.

High performance work places or organizations (HPWOs) have been described in various ways, but there is a general emphasis on engaged and empowered workforces, and on high quality goods and services. For example the OECD has defined them as those organizations that are moving towards a flatter and less hierarchical structure, where people work in teams with greater autonomy, based on higher levels of trust and communication. High Performance Working Practices (HPWPs) are similarly defined as those practices which contribute to HPWOs. The OECD has defined the component parts of high performance working as:

- a vision based on increasing customer value by differentiating an organization's products or services and moving towards the customization of its offering to the needs of individual customers
- leadership from the top and throughout the organization to create momentum
- decentralized, devolved decision making by those closest to the customer, to constantly renew and improve the offer to customers; development of people capabilities at all levels with emphasis on self-management, team capabilities and project-based activity
- support systems and culture, which include performance operations and people management processes, aligned to organizational objectives to build trust, enthusiasm and commitment to the direction taken by the organization
- fair treatment for those who leave the organization and engagement with the needs of the community outside the organization — an important component

of trust and commitment-based relationships both within and outside the organization.

Wood & Wall (2005) point out that current interest of HRM domain is focused on HRM systems emphasizing all or most of the following practices: sophisticated selection methods, appraisal, training, teamwork, communications, empowerment, performance-related pay and employment security. Collectively these are deemed to contribute to the skill and knowledge base within the organization, and to employees' willingness to deploy their learning to the benefit of the organization.

Within human resource management there are two main strands of thinking (Worland & Manning, 2005). The first often referred to as the 'hard' variant of human resource management, focuses on cost reduction and containment, links with strategy and the role of HRM in furthering the competitive advantage of the organization. The second, typically labeled 'soft' HRM builds on human relations traditions and stresses the importance of the subjects as a means of furthering employee satisfaction and a range of related humane objectives that are achievable from the insights of systematic studies within HRM.

Embedded in the literature is the issue of what precisely is meant by performance (Worland & Manning, 2005). Research in this area is faced with the challenge of defining the variables to be used in such an analysis. Definitions of performance measurement frequently distinguish among activities, outputs, outcomes and efficiency. Much of the discussion about organizational performance is conducted as though organizations are homogenous entities with clearly defined boundaries and similar contexts and characteristics. However, these recent developments suggest the need to understand the boundaries and how these might impact on organizations and the employment relationship (Worland & Manning, 2005).

Wright & Haggerty (2005) state that theoretical progress on the relationship between HRM and economic success can be seen in two different arenas: meta-theories describing broad rationales for why HRM and economic success should be linked, and middle-level process theories describing how this linkage takes place.

As previously stated by Becker, Huselid and Ulrich (2001), Riives & Loun (2006) indicate evolution of human resources as a strategic asset:

- The personnel perspective: The firm hires and pays people but doesn't focus on hiring the very best or developing exceptional employees.
- The compensation perspective: The firm uses bonuses, incentive pay, and meaningful distinctions in pay to reward high and low performers. This is a first step toward relying on people as a source of competitive advantage, but it doesn't fully exploit the benefits of HR as a strategic asset.
- The alignment perspective: Senior managers see employees as strategic assets, but they don't invest in overhauling HR's capabilities. Therefore, the HR system can't leverage the management's perspective.
- The high-performance perspective: HR and other executives view HR as a system embedded within the larger system of the firm's strategy implementation. The firm manages and measures the relationship between these two systems and firm performance.

According to Riives & Loun (2006) competitiveness is achieved largely owing to technological development, qualified labor, existence of expertise and effective use of such possibilities. The level of competence of an employee determines the productivity of work and thus the competitiveness of the entire organization. Labor-related productivity is affected directly by the employee's knowledge, skills, experience, motivation and the desire to apply them in a team. Hence there is a need to evaluate the competencies in order to determine the required and existing level of skills and knowledge.

2.3 Goals of Human Resources Management

The individual works with other individuals, in order to reach goals that would otherwise be unattainable. The individual is considered “effective” if that individual is able to work well with his colleagues, is able to adapt to changes in his environment, and can take advantage of resource both inside and outside his work place. The goal of HR programs is for the individual worker to think of the organization in terms of “us” and “we”, rather than “me” and “them”.

Since businesses exist because of their human components, the individual is an important factor of production. Firms need to employ specialists and managers because these individuals the decisions made by these individuals, as opposed to general laborers, provide important advantages to the business. These individuals must approach business problems not only from an economic perspective, but also a social one. For a manager to be effective in this high level environment, he must be able to understand his workers’ attitudes toward the business and the managers. If these attitudes are negative, he must find ways to change them.

Management exists to maximize the worker’s potential. As a result, management must take care of its people as well as its business goal. A human resource manager’s goal, then, is to create unity and focus the workers’ efforts to management’s business need.

Within his framework, Barutçugil outlines the basic goals of HRM as follows (Barutçugil, 2004):

- The use of a firm’s human capital in the most effective way.
- Satisfaction and development of the employees’ career goals.
- Realization of HR and firm-wide policies and an establishment of a distinct corporate culture within the firm.
- The establishment of recruitment and training policies that satisfy the business’s strategic needs.

- The establishment of a work environment that makes the employees feel creative and energetic.
- Creating an environment where workers work together, can adapt to change, and have a common understanding of quality measures.
- Equipping employees with the self-confidence to seek excellence within an organization that is constantly adapting to a changing business landscape.
- Utilizing the employees to reach organizational goals.
- To help every worker reach his maximum potential and to have them make full use of their capacity.
- To improve the organization's performance by strengthening each worker's skill set.

The conclusion that should be drawn from these goals is that the success of the organization is entirely dependent on the success of the individual. And, the success of the HRM programs are determined by these three basic performance measures (Uyargil et al, 2000): "Motivational Climate," "Efficiency", and "Effectiveness."

- Motivational Climate – The conditions which influences a worker's level of performance
- Efficiency – The amount of resource used to reach a given end. (These could be tangible resources such as raw materials, or intangibles, such as time)
- Effectiveness – The ability to actually reach an organization's goals. When an organization is able to reach its goals, it is considered "effective"

HRM supports the organization drive to reach its goals. It must be aware of all the economic, competitive, legal, technological, and other environmental issues relating to an organization's ability to reach these goals. As such, HRM must form an effective work force, must develop this workforce, and must make sure that there is a pipeline of individuals prepared to fill any arising business need.

As the above implies, HRM plays an important role in business effectiveness. It supports day to day activities, while also creating a shared sense of responsibility and paying attention to individual needs.

2.4 The Properties and Importance of Human Resources Management

It is necessary to discuss the properties of HRM beyond its stated goals. In modern organizations HRM has the following distinguishing properties (Barutçugil, 2004):

- HRM is a “must” for any organization and because of its strategic importance. It should be administered from the highest level of management.
- In order to ensure that an organization is focused in its goal seeking, HR strategies must be aligned with general business strategies.
- The alignment of HRM strategies with overall business strategies will be studied in the future
- HRM’s effectiveness depends on its ability to instill a common corporate culture. For this reason HR teams work hard to create a team atmosphere.
- HR is sensitive to each worker’s personality and concerns.
- HRM focuses on quality, efficiency, effective customer services, keeping general management involved, teamwork and individuals with flexible roles within the firm.
- HR managers must be able to adapt to market competition and other external forces acting on the firm.
- HR policies are implemented through the joint efforts of HR managers as well as the senior management.
- HRM helps people develop both individually and as a team. It works to improve professional relationships for the purpose of increasing output.

HRM is an “individual-centric” structure that develops policies in line with the firm’s cultures. It is therefore a key part of an organization’s management structure. Beyond the principles it seeks to establish, HR is a tool used by management to first understand, and then capitalize on the professional relationships within a firm.

2.5 The Functions of Human Resources Management

HRM is a rather broad function which includes several sub-functions in its structure. Human resources activities are those actions taken to provide and maintain an appropriate work force for the organization.

HR is responsible for a range of services, including understanding the firm's staffing needs, creating job posts, instilling firm culture into hired individuals, motivating the workers, evaluating their performance, resolving interoffice disputes, facilitating communication between departments, restructuring, creating a positive work environment, fostering teamwork, and providing training opportunities for the work force.

HRM functions and methods came out of different disciplines and fields. It is very difficult to make concrete borderlines between these functions since they are connected with varied disciplines and understandings. When being focused on HRM activities in the literature, these integrated main groups of functions arise:

1. Human Resources Planning:

Once an organization grows beyond a few employees, attempts are made to estimate the organization's future human resource needs through an activity called human resource planning. Human Resources Planning (HRP); sometimes referred to as workforce planning or personnel planning, is the initial function of HRM. It can be defined as the process of getting the right number of qualified people into the right job at the right time. HRP is the system of matching the supply of people internally (existing employees) and externally (those to be hired or searched for) with the demand that the organization expects to have over a given time frame (Byars and Rue 2000). HRP process as the systematic assessment of future HR needs and the determination of the actions required to meet those needs. Proper execution of the planning function is necessary for the others to be successful. An

organization's planning will determine how its HR department and the other functions of HR develop.

2. Job Analysis:

Job Analysis is the systematic process of determining the skills, duties and knowledge required for performing jobs in an organization. For an ideal and scientific approach, qualifications of the job must be defined before the following processes have been held on. The most important aspect of the identification stage is organization analysis, which starts with an assessment of the corporate plan and accordingly HRM plan.

3. Recruitment:

Recruitment is the process of identifying, finding and attracting capable applicants meet an organization's human resource requirements for employment (Werther, W. and Keith D. 1994). In other words, recruitment is searching for obtaining potential job candidates in sufficient numbers and quality so that the organization can select the most appropriate people to fill its job needs. The process begins with attracting potential applicants and gathering applications. In one hand, internal staffing focuses on moving employees between positions within the organizations, on the other hand, external staffing focuses on moving employees into the organization from outside and on the pattern of employee separations from the organization (Werther and Keith, 1994).

4. Development (Training & Learning):

HRM staff is responsible for analyzing an organization's training needs, and for initiating and evaluating employee training programs designed to address those needs. These training programs can range from orientation programs, which are designed to adapt new employees to the company, to ambitious

education programs intended to familiarize workers with a new software system (Rae, 1995).

Development gives employees new knowledge, skills, and abilities to ensure their continued usefulness to the organization and to meet their personal desires for advancement. Responsibilities associated with development activities, also, include the determination, design, execution, and analysis of educational programs (Rae, 1995).

HRM professionals must not allow any inequality in planning, doing and evaluation of training and development opportunities. And also the HRM professionals should be aware of the fundamentals of learning and motivation, and must carefully design and monitor training and development programs that benefit the overall organization as well as the individual (Rae, 1995).

The quality of employees and their development through training and education are major factors in determining long-term profitability of all businesses. By forming competency based training method, it is aimed to develop human potential to assist organizations and individuals to achieve their goals in an objective way (Rae, 1995).

5. Performance Management:

Performance appraisal is the practice of assessing employee job performance and providing feedback to those employees about both positive and negative aspects of their performance. Performance measurements are very important both for the organization and the individual, for they are the primary data used in determining salary increases, promotions, and in the case of workers who perform unsatisfactory. Poor performance might mean that there could be problem with selection, training, or developmental activities or with employee relations, which require a revision (De Cenzo and Robbins, 1996).

Not only does this activity evaluate how well people perform, but it also indicates how well human resource activities have been done. The system must have a balance between company targets, productivity and personnel's interests, needs; by using both absolute and relative standards with a professional perspective and approach (De Cenzo and Robbins, 1996).

6. Career Management

A career is traditionally seen as a course of successive situations that make up a person's work life. For a human resource management department, career management is one of the ways that organization's future needs can be fulfilled with internal candidates. And also the company ensures that needed talent people will be available, minorities and disadvantages groups will get development opportunities and cultural diversity will be enhanced, employee motivation and organizational goodwill will be increased by career management (De Cenzo and Robbins, 1996).

The primary risk for the department and company is the of career expectations of personnel that cannot be met by the company. Because, employees depending on their age and occupation, have different levels of career satisfaction. In employee's perspective, the other important issue concerned with career management is that employees want equality in the promotion system with respect to career advancement opportunities (Werther and Keith, 1994).

7. Compensation Management

The term 'compensation' includes all rewards that individuals receive as a result of their employment. Compensation management refers to HRM duties related to paying salary and providing incentives to employees. A well thought out compensation system provides employees with adequate and equitable rewards for their contributions to meeting organizational goals. HRM professionals are typically charged with developing wage and salary systems

that accomplish specific organizational objectives. This is often successfully accomplished with performance based incentives (Mondy, Node, and Premeaux, 2002).

Reward systems are typically managed by HRM areas as well. This aspect of human resource management is very important, for it is the mechanism by which organizations provide their workers with rewards for past achievements and incentives for high performance in the future.

The question of what constitutes a fair day's pay has plagued management, unions and workers for a long time. The reward may be one or the combination of the following (Mondy, Node, and Premeaux, 2002):

Pay: The money that person receives for performing a job.

Benefits: Additional financial rewards, other than base pay, including paid vacations, sick leave, holidays and medical insurance.

Nonfinancial Rewards: Nonmonetary rewards such as enjoyment of the work performed or a satisfactory workplace environment that provides flexibility.

A combination of external and internal factors can influence, directly or indirectly, the rates at which employees are paid, called "wage mix."

8. Safety and Health

Safety regulations and employee health are also of concern. The health and safety of workers, especially with respect to work related accidents and illnesses are of concern to an HR department. Safety involves protecting employees from injuries caused by work related accidents. Health refers to the employees' freedom from illnesses and their general physical and mental well being. These aspects of jobs are important because employees who work in a

safe environment and enjoy good health are more likely to be productive and yield long term benefits to the organization (Topaloglu, 2006).

9. Employee and Labour Relations

Before the 20th century, when man had to work in such difficult conditions that he could hardly defend his individual rights as human, workers needed to safeguard themselves against the employer, specifically in the west. For that means, they gathered and formed unions. In firms that work with unionized employees, HRM practices are most influenced by collective bargaining, during which employees and employers try to meet at common grounds and agree upon mutually acceptable terms. During the bargain, in smaller firms the president of the company handles the process. But in larger firms, an industrial relationships expert from the HR Department is expected to take part in with lawyers and CEOs (Topaloglu, 2006).

Not every human resource department undertakes every activity listed above. Small companies often lack large enough budgets or staffs to do so. They simply focus upon the activities that are most important and critical to their organization. Large departments are usually “full-service”; they do all the main functions described in the previous paragraphs.

A growing body of research shows that progressive HRM practices can have a profound effect on corporate performance. Studies now document the relationship between specific HR practices and critical outcome measures such as productivity, product and service quality, and cost control. Sophisticated staffing and job design methods are related to higher productivity and reduced costs. Better training and development programs have been shown to improve the performance of current employees. Certain incentive and compensation systems translate into higher productivity and performance. The fair treatment of employees results in greater loyalty, higher performance and reduced costs (Bernardin and Russell, 1998).

2.6 Factors Influencing Human Resources Management

In the execution of HR's functions and responsibilities, there are several important environmental factors that need to be taken into consideration. Many of these factors are related to each other and can be broken into two subgroups; "External and Internal Environment." The external environment includes influences that a firm's HR cannot control. These include the overall workforce, the population, unions, stakeholders, competitive conditions, customers, and technology. Internal factors, on the other hand, are the company's policies, goals and culture.

As a result, one of the basic conditions for HRM's success is the understanding and ability to manage these environmental factors. However, it is a reality of the situation that even if the factors are well known and defined, they might not be changeable. Being able to adapt to these unchangeable factors would lead to an HR department's success.

2.6.1 External Factors

As stated above, "External Factors" are those outside of HR's control. It is possible to find abundant numbers of external factors but these are the most commonly used ones:

1. Laws and other legal issues
2. The workforce
3. The population
4. Unions
5. Stakeholders
6. Clients/Customers
7. Technology
8. The Economy

Possibly the most important influence on HR is government regulation. The basic rights outlined in the Turkish constitution effects HR activities. In addition there are union agreements, and international agreements relating to worker treatment.

Therefore, HRM's functions are employed within a clearly defined framework. This framework is established by the authors of the various related laws and regulations. The one economic factor that experiences the most intervention is 'labor.' Laws and regulations define how HRM can conduct itself. However, we can say that government regulations are designed with the best interest of the community in mind.

The specificities of the external workforce can effect the implementation of HR's tasks. Age distribution, gender distribution, and participation rate are several metrics that HR managers must be aware of.

The People – Generally speaking, the population at large has a great effect on HR managers. If a firm wants to gain acceptance by the people, it must clearly articulate its mission and goals.

Unions – Unions came about from the need to give the worker support at the negotiating table. Unions are external factors to employers because the union is a third party in the relationship between the firm and its employee. As representatives of the workers' rights, unions perhaps affect HR managers the most.

Stakeholders – Any individuals that have a share in the profit of a firm are also known as shareholders. Shareholders are closely vested in the performance of the company.

Clients/Customers – One of the most important external factors for a firm are its clients. Clients want quality products and services. The increases or decreases in the quality of a company's product (and thus the happiness of its clients) are directly related to the abilities of the firm's staff.

Technology - Rapid improvements in technology (from computation to automation) have fundamentally changed the way firms do business. New skill sets are needed to maximize the potential of technology, but it is difficult to immediately find the people that have the requisite skills. Therefore, HR must be able to train its staff to effectively interact with technology.

The Economy – Interest rates, inflation, monetary policies, and capital markets all have an effect on HR. For this reason HR managers must be able to accurately forecast economic conditions and understand how these conditions will affect their business.

2.6.2 Internal Factors

When discussing the internal workings of an organization, it is necessary to note that all of the individuals within this organization are subject to HR. This is because the organizations are made up of people. As a result, ‘The traits of the individuals within any organization can help us project the effectiveness and purpose of HR’s functions and policies. From HRM’s perspective, the unique qualities of employees that must receive attention are needs, wants, expectations, perceptions, motivation, and stresses.

One of the main “internal factors” for HR is the job structure of a company. Clearly defined roles positively affect performance. HRM must concentrate on four components of a “job.” These components are creating a sense of trust, appropriate work load, well defined specifications, and a good work environment.

Not only are the personal concerns of the workers important, but so is their ability to work together. The formal and informal norms within a company influence individual behaviors. When the wants and needs of the individual are met, those individuals will associate closer with the “team.” HRM works to improve firm wide performance by supporting the teams that work toward management’s goals.

Furthermore, there are both official and unofficial leaders within a work environment. HR must be aware of the activities of these leaders, as they can either positively or negatively influence performance.

The last of HRM's "internal factors" are the unique properties of the organization. These unique characteristics include the size of the organization, the industry sector that the firm operates in, the type of work the firm does, and the growth of the firm.

Chapter 3

Strategic Human Resources Management (SHRM)

In the modern organization, taking a strategic approach to human resource management has become a must. Changing internal and external conditions, which bring about multifaceted and complex business problems, combined with a new management – organization understanding mean that the human has become the firm’s greatest asset in achieving competitive dominance.

As such, the importance of HR within the overall business plan is highlighted. In an environment of intensifying competition, HR has seen an increasing level acceptance as an integral part of the business. Since HRM’s purpose within a business organization has evolved over time, there is an as yet unmet need to further analyze its strategic uses.

The adoption of strategic management practices by HR facilitates the firm’s navigation of such changing market conditions and creates an environment where employees are committed to the long term goals of the organization. When the employees contribute to the formation of the organization’s goals and strategies of achieving them, they internalize those goals and contribute to the implementation.

A strategic approach to human resources creates an environment where an organization can effectively adapt to change. This strategic approach takes the HR department from being a niche support specialty to one that is an integral part of the organization and which communicates the organization’s vision, mission, and goals to its members. Therefore, a discussion “strategic management” as a whole will illuminate its specific application to HR.

3.1 Definition and Concept of Strategic Management

The concept of “strategy” has started to play an important role in recent business management literature, especially in the realm of decision theory.

Various authors have defined strategic management. The basic definition of the concept is for the entity or organization to look to the future and set the direction that it needs to go (Barutçugil, 2004). By the same time, it is for an organization as a whole to be in harmony with its environment and to utilize a host of efforts to achieve its goals. Strategic management is not a goal in and of itself. Rather, it is a sustainable means of reaching goals. Strategic management lays out a series of feasible means of completing the organization’s mission and then selects one of these means to carry out. This is a long term program intended to prepare for the organization for the future and adapt to change.

According to Porter, strategy, confronted with competition, supposes the adoption of offensive and defensive actions to put the firm in a bearable situation within the sector. According to Barutçugil, strategy is a plan which integrates organization’s politics and actions in a coherent and consistent way. It includes intensification of selected resources on a specific area, its orientation towards specific goals and making necessary decisions for all of these. Strategy will help the organization to be transformed into a strong center that integrated with organization and share organization’s vision, mission and objectives with the other divisions (Barutçugil, 2004).

From a modernist view point, strategic management is the organization’s means of assuring its long term survival and establishing its competitive advantage to create above average profitability by using all its available resources (natural resources, human capital, monetary capital, infrastructure, raw materials et cetera) effectively and efficiently.

The definitions above, emphasize the importance of the “future” concept. Therefore, the long term success and vitality of any entity or organization depends on its ability

to adopt a vision for the future. If this entity does not have, or is not capable of forming such a vision, we cannot say that it exhibits strategic behavior.

Along these lines, organizations should define and identify their “future.” An analysis of future external influences has become one of the basic components of strategic management. Following this analysis, the organization should study its resources and opportunities and identify its strengths and weaknesses. With a clear picture of the differences between the existing situation and the desired one, the firm can make decisions designed to close the gap.

3.1.1 Phases of Strategic Management

A discussion of phases in the strategic management will clarify the matter at hand (Dinçer, 1998).

Phase I

The first phase of strategic management is strategic planning. A group of top level managers, including the Board of Directors, the general manager, his aides, planning executives, and counsels are called “the strategists.” They work on the environmental analysis, organizational assessment, evaluation of alternative strategies, and selection of the appropriate strategies. As a result of this study and selection process, strategy or strategies to be adopted are identified.

Phase II

The second phase of strategic management is the establishment of firm-wide policies. Here, the strategies adopted by the “strategists” are instilled into middle/lower level managers and the best ways to actually implement the strategies are identified.

Phase III

The third and final phase of strategic management is testing and comparative study. Here the policies and organizational structures defined by the selected strategy are examined for effectiveness.

3.1.2 Characteristics of Strategic Management

It is noteworthy that strategic management has some of the same traits as general management. However, strategic management also displays its own personality. The following points differentiate strategic management from functional management and project management (Dinçer, 1998):

1. Strategic management is tied to top management because of the important role of top management in the decision making process related to the future.
2. Strategic management focuses on the future, and therefore is aligned with long term goals. It is concerned about how the organization will develop and the roadmap of how to reach the desired result.
3. Strategic management views the organization as a whole system glued by interdependent components affecting each other. As a result, in addition to the organization itself, strategic management also pays attention to the parts that make up the organization. When a decision pertains to the whole entity or its components, strategic management considers the effect on the other parts.
4. Strategic management defines organizations as open systems: Organizations are in constant interaction with their environment and are dependent on it. Changes that occur in the environment also affect the organization. For this reason “strategic management” must closely track its environment.
5. Strategic management approaches the organizational goals within the interests of the society. From this perspective, strategic management can be said to have a sense of social responsibility.
6. Strategic management is a guide to lower levels of management. In other words, the goals, decisions, and actions defined by strategic management offer a central platform for all levels of managers.

7. Strategic management is interested in efficient distribution of organizational resources. To reach the basic organizational goals, strategic management distributes the necessary resources according to product/market requirements.

3.1.3 Strategic Management Process

Strategic management requires consistency and continuity in the activities to accomplish the defined goals. Change has become a constant in today's world. As a result, knowledge of the environment, technologies, and production methods is rapidly increasing and changing. The fact that while globalization has erased business borders, it has increased uncertainty encourages us to view strategic management as a process. In this case organizations have to understand and apply strategic management as such.

The strategic management process starts with "strategic conscious." Managers that are in organizations with this "strategic conscious" realize that (Dinçer, 1998):

- Entities and competitors constantly produce and apply various strategies
- These strategies can be improved
- They can take advantage of both opportunities and threats and consider how to do so.

3.1.4 Vehicles of Strategic Management

It is also useful to examine the methods and "vehicles" used in strategic management. Portfolio analyses, conference calls, brain storming, the Delphi Technique, the Nominal Group Technique and other decision making methods are among the tools used in strategic management (Dinçer, 1998).

An organization's understanding of its situation as a whole, as well as its understanding of its strengths and weaknesses and how to manage these with respect to its environment is called the SWOT analysis. The SWOT analysis is one of the

most important and most frequently used aides in strategic management. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. SWOT is the evaluation of an organization's internal and external influences.

Strengths: Strengths are the organization's ability to use its resources and capacity to take advantage of business situations. For this reason an organization must be fully aware of what its strengths are before it tackles any new developments. "Strength" is any area where the organization is more effective and efficient than its opponents.

Weaknesses: An organization's weaknesses are the areas where they are inhibited from effective performance relative to their competition. Weaknesses are represented by a lack of resources or abilities and limit the firm's operations. Identified weaknesses must be eliminated. If an organization finds its abilities to be lacking, it can examine the successful organizations in its sector and attempt to learn from them. The potential for outsourcing its areas of weakness can also be explored

Opportunities: Any environment generated situation that can help the organization reach its goals can be called an opportunity. This could be the production of a new product, the relaxation of international trade regulations, a decline in expenses, a dearth of substitute products in the market, and many such similar scenarios that fall under the category of "opportunity."

The organization's competitive position will be strengthened if it can take advantage of environment generated opportunities with its own existing competitive advantages; as this means that it will be able to respond to the opportunity in a manner that is unique from the competition.

If the firm's weaknesses prevent it from taking advantage of, or even seeing, opportunities, its ability to capitalize on them will obviously be significantly reduced. In this case the importance of eliminating its weaknesses takes on renewed importance for the firm. It will have to close the gap between itself and its competitors by improving its positioning and abilities. If this is not possible, it will have to outsource some of its operations. If even such last resort options are

unsuccessful, the firm will find that beyond no longer being competitive, its very existence is threatened.

Threats: Threats are the environmental influences which will make it more difficult or impossible for the organization to reach its goals. Anything that fits this definition is called a threat.

The organization needs to employ all of its strengths or competitive advantages (in the area relevant to a given threat) to ensure its survival by successfully eliminating the threat.

If, on the other hand, the organization has weaknesses in the area affected by the threat, it would not be false to say that the business might have to halt its activities for a certain period. All the energy of the firm must be directed to overcoming this threat and ensuring that the present footing of the firm is protected.

3.2 Human Resources Management as a Subset of Strategic Management

3.2.1 A Strategic Approach to Human Resources

It is absolutely imperative that the modern organization approach HR from a strategic perspective. New problems and changing internal/external conditions, as well as the understanding that the human is management's most important competitive resources mean that the individual must now receive strategic consideration.

If a firm's competitiveness depends on its employees, then the business function responsible for acquiring, training, appraising and compensating those employees has to play a bigger role in the firm's success. The notion of employees as competitive advantage has therefore led to a new field of study known as strategic human resources management, the linking of HRM with strategic goals and objectives in order to improve business performance and develop organizational cultures that foster innovation and flexibility. Ideally, HR and top management together craft the company's business strategy. That strategy then provides the framework that guides

the design of specific HR activities such as recruiting and training. This should help the business implement its business strategy and realize its goals (Dessler, 2002).

The internalization of strategic management by HR managers makes it easier for the organization to respond to non-static market conditions. Furthermore, the employees themselves will be dedicated to the long term goals of that organization. The definition of organizational goals and of the strategies required to reach those goals will ease the firm's efforts by getting the workers to take ownership of the firm's business initiatives.

A strategic approach to HRM primes the firm to effectively accept and employ necessary changes. The strategic approach expands HR from its traditional role as a niche support service to one that is integral to the firm and that promotes the firm's vision, mission, and goals.

Therefore, strategic management keeps the organization as a whole in synch with its environment and describes the interconnected initiatives which must be executed for the organization to reach its objectives. It is not a result or accomplishment by itself. It is a management philosophy that must be continuously used. Strategic management can also be said to be the process by which one plan is selected, from a series of well articulated options, and carried out. At the same time, this process is a long term program which helps the organization prepare for its future and possibly make structural changes (Barutçugil, 2004).

There is a viewpoint that says that an organization's effectiveness is tied to the degree with which general management and HR management are tied together. Miles and Snow (1984) emphasize the fact that a company's HRM system must be made in the image of its overall strategic philosophy. They also spend some time discussing the "matching" between HR strategies and the various stages in a company's life cycle. However, this "matching" concept may not be applied to every scenario as it refers to a rather inflexible situation. Furthermore the association between HRM and general management does not have to refer to a single strategy. Different businesses may take different strategic approaches.

The point is that there are important organizational synergies to be realized from a fit between HR management and the general management. In practical planning situations, one must take care to ensure that the two strategies are complementary.

There are five steps to incorporating and employing a strategic approach within HRM (Barutçugil, 2004):

Step 1: Establishment of the Organization's Strategic Goals

This phase answers questions such as what the firm's specialty will be, what sector it will work in, how it defines "success", what value it adds, where it wants to be in the future, and what it wants to do. With the answers to these questions, HR will be able to flesh out what jobs it needs to fill, where it will find the people to fill these jobs, how they will train the new hires, and what types of beliefs and value systems will turn the new hires from individuals to a team. HR is the structure which brings the vision and mission of the organization to life.

Step 2: Implementation of Strategic Plans and Scenarios

The implementation of long term and high level plans of organizations above all depends on the qualities of its human resources department. HR makes critical hiring, career planning and performance management decisions relating to the firm's plans and scenarios. Studies on factors impacting the company's success, such as its effectiveness, competitor's strategies, and an understanding of its own strengths and weaknesses are carried out. HR managers make plans for what their staffing needs will be and how those staffing needs will influence the organization's performance, given a range of scenarios.

Step 3: Strategic Positioning

When an organization articulates its strategic plan, it also wants to be aware of what its market position will be at a given point in the future. Its plans or scenarios need to

clearly state where it will be, or should be, relative to its competitors in the same sector. Strategic positioning is the means by which a firm can make better use of its resources and respond better to changes in market conditions. It is the appropriate use of HR planning, hiring, outsourcing, employee training, performance management, and career development for the purpose of establishing sustainable processes and systems.

Step 4: The Critical Role of Human Resources

The clear definition of strategic goals and the process of strategic positioning need to be established. Understanding “which” improvements will provide “what” benefits to the competitive positioning of the firm should be clearly laid out. That is why it is a priority for HR to have a bird’s eye view of the firm.

Step 5: Application of Human Resources Strategies

The vision of the firm, its mission, strategic goals, corporate culture, value system, and projection of future strategic position are all areas that HR is responsible to be aware of. HR will be adjusting its personnel management activities accordingly. It especially needs to understand its role within the realization of the organization’s mission and vision. To do so, HR must hire the right people for the right jobs and equip them with the right training and mindset to help the firm complete its mission.

3.2.2 Evolution of Strategic Human Resources Management: Traditional Human Resources Management versus Contemporary Strategic Human Resources Management

After analyzing most of the definitions related to HRM (contrary to the traditional personnel management), preference was given to two continuously used solid hypotheses: it must be integrated into the general strategy of company (external integration) and must create a harmony among the internal strategies of various counterparties in order to reinforce an adaptive organizational culture (internal integration). And this brings a strategic view point to the traditional HR function.

Table 3.1 Human Resources Roles are Changing

(Adapted from a 1996 study by the Center for Effective Organizations, University of Southern California, and the Human Resources Planning Society, as published in “WORKFORCE,” May 1998)

Human Resources Roles are Changing			
	1989-1991	1996	Difference
Maintaining Records <i>Collect, track and maintain data on employees</i>	22.20%	15%	Significant decrease
Auditing/Controlling <i>Ensure compliance to internal operations, regulations, legal and union requirements</i>	19.40%	12%	Significant decrease
HR Service Provider <i>Assist with implementation and administration of HR practices</i>	35.00%	31.30%	Significant decrease
Practice Development <i>Develop new HR systems and practices</i>	14.00%	19.00%	Significant increase
Strategic Business Partner <i>Member of the management team, involved with strategic HR planning, organization design and strategic change</i>	11.00%	22.00%	Significant increase

According to the Table 3.1, HR staff spent 22 percent of their time maintaining a record in the early 1990's compared to only 15 percent in 1996. The role of HR auditing fell from 19.4 percent to 12 percent during this same period. The shift is toward the role of strategic partner (22 percent) and the development of new HR systems and practices (19 percent). These results suggest that while HR professionals will need the traditional HR competencies that have served them well in the past, they will also need new competencies to support changing roles.

The HRM function today is concerned with much more than simple record keeping and company picnic organizing. When HRM strategies are integrated within the overall company strategies, HRM plays a major role in strategic management processes. It is oriented toward action and toward the future. Today achieving and sustaining effectiveness without efficient HRM programs and activities seems rather difficult and sometimes even impossible.

As can be seen from Table 3.2, strategic HRM differs significantly from traditional HRM. The main responsibility for managing human resources in a traditional arrangement rests with specialists in a division (large companies) or team. In a strategic approach the main responsibility for people management rests with any individual who is in direct contact with them or a line manager. Thus, any individual in an organization who has responsibility for people is a human resource manager in addition to his or her regular position.

3.2.3 Major Contributions to the Strategic Human Resources Management Literature

The birth of the field of "Strategic Human Resource Management" (SHRM) arguably took place less than 30 years. In such a short time, an explosion has occurred in writing and research on Strategic HRM. Human resources planners have started to learn the language and techniques of strategic planning. They become more proactive in promoting strategic thinking in the human resources area, and have extended the personnel function well beyond the limits of its traditional activities.

Table 3.2 Comparison of Traditional HRM and Strategic HRM Characteristics
(Ünsal, 2001)

	Traditional HRM	Strategic HRM
Responsibility for human resources and management	Specialist	Line managers
Objective	Better performance	Improved understanding and strategic use of human assets
Role of HRM area	Respond to needs	Lead, inspire, understand
Time focus	Short-term results	Short, intermediate, long-term
Control	Rules, policies, position power	Flexible, based on human resources
Culture	Bureaucratic, top-down, centralization	Open, participate, empowerment
Major emphasis	Following the rules	Developing people
Accountability	Cost centers	Investment in human assets

Increasing interest in strategic management at the past decade resulted in various organizational functions becoming more concerned with their role in the strategic management process. The HRM field has similarly become integrated into the strategic management process through the development of a new discipline referred as SHRM. This field of study has produced a number of conceptual articles proposing the particular HR practices that would be associated with various business strategies.

Miles & Snow (1984) argue that the human resources management system must be tailored to the demands of business strategy. In addition, they believe that human resources units should have staff with professional consulting skills, particularly in the area of organization design and development.

Miles & Snow (1984) suggest that a strategic human resources management system can be constructed using the following design principles:

- I. Top managers of the human resources department should possess at least conceptual familiarity with all of the services needed to acquire, develop, allocate, and maintain managers and employees. In practice, however, the human resources units of a given firm will most likely emphasize some services more than others.
- II. The human resources department should have a comprehensive understanding of the language and practice of strategic planning. Further, appropriate human resources representatives must continually participate in the planning process to assess the probable demand for their units' services and to help line executives trace the human resources implications of their strategic decisions.
- III. The human resources department should pursue appropriate strategies of its own to match the organization's business strategies. In some companies, this will require human resources units to be prepared strategically to build, acquire and allocate human resources.
- IV. The human resources department should act as a professional consultant to line units. In addition to their expertise in strictly personnel matters, human resources specialists should be knowledgeable about organization structure, management processes (communications, controls, rewards, and so forth), and organizational change and development.

Golden and Ramanujam (1985) examined the link between HR and strategic decision making. They obtained four levels of linkage. They termed this first level the "Administrative Linkage," in which the role of the HR function consists of performing the administrative paper processing duties such as maintaining payroll, record keeping, and processing benefits claims. A second level of linkage was called the "One Way Linkage" where the HR function played a role in strategy implementation but having no impact on the formulation of firm strategies. The "Two Way Linkage," the third level of linkage, entailed the HR function contributing to both the strategy formulation and strategy implementation processes. In this level of linkage the HR department provided input to strategic decision makers regarding the strengths, weaknesses, opportunities and threats pertaining to the firm's human resources, and the strategic decision making team used this information in formulating the strategy. Then, based on the strategy, the HR function sought to develop and align HR policies, programs, and practices in a way that would support the implementation of the strategy. Finally, the most extensive level of linkage was termed the "Integrative Linkage." In the few firms with this level of linkage, the HR Executive is a member of the strategic decision making team. This ensures that the HR function participates throughout the strategy formulation process, and plays an integral role in the firm's competitive advantage.

Studies conducted at the University of Michigan between 1988 and 1992 (Ulrich, et al., 1993) looked at whether HR organizations were shifting to a greater strategic focus. The studies showed a shift occurred in the focus of human resources. In 1988, the most competitive businesses focused on both strategic and operational HR as contrasted to 1991 when the most competitive businesses focused on strategic HR and diminished their focus on operational HR issues. In fact, it was an evidence that strategic work is gaining greater emphasis while operational work is being eliminated, automated, outsourced, and streamlined.

In the first arena, Wright and McMahan (1992) critically reviewed the state of theory in SHRM research, noting that much research was at best "borrowing" meta-theories from other disciplines, and at worst, almost completely theoretical. They reviewed

some of the attempts to apply macro level organization theories to the (S)HRM field and presented four strategic and two non-strategic models of HRM:

SHRM Models: These models generally attempt to explain how HRM practices can be used to carry out the firm's strategic plan. Each theory assumes a somewhat rational, proactive decision making process as the major influence on the development and alignment of various HRM practices.

- Resource-Based View is one of the major theories of the strategic management literature. Central to the understanding of the resource-based view of the firm is the definition of sustained competitive advantage. In order for a firm's resource to provide sustained competitive advantage, it must be imperfectly imitable, unique or rare among current or potential competitors, so that it cannot be substituted with another resource by competing firms. Above all the resource must add positive value to the firm. The idea that human resources can serve as a sustained competitive advantage has received a significant attention in the SHRM literature. The resource-based approach provides a framework for the integration of HRM practices with strategic management practices. Therefore most reputable writers of the SHRM field such as Ulrich, Wright and McMahan studied on this subject.
- Behavioral Perspective is one of the original and more popular theoretical models used in the SHRM literature. The theory focuses on employee behavior as the mediator between strategy and firm performance. It assumes that, specific attitudes and behaviors that will be most effective for organizations differ depending upon various characteristics of organizations, including organizational strategy. Thus in the context of SHRM, these differences in role behaviors required by the organization's strategy require different HRM practices to elicit and reinforce those behaviors. The best example of the behavioral perspective is Schuler and Jackson's (1987) model for linking HRM practices with competitive strategies.
- Cybernetic systems are another set of popular theoretical models being applied to SHRM research. They are based on the general systems models and

hold that organizations can be described as input, throughput, output systems involved in transactions with a surrounding environment. Cybernetic system view of SHRM requires organizations aligning various HR practices toward some strategic end.

- Agency/Transaction Cost Theory is another popular theoretical model in the strategic management literature that has been applied to SHRM which can be simply defined as exploration of transactions as means of controlling employee behavior. The approach seeks to identify the environmental factors together with a set of related human factors explain why organizations seek to internalize transactions as a means of reducing the cost associated with these transactions.
- Non-Strategic Models of HRM: These theories, generally, attempt to explain how HRM practices may develop outside of the strategic decision making process.
- Resource dependence/Power models focus predominantly on power relationships within and among organizations. It assumes that all organizations depend on a flow of valuable resources into the organization in order to continue functioning. The ability to exercise control over any of these valued resources provides an individual or group with an important source of power. To the extent that the valued resource is scarce, the power of the entity that controls the resource increases.
- Institutionalism involves the processes by which social processes, obligations or actualities come to take on a rule-like status in social thought and action. The theory focuses on the fact that, not all HRM practices are the results of rational decision making based on an organization's strategic goals. In fact, many HRM practices may be the result of external social effects.

Wright & McMahan (1992) emphasize the importance of recognizing the functional differentiation within the HR field rests in the fact that the field has not evolved with

great levels of integration across the various functions. Rather, each of the HRM functions has evolved with little coordination across the disciplines. However, since then, writers have approached to the field of HRM from a much more macro-oriented view, what could more accurately be called SHRM. In other words, SHRM is the macro-organizational approach to viewing the role and function HRM in the larger organizations.

Wright & McMahan (1992) define SHRM as the pattern of planned human resource deployments and activities intended to enable an organization to achieve its goals. This definition highlights the two important dimensions that distinguish it from traditional HRM. Vertically, it entails the linking of human resource management practices with the strategic management process of the organization. Horizontally, it emphasizes the coordination or congruence among various human resource management practices through a pattern of planned action. Implicit in this definition is that the ultimate goal of strategic HRM is to contribute to organizational performance through increasing the likelihood of goal attainment. For simplicity the goal is often assumed to be financial performance or wealth creation.

Moreover, Wright & McMahan (1992) claim that SHRM theory should be concerned with the determinants of decision about human resource practices, the composition of the human capital resource pool (i.e., skills and abilities), the specification of required human resource behaviors, and the effectiveness of these decisions given various business strategies and competitive situations.

Schuler (1992) has developed a more comprehensive academic definition of SHRM: Strategic human resources management is largely about integration and adaptation. Its concern is to ensure that: (1) human resources (HR) management is fully integrated with the strategy and the strategic needs of the firm; (2) HR policies cohere both across policy areas and across hierarchies; and (3) HR practices are adjusted, accepted, and used by line managers and employees as part of their everyday work.

Schuler (1992) also argued that strategic HRM is comprised of five interlocking activities (which he calls the 5-P Model of SHRM): HRM philosophies, HR policies,

HR programs, HR practices, and HR processes. In Schuler's framework, efforts to develop a high-performance workforce are reflected in a firm's philosophy concerning its human resources, which in turn is directly reflected in the architecture of policies, programs, practices, and processes. An HR philosophy that takes as its strategic foundation an HRM system that is aligned both internally and externally to successfully implement a firm's strategy is a best practice. According to him, categorizing these activities as strategic or not depends upon whether they are systematically linked to the strategic needs of the business, not on whether they are done in the long term rather than short term or whether they focus on senior managers rather than non-managerial employees.

Ulrich (1993) proposes a conceptual model about the HR role that adds value in an increasingly complex environment. He focuses less on how the HR role should move from operational to strategic and more on how the HR practitioner needs to perform increasingly complex and at times paradoxical roles. He discusses four ways HR professionals may add value to a business: executing strategy, building infrastructure, ensuring employee contribution, and managing transformation and change.

Ulrich's conceptual framework is based on two main dimensions. The first axis reflects the competing demands of future focus (strategic) and present focus (operational). One end of the axis represents an emphasis on strategic matters, whereas the other represents a complementary focus on operational matters. The second axis reflects the conflicting demands created by the activities HR people engage in. One end of the axis represents a focus on people, while the other represents a focus on process. From the juxtaposition of these two dimensions the four types of HR roles emerge. The four roles have been defined as strategic partner, change agent, administrative expert, and employee champion.

The "strategic partner" role is one that focuses on aligning HR strategies and practices with business strategy. The "administrative expert" represents the traditional HR role. It is, therefore, concerned with designing and delivering HR processes efficiently. "Change agent" refers to helping the organization build a capacity for change. It is concerned with identifying new behaviors that will help sustain a company's

competitiveness. The "employee champion" role deals with the day-to-day problems, concerns, and needs of individual employees. These multiple and demanding roles require that HR practitioners acquire new competencies. These competencies enable the HR professional to enhance organizational capability to meet customer requirements, to be an active member of the management team, and to demonstrate staff leadership by establishing a vision of how HR practices empower organizations to meet customer needs by generating commitment to the vision, and by institutionalizing policies and practices which execute the vision. One of the most interesting findings from this study is the relative contribution of the management of change competencies (42.7%) to the overall perception of the effectiveness of the HR professional.

Huselid (1993) examined the environmental determinants of human resource planning and strategic human resource management. He found that HR involvement in strategic business planning was positively related to organizational size, the sophistication of the firm's business planning processes, its use of human resource planning, and its use of strategic human resource management.

Increased integration between human resource management and business strategy is one of the most important demands that are placed upon modern strategic human resource management. In both the management and the academic literature, it is generally acknowledged that the strategic deployment and management of personnel can contribute to the success and continuity of the firm. Sluijs & Kluytmans (1994) go even further by stating that a firm's human resources form the basis of the firm's competitive advantage. In their view, the human resources are the most important assets of an organization. In addition to the importance of the human resources, they believe that the management of the human resources should be in perfect fit with the management of the organization as a whole and its strategic plans.

On the other hand Sluijs & Kluytmans (1994) claim that the literature often refers to a relatively small number of success stories. In other instances, the literature provides rather normative models of strategic human resource management, models which are still in need of being the subject of practical experiences and empirical testing. In

general, they believe that most literature is mainly concerned with 'what' strategic human resource management is and much less with 'how' to implement it.

Martell and Carroll (1995) found that HRM and the strategic planning process were linked in between 44% and 69% of the companies, and that while the HR function was viewed as important to implementing business strategy, it was not as important as other functions. They also found that the integration of HRM and strategy processes was not related to the business unit's short term performance.

Bennett, Ketchen, & Schultz (1995) found that firms classified as Analyzers exhibited a greater level of strategic integration than did either Defenders or Prospectors. They also found that the integration of HR and strategy was greater when top managers viewed employees as a strategic resource. Regarding the consequences of strategic integration, they observed that it was positively related to turnover, but negatively related to top managers' evaluation of the effectiveness of the HR function and unrelated to sales per employee and perceived profitability. Finally they found no relationship between the involvement of the HR executive in strategic management and business unit performance.

The impact of HRM policies and practices on firm performance is an important topic in the fields of HRM, industrial relations, industrial and organizational psychology. Probably one of the most visible works connecting HRM and bottom-line results is Huselid's (1995) research concerning the impact of "High Performance Work Practices" on organizational performance. This groundbreaking study found the strategic impact of HPWP (those activities that improve employees' knowledge, skills and abilities and those that address employee motivation) to be significantly associated with firm performance. Specifically, Huselid (1995) found that one standard deviation increase in the proportion of employees involved in high performance work practices reduced turnover by seven percent and increased sales per employee by more than \$27,000 per year. In addition, the study revealed that the impact of a one-standard deviation increase in the use of High Performance Work Practices enhanced profitability by more than \$4,000 per employee and increased the firm's market value by more than \$18,000 per employee.

The pioneering work of Huselid (1995) "opened the door" and has been followed by a number of other studies on High Performance Work Practices, including comprehensive employee recruitment and selection procedures, incentive compensation and performance management systems, extensive employee involvement and training can improve the knowledge, skills and abilities of a firm's current and potential employees, increase their motivation, reduce shrinking and enhance retention of quality employees while encouraging non-performers to leave the firm. Since then, a number of studies have shown similar positive relationships between HR practices and various measures of firm performance.

Considerable research has attempted to test strategic HRM propositions, usually with the ultimate criterion being how strategic HRM contributes to some measure of firm financial performance. In their review of research on the efficacy of "bundling" HR practices within the field of strategic HRM, Dyer and Reeves (1995), proposed four possible types of measurement for organizational performance:

- i. HR outcomes (turnover, absenteeism, job satisfaction),
- ii. organizational outcomes (productivity, quality, service),
- iii. financial accounting outcomes (ROA, profitability),
- iv. capital market outcomes, (stock price, growth, returns).

They proposed that HR strategies were most likely to directly impact human resource outcomes, followed by organizational, financial, and capital market outcomes.

According to Mueller (1996), a strategic utilization of human resources means that:

- management is active, not reactive
- there is high integration between policies
- an orchestration role is played by senior management
- there is articulation of policies by senior management.

The mainstream concept of SHRM is characterized by the importance placed, first, on the role played by senior management and, secondly, the role of strategic HR policy and planning activates (Mueller, 1996). These two variables are obviously highly

even though not perfectly correlated. The argument that better human resource planning is the basis of superior business performance has received support from various angles, even from authors whose overall work reflects a critical attitude to some aspects of SHRM (Mueller, 1996).

Kamoche (1996) takes a critical look at the field of strategic human resource management and in particular the debate about the strategic value of the human resource. He identifies the contribution as well as the problematic nature of the situational-contingency perspective. He offers a re-conceptualization of human resource competencies which goes beyond existing trait, behavioral and systems approaches. Finally, he identifies the circumstances surrounding the generation and distribution of rents arising from the utilization of human resource competencies by drawing from transaction cost theory and industrial relations.

In the resource-based view, the firm is seen as a bundle of tangible and intangible resources and capabilities required for product/market competition. A range of definitions exists as to what resources and capabilities are. Resources have been described by Kamoche (1996) as 'anything that could be thought of as a strength or weakness of a given firm' which includes tangible and intangible assets; as skill based competencies; the collective learning embodied in 'core competencies'; or core skills. Also, he considers firm resources to include all assets, capabilities, organizational processes, firm attributes, information and knowledge.

In the study of Kamoche (1996), HR competencies (HRC) have been characterized as sets of behavior patterns. This perspective has led writers and firms to compile behavioral profiles of generic competencies and to relate these to performance. Kamoche suggests that HRCs should be conceived of in terms of skill based and behavioral capabilities, and the firm's ability to generate the stock of knowledge and collective learning that enable it to provide core products/services principally through people. HRCs are a source of value to the extent that they are integrated with the firm's core competencies. To the extent that the delivery of core services/activities is essentially dependent on knowledge that resides in the organizational members, RCs facilitate the realization of the strategic value of core competencies (Kamoche, 1996).

Evidence from the literature suggests that human resources can enhance organizational performance on the basis of the configuration of HR activities and how these are utilized to manage know-how and skills (Kamoche, 1996). Studies show a positive relationship between financial performance and the degree of integration between corporate strategy and the HRM function; the strategic implications of activities such as selection, deployment, compensation and motivation (Kamoche, 1996).

The idea that individual HR practices impacts on performance in an additive fashion (Delery & Doty, 1996) is inconsistent with the emphasis on internal fit in the resource-based view of the firm. With its implicit systems perspective, the resource-based view suggests the importance of “complementary resources”, the notion that individual policies or practices “have limited ability to generate competitive advantage”. This idea, that a system of HR practices may be more than the sum of the parts, appears to be consistent with discussions of synergy, configurations, contingency factors, external and internal fit, and holistic approach. Drawing on the theoretical works of Miles & Snow (1984), Delery & Doty (1996) identified seven practices that are consistently considered strategic HR practices. These are (1) internal career opportunity (2) formal training systems (3) appraisal measures (4) profit sharing (5) employment security (6) voice mechanisms and (7) job definition. There are other SHRM practices that might affect organizational performance. However, the seven practices listed by Delery and Doty above appear to have the greatest support across a diverse literature.

In the HRM-performance linked research, the basic issue arising is that of the “fit” between HRM and the business strategy. Thus, a brief review of the different approaches to the strategic “fit” is called for, and can be summarized along the following three lines: universalistic, contingent and configurational (Delery and Doty, 1996).

Referring to the strategic HRM field, Delery and Doty (1996) raised concern whether HR practices independently affect organizational outcomes or need to be embedded in a broader and internally consistent configuration of such practices. To achieve the

optimal impact of such practices on organizational outcomes such as firm performance, it is necessary to have “internal fit” or consistency among these various HRM practices; that is, “horizontal linkage”, a coordination among the various HRM practices within the organization. Numerous research reports seem to bear this out. (e.g., Huselid, 1995; MacDuffie, 1995).

The vertical fit (or external fit) refers to the congruence of HR systems with other organizational characteristics such as the firm’s strategy (Delery and Doty, 1996). Thus, an organization must develop an HR system architecture that achieves both a horizontal and vertical fit. Nevertheless, not all studies find support for the premise that the configurational perspective shows which established orientations are the best (Delery and Doty, 1996). However, the preponderance of evidence seems to favor the position that HR practices should be considered as systems, and that those systems that adopt certain orientations will produce synergies and lead to better results (MacDuffie, 1995; Huselid, 1995). Hence, the configurational approach to HRM is concerned with how patterns of multiple human resources policies and practices achieve the organization’s goals. In contrast, the contingency perspective argues that HR policies must be consistent with other organizational aspects in order to be effective and that it is important that there be an appropriate fit between HR strategy and the external environment in which the organization operates. The absence of the external fit would lead, in the contingency perspective, to suboptimal performance.

A few studies provide empirical support for the contingency perspective. However, other studies that have researched the contingency perspective have not found empirical support for such a relationship (Delery and Doty, 1996). There are also those who advocate mixed positioning, proposing approaches that combine more than one perspective: configurational and contingent. For example, Macduffie (1995) speaks of different “organizational logic” depending on the system of production used. This author’s work strengthens the idea that for each type of system, there exist differentiated HRM practices that show interrelationships and internal consistency, resulting in higher levels of productivity.

Evidence for the shift from HRM to SHRM was found in the study of Conner & Ulrich (1996). They found that more time is being spent on being a strategic business partner and less time on auditing and record keeping. As a member of the management team, human resources are involved with strategic HR planning, organization design, and strategic change. According to them, in order for the organization to improve its performance and create competitive advantage, human resources must focus its attention on a new set of priorities. These priorities are more business issue-oriented and less oriented to the traditional functional HR specialties such as compensation, benefits, staffing, and appraisal. Strategic priorities such as fostering teamwork across functional units, building a customer service mindset to meet higher levels of responsiveness expected by consumers and retailers, identifying new skills and competencies, and global expansion are capturing the attention of human resource professionals around the world.

Chadwick & Cappelli (1997) have a quite pretentious claim that the common use of generic strategy typologies in strategic human resource management (SHRM), such as the typology proposed by Michael Porter, is inaccurate and probably obsolete. According to them, SHRM research that examines the performance effects of human resource (HR) systems does not need to invoke the strategy construct in order to fulfill its goals. SHRM research that uses organizations' strategies to predict their HR practices or which explore the effects of fit between HR systems and strategies should use measures of strategic content which are well grounded in issues pertinent to their specific empirical contexts. Alternatively, SHRM research can embrace dynamic perspectives of strategy, which will shed light on how human resource systems become strategically valuable organizational capabilities.

At the time Chadwick & Cappelli (1997) made their criticism about SHRM theories, it was fashionable to raise questions about the viability of Strategic Human Resource Management (SHRM) as a research field because, while the topic was provocative, the research stream had had mixed results. One of the most common complaints was that empirical studies lag far behind SHRM's theoretic underpinnings. Such situations were common for complex topics where it could be easier to craft models than to test them. However, the extent to which SHRM's problems were lying simply with

designing better empirical tests might be overstated. According to Chadwick & Cappelli (1997) there are still important problems with the theoretic underpinnings of SHRM research that have contributed to significant shortcomings in empirical research, particularly in how the strategy construct has been used to achieve SHRM's goals.

Chadwick & Cappelli (1997) state that SHRM research usually attempts to 1) include human resource practices in performance models predicting organizational outcomes, often incorporating concepts of internal synergies across practices, 2) include organizational strategies in models predicting organizations' sets of human resource practices, and 3) to use the degree of fit between human resource practices and organizational strategy to predict organizational outcomes. In their view, a major conceptual problem within the SHRM field lies in its view of strategy as a summary of either the competitive environment or of organizations' strategic positioning within it. This has led SHRM researchers to use excessively simplistic generic typologies to operationalize strategy. Essentially, SHRM researchers have been looking for simple independent variables which will neatly encapsulate the insights of the strategy field for inclusion in SHRM models. As they argue, this approach is misleading both in general and in the particular typologies which are commonly used.

Based upon the resource based view of the firm, Huselid, Jackson and Schuler (1997) differentiated technical HRM activities from strategic HRM activities. They clarified that technical HR activities can be utilized by firms to select employees with high values and train them in a way different from other firms, and hence, ensure its human resources to be unique. According to them, strategic HRM activities are those that are integrated or congruent with the company strategy, which can ensure the inimitability of the firm's human resources. Technical HRM activity spans a series of HR practices. These activities range from attracting high quality employees, placing them in appropriate positions, training them to work in the firm's specific way, and motivating them to devote more enterprise to organizational goals. This requires a systematic design of HRM practices. They find out that HRM effectiveness is likely to be decreased if not enough attention is paid to coordinating these separate HRM practices. Adoption of effective technical HRM activities is a key to implementing a set of internally consistent HR practices. In other words, effective technical HR

activities are necessary for accomplishing the partial goal of SHRM (i.e., the horizontal fit among those HR practices). Vertical fit, on the other hand, emphasizes the congruence of a series of HR measures with the strategy the firm is pursuing. Their claim is that a firm will be challenged to acquire or create the optimal package of human resources necessary for its strategy and to enhance its overall performance.

Huselid, Jackson and Schuler (1997) has also found that the capability of a HR manager influences the establishment of the vertical fit, due to the nature of vertical fit as the arrangement of HR packages based on the firm's strategy. The design of a sophisticated HR system can be well accomplished only if the firm's strategy is comprehensively understood by the HR manager. Therefore, the capability of a HR manager, especially in terms of abilities in understanding and analysing the business strategy, will influence the achievement of vertical fit. In sum, they conclude that the capability of the HR manager is positively associated with the realization of both types of fit.

Cormick, McMahan, Sherman and Wright (1997) examined how the types of strategies used and the involvement of the HR executive impact manager's evaluation of the effectiveness of the HR function and operating unit performance. While much of the research on the strategic involvement of HR has focused on examining involvement at the corporate level, this ignores the valuable strategic contributions of HR executives in the management of actual operating units.

Cormick, McMahan, Sherman and Wright (1997) expand the idea of core competences to core capabilities. They distinguish these two by noting that "...competencies relate to the skills, knowledge, and technological know-how that give a special advantage at specific points of the value chain, which, in combination with the strategic processes that link the chain together, form core capabilities. The skilled workforce core competence seems to require that the HR function play an integral role in the management of the core competence. This core competence clearly has an HR orientation. Where a facility emphasizes the skilled workforce as its core competence, the involvement of the HR executive in strategic management should be

strongly positively related to the operations manager's perception of the function's effectiveness relative to refineries that do not emphasize this competence."

Becker and Huselid (1998) provided the most detailed model offered to date. In essence this model suggests that business strategies drive the design of the HR system. The HR system directly impacts employee skills and motivation and the structure and design of work. These factors influence employee behavior, which translates into improved operating performance. This drives profits and growth, and the final consequence is market value.

Conceptual work suggests that test for complementarities and fit should focus on both internal (among HRM practices) and external (with other organizational policies and goals) fit. However, there has mainly been found support for the internal fit hypothesis (Becker & Huselid, 1998). Thus, measurement of external fit is a challenge for the strategic HRM literature. In general, Becker and Huselid claim that "measuring the level of fit cross-sectional remains a considerable obstacle as the focus of analysis moves away from very narrowly defined jobs and industry groups". They also claim that internal or horizontal fit improves as the various elements of the HRM system reinforce one another and send consistent signals regarding valued behaviors in the organization.

Academics and practitioners generally have different perspectives about the strategic role of an HRM system. For academics such as Becker & Huselid (1998), it means an interdisciplinary research perspective incorporating HR, strategy, organizational economics, and finance. For HRM managers and the HRM function, it generally means new competencies and perhaps competing roles, requiring both value creation and cost containment. It represents an important departure from the traditional view of HRM that emphasizes "best practices" and "benchmarking" as the foundation for their contribution to firm success.

It has also been argued by Becker & Huselid (1998) that empirical research in psychology should move away from its traditional reliance on tests of statistical significance and focus more on point estimates of effects sizes and confidence intervals if it hopes to build the cumulative body of knowledge common in such fields

as economics. According to them this should not be a problem in the strategic HRM literature where the dependent variables typically reflect meaningful, objective measures of firm performance. They conclude that, research in this area is in a unique position to make statements describing how meaningful and understandable changes in an HRM system influence commonly accepted measures of firm financial performance.

Stephen (1998) argues that the extent of strategic HRM is usually influenced by the strategic role played by the senior HRM practitioner in the strategic management process. The role of senior HRM practitioners is crucial in the strategic management process. He suggests that in, order for the people management function to be effective in aligning organizational strategies with people management strategies, the practitioner must play a key, strategic role in the process. This strategic approach is different from the traditional personnel management role.

Wright (1998) expresses his thoughts about the shift in the strategy literature with these words: “The issue of what contributes to competitive advantage has seen, within the strategy literature, a shift in emphasis away from external positioning in the industry and the relative balance of competitive forces, towards an acknowledgement that internal resources be viewed as crucial to sustained effectiveness”.

Boudreau and Ramstad (1998) draw attention to the fact that the field of strategic human resource management (SHRM) lacks a framework of measurements that reflect the richness of the linkages between human factors and strategic outcomes. According to them, SHRM research often proceeds from very disparate conceptual frameworks, adopting measures that are often derived for one particular study, that may or may not be comparable across studies, and that may not reflect key intermediate linkages underlying general relationships. One study may relate organization-wide financial measures to report HR practices, while another may measure outcomes at a particular production site and relate them to site-level indicators of efficiency. They conclude that for SHRM to advance, it must eventually be based on a theory that specifies not only concepts and relationships, but appropriate and high-quality measures to express and test them. Obviously, in order to test SHRM propositions, operational measures of the variables must be developed.

Less obvious are the underlying assumptions and inferences behind the measures. For example, a correlation (even lagged over time) between reported HR practices and financial performance may create an inference that HR practices lead to financial performance, but does not necessarily prove this inference.

Rogers & Wright (1998) claim that current research may not provide sufficient justification for the HR function for three reasons: First, while a majority of the published studies do show significant relationships between HR and firm performance, these relationships are neither universal nor consistent. Second, while models of strategic HRM imply firm performance as the dependent variable of ultimate performance, theory building in the area requires greater precision regarding how firm performance should be defined and assessed. Finally, from the standpoint of HR practitioners seeking to justify their programs alongside those of their colleagues in accounting and finance, a focus on accounting and financial measures of performance may be futile, as it requires competing according to accounting rules, time frames and goal-value assumptions.

Organizational performance is probably the most widely used dependent variable in organizational research today yet at the same time it remains one of the most vague and loosely defined constructs (Rogers & Wright, 1998). The struggle to establish a meaning for performance has been ongoing for many years, and is not limited to the field of strategic HRM (Rogers & Wright, 1998). Within the strategy field, the focus of attention on the performance construct has been almost entirely on financial measures of performance (Rogers & Wright, 1998). Conceptually, it has been viewed as the comparison of the value created by a firm with the value owners expected to receive (Rogers & Wright, 1998).

Control variables are used in research because they are related to both the independent (HR) and dependent (performance) variables. Failure to control for such variables can result in either observing spurious relationships (observed relationships which are entirely due to both variables co-varying with the control) or suppression (when no observed relationship is observed between the independent and dependent because one of those variables has a negative relationship with the control) (Rogers &

Wright, 1998). The most common control variable used in the SHRM field by far is size (75% of studies), followed by Industry (35%), age (27%), location (24%) strategy (18%), and Unionization (11%).

In fiscal year 1999, the U.S. Office of Personnel Management (OPM) embarked on a special study to determine how much progress Federal agencies have made toward aligning HRM with agency strategic goals in support of HRM accountability and agency mission accomplishment. Their key findings and conclusions are summarized as follows:

“Many more agencies than expected include HR representatives in the agency planning process and integrate human resources management goals, objectives, and strategies into agency strategic plans. However, most agencies are still struggling in this area. Therefore, agency executives and HR leaders need to work together to fully integrate HRM into the planning process so that it will become a fundamental, contributing factor to agency planning and success. Although some agency HR offices have begun focusing on organizational activities that assist agency decision-making, most are still emphasizing internal HR office efficiency efforts. While internal issues are important to the success of any HR program, HR offices also need to examine the “big picture” and find ways to impact the success of the agency as a whole. Most agencies are in some way measuring the efficiency and/or effectiveness of the HR function. These measures, however, are generally output-oriented, focus on internal HR processes and activities, and are used to make improvements to HR-specific policies and procedures. As HR refocuses its activities to broader organizational issues, HRM measures also need to be expanded to gauge the impact HRM has on agency goals and mission. Then, the measurement data can be used to inform agency-level decisions. The relationship between HR and management is becoming more collaborative. HR executives are beginning to earn a seat at the management table. HR offices are becoming more consultative and involved in day-to-day line management activities. Nevertheless, there is still a long way to go if HR is to become a strategic partner at all levels. To do so, HR needs to build its own internal competencies to deal with organizational issues, educate itself on agency and

program missions, and find ways to offer creative and innovative solutions to organization wide issues.”

Treen (2000) stresses the importance of SHRM by mentioning that: “Strategic HR is not an option or a possibility. It represents and delivers real value in executing a strategic plan, which, if neglected, will reduce a company's competitive advantage.” According to him, strategic HR must create value by providing opportunities for organic learning and developing intellectual capital and core competencies. This value is crucial to the organization's future and ongoing success. It is also crucial in developing an organization's sense of identity. Therefore, he supports the general idea in the literature that, the task of creating value should never be outsourced. Nor should an organization expect to create it by copying other companies' best practices. He concludes that, this is the only way to incorporate every part of the company's operations into a value chain that drives the strategy.

Becker, Huselid and Ulrich (2001) introduced The Seven-Step Model for using HR as a strategic business asset:

- Step 1 – Clarify and articulate the business strategy: Until a firm clarifies its business strategy precisely and in a way that employees understand, it will be impossible to measure how successful the organization is. Therefore, before focusing on implementing the strategy of the business, there must be the capacity to definitively state the preferred business strategy clearly, concisely and free of ambiguities.
- Step 2 – Develop the business case for HR as a strategic asset: Once a firm has clarified its strategy, HR professionals need to be able to build a compelling business case for why and how HR can support that strategy. The overriding theme of this business case should be implementation of the firm’s strategy, and HR’s contribution to implementation through creating value with good HR alignment and controlling costs, thereby enhancing operational efficiency.

- Step 3 – Create a strategy map for the firm: A strategy map (or a value chain) shows how the firm creates value in terms managers and employees can relate to. In other words, the strategy map details which organizational processes and capabilities drive firm performance. To state that clearly, indicators are specified which either drive performance (leading) or measure results (lagging). The complete spectrum of results are incorporated, both those that are readily visible and quantifiable (tangible) and those that aren't (intangibles).
- Step 4 – Identify HR deliverables within the strategy map: Most HR outputs are created wherever the HR system intersects the strategy implementation system. Thus, HR managers should identify all HR performance drivers and HR enablers or deliverables which exist within the strategy map. By identifying those drivers and enablers, HR policies which enhance those factors can then be developed.
- Step 5 – Align the HR architecture with HR deliverables: To align the HR system with the firm's strategy implementation system, a competency model and development program will be needed to generate the requisite HR deliverables. This will require internal alignment (between all three components of the HR architecture) and external alignment with all other elements in the value chain. In essence, unless there is alignment (with the periodic reshaping that will be required as firms change their business strategies), the HR strategy will not only fail to create value but may even destroy value.
- Step 6 – Design the strategic measurement system: A viable HR strategic measurement system measures the correct HR performance drivers and enablers and also chooses the correct measures for each deliverable. Ideally, the HR scorecard will accurately measure the impact of all HR policies on firm performance and capture the full impact of HR. The more sophisticated and detailed this measurement is, the greater the potential benefits are.

- Step 7 – Execute management by measurement: Implementing the HR scorecard is more than just a one-off event. It's also more than simply keeping a running total of HR results. Instead, a well-constructed HR scorecard allows HR managers to monitor their input into the firm's results on an ongoing basis and make periodic adjustments to ensure the HR architecture remains aligned with the evolving business strategy of the firm.

Becker, Huselid and Ulrich (2001) state that there are two types of alignment between the HR architecture and the strategic requirements of the firm:

1. Internal – the ability and potential for the firm to use HR as a strategic asset. Internal alignment is measured by evaluating the feedback from those who interact with the HR system on a daily basis – line managers and front-line employees. If those people feel there is a high degree of fit and consistency, then there is most likely a strong correlation between the HR architecture and its deliverables. Conversely, internal misalignment means the HR system is consistently sending conflicting signals about what the organization values. By diagnosing and analyzing internal alignment, HR managers can spot problems within the HR architecture and undertake quick remedial actions.

2. External – the extent to which the HR system is designed to implement the firm's strategy. External alignment measures the match between the firm's strategic value drivers and the HR deliverables which contribute to each driver. To make this measurement, both scale (the measurement tool used) and perspective (individual viewpoints) are required. External alignment is usually measured by making tests. The HR deliverables are evaluated on how closely they match the strategy map. Then the HR system is tested to determine specifically what HR deliverables are being generated. That will show whether or not the HR deliverables are, in fact, the key performance drivers for the firm's strategy.

Becker, Huselid and Ulrich (2001) explain that the HR scorecard matches business strategy against HR deliverables and objectives to provide a statistical basis by which HR efficiency and contribution to strategy implementation can be measured.

As such, the HR scorecard is a management tool which allows a business to:

- Manage HR as a strategic asset and a source of competitive advantage.
- Quantitatively demonstrate HR's contribution to the firm's financial results and bottom-line profitability.
- Create and measure the degree of alignment between the strategy of the business and its HR architecture.

Becker, Huselid and Ulrich (2001) believe that, when used effectively, HR scorecards link the things people do with the strategy of the company. According to their belief, the HR scorecard allows the human resource function to fill a strategic role in the business – participating fully in the balanced goals of cutting costs and creating added value. In total, the HR scorecard makes it possible for HR to enhance its role as a strategic business asset.

According to Becker, Huselid and Ulrich (2001-2) the solution to the missing link in the HR-firm performance relationship is the concept of the strategy map developed by Kaplan and Norton. As an alternative to traditional accounting measures they have offered a more “balanced” set of performance measures (i.e. the Balanced Scorecard) that captures both the financial results of managerial decisions, but also the “leading” drivers of those results. The conceptual foundation of this “balance” is a set of cause and effect relationships that underpin the strategy implementation process in a particular firm. The formalized result of this analysis, what Kaplan and Norton call a strategy map, is essentially the story of what it takes for the firm to implement its strategy. In effect it describes how value is created through the strategy implementation process. However, as Kaplan and Norton acknowledge (1996) organizations have made little progress in developing measures of how People (or HR) make a strategic contribution (Becker, Huselid and Ulrich, 2001-2). The results of their study shows that organizations with more balanced performance measurement systems (i.e. balanced scorecards) rated the strategic focus of their employees significantly higher than organizations that relied simply on financials to measure strategic performance.

At the beginning of their study, Becker, Huselid and Ulrich (2001-2) state that HR is a strategic asset and it can play a critical role in both strategy implementation and management systems. To them, the ability to execute strategy well is a source of competitive advantage, and people are the building blocks of effective strategy execution. They support their arguments by reports in the business press writing that the inability to execute strategy is the number one source of CEO failure.

Becker, Huselid and Ulrich (2001-2) advise organizations to be sure that they measure HR performance in a way that reflects the organizational logic of HR's contribution to firm performance. Once an organization begins to manage HR like a strategic asset, the measures of HR's performance must reflect that transition. They have observed that, organizations too often fail to make the systemic changes that structural link HR to the strategy implementation process, and simply attempt to raise the profile of people performance measures. They conclude with the statement that successful transition to managing and measuring HR as a strategic asset requires an entirely new perspective on the role of HR in the organization which needs to be a new understanding on the part of both line managers and HR professionals about what it takes for HR to make a strategic contribution. Finally they offer Balance Score Card as a solution.

Wright & Boswell (2002) noted that authors have used the term "strategic" to refer to research demonstrating the impact of HRM on a strategic goal such as profitability, to strategic choices made within firms as they impact on HRM systems, or to exploring the "fit" between strategies and HRM systems. Because of the ambiguity associated with the word "strategic," Wright & Boswell (2002) refer to "macro" HRM as a broader, more encompassing term that reflects a more organizationally focused examination of HRM. And also they use the term "micro" HRM to refer to the more functionally oriented view of HRM. According to them, to understand the various categories of research that currently exist within the realm of HRM, one must delve more deeply than this distinction alone.

More recent macro HRM research examines the impact of HR practices using the organization (corporation or business unit) as the level of analysis. Most often this

research assesses variables through asking an informed respondent to provide the relevant value for his/her organization. This vein of research tends to focus on the variance in relevant variables across organizations, assuming relative uniformity in the variable within the organization. In other words, the design focuses on assessing variance across organizations and then accounting for that variance in some way. In most cases variance across individuals, groups, or sometimes even jobs, is ignored, thus assuming uniformity (Wright & Boswell, 2002).

Since the mid 1990's which saw considerable research within the U.S. aimed at demonstrating the empirical relationship between HR practices and firm performance, it appears that much of this research has recently moved off-shore (Wright & Boswell 2002). Certainly the relationship is of interest to U.S. researchers, but it appears that within the U.S. more attention is now being devoted to critically evaluating past research and searching for new theoretical and empirical paradigms (Wright & Boswell, 2002). However, the published research, regardless of its origin seems to provide additional support for the notion that HR practices are related to important measures of firm performance.

While models of the process through which HR practices impact performance have progressed, they have not been tested empirically (Wright, 2003). In addition, research has not attended to demonstrating true causality. Wright (2003) claims that next generation of SHRM research will begin (and, in fact has begun) to focus on designing more rigorous tests of the hypothesis that employing progressive HRM systems actually results in higher organizational performance. According to his thoughts, this generation of research will focus on two aspects: demonstrating the HRM value chain, and proving causality as opposed to merely co-variation.

According to Horgan (2003) strategy alignment implies that a company's principal operating objectives are reflected in all its strategies. He considers that, in practice, the company's strategies should be mutually reinforcing and working in concert toward the realization of the same objectives. To him, the essence of strategy alignment is that the arrangement of a company's operations must reflect the upstream position of a company's overall or principal operating strategy. Hence, relative to the

overall strategy, secondary strategies of the company, such as its HR practices, are downstream and should support and contribute to the success of the overall strategy. His principal hypothesis associated with achieving strategy alignment is that a good fit between strategies will be followed by superior performance.

The literature suggests that there are distinct strategic orientations bearing on an organization's policy towards HR practices, and that it should be coherent with the business strategy and conditioned by the nature of the work process and the environment (Dolan, Mach and Sierra, 2003).

Turvey, Neal, West and Dawson (2004) argue that the resource-based theory should adopt a contingency perspective in assessing the performance benefits of specialized resources. Contingency theory posits that the relationship between a given independent variable and the dependent variable will be different for different levels of a critical contingency variable (Delery and Doty, 1996). In other words, in order to be effective, a given approach to HRM must be consistent with other aspects of the organization or the business environment (Turvey, Neal, West and Dawson, 2004).

From a resource-based perspective Turvey, Neal, West and Dawson (2004) argued that an innovative HR function would be better placed to harness the potential of the firm's human capital pool as opposed to more traditional HR functions. In effect, an innovative HR function becomes an intangible and firm-specific asset not readily duplicated by competitors. More traditional HR functions, on the other hand, are more likely to be institutionalized and thus less able to confer competitive advantage to any individual firm (Turvey, Neal, West and Dawson, 2004).

Fleetwood & Hesketh (2004) emphasize the necessity of developing theoretical frameworks in the field of SHRM. According to them, a framework for SHRM metrics should enable researchers to better articulate which processes they are choosing to measure. Without a measurement framework, it will be difficult to develop a theoretical logic or measurement rigour to support the inference that investments in human resource strategies lead to organizational success (Fleetwood & Hesketh, 2004).

Wright, P. & Haggerty, J. (2005) updated the earlier Wright and McMahan (1992) review, and found that the Resource-Based View of the Firm had become almost the universally embraced meta-theory among Strategic HRM researchers, largely because of both its popularity in the broader strategy literature, and its ability to articulate why HRM could be linked to the economic success of firms. They also found that researchers were more consistently grounding their investigations in established meta-theoretical frameworks, but then developing middle level process theories for explaining the impact of HR practices on firm performance.

Alcazar, Fernandez and Gardey (2005) once again reviewed the four major perspectives defined in the SHRM literature. Those four "modes of theorizing" represent four different approaches to the same research question, each of them emphasizing a specific dimension of the reality of SHRM. This criterion allows a complete and systematic classification of the literature, because the four perspectives together show a spectrum that encompasses all possible approaches (Alcazar, Fernandez and Gardey, 2005):

- The universalistic perspective is the simplest approach to the analysis of human resource management strategies. It starts, in all its explanations and prescriptions, from the premise of the existence of a linear relationship between variables that can be extended to the entire population. Regarding the level of analysis, universalistic models have focused mainly on a sub-functional point of view, analyzing how certain isolated HR policies are linked to organizational performance. In other cases, they analyze more than one best practice, defining what have been called high performance work systems. As a result, this view implicitly denies that the different elements that build the system could be combined in different patterns of practices that could be equally efficient for the organization. When compared to the other perspectives, the universalistic approach is characterized by a lack of solid theoretical foundations. Its emphasis on empirical testing of the HRM performance relationship leads to high levels of statistical significance, but, on

the other hand, it also leads to lack of consideration of crucial variables, constructs and relationships.

- The contingent model introduces a different starting assumption in relation to what the relationship between variables means. Contrary to the linearity argued by the universalists, they propose a model based on interactivity. The relationship between the dependent and the independent variable will no longer be stable, and it will vary depending on other third variables, named contingency variables. Those factors moderate the link between human resource management and performance and, therefore, deny the existence of best practices that could lead to superior performance under any circumstance. The arguments of the contingency approach build a theoretical body that is more solid than the universalistic foundations, although this approach does not reach the statistical strength of the latter. Basically, two theoretical frameworks have fostered the development of contingency models: Behavioral Theory and the Resources and Capabilities View of the firm. As in the universalistic perspective, the deductive logic of research is also present in the empiric analysis of contingency variables. The methodology used by this approach is again characterized by a quantitative focus, although the contingency works rely on much more varied statistical techniques, which allow a deeper understanding of the complex phenomenon of SHRM. In general terms, it is observed that many contingency propositions have been tested by using regression analysis.
- The configurational perspective contributes to the explanation of SHRM with a useful insight about the internal aspects of the function, by means of the analysis of the synergic integration of the elements that build it. In this sense, the HRM system is defined as a multidimensional set of elements that can be combined in different ways to obtain an infinite number of possible configurations. A shift of approach concerning the link between the variables involved in SHRM lies under this new perspective. One of its main contributions relies on the assumption that the relationship between the configurational patterns and organizational performance is not linear, since the

interdependence of practices multiplies (or divides) the combined effect. Thus, the "black box" of the universalistic and contingency models is opened, so that the HR function can be analyzed as a complex and interactive system.

- The contextual perspective proposes an important shift in the point of view of the analysis of SHRM. Unlike the previous approaches, it introduces global explanation through a broader model, applicable to different environments encompassing the particularities of all geographical and industrial contexts. The main contribution of the contextual approach lies in the reconsideration of the relationship between the SHRM system and its context. While the rest of the perspectives, at best, considered the context as a contingency variable, this approach proposes an explanation that exceeds the organizational level and integrates the function in a macro-social framework with which it interacts. The analytical techniques rely almost exclusively on simple statistics, such as the analysis of means and standard derivations.

Despite the evident differences between the universalistic, contingency, configurational and contextual perspectives, Alcazar, Fernandez and Gardey (2005) believe that each approach complements the others, by adding constructs, variables or relationships not considered before. The confluence of these four explanations makes models more complex and, thus, enriches their understanding of SHRM.

According to Andersen, Eriksen, Lemmergaard and Povlsen (2005), both the micro- and the macro-level variables are needed to theoretically explain and account for the relationship between HRM practices and organizational performance. Like in many other studies, they believe that HRM practices shape the skills, attitudes, and behaviors of an organization's workforce, and in turn those skills, attitudes, and behaviors influence organizational performance. Secondly, HR practices can have a direct impact on firm performance by creating structural and operational efficiencies. Building on this notion, they explore how HR practices shape employee characteristics through organizational climate and normative contracts at the organizational level and through psychological climate and contracts at the individual level; that is, the set of HR practices fosters coordination and interaction among

individuals by creating shared perceptions across individuals. Furthermore, they argue that the type of climate and the system of HR practices must be aligned with each other and must be aligned with key organizational contextual variables, such as business strategy. Finally, they adopt a multidimensional view whereby there are multiple configurations of HR practices that drive climates and contracts, multiple climates and contracts that guide the behaviors and attitudes of the workforce, and multiple dimensions of firm performance and effectiveness.

Worland and Manning (2005) draw attention to the debate in the SHRM literature over the compatibility between an integrated and consistent HR strategy and the need for alignment with business needs. They focused on the issue of whether all organizations should pursue a high commitment (best practice) bundle or adopt a more flexible, approach, allowing business units to aim for best fit with the external environment.

The main conclusion Worland and Manning (2005) have drawn from reviewing the literature is that, although the issue of strategic fit and its link to firm performance has been extensively examined, research has failed to consistently support the efficacy of fit. They found that the empirical evidence of strategic HRM within the private sector is quite limited and almost non-existent in the public sector. They mention about some research that have been conducted into the application of SHRM theory to organizational HR practice in the United States, the United Kingdom, Europe and, more recently, in Australia, New Zealand and Asia. But they criticize that most studies have been relatively small and, arguably, unrepresentative of industry as a whole in these regions. Many surveys have been conducted to determine whether organizations have actually converted the 'rhetoric' of SHRM into operational practice. But they conclude that overall results are not greatly encouraging.

Just like Worland and Manning (2005), Wright, Snell, and Dyer (2005) deal with the popular debate over external validity and the generalizability of SHRM theories. They have argued that theories of SHRM developed in the US do not generalize to Europe because of the significantly different context surrounding HR in the European Union. They point that various papers suggest general agreement on one point that

differences in institutional environments, and perhaps cultures, serve as boundary conditions with respect to the generalizability of the models and empirical results. When it comes to local customization, studies have led to the common assumptions that nations are characterized by unique sets of shared cultural values and these, in turn, lead to differences in the efficacy of HR practices across countries. Finally they hope that SHRM theorists and researchers in all corners of the globe will see this situation as a challenge.

Similarly, Zupan & Kase (2005) claim that the general SHRM models explain the link between HR and company performance have to be modified in order to be applied to companies in transition economies. Accordingly, they address the importance of issues relating to the empirical validation of the 'developed economy oriented' models in transition economies in Europe and suggest ways to further develop SHRM in these countries.

Zhang (2006) also argue that theoretical framework differs substantially from USA and European perspectives and whether these theories could be applicable in other countries' context is very questionable. As he stated, researchers in the United States adopt an implicitly managerialist approach, focusing on how HR can benefit shareholders, while researchers in Europe emphasize the importance of balancing the interests of multiple stakeholders such as employees, unions, governments and society. The European view tends to emphasize the importance of context; and the US view, "best practice".

Zhang (2006) also states that the main argument in the current literature is that there is no clear definition generally accepted for SHRM yet and the definition of SHRM has varied according to different schools of thoughts. Some have concerned that as an extension of Human Resource Planning; and others have seen that as the way for companies to have competitive advantages in front of the human resource problems that are not well-defined and have a difficult solution. The recent review of the SHRM literature exhibits a lack of appreciation of the core underlying issues, especially on the exploration of strategic aspects for linking HR to firm performance (Zhang, 2006).

Wei (2006) provides a good summary of the SHRM literature and reviews the major concepts up to date. As he stated, there is still no consensus on an exact definition of SHRM among scholars. But, broad agreement has been reached on its basic function, which involves designing and implementing a set of internally consistent policies and practices that ensure the human capital of a firm contributes to the achievement of its business objectives. By combining the HRM function with business strategy, SHRM reflects a more flexible arrangement and utilization of human resources to achieve the organizational goals, and accordingly helps organizations gain a competitive advantage (Wei, 2006).

Finally, when compared with the international body of SHRM literature, dimension of the indigenous literature studying SHRM practices seems rather narrow and insufficient. In fact, SHRM is a relatively new concept for Turkish practitioners and academicians. Objective of the most of the studies on SHRM in Turkey is to introduce this new concept that has already drawn considerable attention at the international arena to Turkish practitioners and academicians (Seviçin, 2006; Akdemir, 2004; Taştan, 2003; Barutçugil, 2000). On the other hand, a bunch of studies try to explore SHRM applications in Turkish organizations (Uyargil, 2001; Aydoğdu, 2001; Aycan, 2005; Özçelik, 2006). Also, recently some Ph.D and graduate thesis have been attributed SHRM.

Majority of these studies emphasize the fact that, most of the companies in Turkey concentrate on classical HRM activities and could not settle down a corporate culture emphasizing SHRM. According to the findings of these studies, recent HRM trends among the leading Turkish companies are shifting towards to SHRM as it was in US. But in terms of prevalence, Turkish firms follow the US firms from a few steps behind. Because, most of the Turkish firms perceive HRM as a set of operational obligations to be handled; rather than a strategic management philosophy that can be converted to a competitive edge. As a result, involvement level of Turkish HR executives to strategic planning and management processes is generally lower than their colleagues in US. Accordingly, alignment of HRM strategies with the overall business strategies is relatively rare among Turkish firms.

3.2.4 Essentials Concerning Strategic Human Resources Management Profession

Modern human resource management is guided by several fundamentals. The strategic role of human resources is rooted in the fact that some contemporary factors such as change management, knowledge management, learning organization, benchmarking, restructuring, need to be implemented quickly. We believe that discussing these factors, would express the strategic view of HRM.

The success of a firm is no longer based solely on an individual to execute one role in a “better” way. Now, it is the people who can see how to make fundamental improvements in the way their jobs are performed that are most valuable to a firm. Being consistent or only making small changes is worth very little anymore. These do not add much value to the individual or the firm and certainly do not ensure that the firm can grow or even be sustained.

Expanded role of HR does not include only gaining strategic position in the organization, but also playing a creative, innovating role within the organization. One of the expanding roles of human resources management is initiating to the application of current techniques and developing innovative methods for HR. HRM should be employing innovative approaches and solutions in improving productivity and quality of work life. In other words, HR executives should be volunteer change agents. They should be the role models for the employees with their efforts for change. Also they should be coping well with the resistance to change.

Globalization has revealed the need for change. First and foremost, changes in the economy and changes in economic activity. The intensity of competition on world markets increases with every passing day. In order to stay competitive and in business, firms need to be able to adapt to new environments.

For this reason, the firm's that reacted to new world conditions by instituting “change management” were the most successful. By making large organizational changes, flattening their corporate hierarchies, these firms tweaked traditional roles and improved

their effectiveness. The most influential change factor, of course, has been the computer. The computer has enabled rapid dissemination of information. This change, in particular, has expanded from being a “control device” to one that is used to educate. It has gained value as a source of information and creating expertise. Firms that could not adjust to incorporate computers or did not have the flexibility to adjust to ever changing market conditions by making their products cheaper, but of higher quality, simply failed. HR’s role in making strategic decision regarding the training of staff became ever more important.

The fact that not accepting change is the worst choice and understanding that change is an opportunity is ingrained in the 21st century mind. Organizations of the future will be founded on a different type of person. In other words, future companies will need people who can quickly react to environmental conditions and problems, that are able to learn, that have the creativity to come up with their own solutions, and that are highly receptive to new ideas

Strategic HRM requires that both the lower level staff and the higher level managers pay attention to taking advantage of change opportunities. In this context, the responsibility of HR is first to make sure that the staff on hand is aware of a given “change”, then to explain what the “change” means to the staff in the context of their jobs, to help the staff accept and implement the “change,” and finally to respond to any related questions or concerns that the staff may have.

As is explained above, the firm’s positioning in a competitive environment depends on their ability to respond and react to the changes brought on by globalization. This is tied to the organization’s ability to attain and apply new knowledge and technology.

This brings the issue of “knowledge management” to the agenda. Knowledge management takes a very crucial place. However accepting an organization is to change, it also needs to place an extra premium on its intellectual capital. The organization needs to harness this unseen capability to effectively adapt to external pressures.

Knowledge management should be seen as the center point for the organization's renewal process and management decision making. In the broadest sense, therefore, knowledge management is a radical new way to create, maintain, share, and develop knowledge. Today's competitive advantage for today's organization rests on its ability to apply knowledge.

As a result, firms must increasingly depend on their employees' knowledge, abilities, experiences and ideas. No organization can survive without obtaining knowledge or without utilizing its employee's knowledge base. Knowledge is an extremely important vehicle in helping keep up with new communication and data processing technologies.

Strategic HRM must treat employees as a partner. It must create new information to share with the employee; it must teach the employee how to compete in various market conditions, and it must also help the employee digest this new information and it must give them the confidence to be creative and come up with ideas on their own.

The "Learning Organizations" is related to change management in that the individual educated in change management can apply the concepts he has learned to create an organization that has the infrastructure to develop on its own (Senge, 1994).

In the age of globalization, the result of technological and economic developments has been forceful competition between markets. While traditionally organizations held machines as their primary assets, modern organizations hold intellectual knowledge and their human capital in higher regard. Since all organizations are comprised of individuals, they learn over time. There have been many developments in organizations where new thoughts and ideas are encouraged and supported. All of these organizations that generate desirable knowledge and positive changes are coming to be called "learning organizations" (Senge, 1994).

In order to create an environment that would foster an organization that learns, HRM must understand its unique features (Senge, 1994):

- “Learning” is ingrained in everything the employee does
- Learning and teaching are supported and rewarded by the firm
- The organization supports teamwork, creativity and quality
- The employee is trusted to select the work method that best fits his needs
- Employees at different levels and in different departments can learn together
- The expert-apprentice model is used to aid learning
- Learning even takes place during meetings and regular work time
- Every individual has equal ability to learn, regardless of rank
- Mistakes are considered learning opportunities

Every department of the organization needs to be able to adjust itself to change and needs to increase the potential of its workers by emphasizing learning as a continuous process.

The term “benchmarking” has now come up on our agenda. A benchmark is a reference point used on maps to show the height of a given objective. In the business world, several authors have come up with differing definitions of business benchmarking. They are as follows (Fisher, 1998):

Definition 1: When one firm’s products and services are accepted to be industry leaders, benchmarking is the process by which the other firms will compare their products and processes to that firm’s. The firms conducting the benchmarking will do this evaluation on a regular schedule

Definition 2: Benchmarking is the process by which our firm’s efficiency and effectiveness are regularly contrasted against other “extraordinary” firms.

Definition 3: Benchmarking is the research and application of best practices. It is the regular comparison of our own products, services and applications against those of our strongest opponents or firms that are considered leaders in their fields.

Definition 4: Benchmarking is the method by which comparison teams will closely observe the highest performing firms to learn about what sort of processes and skills they need to implement to make their own firm into a world champion.

Definition 5: Benchmarking is a self-evaluation. The organization studies its competitors, partners, or successful firms in other sectors. It researches methods used in both domestic and international markets and uses the best practices as models to improve upon its own weaknesses.

Definition 6: Benchmarking is a regular and systematic process by which, for the purpose of bettering itself, an organization will study the products, services, and work processes of other firms.

The above definitions indicate that HRM must compare its own firm's inner workings not only with those of its direct competitors, but also against peer firms in other domestic industries as well as foreign firms. With the comparison complete they should work to improve their own weaknesses by instilling in their staff the discovered best practice. Benchmarking is clearly a method by which a firm can obtain a competitive advantage because it is a merger of top business strategies from around the world.

Improvements in knowledge and technology, especially communication and information technologies are rapidly changing the environmental factors which affect an organization. Market structure, client expectations, and competitive conditions are now very different. In order adjust to these changes and continue in existence and success, the organization can no longer just modify its production and marketing systems. It will have to change nearly its entire structure and way of doing business. It has to update all its business units and processes.

Strategic HRM comes in to the picture because restructuring requires quick decision making and quick implantation of those decisions. To meet today's structural and functional demands HR managers need to make strategic decisions. The result of a strategic review of current policies often a complete revamp of those policies and

sometimes the decision to outsource. This all adds up to the fact that an organization's effectiveness will increase, it will have a better chance of realizing its strategic goals, and it will achieve a better competitive positioning.

3.2.5 The Relation between Strategic Human Resources Management and Competition

There are a series of factors which necessitate the incorporation of a competitive mindset into HRM. The following outlines those factors: (Barutçugil, 2004)

- Increase in Competition: This causes firms to become lean (fewer employees performing more work)
- Increase in Rate of Technological Advancement: Technology increases the work rate of and diversity of tasks completed by employees. It also requires a change in the profile and composition of the staff.
- Demographic Change: In many countries the increased presence of women, minorities, expatriates, and other demographic slices in the workplace is changing corporate cultures, expectations and human relations within the firm. Properly managing these changes is important to the success of the organization.
- More Frequent Changes in Economic Conditions: As domestic and international markets start to integrate, economic conditions are starting to become a global issue. To successfully navigate the ups and downs, well thought out HR policies need to be enacted.
- Increased Frequency of Restructuring: The influence of merger and acquisition activity and corporate restructuring on personnel cannot be overlooked. Firms that embark on such endeavors without addressing HR concerns usually fail in their efforts.

HRM's connection with the issues brought to light by the above factors is not ignorable. To strategies that can be used to respond to these changes presents HR managers with an opportunity. These are the most common HRM roles in the literature:

- To point out the human capital related pitfalls and opportunities during the organizational purpose and goal establishment processes
- HR must evaluate and highlight any issues in regards to the staff's abilities to apply the organization's strategies and meet its goals
- To make sure that the opinions of all managers are considered, not just those of upper management
- To bring the selection and development of future managers to the agenda. HR must also create a secure long term strategic succession plan.

The above strategies reveal HR's role. In order to understand which strategies will be applied in a competitive scenario we need to fully understand what is meant by the term "competition".

Competition can be defined as the process by which an entity will make a profit by exceeding other entities in the same business line. Or, it can be said to be the process by which an entity gains advantage over its peers by promising to provide some benefit to a downstream entity interested in its services. In this sense human resources are integral to the concept of "competition." For an organization to achieve competitive advantage it has to strategically manage its human capital. In order to get ahead, today's businesses need to use a multitude of strategies to deter and get ahead of their competitors.

As a result, an organization's overall competitive footing depends on the competitiveness of its strategic HR department. In this sense, a firm's competitive strength, as represented by its products, sales, international market presence, and business sustainability depends on the robustness of its HR team.

3.2.6 Strategic Human Resource Management's Role with Respect to the Factors that Influence a Firm's Competitive Standing

A firm's ability to produce a lower cost product relative to its domestic or international competitors (cost competition), its product quality, product marketability, and customer service (quality competition) as well as its ability to come up with new products and inventions form the foundation of the firm's competitive standing. Its ability to maintain this standing is only made possible by strategic HRM.

The main principals which define competitiveness at a firm level are high quality, low cost, efficiency, and creativity. By focusing on quality, a firm can actually achieve increases in efficiency as a side benefit. By aiming to increase quality, firms reduce waste and excessiveness and target "zero defects" in its production line. The effect of these efforts is a net decline in operating expenses. Low cost and high quality are required to achieve competitive advantage. The firms that are able to synchronize both ideals will have succeeded (Aktan and Vural, 2004).

Strategic HRM must pay attention to the following in order to increase the firm's competitiveness: having the human capital to be able to increase production and constantly working to improve the firm's products and services (Aktan and Vural, 2004).

The factors that define a firm's competitive strength can be placed into two overarching categories. Factors that are internal and factors that are external. Internal factors include the firm's product, its expenses and its costs. Expenses include wages, cost of capital, production costs, tax expense, and social security costs and so on. Beyond these expenses are efficiency, profitability, technology, organizational structure, effective use of resources and creativity. These are other internal components which influence a firm's competitiveness (Aktan and Vural, 2004).

A firm must be able to work more efficiently and at a lower cost than their competition. However, the products they make must be marketable and of higher

quality. The services they provide must be able to keep existing clients and also attract new ones. Furthermore organizations need to constantly be seeking “newness” and invention.

In order to attain these goals, the employees must constantly be educated in the use of new technologies. The elements counted above are tied to the specialties and unique abilities of the workforce. Having educated, creative and hardworking employees or employees that are hired specifically for a given role, the utilization of employee ideas, and the motivation of the workforce are all areas that strategic HRM deals with directly. The quality of the organization as a whole, and the quality of the products and services produced will be established by the quality of the employee. The company will sustain itself as long as it can continue to satisfy client demand. With larger scale production the company will achieve greater profits and will invest more. It is a self sustaining upward spiral. New investment means new employment opportunities (and new employees that need to be groomed in the ways described). Therefore, strategic HRM’s role in the increase of an organization’s competitive strength and the establishment of its dominance is great.

As a firm’s human capital and technological ability increases, so does its competitive strength. Its future potential also increases, as does its ability to protect its position. With this human capital and technological ability, the firm is able to produce more valuable products than its competitors and in doing so provide better short and medium term returns to its shareholders. It is also better able to react to threats and opportunities, incorporate new technologies, finance necessary strategic adjustments, and use its cash on hand for the purpose of solidifying its competitive position (Aktan and Vural, 2004).

An organization’s competitive edge relies on its human capital and state-of-the art technology. Strategic human resources management plays an essential role in the selection and hiring process of new employees, who are qualified to carry the organization into the future and in their continued training to utilize the organization’s advanced technology. Increased competitive power of the organization is the result of these efforts.

Productivity of the organization, its capability to stay competitive in the market place, participation in the globalization process and improvement of managerial power also increase competitive strength. Improvement of existing technologies, research, and professional development further contribute to the firm's flexibility and competitiveness.

Therefore, resources and systems necessary to serve the basic needs of the business, improvement of scientific and technological capacity along with research and a responsible, forward thinking management style would contribute to greater and sustainable competitive strength. HRM must place a high degree of importance on developing technologies, knowledge, R&D, and the cultivation of human capital.

3.2.7 Human Resources Strategies

As was explained above, organizations have several options for sustaining business available to them. Due to the need to keep up with globalization, firms must not be afraid of change when employing strategies such as growth, merging, acquisition, downsizing or liquidation.

Growth strategies increase production scale and investment levels so that the needs and wants of customers are better met. This, automatically, forces a need for more employees. Strategic HRM must be integrated into a firm's growth strategy. This is because, both now and in the future, it will be necessary for a firm to find the worker with the skill set it needs, exactly when he is needed.

Downsizing means that a firm either reduces or eliminates its investments in a business area, and then withdraws from that market. A non-negligible number of employees are removed from the payrolls and asked to leave. Strategic HRM plays an important role in this period. It ensures that the individuals who have the abilities and potential to carry the firm into the future are not let go or do not leave. As a result, even during times of downsizing, HRM has an important place in ensuring the long term competitive advantage of the firm.

Merger or acquisition strategies need special handling starting from decision to post-implementation processes. At the decision stage, HR professionals should be involved in the decision making process in order to foresee the potential effects of a merger or an acquisition on the employee's performance and inform top management about the potential outcomes. Combining two or more different corporate cultures under the same roof is usually a rather difficult task for top management. Thus, at the implementation stage of a merger or an acquisition HR professionals should be pioneering to the formation of an aggregative corporate culture.

The above strategies are used by firms to succeed and stake out a better position in highly competitive market environments. Organizations must engage their strategic HRM resources before undertaking any of these actions. Strategic HRM will ensure that, to the extent that these affect the firm's human capital, they are executed with minimal cost, maximum efficiency and that the organization continues to perform at a high level. As a result strategic HRM plays an important role in the overall management and competitive footing of the firm.

We will now be considering how strategic HRM can be achieved (Taştan, 2003):

1. Being aware of external factors and the effects of those factors: HR managers must be aware of changes in the external environment and competition among other firms. It should stay informed of these developments and adjust its long term plans accordingly.
2. HR strategy's fit in the overall organization's strategy: There must be a strong link between the strategies belonging to the organization and HR. They should not have diverging goals.
3. HR must be aware of trends in the internal environment as well. This includes the organization's culture, its structure and the thoughts and feelings of all the workers.

HRM's strategies can be grouped in the following ways (Taştan, 2003):

1. **Workforce Planning Strategies:** Ensuring the sustainability of the workforce includes short and long term as well as center-periphery planning, such that the labor needs of all parts of the company are met.
2. **Labor Supply Strategies:** This strategy helps HR satisfy the organization's hiring needs by knowing what specialties are needed, what financial resources are available, understanding the firm's sector, labor market conditions, and legal restrictions. Examples of this strategy include formal and informal hiring strategies as well as constant communication with both internal and external workers (to achieve a ground level view).
3. **Worker Development Strategies:** This strategy defines the workers level of knowledge, ability, sector specific technological resources, upper management career planning, and education expenses. Examples of this strategy include either individual or group and either on the job or classroom training sessions.
4. **Success Evaluation Strategies:** This defines the organization of a consistent evaluation system based on specific criteria and management emphases. In success evaluation we will see formal and informal evaluation of work as well as reward and development based performance evaluation.
5. **Compensation Strategies:** The size of the organization is the biggest influence on this strategy. Here there can be strategies like low or high starting salaries, standardized or flexible compensation, compensation that emphasizes individual or group success, salary increases based on rank or performance, compensation that tracks market rate or chooses to exceed it, and lastly compensation equality within the organization or market.
6. **Office Relationship Strategies:** This strategy includes formal and informal discipline policies, opposition or cooperation with unions, and an atmosphere of either high or low job security.

3.2.8 Applications of Strategic Human Resources Management

When an organization is considering strategic options and what type of HR system to emplace, it must be sure to choose the most, case specific, fitting option it has available. These selection will have a long term effect, be it positive or negative, on the firm's strategic positioning. These HR decisions have a wide ranging impact on the firm, as it is not easy to change structural decisions made early on in the firm's organization (Barutçugil, 2004).

At the previous section, we have considered the main functions of HRM. Now, we need to discuss the how these functions could be strategically handled.

Human resources are one of the most important inputs to creating products and services which satisfy human need. For this reason it is imperative that the number of workers needed in a particular work flow be established in the planning phase.

Organizations use HR planning to understand their current staffing conditions and to develop a clear picture of how many employees they will need to hire and of what skill levels those employees will need to be. Organizations effectively use HR to reach their goals. As a result, HR's role in the organization's competitive strength is great. Other benefits of workforce planning are the reduction in hiring costs. This is because the organization will know where it has needs and where it is overstaffed and can take action before the discrepancies become costly. Furthermore, the organization will have a better understanding the gap between the skilled staff it has on hand and what additional skills it needs. In doing so, the firm will not accidentally hire redundantly skilled individuals and will employ its labor profitably.

SHRM's role in making sure that the organization is in synch with its environment is great. The organization's strategy for the future is closely tied to its human resources planning for the future. This is because the human resources need follows the business plan quite closely. What that HR need will specifically be depends on the nuances of their overall business plan. If the objective is difficult, there will be a constant need for intelligent and able workers. They will also need to satisfy the

demands of the staff they have on hand. Firms that have simple low value strategies or firms that spend little time on their HR strategies will find cheap labor that is not passionate about its career aspirations.

Knowledgeable and capable workers are collectively referred to as human capital. Maintaining human capital has become an important part of adding value to the firm and of improving the firm's competitive position. The ability to effectively apply selection and hiring process will win over this type of employee and as a result the associated organizational benefits will be obtained. At the same time, the firm will derive benefits from the synergies associated with the hiring of individuals who fit in with the firm's corporate culture. By hiring individuals with the necessary skill set, the firm will easily attain and develop its quality standards. HR should also seek to hire curious, open-minded, and forward thinking individuals who are constantly seeking to make improvements. This will enable the firm to bring new products to market and please its clients. In seeking employees who satisfy all of these conditions, the firm will become a market leader in innovation. Using resources effectively increases efficiency, lowers expenses, and by way of innovation finds new sources of income. As a result, hiring of such specialized individuals will enable the firm to gain overall competitive dominance.

The goal of the performance management systems is to create an environment where employees can get together and express their expectations to each other (Barutçugil, 2004). By improving the performance and motivation of the employees, the organization will see an increase in efficiency as well as have more information about input data for other functions of HR. Increased organizational efficiency can only happen through increased individual efficiency. Therefore, performance evaluation meetings and their ability to provide feedback to the worker are extremely important.

Performance evaluation answers two questions (Barutçugil, 2004). The first is at what level can the plans be executed and the second is how feasible were the initial plans? It lays out the difference between what was planned and what was executed. These differences could take the form of technology, human resource, capital, processes, and production. Once these shortcomings are described through the

feedback of evaluation, the discussion on how to eliminate them can begin. As a result, the elements which reduce the firm's competitiveness are removed.

Testing the accuracy of plans helps the organization better understand what its market position and effectiveness might be. At the same time the organization will have tested its information resources and decision making processes.

The competitive conditions brought about by today's business world mean that organizations are constantly facing change. To survive in this market, the firm will need to have a pipeline of internally trained, open minded, and change oriented staff (Barutçugil, 2004).

The "career" is an individual's life long approach to his job related effectiveness and work oriented mindset (Barutçugil, 2004). By giving an individual some direction to his work life, the organization will be able to maximize use of the individual's knowledge, abilities, and behaviors.

Career planning means the definition of the targets that an individual needs to reach in order to satisfy his career objectives. The important thing here is that the organization and all its individuals be directed to have clear understandings of where they want to be and how they will react to changes in the future. SHRM can and should tie the expectations of individuals with the expectations of the firms and direct them towards the same goals.

The compensation and reward systems play an important role in helping the firm gain competitive advantage. This is because when the employees receive a diverse compensation and reward package for the work they do, they are more motivated and attached to the firm. Furthermore, individuals outside of the firm will begin to desire the organization as a place of employment. Therefore it is difficult to overemphasize the role that compensation plays in satisfying worker-employer relations. A firm that is known for good compensation will not have trouble getting high quality and specialized workers. In these scenarios the organization will have an advantage in competitive position.

Workers will place more importance on the areas or operations that they feel will earn them higher compensation. Wage management can be used as a vehicle to help the competitiveness of areas of the firm that need improvement. For example, high compensation of new ideas that can be used to improve the competitiveness of the firm will engage all employees in the innovation process. By rewarding initiatives that produce high quality results, that save on expenses, and that are at a high technological level will direct employees into areas where their efforts will yield competitive advantages. Along the same lines, monetarily punishing actions that reduce competitive positioning will make the employees take care in their work.

In order to meet the standards of international competition, and to produce a world class product, the organization needs to expand its education and professional development initiatives. These initiatives help by providing the organization with new knowledge and especially an understanding of how to manipulate that knowledge for business purpose. The same is true for new technologies. As a result, training can occur both internally and at an offsite location. These development programs develop the specialties of and enable the staff to come up with new ideas. It also equips them with the tools to implement these ideas by teaching them operational processes and technologies. Constant education and development will increase efficiency and quality while reducing cost. Education makes it easier for the firm to understand the technologies and processes being used in the market and it enables the staff to discover new ways of differentiating their product from that of the competition.

3.2.9 Organization Culture and Strategic Human Resource Relations

Of the internal factors, HR strategies are most closely related to the foundation's culture. Today, organizational culture plays an important role in winning a competitive advantage for the firm (Aycan, 2005). Just as the culture influences the goals of the organization and has an important role in the formation of its strategies and policies, it can either facilitate or hinder the implementation of strategies selected by the management.

Companies with a strong corporate culture define parameters around how their employees should act and work. In companies with weak culture, on the other hand, employees will find themselves wondering how and what they should be doing. Those workers will end up wasting time trying to come up with their own ways of doing things. In short, firms with weak cultures and without common values, beliefs and, behavior patterns, will fall behind those with strong cultures because they will not be able to be aggressive in the market or react quickly to changing environmental conditions.

The early elimination of alternatives that conflict with the firm's culture and the ultimate selection of a strategy that is in line with the organization's culture will help the firm avoid many potential difficulties in the future (Aycan, 2005).

If a strategy that is not in harmony with firm's culture is selected, there will be many complications during implementation. If resources cannot be diverted to overcome these problems, the initiative, however large or small it is, will be destined for failure. In the opposite case, a firm that selects a strategy to match its strong culture will achieve success in its execution. When a strategy that is not contrary to common values, norms, and beliefs is selected, the organization's members will make every effort to support it (Aycan, 2005).

The above section implies that there is a strong connection between corporate culture and strategy. Therefore it is absolutely critical that culture be kept in mind during a strategy selection session. The establishment of a corporate culture occurs when these organization's members come together. They establish the common beliefs and values. Knowing this, strategic HRM must hire people that fit in with the culture and can work well with the existing employees.

Strategic HRM needs to confirm that a qualified candidate's norms and values are the same, or at least are similar to, the norms and values held by the people within the organization. Individuals that are hired, but who hold professional beliefs that are not the same as the organization, will most likely cause synergistic problems in the future.

That is why orientation and training plays an important role in making sure there is a consistent corporate culture within the firm. HR can ease the process of disseminating a unified culture by organizing a variety of development programs that express the organization's values, norms, and professional beliefs.

Chapter 4

Research Design and Methodology

4.1 Purpose of the Study

The literature review showed that, currently, several companies recognize the increasing importance of their human resources, but a few companies strategically handle its management in order to gain a competitive advantage. It is possible to say in general that, human resources function is well developed and completely recognized in most of the successful companies and, its place is expanding. For instance, a recent study of 115 subsidiaries of Fortune 500 firms found that the majority have integrated strategic planning and HRM within their organization. Human resource (HR) executives are involved in the planning process as strategic partners, and the HR office is generally recognized as playing an important role in implementing organizational strategies. But nothing makes it possible to think that the most traditional constraints and priorities have been abolished. Despite its inevitable importance, human factor is still taken as the last factor, following the factors like logistics, economic factors, and technology in the organizational strategy formulation process. In truth, several organizations try more or less to treat the human as given in the formulation and implementation of their strategic plans and in the implementation of these plans.

Based on the literature, it appears that very little is known regarding how the level of strategic involvement of the HR function is related to its perceived effectiveness. Numerous authors have called for increasing the extent to which HR managers are involved in the strategic management of the firm. A survey of more than 900 HR executives found that the HR office has some role in strategic planning in nearly all of the surveyed companies. The Survey of American Business Leaders, which obtained

information from senior corporate and HR executives at the largest Fortune 1000 companies, found that "the human resource function has emerged as a critical component of corporate success". However, yet, very little data exist with regard to the effectiveness of it (Wright & Mc. Mahan, 1992).

Evolution of HR approaches is a subject which was often treated by general managers' or human resources directors' perceptions during various periods. It was noticed that, most of the studies concerning the evolution of HR approaches comprises the perceptions of HR directors or general managers and this research entails a certain subjectivity regarding these perceptions. For example, Ulrich, Brockbank and Yeung (1989), begin their article entitled "Beyond belief: A benchmark for human resources", by underlining the subjectivity of perceptions of HR professionals who participated in their study and they underline the subjectivity as constituting the principal limit for several work. "Several HR professionals feel and believe that they made progress during the years 1980s. Unfortunately, estimates must depend on the perception rather than the evidences. To feel and believe that we have made progress is well. To know that we made progress is better. The majority of the professionals believes and feels that they made progress during the last decade. Most of them feel that they were involved in the businesses decisions, in a strategic and direct way, and they are more effective as business partners. Unfortunately, nobody can surely know if progress was really realized because much judgments of progress depend on retrospective feelings instead of empirical benchmarks" (Ulrich, Brockbank and Yeung, 1989).

The difference between "the reality" experienced by the practitioners and "the strategic" speech of the academicians has always been a debate not only in the HRM field but also in the rest of the social science fields. For example, in his study Benardin (1998) stressed this debate and configured the table below. In light of these observations this study was aimed to investigate how the practitioners and academicians are separated from each other in terms of Strategic HRM in leading Turkish firms.

Table 4.1 Sample of Discrepancies Between Academic Research Findings and Human Resources Management Practices

ACADEMIC RESEARCH FINDINGS	HRM PRACTICE
RECRUITMENT	
Quantative analysis of recruitment sources using yield ratios can facilitate efficiencies in recruitment	Less than 5% calculate yield ratios. Less than 20% know how.
STAFFING	
Realistic job previews (RJP) can reduce turnover.	Less than 5% of companies use RJPs in high turnover jobs.
Weighted application blanks (WAB) reduce turnover.	Less than 10% know what a WAB is; less than 1% use WABs.
Structured, behavioral or situational interviews are more valid.	18% of companies use structures interviews.
Use statistical model of prediction with multiple selection devices.	Less than 5% use actuarial.
Graphology is invalid and should not be used.	Use is on the increase in the United States.
PERFORMANCE APPRAISAL	
Do not use traits on rating forms.	More than 75% still use traits.
Train performance raters	Less than 24% train raters.
Make appraisal process important element of job.	Less than 30% of managers are evaluated on performance appraisal.
COMPENSATION	
Merit-based systems should not be ties into a base salary	More than 75% tie merit pay into base.
Gain sharing is an effective PFP system.	Less than 5% of companies use it where they could.

Bringing a strategic viewpoint to HRM is a comparatively new task both for Turkish HRM practitioners and scholars. Just like many other similar mainstreams, SHRM is imported from international literature and adapted to the leading Turkish firms by the HR professionals. Since SHRM is a comparatively new field even in the international literature, successful implementations should be rather rare among Turkish firms. In their studies, Wright & McMahan (1992); Huselid, Jackson and Schuler (1997), proved that it is actually rare even among American firms. By following a similar methodology, this dissertation is aimed to observe the situation in Turkey.

Coşkun (2007) tried to find answer to the question “*are expectations of companies regarding HR professionals limited by the purely practical HR skills (“Technical HR Skills” which refer to the technical capabilities of HR professionals concerning specific HR field.) which makes HRM like a function isolated from the general company or, are companies also require different competencies and especially competencies about the administration of organization (new approaches and techniques of management, knowledge of finance, strategy etc.), and managerial competencies (team spirit, managing capacity of working groups, etc)?*”. However she couldn’t see any hint about the role of HR in strategic decision making process in Turkish firms. Thus, she points out the need for another research to investigate top management activities of HRM which would show the strategic practices of HR Directors in Turkey. In fact, findings of this research may supply these hints.

Initially, starting point of this research was to determine if there was an evolution of Human Resources approaches in practice differently from the rational speech of HRM literature. The principal objective was to find the difference between the prevailing theory and the practice. Thus, the initial part of the dissertation was devoted to an extensive literature review which explains the theoretical evolution of Strategic concept of Human Resources Management.

Even though the academic literature was based on the corroboration of the evolution of Human Resources Management from Personnel Management to Strategic Human Resources Management; findings of a few studies brought certain questions to mind: “Do HR professionals really act like strategic partners or is that due only to wishful

thinking and biased ideas of academicians?” Was there really a change toward Strategic Human Resources Management approach or are we still living at the Personnel Management stage? Has the strategic role been accepted or is this just good intentions of academicians who want to gain a reputable position in the academic universe? All this series of overlapping questions are related to our purpose, but shortly, we can perhaps express the study’s purpose in only one question: Can the leading firms of Turkey really manage to adopt the most contemporary level of Human Resources Management philosophy; namely “Strategic HRM”?

To be able to examine the Strategic Human Resources approaches in practice, a research theme was constructed. The research would be used to determine how this change in the international field of Human Resources Management was reflected to the leading firms in Turkey. In order to do so, some of the most common items in the existing literature that has been used as the determinants of HRM and SHRM applications, were customized according to the HRM philosophy attributes of Turkish firms.

4.2 Research Questions and Hypothesis

The linkage between people management and business strategies is consistent with previous research (Schuler, 1992). Such research supports the idea that Strategic HRM Effectiveness can be explained by examining the contributions of the HRM function in the process of achieving strategic integration. People management strategies should complement and contribute to the improvement of the productive capacity of enterprises, in the short and long term, and should be developed in advance of the actual introduction of formal change to the organization. In order to clarify the distinction between Technical HRM Effectiveness and Business and Strategic HRM Effectiveness, most commonly used determinants cited in the existing literature are listed below:

- Strategic HRM Effectiveness
 - Teamwork,
 - employee participation and empowerment,
 - workforce planning--flexibility and deployment,
 - workforce productivity and quality of output,
 - management and executive development,
 - succession and development planning for managers,
 - advance issue identification/strategic studies,
 - employee and manager communications,
 - family programs.

- Technical HRM Effectiveness
 - Benefits and services,
 - compensation,
 - recruiting and training,
 - safety and health,
 - employee education and training,
 - retirement strategies,
 - employee/industrial relations,
 - social responsibility programs,
 - management of labor costs,
 - selection testing,
 - performance appraisal,
 - human resource information systems,
 - assessing employee attitudes.

In their study, Huselid, Jackson, Schuler (1997) emphasize the fact that there is little shared understanding about how to achieve effective implementation of strategic HRM activities, and there are few regulatory guidelines. In addition, they claim that occupational specialization is not yet apparent. Given these conditions, effective strategic HRM activities should be relatively rare across a population of firms. And it is believed that Turkish firms are not exceptions. This belief led to the initial two research question of the dissertation:

Research Question 1: Is there any substantial difference among the Leading Turkish firms in terms of achieving Technical Human Resource Management Effectiveness and Strategic Human Resource Management Effectiveness?

Research Question 2: Have the leading firms in Turkey achieved higher levels of Technical HRM Effectiveness than of Strategic HRM Effectiveness?

Depending on these research questions, the first and the second hypothesis were generated as follows:

Hypothesis I (H1): There is substantial difference among the Leading Turkish firms in terms of achieving Technical Human Resource Management Effectiveness and Strategic Human Resource Management Effectiveness.

Null Hypothesis I (Ho1): There is not any substantial difference among the Leading Turkish firms in terms of achieving Technical Human Resource Management Effectiveness and Strategic Human Resource Management Effectiveness.

Hypothesis II (H2): The leading firms in Turkey have achieved higher levels of Technical HRM Effectiveness than of Strategic HRM Effectiveness.

Null Hypothesis II (Ho2): The leading firms in Turkey have achieved higher levels of Strategic HRM Effectiveness than of Technical HRM Effectiveness.

According to the needs of the contemporary international business environment and competition, leading firms have to equip themselves with a staff which is ultimately rigged both with Professional (also referred as Technical) and Business related (also referred as Strategic) Capabilities. First and foremost, Professional HRM Capabilities of the HR executives should correspond to the daily and routine tasks and duties of the respective job for high-quality and timely execution. On the other hand Business related capabilities should ensure fulfillment of the company's strategic duties. In other words, the personal qualities and competencies of the HR executives should

comply with the preferences of personal criteria, which, in turn, should help the company in achieving the established objectives and increasing the company's competitiveness. An HR manager must be able to read and especially understand the situation of his company and his financial constraints. He must also have some idea about the other functions of the organization like production and marketing; in order to be able to collaborate with its partners under the best conditions. All this, bring the idea of a Business related (Strategic) HRM Capabilities and the idea of perceiving HR managers like corporate partners. In order to clarify the distinction between Professional HRM Capabilities and Business related (Strategic) Capabilities, most commonly used determinants in the existing literature, are listed below:

- Professional HRM Capabilities
 - Anticipating the effect of internal and external changes,
 - exhibiting leadership for the function and corporation,
 - demonstrating the financial impact of all HR activities,
 - defining and communicating HR vision for the future,
 - educating and influencing line managers on HR issues,
 - taking appropriate risks to accomplish objectives,
 - broad knowledge of many HR functions,
 - being knowledgeable about competitors' HR practices,
 - focusing on the quality of HR services,
 - international experience,
 - influencing peers in other companies,
 - significant external customer contact,
 - foreign language capability,
 - computer literacy,
 - highly specialized knowledge of a few HR functions.

- Business-related Capabilities
 - Experience in other key business areas,
 - line management experience,
 - HR-career-oriented.

Today, leading firms prefer to employ the HRM professionals who hold a plenty of professional and business related capabilities (Ulrich & Lake, 1990). In fact, one of the main issues that this dissertation aimed to observe was: “which kind of capabilities are rare and which ones are commonly performed by the HRM professionals in the leading firms of Turkey”. Relatively, the second and the third research questions came out:

Research Question 3: Is there any substantial difference among the HRM executives of the Leading Turkish firms in terms of Professional (Technical) Human Resource Management Capabilities and Business Related (Strategic) Human Resource Management Capabilities.

Research Question 4: Have the leading firms in Turkey achieved higher levels of Professional HRM Capabilities than of Business-related HRM Capabilities?

According to these research question the following hypothesis were generated:

Hypothesis III (H3): There is substantial difference among the HRM executives of the Leading Turkish firms in terms of Professional (Technical) Human Resource Management Capabilities and Business Related (Strategic) Human Resource Management Capabilities.

Null Hypothesis III (Ho3): There is not any substantial difference among the HRM executives of the Leading Turkish firms in terms of Professional (Technical) Human Resource Management Capabilities and Business Related (Strategic) Human Resource Management Capabilities.

Hypothesis IV (H4): The leading firms in Turkey have achieved higher levels of Professional HRM Capabilities than of Business-related HRM Capabilities.

Null Hypothesis IV (Ho4): The leading firms in Turkey have achieved higher levels of Business-related HRM Capabilities than of Professional HRM Capabilities.

Historically, the presumption of the field was that professional HRM capabilities related to the delivery of traditional technical HRM practices were both necessary and sufficient for assuring the development and effective implementation of HRM practices. As the strategic HRM paradigm emerged, this assumption was called into question by those who argued that, although professional HRM capabilities may be necessary to ensure technical HRM effectiveness, they are not sufficient; business-related capabilities were also required. This observation led to the following two research questions:

Research Question 5: Is there any substantial correlation between Technical Human Resource Management effectiveness and Professional Human Resources Capabilities of HR executives in the leading firms of Turkey?

Research Question 6: Is there any substantial correlation between Strategic Human Resources Management Effectiveness and Business-Related Human Resources Management Capabilities of HR executives in the leading firms of Turkey.

Accordingly, the following hypotheses came out:

Hypothesis V (H5): There is substantial correlation between Technical Human Resource Management effectiveness and Professional Human Resources Capabilities of HR executives in the leading firms of Turkey.

Null Hypothesis V (Ho5): There is not any substantial correlation between Technical Human Resource Management effectiveness and Professional Human Resources Capabilities of HR executives in the leading firms of Turkey.

Hypothesis VI (H6): There is substantial correlation between Strategic Human Resources Management Effectiveness and Business-Related Human Resources Management Capabilities of HR executives in the leading firms of Turkey.

Null Hypothesis VI (Ho6): There is not any substantial correlation between Strategic Human Resources Management Effectiveness and Business-Related Human Resources Management Capabilities of HR executives in the leading firms of Turkey.

Perceptions of executives about human resources management have also been questioned at the international literature. For sure, background, title, position and profession of the executives may affect their approach to human resources. In order to observe the perception patterns of executives of the leading Turkish firms the following research questions have been raised:

Research Question 7: Do perceptions of the executives in leading Turkish firms, about human resources management capabilities and effectiveness, substantially vary according to their professions?

Research Question 8: Do perceptions of the executives in leading Turkish firms, about human resources management capabilities and effectiveness, substantially vary according to their titles?

Related to these research questions the eighth and the ninth hypothesis came out:

Hypothesis VII (H7): Perceptions of the executives in leading Turkish firms, about human resources management capabilities and effectiveness, substantially vary according to their professions.

Null Hypothesis VII (Ho7): Perceptions of the executives in leading Turkish firms, about human resources management capabilities and effectiveness, do not substantially vary according to their professions.

Hypothesis VIII (H8): Perceptions of the executives in leading Turkish firms, about human resources management capabilities and effectiveness, substantially vary according to their titles.

Null Hypothesis VIII (Ho8): Perceptions of the executives in leading Turkish firms, about human resources management capabilities and effectiveness, do not substantially vary according to their titles.

Leading firms of Turkey operate in various sectors. Perhaps, there are certain similarities and differences among them according to their sector conditions. Accordingly, human resources management philosophies of the firms may or may not differ in some ways. Firms in different sectors may require different kinds of human resources capabilities and achieve different levels of human resources effectiveness. Ashok Som (2007) diagnosed that the extent of adoption of innovative SHRM practices is lesser in the manufacturing sector than in the service sector. Such a diagnosis might be also valid for the sectors in which the leading Turkish firms operate. In order to inquire this proposition, the following research question and the hypothesis were generated:

Research Question 9: Is there any substantial difference between the leading manufacturing companies and leading service companies in terms of (Strategic) HRM effectiveness and (Strategic) HRM capabilities?

Hypothesis IX (H9): There is substantial difference between the leading manufacturing companies and leading service companies in terms of (Strategic) HRM effectiveness and (Strategic) HRM capabilities?

Null Hypothesis IX (Ho9): There is not any substantial difference between the leading manufacturing companies and leading service companies in terms of (Strategic) HRM effectiveness and (Strategic) HRM capabilities?

Recently, in HRM research, validity of internal subjective evaluations has been taken into consideration. This involves investigating managers' and employees' perceptions about standards of HRM and of the work of human resources (HR) staff in their own organizations. In his article, Gibb (2000) indicates that there is a pattern of more positive perceptions of HR staff than of overall standards in HRM. In order to

investigate this diagnosis at the leading firms in Turkey, the final research question and the final hypothesis were generated:

Research Question 10: Is there any substantial difference between the perceptions of HR executives and other executives about (Strategic) HRM effectiveness and (Strategic) HRM capabilities?

Hypothesis X (H10): There is substantial difference between the perceptions of HR executives and other executives about (Strategic) HRM effectiveness and (Strategic) HRM capabilities.

Null Hypothesis X (Ho10): There is not any substantial difference between the perceptions of HR executives and other executives about (Strategic) HRM effectiveness and (Strategic) HRM capabilities.

In fact, some of the above listed determinants of Professional HRM Capabilities, Business-related HRM Capabilities, Technical HRM Effectiveness and Strategic HRM Effectiveness may not suit the circumstances in Turkey and Turkish firms. That is why some of the items have been removed or modified and some new items have been adopted.

Among the items of professional HRM capabilities, “taking appropriate risks to accomplish objectives” has been removed; “international experience”, “computer literacy” have been modified; and “knowing human resource laws and policies” has been adopted. “Taking appropriate risks to accomplish objectives” has been removed because, in Turkish firms, generally, HR executives are not expected to take so many risks. Instead, the general expectation of share holders and top management from HR executives is to avoid risks as much as possible. “International experience” has been modified since, Turkish work environment does not generally in fit in to common global administration principles. In other words, Turkish HR executives are required to have national experience before everything else. Because, only an experienced HR executive can manage to carry its staff throughout the extremely volatile business environment in Turkey. For sure “international experience” may add positive

capabilities to a HR manager, but by itself, it may not be the dominant determinant of HRM effectiveness. Thus, using “long term (not less than 10 years) HR experience” has been preferred as a professional HRM capability item, covering both national and international experience. “Computer literacy” has also been modified as “applying information technology to human resource management” because, “computer literacy” is not a capability any more. Rather, it is a must. Just like their staff, HR executives must have a lot more than computer literacy, in order to keep up with the needs of today’s ever changing business life and continuously evolving technology. Consequently, “Knowing human resource laws and policies” is a must for HR executives, especially when issues concerning the field of industrial relations come into play.

Among the Business-related Capabilities, “HR-career-oriented” factor has not been used as an item, since it is too broad and does not make sense. Instead, the following more strategic and contemporary management capability items have been adopted:

- “possessing good analytical skills, including the ability to think strategically and creatively”,
- “understanding business process and how to change to improve efficiency and effectiveness”
- “being customer oriented”

Among the Technical HRM Effectiveness items, only “retirement strategies” has been taken out of the content of the model, since it is already known that this item does not have a wide spread ground for practice in Turkish firms yet.

And consequently, “applying organizational development principles”, “designing and implementing change process”, “linking human resources to the organization's mission and service outcome”, “creating an innovative corporate culture”, “creating harmony among the corporate strategies and the HR strategies” have been adopted as “Strategic HRM Effectiveness” items.

4.3 Sampling

In this study the subjects were chosen by purposeful sampling. Purposeful sampling is a non-random method of sampling where the researcher selects “information-rich cases for study in depth (Patton, 2001). Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the research, thus the term purposeful sampling.

Purposeful sampling (also called “Purposive sampling”) is particularly relevant when the initial concern is exploring the universe and understanding the audience (Patton, 2001). This means, using common sense and the best judgment in choosing the right habitations, and meeting the right number of right people for the purpose of the study. Purposive sampling is best used with small numbers of individuals/groups which may well be sufficient for understanding human perceptions, problems, needs, behaviors and contexts, which are the main justification for a qualitative audience research.

As a purposive sampling strategy convenience sampling is useful in getting general ideas about the phenomenon of interest. It saves time, money and effort. However, it yields information-poor cases. Criterion Sampling reviews and studies cases that meet some pre-set criterion of importance (Patton, 2001).

Deciding on a sample size for qualitative inquiry can be even more difficult than quantitative because there are no definite rules to be followed (Patton, 2001). It will depend on what the researcher wants to know, the purpose of the inquiry, what is at stake, what will be useful, what will have credibility and what can be done with available time and resources. With fixed resources, which is usually the case, researcher can choose to study one specific phenomenon in depth with a smaller sample size or a bigger sample size when seeking breadth.

In purposeful sampling, the sample should be judged on the basis of the purpose and rationale for each study and the sampling strategy used to achieve the study’s purpose. The validity, meaningfulness, and insights generated from qualitative inquiry have more to do with the information-richness of the cases selected and the

observational/analytical capabilities of the researcher than with sample size (Patton, 2001).

The sample for this study is the executives of leading firms in Turkey. Middle and top level executives (supervisors, managers, directors, assistant general managers) were preferred to be the participants; because, as previously had been mentioned, contemporary HRM philosophy holds that, no matter which position he/she holds, every executive is responsible for the effective management of the company's most important assets: its human resources. The respondent executives were selected from the leading companies of Turkey. Family companies form a big part of Turkey's national economy. In these organizations, as family norms are dominant, HRM functions can not be applied perfectly. However leading Turkish firms act like the locomotives of the Turkish Economy. Whenever a new management stream arises at the international arena, the leading Turkish firms are advance couriers of adaptation.

Purposeful sampling was used while selecting the leading firms since the study required that a particular number of leading firms with particular characteristics should be selected. The initially pre-set criterion of importance was dominance in terms of yearly turnover. Leading firms were selected from the list of 'Capital 500' developed by Capital Journal published in 2007 and 'Bank Rankings' developed by TBB (Türkiye Bankalar Birliği) published in 2007. Firms were chosen among those with top rankings in terms of annual turnover. Companies that met the following criteria were selected for this study:

- (1) They had to be among the top 50 companies in the list of Capital 500 Index, in terms of annual net turnover.
- (2) They had to be among the top 20 banks in the list of TBB, in terms of annual net turnover.

In 2007, total turnover of the top 50 companies in the list of Capital 500 Index was holding almost half of the total yearly turnover of the whole index. And, also in 2007,

top 20 banks were holding $\frac{3}{4}$ of the total annual turnover of all banks in the list of TBB.

In line with the previously mentioned capability and effectiveness items of HRM and SHRM, the survey form at the appendix was generated. In order to assess dimensions of professional HRM capabilities and business-related capabilities, several relevant items in the first section of the survey asked respondents to indicate the extent to which HRM staff currently possess the capabilities and attributes listed using a scale ranging from 5 (applies to most) to 1 (applies to very few). Items from 1 to 15 were for the assessment of professional (technical) HRM capabilities. And the rest of the items assessed the business-related capabilities. At the second section of the survey, in order to assess dimensions of strategic HRM effectiveness and technical HRM effectiveness, respondents were asked to indicate how satisfied they were with the results currently being achieved using a scale ranging from 5 (highly satisfied) to 1 (very dissatisfied). Items from 1 to 11 and the last item were for the assessment of strategic HRM effectiveness. And the rest of the items assessed the technical HRM effectiveness.

In order to find out whether or not the questions are clear and distinct, a pre-test was conducted in Arçelik (leading durable consumer goods manufacturing firm of Koç Group). First of all the original survey (in English) was translated into Turkish. And then, each and every question was edited together with the HR Director of Arçelik in order to make sure that the questions are also comprehensive, significant and meaningful from the perspective of an experienced HR practitioner. After editing, 12 directors of Arçelik (each of them is responsible from the management of different functions) were obtained to be the respondents of the survey. Out of these 12 directors, 7 accepted to attend the survey. Apart from answering the questions, they were asked to evaluate the question's comprehensibility and significance. During the face to face discussions, all of the respondents pointed out that the questions were rather clear and understandable. Almost all of them mentioned that the survey form is compact, easy to fill and also is not very time consuming. In fact, when preparing the survey form, one of the major concerns was to make it as short as possible, in order to show the potential respondents that it will take only 15 minutes to fill it out, as it was

known that time consumption could have been the executive's major drawback for attendance. Another drawback was privacy. All the respondents requested assurance that their answers would be kept confidential. In light of all these discussions at the pre-test period, survey form and procedures for conducting it were cleared out.

Right after the pre-test, the survey form was sent to the pre-determined distributors, namely MESS and Koç Holding. The logic behind the attempt to distribute the survey through these institutions was to reach to the broadest frame of firms possible being aware of the fact that, even contacting with the executives of the leading firms in Turkey is usually not so easy for an ordinary individual survey conductor. So, the sample list of the firms was sent to MESS and Koç Holding for distribution. Fortunately, all the Koç Group companies responded to the survey with their directors. But unfortunately, despite their previous promises, MESS was not able to distribute the survey to their members and relevant contact points. Therefore, the rest of the companies at the sample list were directly contacted without the support of any intermediary. As it was stressed above convenience is an important matter of purposive sampling strategy. As a matter of fact, 34 out of 70 companies responded to the survey with their 75 executives.

Out of the 75 respondents, 41 executives were working in manufacturing firms and 34 were working in service provider companies. 23 executives had profession in Finance and Accounting, 18 executives in Sales and Marketing, 12 executives in HRM, 7 executives in Procurement and Logistics, 7 executives in Production and Operations, 3 executives in Information Technologies, 2 executives had in Legal Consultancy, 2 executive in Foreign Trade and 1 executive in Research and Development. In terms of titles, there are 25 supervisors, 35 managers, 14 directors and an assistant general manager.

Chapter 5

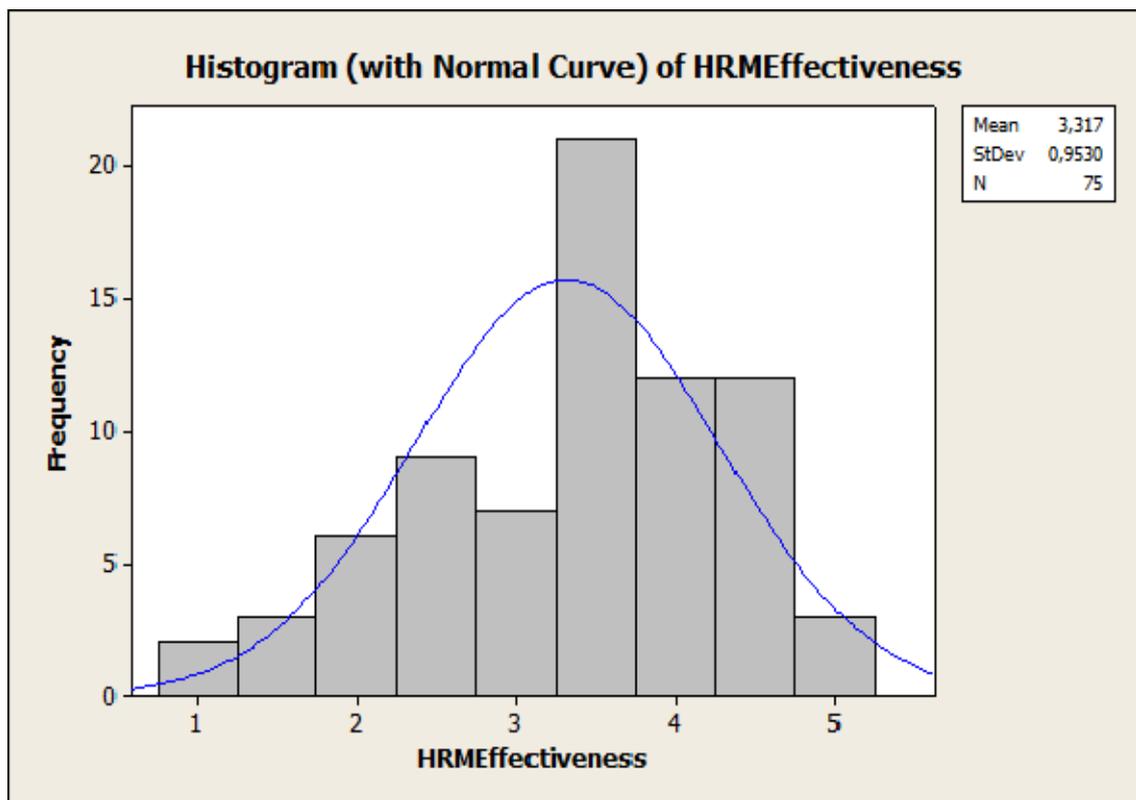
Findings of the Research and Evaluation

5.1 Data Analysis Methods

In terms of data analysis, first, a cross table containing all the responses was prepared. This cross table was then inserted to the Mini-Tab program for statistical data analysis. Initially basic descriptive statistics (Mean, Median, Mode, Range, Skewness, Kurtosis, SE mean, Standard Deviation, Variance) were calculated for each of the 4 main determinants (Professional HRM Capabilities, Business-related SHRM Capabilities, Technical HRM Effectiveness, and SHRM Effectiveness). According to this nominal data, it was observed that all of these variables were normally distributed as can be seen from the figures below. All of the four determinants had negative skewness. Therefore, all of the distribution curves were skewed to left. It showed that, mean scores at all dimensions of HRM and SHRM were above the average. Professional HRM Capabilities had the highest mean (3.4989) followed by the means of SHRM Effectiveness (3.414), Technical HRM Effectiveness (3.317) and Business-related SHRM Capabilities (3.157) respectively.

In the light of these statistical observations, the research questions listed above were analyzed. Since, significance level of 0.05 is generally accepted to be sufficient in social sciences, this level of significance was employed in all statistical significance tests within this dissertation.

Figure 5.1 Histogram of Technical HRM Effectiveness



Descriptive Statistics: HRMEffectiveness

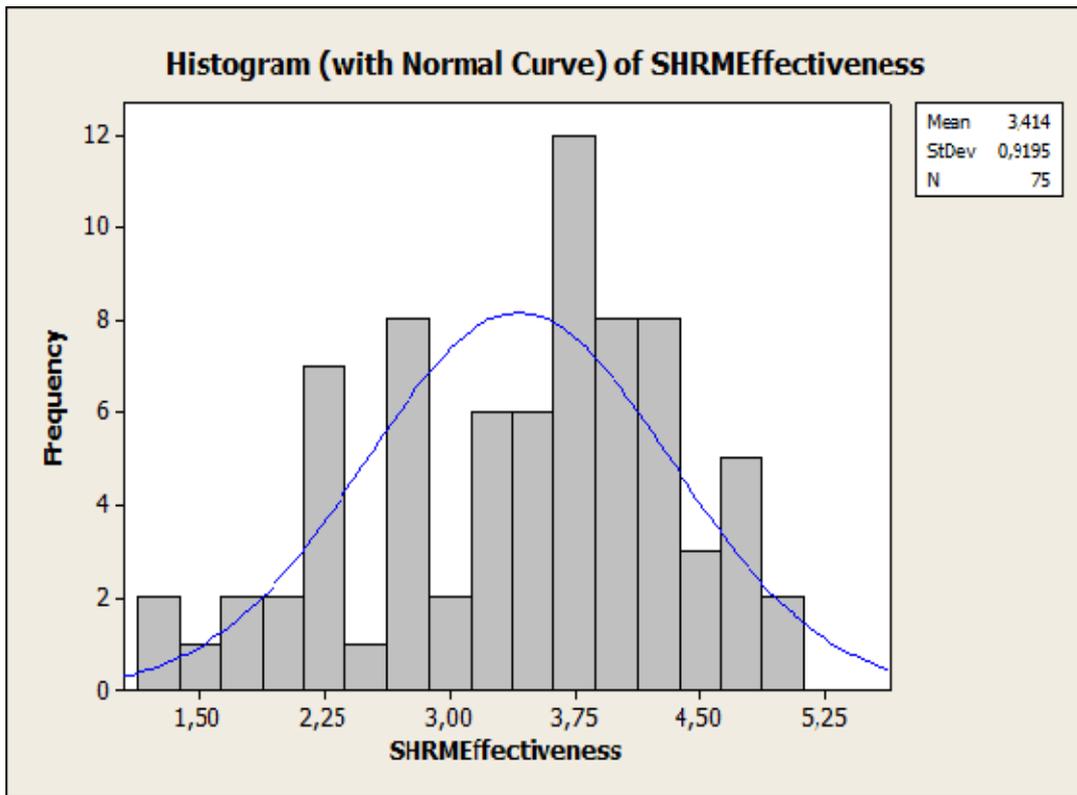
Variable	Total							
	Count	N	N*	CumN	Percent	Mean	SE Mean	StDev
HRMEffectiveness	75	75	0	75	100	3,317	0,110	0,953

Variable	Sum of						
	Variance	CoefVar	Sum	Squares	Minimum	Q1	Median
HRMEffectiveness	0,908	28,73	248,758	892,281	1,000	2,583	3,455

Variable	N for						
	Q3	Maximum	Range	IQR	Mode	Mode	Skewness
HRMEffectiveness	3,917	5,000	4,000	1,333	3,25	6	-0,42

Variable	Kurtosis
HRMEffectiveness	-0,35

Figure 5.2 Histogram of Strategic HRM Effectiveness



Descriptive Statistics: SHRMEffectiveness

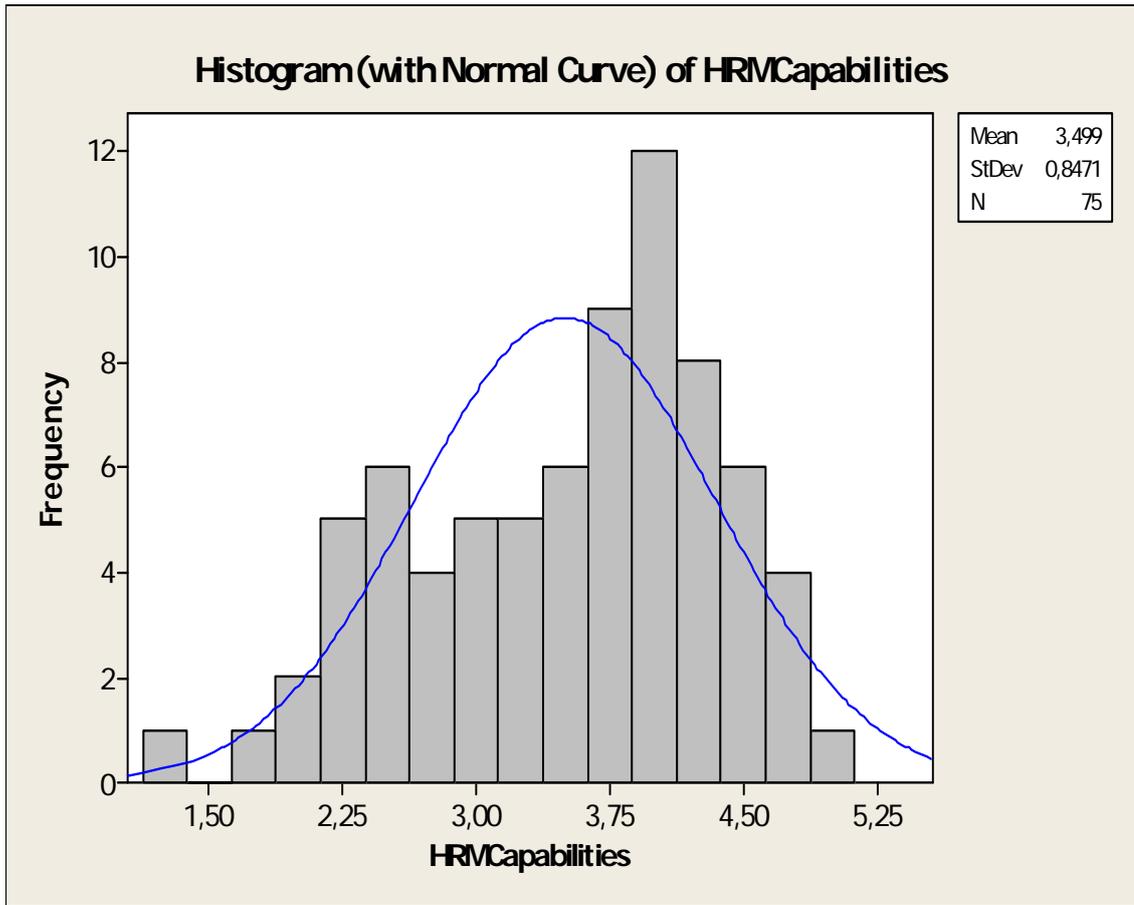
Variable	Total				Percent	Mean	SE Mean	StDev
	Count	N	N*	CumN				
SHRMEffectiveness	75	75	0	75	100	3,414	0,106	0,920

Variable	Variance	CoefVar	Sum of			Minimum	Q1	Median
			Sum	Squares	Range			
SHRMEffectiveness	0,846	26,93	256,074	936,888	1,182	2,786	3,643	

Variable	Q3	Maximum	Range	IQR	Mode	N for	
						Mode	Skewness
SHRMEffectiveness	4,083	5,000	3,818	1,298	3,64286	4	-0,49

Variable	Kurtosis
SHRMEffectiveness	-0,41

Figure 5.3 Histogram of Professional Human Resources Management Capabilities



Descriptive Statistics: HRMCapabilities

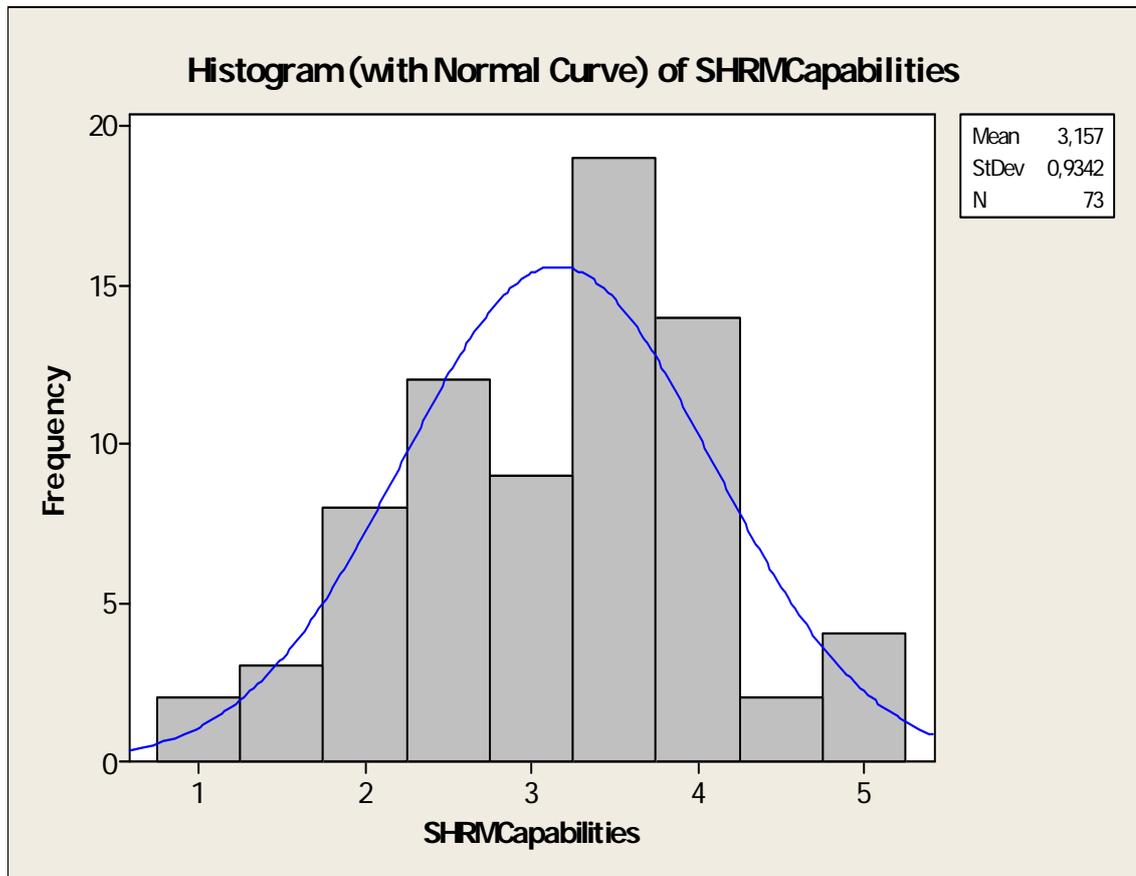
Variable	Total				Mean	SE Mean	StDev
	Count	N	N*	CumN			
HRMCapabilities	75	75	0	75	3,4989	0,0978	0,8471

Variable	Variance	CoefVar	Sum	Sum of		
				Squares	Minimum	Q1
HRMCapabilities	0,7176	24,21	262,4190	971,2861	1,2000	2,8000

Variable	Q3	Maximum	Range	IQR	Mode	N for	
						Mode	Skewness
HRMCapabilities	4,1333	5,0000	3,8000	1,3333	4	4	-0,48

Variable	Kurtosis
HRMCapabilities	-0,53

Figure 5.4 Histogram of Business-related Human Resources Management Capabilities



Descriptive Statistics: SHRMCapabilities

Variable	Total									
	Count	N	N*	CumN	Percent	Mean	SE Mean	StDev	Variance	
SHRMCapabilities	75	73	2	73	97,3333	3,157	0,109	0,934	0,873	

Variable	Sum of						
	CoefVar	Sum	Squares	Minimum	Q1	Median	Q3
SHRMCapabilities	29,59	230,433	790,224	1,000	2,417	3,333	3,833

Variable	N for							
	Maximum	Range	IQR	Mode	Mode	Skewness	Kurtosis	
SHRMCapabilities	5,000	4,000	1,417	3,5	7	-0,20	-0,51	

In statistics, paired sample t-test is used to determine whether or not there is a significant difference between the average values of the same measurement made under two different conditions (Kirk, 1995). Both measurements are made on each unit in a sample, and the test is based on the paired differences between these two values. The usual null hypothesis is that the difference in the mean values is zero. The null hypothesis for the paired sample t-test is $H_0: d = \mu_1 - \mu_2 = 0$ where d is the mean value of the difference. This null hypothesis is tested against one of the following alternative hypotheses, depending on the question posed: $H_1: d = 0$, $H_1: d > 0$, $H_1: d < 0$.

The paired sample t-test is a more powerful alternative to a two sample procedure, such as the two sample t-test, but can only be used when we have matched samples. Since the first research question was appropriate to those criteria, it was tested via Paired-Samples T-Test. By this method, statistically significant difference between Technical Human Resources Management Effectiveness and Strategic Human Resources Management Effectiveness was examined. Initially, Null hypothesis is determined as: “mean difference=0”. In other words, there is no difference between the means of Technical HRM effectiveness and Strategic HRM effectiveness. Naturally, H1 hypothesis is determined as: “mean difference is not 0”. As can be seen from the Table 5.1., P-Value for T-test was found to be 0,011. Since this P-Value was below the significance level (0,05), Ho hypothesis was rejected. Therefore it could be inferred that, there was a substantial difference between Technical HRM Effectiveness and Strategic HRM Effectiveness.

Table 5.1. Histogram of Differences for Effectiveness

Paired T-Test and CI: HRM Effectiveness; SHRM Effectiveness

	N	Mean	StDev	SE Mean
HRMEffectiveness	75	3,414	0,920	0,106
SHRMEffectiveness	75	3,317	0,953	0,110
Difference	75	0,0975	0,3237	0,0374

95% CI for mean difference: (0,0231; 0,1720)

T-Test of mean difference = 0 (vs not = 0): T-Value = 2,61 P-Value = 0,011

In order to find out whether or not the leading firms in Turkey have achieved higher levels of Technical HRM Effectiveness than of Strategic HRM Effectiveness, T-test was applied. Accordingly, null hypothesis was determined as: “mean difference = 0”. And correspondingly, H2 hypothesis is determined as: “mean difference > 0”. Given in Table 5.2, P-Value for T-test was found to be 0,005. Since this P-Value was below the significance level (0,05), Ho hypothesis was rejected. Thus the evidence for the argument that the leading firms in Turkey have achieved higher levels of Technical HRM Effectiveness than of Strategic HRM Effectiveness was found.

Table 5.2 Histogram of Differences for Effectiveness

<i>Paired T-Test and CI: HRMEffectiveness; SHRMEffectiveness</i>				
	N	Mean	StDev	SE Mean
HRMEffectiveness	75	3,414	0,920	0,106
SHRMEffectiveness	75	3,317	0,953	0,110
Difference	75	0,0975	0,3237	0,0374

95% lower bound for mean difference: 0,0353
T-Test of mean difference = 0 (vs > 0): T-Value = 2,61 P-Value = 0,005

The third hypothesis was also tested via Paired-Sample T-Test. The significance of difference between Professional Human Resources Management Capabilities and Business-related Human Resources Management Capabilities was statistically observed. Initially, null hypothesis was determined as: “mean difference=0”. In other words, there was no difference between the means of Professional HRM Capabilities and Business-related HRM Capabilities. Naturally, H3 hypothesis was determined as: “mean difference is not 0”. Given in Table 5.3, P-Value for T-test was found to be 0,000. Since this P-Value was below the significance level (0,05), null hypothesis was rejected. Therefore it could be argued that, HR executives of the leading Turkish firms exhibit one type of capabilities more than the other type.

Table 5.3 Histogram of Differences for Capabilities

Paired T-Test and CI: HRMCapabilities; SHRMCapabilities

	N	Mean	StDev	SE Mean
HRMCapabilities	73	3,530	0,835	0,098
SHRMCapabilities	73	3,157	0,934	0,109
Difference	73	0,3734	0,4813	0,0563

95% CI for mean difference: (0,2611; 0,4857)

T-Test of mean difference = 0 (vs not = 0): T-Value = 6,63 P-Value = 0,000

In order to find out whether or not the leading firms in Turkey have achieved higher levels of Professional HRM Capabilities than of Business-related HRM Capabilities, T-test was applied. Accordingly, null hypothesis was determined as: “mean difference = 0”. And correspondingly, H4 hypothesis was determined as: “mean difference > 0”. Given in Table 5.4, P-Value for T-test was found to be 0,000. Since this P-Value was below the significance level (0,05), null hypothesis was rejected. Thus the evidence supporting the claim that “when compared with the Professional HRM Capabilities, Business-related HRM Capabilities are still rare among the HR executives of the leading firms in Turkey” was found.

Table 5.4 Histogram of Differences for Capabilities

Paired T-Test and CI: HRMCapabilities; SHRMCapabilities

	N	Mean	StDev	SE Mean
HRMCapabilities	73	3,530	0,835	0,098
SHRMCapabilities	73	3,157	0,934	0,109
Difference	73	0,3734	0,4813	0,0563

95% lower bound for mean difference: 0,2795

T-Test of mean difference = 0 (vs > 0): T-Value = 6,63 P-Value = 0,000

In order to statistically test the fifth hypothesis, Pearson Correlation was used. Pearson Correlation (usually denoted by r), is a measure of the linear association between two variables that have been measured on interval or ratio scales (Kirk, 1995). However, it can be misleadingly small when there is a relationship between the variables but it is a non-linear one. Correlation between Technical Human Resource

Management Effectiveness and Professional Human Resources Capabilities was found to be 0,908 and P-Value was found to be 0,000. Since, Pearson correlation was positive and close to 1, it could be mentioned that there was a positive and strong linear relation between those two items. In other words, Technical Human Resource Management effectiveness and Professional Human Resources Capabilities tend to have similar patterns. P-Value, which was below the confidence level (0,05) supports this argument. Thus, null hypothesis was rejected and the H5 hypothesis was accepted. However, it was not appropriate to conclude that changes in one of the variables cause changes in the other one based simply on a correlation.

Similarly, in order to statistically test the sixth hypothesis, correlation between Strategic Human Resources Management Effectiveness and Business-Related Human Resources Management Capabilities was investigated. Pearson correlation of these two items was found to be 0,848 and P-Value was found to be 0,000. Since, Pearson correlation was positive and close to 1, it could be mentioned that there was a positive and strong linear relation between those two items. In other words, Strategic Human Resources Management Effectiveness and Business-Related Human Resources Management Capabilities tend to have similar patterns. P-Value, which was below the confidence level (0,05) supports this claim. Thus null hypothesis was rejected. However, it was not appropriate to conclude that changes in one of the variable cause changes in the other one based simply on a correlation.

In statistics, one-way analysis of variance (abbreviated one-way ANOVA) is a technique used to compare means of two or more samples (using the F distribution) (Kirk, 1995). This technique can be used only for numerical data. The ANOVA produces an F statistic, the ratio of the variance among the means to the variance within the samples. Essentially, the ratio of variance is a comparison of the variance amongst the different groups to the variance amongst all the individuals within those groups (Kirk, 1995). A higher ratio implies significant differences between the groups. The one-way ANOVA is useful when we want to compare the effect of multiple levels of one factor and we have multiple observations at each level. Since, the data and the purpose of the seventh hypothesis was appropriate to the descriptions above, it was tested via One-way ANOVA. According to the test results, perceptions

of the respondents about Professional HRM Capabilities (P-value = 0,006) and Technical HRM Effectiveness (P-value = 0,028) might vary depending on their profession. Test results also showed that the profession factor solely could not make a difference for perceptions about Business-related HRM Capabilities (P-value = 0,064) and Strategic HRM Effectiveness (P-value = 0,053).

The eight hypothesis was also tested via One-way ANOVA. Since all P-values (for Professional HRM Capabilities = 0,299; for Business-related HRM Capabilities = 0,179; for Technical HRM Effectiveness = 0,196; for Strategic HRM Effectiveness = 0,077) were above the significance level, null hypothesis (no mean difference) was accepted at each and every case. Thus, no evidence was found for the claim that perceptions of the respondents about (Strategic) HRM capabilities and (Strategic) HRM effectiveness change according to their titles.

In the data analysis of the ninth research question, once again, One-way ANOVA was used. Results showed that all P-values (for Professional HRM Capabilities = 0,595; for Business-related HRM Capabilities = 0,934; for Technical HRM Effectiveness = 0,544; for Strategic HRM Effectiveness = 0,657) were rather above the significance level. Therefore, the null hypothesis was accepted for all dimensions tested. In this sense, no evidence was found for the argument that (Strategic) HRM capabilities and (Strategic) HRM effectiveness significantly differ according to the firms being a manufacturing company or a service company.

Finally, the tenth hypothesis was also tested via One-way ANOVA. This time, all P-values (for Professional HRM Capabilities = 0,004; for Business-related HRM Capabilities = 0,018; for Technical HRM Effectiveness = 0,009; for Strategic HRM Effectiveness = 0,024) were found to be below the significance level. As a consequence, the null hypothesis was rejected at all of the four items tested. Thus, it was possible to imply that there was substantial difference between the perceptions of HR executives and other executives about (Strategic) HRM effectiveness and (Strategic) HRM capabilities.

5.2 Evaluation of the Findings

Before checking the results of the data analysis, some of the “informal” conversations with the respondents should be mentioned. During the distribution of the questionnaire and retrieval of the survey results, strategic importance of HRM and the respondent’s attitudes towards it had been discussed. Almost all the participants agreed that HRM is a rather strategic issue that can’t be entrusted solely to the Human Resources Professionals. Rather than that, top management should initiate the strategic execution of Human Resources Management functions. Because, if top management does not commit its support to the proper implementation of the SHRM functions, then, strategicness of HRM would be nothing but just empty talk. And in fact, according to most of the practitioners who had been consulted, the current situation of SHRM function in the leading companies of Turkey substantiates this presumption. “Everybody is aware of the fact that HRM is a strategic issue, but when it comes to implementation everything else other than SHRM has the priority in daily life” said one of the participants. And one other HR manager mentioned: “today we call ourselves as Strategic Partners, but I can not see any difference between me and my father, who used to work as a payroll accountant in the personnel department”. These and some other recommendations in the same direction enhanced the expectations about accepting the general hypothesis that “proper implementations of SHRM practices are still rare even among the leading companies of Turkey”.

Results of the statistical data analysis stated at the previous section refer to the validity of most of the claims. Initially, the expected substantial difference among Professional (Technical) Human Resource Management Capabilities and Business Related (Strategic) Human Resource Management Capabilities of the leading companies’ HR executives was found. It was also found that, this difference was in favor of Professional (Technical) Human Resource Management Capabilities. In other words, HR executives of the leading Turkish firms have been able to develop their Professional (Technical) Human Resource Management Capabilities more than their Business Related (Strategic) Human Resource Management Capabilities. In fact, considering the fact that, these HR executives generally spend most of their time with daily technical, but not very strategic issues, this result should not be surprising.

When the descriptive statistics of Professional HRM Capabilities and Business Related (SHRM) Capabilities were compared, it was observed that distribution (Histogram) curve of Professional HRM Capabilities was skewed to left more than the curve of Business Related SHRM Capabilities was. Mean of Professional HRM Capabilities was found to be 3,530 and mean of Business Related (SHRM) Capabilities was found to be 3,157. Even though the assumed significant difference in favor of Professional HRM Capabilities was found; the difference was smaller than it had been expected. Moreover, even the Professional HRM Capability's ratings were higher than it had been assumed. It showed that the perceptions of the participants about the HRM capabilities of HR professionals were much more positive than it had been expected. At the beginning of the test, the presumption was to find means under 3 (medium point) over 5 (top point) on the Likert scale. And relatively speaking, presumption had been about finding histogram curves skewed to right contrary to the ones that were found at the end which were skewed to left. In conclusion, a more positive portrait than expected has appeared. But, the assumed significant difference between the two dimensions of capabilities was found anyhow.

Coşkun (2007) evaluates the HRM Capabilities from the “demand” perspective. According to her research findings, communication and team work are the most required competencies. Organizations require more educated employees as Human Resources professionals. Foreign languages, computer skills are also the new requirements for HR Professionals. Contrary to her research, this thesis evaluated the HRM Capabilities from the “supply” perspective. However, findings of this research are in line with hers. In other words, HR professionals usually possess the contemporary HRM Capabilities that the leading Turkish firms recently require.

Coşkun (2007) also claimed that, HR practices change depending on the years spent. Job Analysis, Career Management & Development, Performance Management, Salary Management are the most popular functions of Strategic Human Resources Management and she observed that these functions were recently adopted by the frontier companies in Turkey. However, there had been some doubts about effective adoption and implementation of these Strategic HRM practices. In fact these doubts had ignited the fuse of this dissertation.

The usual criteria for assessing the “goodness” of the HRM function are efficiency and effectiveness. In judging the effectiveness of human resources activities, academicians are usually concerned with whether or not the function is “doing the right things”. In light of this assessment one of the main research questions that is “whether or not the HRM function at the leading firms of Turkey was doing the right things for the sake of strategic management philosophy?” was raised. According to the results of the research, it can be argued that, the HRM function in the leading firms of Turkey has been coping better with the technical HRM issues than with the strategic ones. In other words, classical functions of HRM (which are daily routines of the HRM professionals) have been handled much more effectively than the strategic HRM functions. It means that, rather than taking part in the strategic planning process or undertaking the strategic role of a “change agent”; HR professionals have been more effective on the technical issues like industrial relations or reduction of labor costs.

When the descriptive statistics of Technical HRM Effectiveness and Strategic HRM Effectiveness were compared, it was observed that the picture appearing in this case was varying similar to the one that had appeared at the comparison of capabilities. It was observed that the distribution (Histogram) curve of Technical (HRM) Effectiveness was skewed to left more than the curve of SHRM Effectiveness. Mean of Technical (HRM) Effectiveness was found to be 3,414 while mean of SHRM Effectiveness was found to be 3,317. Even though the assumed significant difference in favor of Technical (HRM) Effectiveness was found, the difference was smaller than it had been expected. Moreover, even the Technical (HRM) Capability’s ratings were higher than it had been expected. It showed that the perceptions of the participants about the Effectiveness of HR professionals were much more positive than it was thought. At the beginning of the test, presumption was to find means under 3 (medium point) over 5 (top point) on the Likert scale. And relatively, the expected histogram curves would have been skewed to right contrary to the ones that were found at the end which were skewed to left. In conclusion, the portrait appearing at the end was more positive than the initial expectations. However, the significant

difference between the two dimensions of Effectiveness was found to be in line with the theoretical considerations.

Similar to the findings of this research, research findings of Özçelik (2006) showed that, the role of HR departments in Turkish companies is not too far from the strategic approach. However, she claimed that, when it is compared to the companies in the United States of America, it would not be wrong to say that in some practices and policies which should be in HR department's responsibility (or at least which HR department should support), the departments are behind in company hierarchies. One of the most important findings of her study was that involvement level of Turkish HR executives in strategic planning and decision making processes was rather limited when compared with their American colleagues. For sure, strategic role of HRM and importance given to it changes according to several different factors. These can be macro factors such as socio-economic and cultural characteristics, as well as, micro factors such as firm-specific corporate governance problems. There are many other studies, stressing these factors as creating the difference (Çakır, 1999; Özçelik & Aydın, 2006; Uyargil, 2001). In fact, findings of all that research support the claim that successful implementations of effective strategic HRM practices would be rare among the leading Turkish firms.

At the beginning of the research there had been a strong belief about finding support for the logical statement that capabilities and effectiveness would be closely related. This statement was raised for consideration not only because it was said so by the academicians at the international arena; but also because the informal observations in the current business environment elicited supporting clues for it. According to this logic, capabilities affect the effectiveness of the employees in general; not only in the field of HRM but also, effective work practices in return may help the employees to enhance their capabilities. Relatively, it would be rational to find stronger correlation within the same strategic attitudes. Consequently, the test results showed that there has been a strong correlation between capabilities and effectiveness. However, the correlation between Professional HRM Capabilities and Technical HRM Effectiveness was found to be higher than the correlation between Business-related (Strategic) HRM Capabilities and Strategic HRM Effectiveness.

Before the hypothesis tests, presumption was to find significant differences between various sectors (such as automotive, banking, FMCG, energy, etc.) in terms of (Strategic) HRM capabilities and (Strategic) HRM effectiveness. The extensive review of the literature showed that in many studies, various sectors and their peculiar conditions were used as control or moderating variables that influence the performance of HRM applications in different ways. But, on the contrary, results of this research showed that the participants from several different sectors have similar perceptions about (Strategic) HRM capabilities and (Strategic) HRM effectiveness. In other words, perceptions do not differ depending solely on the sector factor.

At the analysis of data related to the research question “Do perceptions of the executives in leading Turkish firms, about (strategic) human resources management capabilities and effectiveness, substantially vary according to their professions?”, interesting results had appeared. According to the research findings, perceptions of the participants, about Professional HRM Capabilities and Technical HRM Effectiveness, change according to their professions. In fact, this was the result that had been expected to be reached. However, the research findings also showed that, profession could not be the sole source of diversity in perceptions about Business related HRM Capabilities and Strategic HRM Effectiveness. In other words, when it comes to strategic evaluation of HRM capabilities and HRM effectiveness, executives from different professions share similar perceptions.

In order to evaluate the attitude of the ones who are responsible for effective execution of their company’s human resources, middle and top stage executives were selected as the respondents of the survey. Practical observations in the business life imply that attitudes of executives usually differ according to their positions. Since, supervisors and managers spend most of their working hours in daily routine tasks, they do not have much time left to think strategically about HRM. In general, middle level executives are expected to have professional HRM capabilities and achieve technical HRM effectiveness. However, top management’s initial task should be thinking strategically about HRM. They are expected to be equipped with business related capabilities which are required to achieve strategic HRM effectiveness.

However, the test results indicated that, perceptions of the survey participants did not change substantially according to the participant's titles. When compared with the top management's mean scores, mean scores of the supervisors were lower in every aspect. In fact, the mean scores raised parallel to the title.

As mentioned above, no evidence could have been found for the presumption that perceptions about (Strategic) HRM capabilities and (Strategic) HRM effectiveness would differ according to sector. However, there were some evidences in the international literature that manufacturing companies and service provider companies may have distinct HRM approaches and therefore, require distinct HRM applications. Findings of Som (2007) support the former practical assumption that service provider companies approach more strategically to HRM in comparison to manufacturing companies. However, the test results did not support this argument. According to the test results, perceptions of the participants from manufacturing companies and from service provider companies were almost identical in terms of Business-related (Strategic) HRM Capabilities and Strategic HRM Effectiveness.

Consequently, the research findings were totally in line with the former logical statement that HR executives would manifest a much more positive picture of HRM and SHRM than the executives from other fields. According to the test results, there were wide gaps between the mean scores of HR executives and other executives in every single dimension evaluated in this research. In fact, the source of this diversity between the perceptions HR executives and other executives might be the subjectivity of HR executives as well as the underestimation of their role by the others. When HR executives overstate their questionably strategic capabilities and effectiveness; while others assume a contemptuous manner about HRM being strategic, the perception gap widens.

5.3 Limitations of the Research

Despite the strengths of the study, there are a number of limitations. Although, there is no doubt that the participant companies sufficiently represent the most dominant leading firms in Turkey, the results might have been more significant and generalisable, if the sample size had been larger. By the time the survey was to be conducted, MESS was busy with intensive collective bargaining rounds. Moreover, most of the companies were very reserved and conservative in terms of information sharing. In fact, their attitude was logical in the sense that the information to be investigated was rather strategic. As it was mentioned several times before, unique Strategic HRM practices can be a source of competitive advantage. In this manner, naturally, respondents of the survey might not be so willing to give hints about their unique resources. That is why, the desired number could not be reached. Future research may use some dominant social networks in Turkey to overcome such kinds of problems and reach the largest sample frame possible.

In general, researchers prefer probabilistic or random sampling methods over nonprobabilistic ones, and consider them to be more accurate and rigorous (Patton, 2001). Nonprobability samples such as purposeful samples can not depend upon the rationale of probability theory. However, in applied social research there may be circumstances where it is not feasible, practical or theoretically sensible to do random sampling (Patton, 2001). Since this thesis had the specific purpose of analyzing the perceptions of executives of the leading firms in Turkey about (Strategic) HRM, nonprobabilistic purposeful sampling strategy was employed at the cost of not depending upon the rationale of probability theory.

Individuals tend to provide false answers to particular questions (Patton, 2001). Respondents might also give incorrect answers to impress the interviewer. This type of error is the most difficult to prevent because it results from out right deceit on the part of the responder (Patton, 2001). It is important to acknowledge that certain psychological factors induce incorrect responses. Since the research findings of the thesis mainly depended on the perceptions of the respondents, it might be open to unavoidable false answers.

Another constraint of the research was apparently the current global economic crises. More than the others, the human resources is affected from the ambience of uncertainty and chaos that occur with the crisis (Demirkaya & Aydın, 2007). The fact of crisis causes the fear of losing job for workers. Mergers, downsizings and closing of the corporations increase the fears and the stress levels of workers in the periods of economic crisis (Aytaç, 2002). As Demirkaya and Aydın (2007) have described, during the crises, organization may lose workers along with key talent and organizational knowledge, stress goes up in organization, rate of absenteeism and turnover increases, motivation vanishes, level of confidence is reduced, organizational communication channels are plugged, behavior processes become rough, tension and conflicts increase ambience of tolerance and as respect is hindered gradually, lack of the authority occurs. Under the conditions given, there was suspicion that the crisis might have affected the attitudes and beliefs of the respondents towards Strategic HRM. With fear of losing their jobs, they might have overstated their positive attitudes toward their HR executives and their HRM effectiveness. The only way to understand whether or not the crisis affected the answers of the respondents was to recon duct the survey at another time when there was no crisis. By this way, it would perhaps be possible to find out whether or not the HR executives could successfully convert crises to opportunities for organizational reconstruction and development as was stated in theory and practice.

Actually, one of the major difficulties of research in social sciences, and especially in HRM, is recognition of the time factor. Many research pieces, although being interesting, provide only one instantaneous image of what occurs at a specific time. Since there was a tight time constraint for this study, it was not possible to make a longitudinal research. A future longitudinal research may investigate whether or not the theoretical evolution of SHRM has been actualized in the leading Turkish firms.

However, this study has the potential to make a certain contribution to management science and practice. As stated in the literature review section, the previous studies investigating the SHRM had a limited scope in that they concentrated on one HRM function at a time. This seems unsatisfactory as different HRM practices might need several investigations. Moreover, most of the publications in Turkey about SHRM are

translations of foreign studies to Turkish. Descriptive research studies are rare when compared with the international literature. This dissertation was aimed to fill this gap to the extent possible.

This study has some potential to contribute to the literature by differentiating the HRM and SHRM functions in theory and in practice. The difference between “the reality” experienced by the practitioners and “rhetoric” of the academicians has always been a debate not only in the HRM field but also in the rest of the social science fields. Similarly, the results of this study stress the differentiation between theory and practice. Accordingly, it may constitute a benchmark for implementation of SHRM practices in leading Turkish firms.

It should be held that the perception of a HR executive contains a certain subjectivity which is often independent of the reality of its organization. It is precisely difficult to imagine that a HR executive evaluates HRM as an insignificant function. Therefore HR managers might have answered some questions with their implicit understanding of the concepts, disregarding the realities of their working environment. In order to avoid HR professional’s subjectivity, other executives from different disciplines were requested to evaluate (Strategic) HRM capabilities of the HR executives and (Strategic) HRM effectiveness. By this way, HR executives had the opportunity to make a self assessment and the rest of the executives had the opportunity to critique them from different perspectives.

As emphasized above in the literature review sections, there has been a popular debate going on in the SHRM literature about the complexity of the research models and data analysis methods. Especially, complexity of the regression models which are generated to prove effects of SHRM applications on firm performance, is subject to on going discussions. Validity, generalizability and significance of these complex models have always been argued. In this manner, methodology of this research was simplified as much as possible in order not to fall in to the trap of complexity as some former researchers did.

As a result of an intensive literature review, it was observed that most of the studies investigating SHRM issues in Turkish firms had used ISO indexes as their unit of analysis. By doing so, they had usually ignored the leading service provider companies which have pioneered in successful SHRM application implementations in Turkish firms. Moreover, they usually included relatively small sized family firms in to their sample frames. However, this dissertation provided a comparison between leading manufacturing and service provider companies of Turkey, in terms of SHRM. In fact, being aware of the fact that successful SHRM applications are even rare in large corporate firms and most of the small sized family firms do not even have a proper HR department; investigating successful Strategic HRM applications in them might prove to be a useless effort.

Chapter 6

Conclusions

As explained in the literature review, a growing number of sources in HRM literature support the change and development of Human Resources perspectives from personnel management to HRM and then to Strategic HRM; they claim that, the human resources are the companies' most important assets, and effective management of these resources will contribute to the sustainable competitive advantage of firms. There is a consensus in the HRM field that, in order to stay competitive and reach business goals, high level managers must incorporate Human Resource Management strategies into their overall planning. A company's competitive success depends on having well informed and capable HR managers at the highest levels of decision making processes.

The reflection of these evolutions to practice, in work life and to applications of leading firms of Turkey has been explored in this study. This thesis has tried to enable theorists and practitioners to understand the evolution of Strategic HRM discipline as a whole (covering both the theory and practice), as well as to evaluate its current status in the Leading Firms of Turkey. The study emphasizes the contemporary concept of bringing a strategic viewpoint to HRM and points to the fact that this concept has not been able to set its foot on solid ground, yet even in the leading firms of Turkey.

This thesis aimed specifically to evaluate the strategic HRM capabilities of the HR managers employed by the leading Turkish firms and their strategic HRM effectiveness. Within the content of this descriptive research, the determinants of HRM capabilities and HRM effectiveness were differentiated according to their being strategic and non-strategic. The research results show that, when compared to the non-strategic ones, strategic capabilities of the HR executives and effective

implementation of strategic HRM practices are still rare in the leading firms of Turkey. Yet, according to the research findings, there are positive correlations between Professional (non-strategic) HRM capabilities and Technical (non-strategic) HRM effectiveness, as well as between Business related (strategic) HRM capabilities and Strategic HRM effectiveness.

The results of the research also show that perceptions about strategic or non-strategic HRM capabilities and HRM effectiveness do not substantially differ according to the “sector” factor; but they do differ according to the professions of the executives. In other words, leading manufacturing firms and service firms employ HR executives equipped with similar strategic and non-strategic capabilities and they perform more or less the same level of strategic and non-strategic HRM effectiveness. On the other hand, perceptions of HR executives substantially differ from the perceptions of other executives with different professions when it comes to (Strategic) HRM. HR executives evaluate themselves as rather capable in terms of strategic HRM; however, other executives do not evaluate them as being that much capable. In the same manner, HR executives are more optimistic about effectiveness of strategic HRM applications, whereas other executives are more cautious when they evaluate strategic HRM effectiveness.

Consequently, this study finds that, academic thoughts concerning the so-called widespread and successful implementations of contemporary strategic HRM practices among the leading firms of Turkey, seems to be rather far fetched. It is believed that, in order to make the best use of the “human factor” as a competitive edge, top managements of at least the leading firms of Turkey should endeavor to integrate and incorporate their Human Resource management functions and capabilities into their general Strategic Management. Thus the fit and alliance between Strategic Management and SHRM a widely held premise as stated in the literature review section must be established. Future research should try to support this argument by employing a more extensive sample frame covering not only the leading companies but also the medium, or even, small-sized family businesses that could not be reached because of time and network constraints.

Future studies may also contain longitudinal research in order to show the development trend of strategic HRM in Turkey, by comparing it with the similar trends in other countries or by employing refined models investigating more complex phenomena like SHRM-firm performance linkages.

Appendix A– (Survey)

STRATEJİK İNSAN KAYNAKLARI YÖNETİMİ DEĞERLENDİRME ANKETİ	
Katılımcı'nın Çalışmakta Olduğu Şirket:	
Katılımcı'nın Fonksiyonu:	

* Lütfen, mevcut durumda, şirketinizdeki İnsan Kaynakları (İK) yönetiminden sorumlu kişilerin, aşağıdaki nitelik ve yetkinliklere ne ölçüde sahip olduğunu, 1(yetkinliğe hiçbir şekilde sahip değildiler) ile 5(yetkinliğe tamamiyle sahiptirler) arasında değ

	1	2	3	4	5
1-) İçsel ve dışsal değişimlerin muhtemel etkilerini öngörebilmektedirler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2-) Liderlik vasıfları sergilemektedirler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3-) İnsan Kaynakları uygulamalarının finansal etkisini öngörebilmektedirler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4-) İnsan Kaynakları vizyonunu belirler ve şirket içinde yayılmasını sağlarlar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5-) Diğer yöneticileri İK konularında bilgilendirir ve etkilerler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6-) Çalışma hayatına ilişkin genel hukuki prosedürlere hakimdirler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7-) Bir çok İnsan Kaynakları süreçleri hakkında kapsamlı bilgi sahibidirler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8-) Rakip şirketlerin İnsan Kaynakları uygulamaları hakkında bilgi sahibidirler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9-) İnsan Kaynakları hizmetleri konusunda kalite odaklıdır	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10-) İnsan Kaynakları Yönetimi konusunda deneyim sahibidirler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11-) Başka şirketlerdeki meslektaşlarını etkileyebilmektedirler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12-) Belirgin şekilde dış-müşteri kontakları vardır	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13-) İleri seviyede yabancı dil bilmektedirler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14-) İK Yönetimi alanında bilgi teknolojilerinden yararlanılmasını teşvik etmektedirler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15-) Bazı İK alt süreçlerinde uzmanlaşmışlardır	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16-) İK yönetimi dışında başka kritik iş alanlarında da tecrübe sahibidirler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17-) İK yönetimi dışında başka kritik iş alanlarında da yönetim tecrübesi edinmişlerdir	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18-) Analitik düşünme yeteneğine sahiptirler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19-) Stratejik konularda yaratıcı fikirler üretebilmektedirler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20-) İş prosesleri ve bunların yeniden yapılandırılması konusunda bilgi ve tecrübe sahibidirler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21-) Müşteri odaklıdır	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* Lütfen, aşağıdaki maddeler kapsamında, şirketinizdeki İnsan Kaynakları (İK) uygulamalarının sizce ne kadar tatmin edici olduğunu, 1(kesinlikle tatmin edici düzeyde değil) ile 5(kesinlikle tatmin edici düzeyde) arasında değişen ölçek üzerinde, uygun görd

	1	2	3	4	5
1-) Takım çalışmasının özendirilmesi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2-) Çalışanların katılımını arttıracak şekilde yetkilendirme yapılması	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3-) Esnek iş gücü planlaması ve buna bağlı iş dağılımı yapılması	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4-) İşgücü üretkenliği ve çıktı kalitesinin yükseltilmesi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5-) Yönetici geliştirme programlarının etkin bir şekilde uygulanması	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6-) Kişisel gelişim ve kariyer planlaması yapılması	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7-) Çalışanlarla yöneticiler arasındaki iletişimin geliştirilmesi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8-) Organizasyonel gelişim prensiplerinin benimsenmesi ve tatbik edilmesi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9-) Değişim proseslerinin belirlenmesi ve etkin bir şekilde uygulanması	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10-) İK uygulamalarının, organizasyonun misyonuna hizmet edecek şekilde uyarlanması	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11-) Yenilikçi şirket kültürünün oluşturulması	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12-) Maaş dışında verilen haklar ve servislerin yeterlilik düzeyi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13-) Ücret politikasının etkinliği	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14-) İşe alım politikasının etkinliği	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15-) İş yerinde sağlık ve iş güvenliği hususunda alınan önlemlerin yeterliliği	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16-) Mesleki eğitim verilmesi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17-) Mesleki eğitim dışında da çalışanların eğitimine destek verilmesi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18-) Endüstriyel ilişkilerin geliştirilmesi ve sürdürülmesi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19-) Sosyal sorumluluk projelerine katılımın sağlanması	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20-) Fırsat eşitliğinin sağlanması	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21-) İş gücü maliyetlerinin etkin bir şekilde yönetilmesi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22-) Seçme - yerleştirme testlerinin yapılması	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23-) Performans değerlendirme sisteminin etkin bir şekilde uygulanması	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24-) İK enformasyon sistemlerinin geliştirilmesi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25-) Çalışan davranışlarının objektif şekilde değerlendirilmesi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26-) Şirketin genel stratejileriyle, İK stratejilerinin, birbirleriyle uyumlu olması	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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