

T.C.
ISTANBUL AYDIN UNIVERSITY
INSTITUTE OF GRADUATE STUDIES



**THE EXAMINATION OF INTELLECTUAL CAPITAL WITH THE
IMPORTANCE OF HUMAN RESOURCE IN THE TURKISH TEXTILE
SECTOR**

THESIS

Ahmet Melih KAYADUMAN

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Master of Business Management Program

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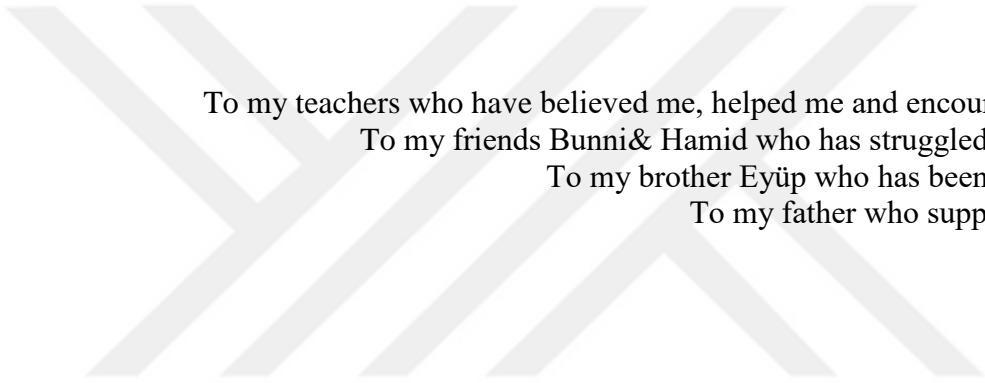


DECLARATION

I declare that all information in this thesis titled “The Examination of Intellectual Capital with the Importance of Human Resource in The Turkish Textile Sector” has been written in accordance with academic rules and ethical conduct. I also declare that all the materials, sources and anything that has been benefited during the writing process of this thesis is listed in the reference list. I verify all my words, with my honor. (29.12.2019)

Ahmet Melih KAYADUMAN





To my teachers who have believed me, helped me and encouraged me...
To my friends Bunni& Hamid who has struggled with me...
To my brother Eyüp who has been with me...
To my father who supported me...

FOREWORD

I offer all my thanks first of all to my advisor, Assist. Prof. Dr. CÜNEYD EBRAR LEVENT. During writing my thesis, he was my biggest supporter and helper. His directions and shortcuts for the thesis and life will not be forgotten. In all my academic career, I took deep help from two teachers who I cannot forget, he became the third teacher in my life will be always memorized from İstanbul Aydın University. His supports will be deeply appreciated.

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January 2020

Ahmet Melih KAYADUMAN

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LIST OF ABBREVIATIONS

- CR** : Customer Representative
HR : Human Resources
HRA : Human Resource Accounting
HRM : Human Resource Management
IC : Intellectual Capital
KE : Knowledge Economy
R&D : Research and Development
R&D : Research and Development



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THE EXAMINATION OF INTELLECTUAL CAPITAL WITH THE IMPORTANCE OF HUMAN RESOURCE IN THE TURKISH TEXTILE SECTOR

ABSTRACT

In improving international commerce, organizations have two different values such as market value and book value. The importance of these values must be well understood and cared to increase the competitive advantage. Book value can be measured by the tangible assets and accounting department. On the other point, market value cannot be measured by the tangible assets. Market value can be measured only by the intangible asset which is intellectual capital. High-level market value and book value also increase the welfare effect in the national economy. Therefore, in this research, intellectual capital practices in the Turkish textile sector have been analyzed. Small and medium-sized companies are selected from the textile sector in İstanbul and the qualitative research method has been used as a method. Different 20 managers from different types of eleven textile companies have been selected and visited for interviews. During interviews, participants were answered nine questions belong to human capital, structural capital and customer capital based on their departments in their companies.

Research findings show that in the context of human capital, firms are aware of the importance of qualified employees to themselves, but they fail to invest in employees. Structural capital is the most problematic component of firms. The results show that companies have important deficiencies not only in terms of technology but also in terms of research and development, knowledge production, data storage, protection, and use. In terms of customer capital, firms are better off than the other two components. It has been determined that the majority of companies give great importance to customer relations in an intensely competitive environment, but it is not sufficient in the context of measuring customer satisfaction.

Keywords: *Intellectual Capital, Human Capital, Structural Capital, Customer Capital.*

İNSAN KAYNAKLARININ ÖNEMİ BAZ ALINARAK ENTELEKTÜEL SERMAYENİN TÜRK TEKSTİL SEKTÖRÜNDE İNCELENMESİ

ÖZET

Her geçen gün gelişen uluslararası ticarete, şirketlerin iki temel değeri vardır. Bunlar piyasa değeri ve defter değeridir. Rekabet üstünlüğünü arttırmak için bu iki değer iyi anlaşılmalı ve gerekli önem verilmelidir. Defter değeri muhasebe departmanları tarafından maddi varlıkların değeri ölçülerek hesaplanabilir. Buna rağmen, piyasa değeri maddi varlıklar ile ölçülemez ancak entelektüel sermaye gibi maddi olmayan varlıklar aracılığı ile ölçülebilir. Şirketlerin yüksek oranlara ulaşmış piyasa ve defter değerleri ulusal ekonomide de refah etkisi doğurur. Bu sebeple, bu araştırmada Türk tekstil sektöründeki entelektüel sermaye uygulamaları analiz edilmiştir. İstanbul'da tekstil sektöründe faaliyet gösteren küçük ve orta çaplı şirketler seçilmiş ve yöntem olarak da nitel çalışma uygulanmıştır. Tekstilin farklı alanlarından 11 farklı firmadan 20 yönetici seçilerek görüşme yapmak amacıyla ziyaret edilmiştir. Röportajlar esnasında katılımcılara insan sermayesi, yapısal sermaye ve müşteri sermayesi hakkında 9 soru sorulmuştur ve yöneticisi oldukları departmanları temel alarak cevaplamaları istenmiştir.

Araştırma bulguları, beşerî sermaye bağlamında firmaların nitelikli çalışanların kendileri için önemini farkında olduklarını, ancak çalışanlarına yatırım yapamadıklarını göstermektedir. Yapısal sermaye, firmaların en sorunlu bileşenidir. Sonuçlar, şirketlerin sadece teknoloji açısından değil, araştırma ve geliştirme, bilgi üretimi, veri depolama, koruma ve kullanım açısından da önemli eksikliklere sahip olduğunu göstermektedir. Müşteri sermayesi açısından, firmalar diğer iki bileşenden daha iyidir. Şirketlerin büyük çoğunluğunun yoğun rekabet ortamında müşteri ilişkilerine büyük önem verdiği, ancak müşteri memnuniyetinin ölçülmesi bağlamında yeterli olmadığı belirlenmiştir.

Anahtar Kelimeler:*Entelektüel Sermaye, İnsan Sermayesi, Yapısal Sermaye, Müşteri Sermaye, İlişkisel Sermaye.*

1.INTRODUCTION

In the information age, the competitive advantage of the organizations relies on how they manage their “Intellectual Capital” instead of their material and financial resources. The industrial revolution has started with the innovation of the steam machine and in the industrial age, the labor force and capital became more important than many things. The capital was mostly concerning machines, real estates or monetary power which can buy them. Material and tangible capitals such as land, raw material, machine, and tools are used to buy automobiles. Base richness resources were material resources and so base strategies were based on the production focused (Bayraktar, 2007). However, the business life has converted to production labor ship from agricultural and farm production and now, with developing technology, business life converted to “knowledge age”. Therefore, the importance of intellectual capital has increased and has been studied since the 1980s. In the history of the intellectual capital part, these studies are shown well detailed.

Intellectual capital is based on human, structural and customer capital. As a basic explanation, intellectual capital shows the difference between organizational book value and market value. When the difference started to increase in a huge volume, economics started trying to show the value of intellectual capital in the financial tables and records. Therefore, in this research intellectual capital examined and checked in the Turkish market. There are many types of research about intellectual capital however in the textile sector which one of the biggest productions in Turkey, there are fewer studies. In that case, this research is based on the textile sector.

The purpose of the study is to explain the meaning of intellectual capital, which develops and starts to take place in the business world. In the study, the historical development of intellectual capital and the main components have been shown and explained well. Also, the study is based on the textile sector in Turkey so qualitative research has been made to take attraction onto the importance of intellectual capital. So the possible value of intellectual capital is well understood from the base of the textile sector.

This research has been chosen to point on the importance of intellectual capital and mostly human resource in the Turkish textile sector. Therefore, the qualitative model has been used and the interview method chosen to reach the real ideas of the real manager of the textile sector. This research contributed to explaining the intellectual capital and its importance deeply. Also, three components of intellectual capital explained, and which components of intellectual capital have increasing importance than the others are shown in the research and conclusion part. As an extra detail, this research helps managers to understand the importance of their sub workers, technological powers and customer importance.



2. INTELLECTUAL CAPITAL CONCEPT AND THEORETICAL FRAMEWORK

During the organizational competitions, intellectual capital is the best weapon and trump (Yereli and Gerşil, 2005: 21). If a company loses its experienced manager, it can also lose the best workers. In the business world workers are bounded to each other – especially in the team works – and to their supervisors. Supervisors usually carry their best workers wherever they go. This situation is not ethical however it happens a lot. Also, between the technological companies usually, there is a war of stealing each other's systems which is a very unpleasant situation for the creator company to avoid this issue, many companies are registering their new technologies to Turkish Patent and Trademark Agency or similar official offices and protect their research and development (R&D) rights because usually in the same sector if there is an R&D in any company, it is well known and tried to copy by the competitor by familiar suppliers or workers. Therefore, mostly well-educated organizations are understanding it is very important to pay attention to their workers, intangible assets basically their intellectual capitals (Yereli and Gerşil, 2005: 21).

2.1 Intellectual Capital Definition and Scope

After the industrial revolution, the world started to create industrialized societies. This industrialization brought humanity developments on computer and communication technologies. Thanks to developing technology, countries started to globalize and realize the value of information is as much as gold. In that way, global and postmodern companies are created where information started to be capital. Organizations collect the information, transform to data and after that commenting on these data. Eventually, they use these data to understand how their performance is and how they can improve their performance. After the performance examination, companies create new developments or preventions. Besides these new changes, the performance of the workers improves so that the revenue increases. Basically, they improve their workers and increase their revenue thanks to knowledge. Here, the importance and positive effect of the knowledge can be seen and so knowledge

economy occurs in history.

Knowledge economy (KE) is created in another area to show the intangible assets of the organizations. Monetary capital is undeniable however knowledge economy asked for the examinations of all the assets in the organizations and showed that only in traditional management tangible assets can be measured because traditional managements usually deny power intellectual capital (Ertuğrul, 2000). On the other side, in modern organizations everything can be measured and accepted as an asset. In the modern accounting system, even the depreciation cost of tangible assets can be measured. However, when the topic is intangible assets, there is no transaction of recording the value of intangible assets. When the organizations want to measure the intangible assets, basically they measure the intellectual assets. These assets can be experienced by organizations' managers. When the intellectual capital (IC) compares the 10-year-old experienced and 6 months experienced workers in the sector, intellectual capital realizes that they will not be the same value for sure. The patent of a machine is another intangible asset for the organization because the organization can rent this patent and earn money from it. Trust between the supplier and organization is also another and sometimes very powerful intellectual asset because these kinds of trust bounding will speed the work. Organizations buy some raw materials which they need to use for the mass production for urgent orders and pay to suppliers later. These kinds of post payments are totally based on trust relations which are accepted as intellectual assets. All these intellectual assets are examined and improved under the title of intellectual capital.

2.1.1 Intellectual capital definition

Nowadays, respect for intellectual capital is not well cared for according to its value because intellectual capital is too difficult to measure. In organizations, everything is measured and saved by accounting departments except intellectual capital. For example, measurement of the experience of any workers is not possible which is one the most important factor in production. However, the importance of the experience cannot be underestimated so intellectual capital studied how to measure and how to improve this experience and other unmeasurable capitals in the company. Intellectual capital has been divided into three different components in economic history. In Figure 1, the main three components are shown very briefly and their directions in

the business explained in the rest of the thesis (Brooking, 1996: 177).

2.1.2 Intellectual capital scopes

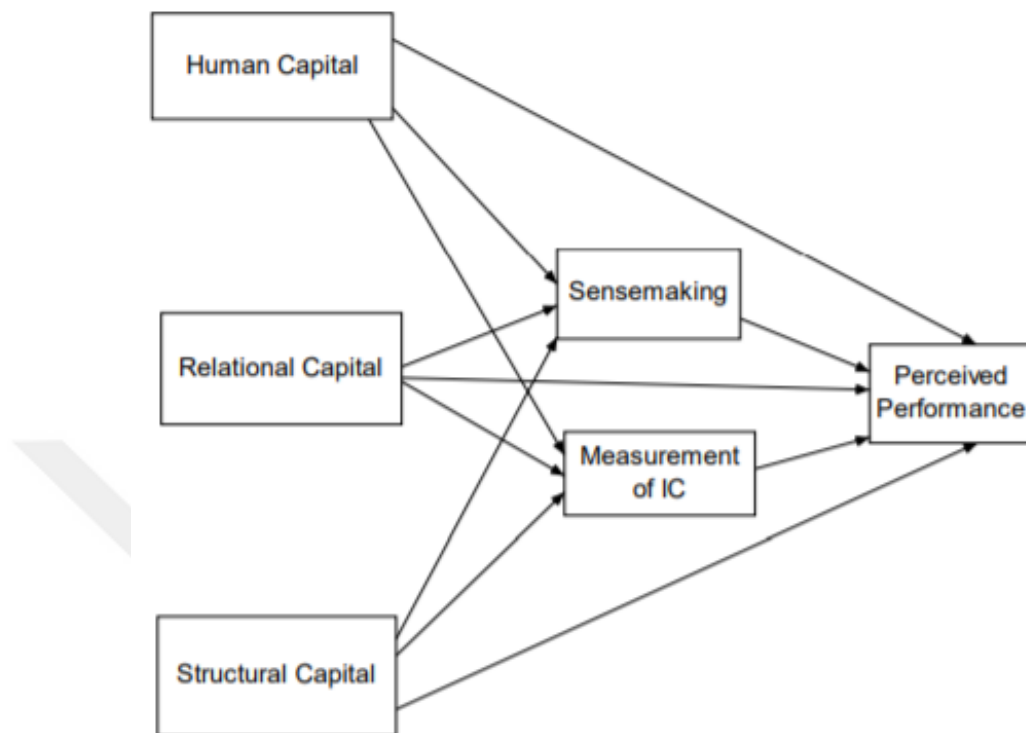


Figure 2.1: Induction to Performance over Intellectual Capital Components

Source: Carrington D. A. (2009)

There are three main components of intellectual capital (Stewart, 1997);

- Human Capital
- Relational Capital
- Structural Capital

Measurement of these three components creates the examination and evaluation of performance too. As it is mentioned in the above paragraphs, the performance of any worker or procedure must be well evaluated. In Figure 2.1, the role of sense making is also stated which is a very strong term and studied in the economy. There are two main academicians who have studied sense-making. They are Karl Weick and Brenda Dervin. According to them, if there is an unknown situation and the manager must understand what is going on, s/he shall use the sense-making to understand the situation (Dervin, 1998). In the global world, organizations are developing rapidly and if some of the workers/shareholders are from different cultures they are having

difficulties to understand mostly on intangible situations. A new generation has even created a stereotyped question as “Does it make sense?”. In the business world, if there is an unexpected question or unprepared situation and the manager needs to make a choice, s/he has to use sense-making to give definition to the intangible term, situation or asset. Therefore, in intellectual capital, sense making has a respectful place to evaluate the intangible assets and reach performance evaluation, which is very important for the organization (Dervin, 1998).

2.2 Intellectual Capital History and Development

In Table 1, the classification of the intellectual capital of Tseng has been shown based on time. During IC history, different economics used different names to classify the IC and all of them studied different terms. In the last decade, these classifications resulted in three different components for intellectual capital as human, structural and customer capital (Başet al., 2014).

Table2.1: Classification for Intellectual Capital Concept

Author	Country	Classification
Edvinsson& Malone (1997)	Skandia Value Scheme (Sweden)	- Human Capital - Structural Capital
Bontis (1998)	Canada	- Human Capital - Structural Capital - Customer Capital
Stewart (1997)	USA	- Human Capital - Structural Capital - Customer Capital
Saint-Onge (1996)	<i>Canadian Imperial Bank Of Commerce</i> (Canada)	- Human Capital - Structural Capital - Customer Capital - Employee
Sveiby (1997)	<i>Intangible Assets Monitor</i> (Australia)	Competence - Internal Structure - External Structure
Van Buren (1999)	<i>American Society For Training And Development</i> (USA)	- Human Capital - Innovation Capital - Procedure Capital - Customer Capital - Human Capital
Roos Et Al. (1998)	England	- Structural Capital - Customer Capital - Employees
O'Donnelland O'regan (2000)	Ireland	- Internal Structure - External Structure

2.2.1 Intellectual capital before 2000s

The birth of intellectual capital is accepted “Human Assets Accounting” by Hermanson (1986). He pointed on the value of the workers in his study. Mostly, his study was about accounting however he is accepting that workers are not just muscle power. They are more valuable, and they shall be added to the accounting as the assets of the company (Hermanson, 1986). He created the term of Human Assets Accounting. However even as an educated economist, Hermanson claimed that Human Resources (HR) is different than the other tangible assets and the main problem on this topic is the evaluation of the human resources. After that step, he started the alternative financial accounting and reporting arguments. Economics had deduced from his studies that Hermanson created a kind of bounding between his accounting theory and the problem of evaluation of human resources. So he could try to make sense for human resources evaluation.

During Hermanson’s theories, the difficulties in recording the value of the workers into balance sheets or accounting tables are examined and explained under the title of Human Assets Accounting. Beside Hermanson, Flamholtz created Human Resource Accounting (HRA). He studied more deeply than Hermanson and claimed that human resource accounting has a high potential to provide data for the management in the organizations. According to him, to inform the management the importance of human resources must be well understood and well eliminated (Flamholtz, 1986). Thanks to these eliminations, management can be informed deeply and develop human resources well. Consequently, Flamholtz created management accounting in his studies and made another bounding with human resources.

The knowledge and creativity of the workers have a very huge advantage for the organizations against their competitors. It is well known in the business world however in 1970 and later, too few people pointed on HRA. Roslender and Dyson (1992) showed the new intellection of accounting about the human factor in organizations under the title of Human Worth Accounting (Roslender and Dyson, 1992). After Flamholtz’s study, it was a brave action to come up with another term regarding HR. Human worth accounting helped management accounting by stating

the identifying of the value of the workers with alternative ways and improving nonfinancial performance measurements. Here the performance evaluations are well educated and improving the performance which is very important in the modern organizations are explained (Aydın, Çanakçıoğlu andTuncay, 2015).

2.2.2 Intellectual capital after 2000

Nowadays, the relation of the value of the workers and accounting theory started to be examined under the title of intellectual capital deeply and the term of intellectual capital became much popular. The main reason of this proliferation is the transition from the physical assets based industrial society economy to intellectual assets-based information society economy (Ertuğrul, 2000). Basically, information is more popular than wood or land in this century. The main question is “How did information reach that point of popularity and importance?” The reason behind the question is that the book value of many companies is really lower than the market value. Basically, the organization has a higher debit than its assets, however, in the market, its assets can be more than its debts. This can be happened only by intellectual capital.

Eventually, organizations well understood that they must determine, manage and show the value of their intellectual capital which is vitally important. On the other side, there is an important role of shareholders or financial table users who want more transparency on the definition and measurement of intellectual capital in their organizations. Organizations must be transparent and well shown to the public and market. In this case, their value can be described well and well accounted for.

If there is a mystery and also the relational capital is low in an organization, governmental controls will be more often than before. Which can cause punishments or stress in the organization however there are not these kinds of attractions in the transparent organizations. On the other hand, even if it is not ethical, being transparent can be manipulated in the advantage of the organization by gaining trust which can benefit organizations to reach the higher market by showing the real intellectual capital even if the loans are high. Here, the idea sounds unethical, but it is also powerful another side of intellectual capital (Ertuğrul, 2000).

2.3.Importance of Intellectual Capital

The intellectual capital expresses the intangible assets in the organization, which has a great interest at the present time in terms of its concept, its elements, and its value determination, due to several reasons, including the measurement of intangible assets helps the administration to focus its attention on the development and protection of capital. Intellectual capital also supports the organization's goal of increasing the value of shares, in addition to helping to increase the efficiency of capital markets by providing current and prospective investors with better information, and then reducing volatility to a minimum, which leads to a reduction in the cost of capital in the long run (Skyrme, 2009).

Intellectual capital with its various components plays an important role in the success of organizations these days. As it distinguishes organizations that can provide new products, and better with providing innovations for their products and services at fast rates. This is confirmed by the results of the survey by heads of the field of management of large-sized organizations in the United States of America, where they emphasized that intellectual capital is the most important asset, and it is considered as the basis for success in the twenty-first century (Wiig, 2007).

In another survey conducted on the heads of 95 British organizations, it was found that there is a large degree of agreement among the heads in terms of their awareness of the importance of various intangible resources in the success of their organizations (Hall, 2012).

It should be noted that human capital - as one of the elements of intellectual capital - exceeds in its importance any of the other physical assets owned by organizations. This means the necessity of providing appropriate information about available human resources that enables the management of these organizations to make good use of them. Also, the issue of intellectual capital as one of the main topics human resources is to focus on a specific group of working people who possess special knowledge and skills. This issue exists as a living topic for researchers and practitioners in the new world.

2.4 Components of Intellectual Capital

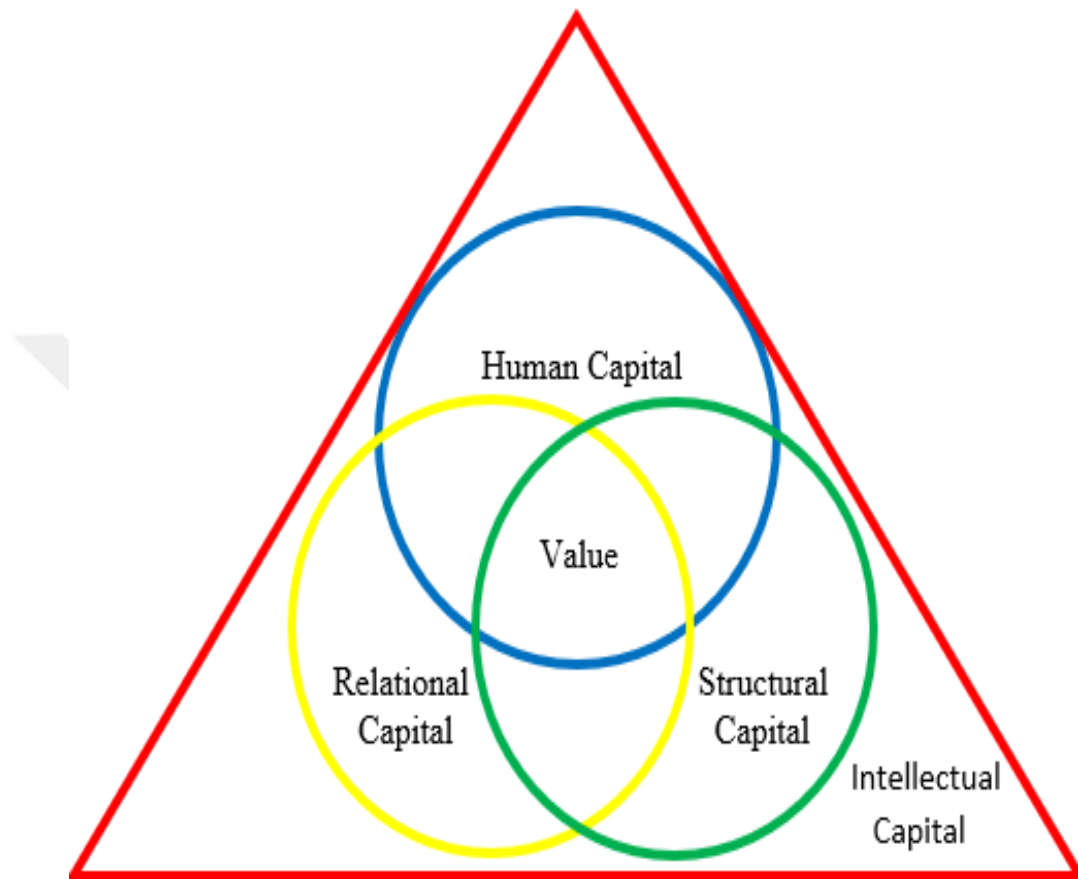


Figure 2.2: IC Components and Value

Source: Edvinsson and Malone, 1997

The business world is created in earning money. Organizations must spend valuable assets to earn money instead. These can begin, food, clothes, houses, and cars. However, also time, experience, employees' diplomas and supervising in the organizations are accepted as assets. They just intangible compared to previous assets. In this step, the components of IC create value from the intangible assets. For organizations, if one of the above components is underestimated, the necessary value for the organization starts to be lost. Intellectual capital studies and indicates this value and prevents to lose it (Edvinsson and Malone, 1997).

2.4.1 Classifications of intellectual capital

Administrative and accounting views differ in terms of components or types of intellectual capital, and this is due to their educational qualifications, whether accounting or administrative. Stewart (2007) indicated that intellectual capital consists of the following:

Workers who provide knowledge, innovation, or solutions to customer problems that lead to profits for companies and the second component is the work system, which means the structure of organization or company and all the rules and principles that the company adopts in its internal dealings with all workers or customers in the external environment surrounding the company. The last component is the customers, who are an important source of information and knowledge that is used in developing corporate production.

As for Bernadette (2000), the capital is composed of the following three components, in a coherent manner:

The first component: Human capital, which is always expressed by the skills and knowledge possessed by the employees and employees of the company, and this component is considered one of the most problematic components in terms of the measurement process for the specialists in accounting, as this component does not fit with current and historical cost models.

The second component is customer capital, which includes what it achieves of the value of the company, the source of which is the quality of services provided by the suppliers or the customers' conviction and loyalty, and this capital is complete in any part or component of the external environment of the company that contributes to creating added value for the company.

The final component is structural capital, as it is embodied in a set of subsidiary systems of the company that may represent other forms of intellectual capital. The best example of this is the operational and manufacturing processes of the company, in addition to all forms of intellectual property that it owns.

2.4.2 Human capital

Human capital is the experience and information owned by individuals and are improved continuously. Human capital concerns the knowledge, creativity, problem-solving ability, entrepreneurship and leadership talents owned by the employees in

an organization (Önce, 1999). Human capital is absolute cannot be determined on a paper by the organization. Therefore, it can be measured with sense-making and some intangible methods of measuring. In that purpose, organizations are creating their own human resource department to create the best methods according to their job description and sectors. Also, human capital is the renewable part of the IC in comparison to other capitals. This means that in an organization Human capital is the source of innovator, creative and changeable ability. These abilities can give organizations the power of competing in the business world. These abilities can differentiate the organization in case of being faster and lower cost compared to their competitors (Pablos, 2002:290).

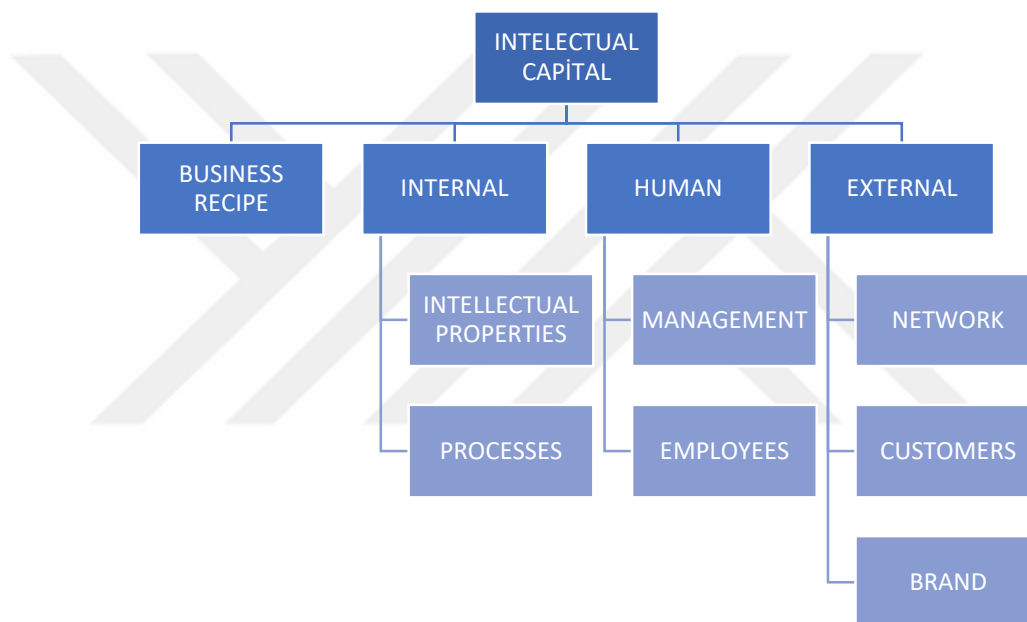


Figure 2.3:Intellectual Capital Rating

Source: Edvinsson and Malone, 1997

Edvinsson and Malone (1997), to show the rating for intellectual capital, created Figure 2.3. In 2005, Edvinsson re-used to complete the rating of financial capital. Edvinsson and his friends created this rating to determine the real components of a company. These components can show the real effect of intellectual capital, the ability of renovation and risks. In different parts of the world such as Europe, Asia, and Australia, they applied this IC rating into their organizations. It was successful in different 200 organizations. Besides the organizations, they used the intellectual capital rating in different public offices too. According to the results, the importance of transparency is high. Basically, the future relies on the market value so

organizations must increase their trust and the best way to do it is being transparent in the society (Edvinsson, Hofman-Bang and Jacobsen, 2005).

Organizations cannot have the human capital; they can only get benefits of the knowledge and abilities owned by their employees. On the other way of explaining, they can only rent these abilities of the individuals (Edvinsson, 1997).

Human capital must be transferred to the structural capital so organizations can have benefits of the knowledge, talents, abilities, and experience of the employees and also, they can keep these intangible assets in the organizational assets. Basically, the individual knowledge is used and shared to create organizational value which creates added value. This added value has accepted the part of intellectual capital and named as the intellectual assets or information assets that transformed from individual assets shape to organizational assets. If this transforming will not happen, the information will remain only with the individual which will be lost with the individual. The organization must determine the human capital well and shall lose any chance to use it for its own good, other way knowledge benefits the individual more than the organization.

The purpose of organizations is to increase their monetary capitals and revenues. To reach that purpose they must increase their human capital by hiring primarily with high level educated and experienced employees or hire qualified supervisors seasonally to educate the current employees because they must be educated continuously and improved. The organization must create this circle and keep it alive to follow the developments in the market and turn new information to opportunity. Another way not improving worker can only keep the balance in the organization, s/he cannot take place in increasing the revenue. Therefore, organizations shall focus on the education of employee (Lynn, 1998).

Also, the organization must well organize to keep the qualified stabile workers on its own structure. Another way loss of any well-educated and experienced employee can cause some butterfly effects in business competitions. Many high-level companies are supporting their employees with special activities, external educations such as language courses, program courses and trying to increase the job loyalty of the employees. Losing employees is easy, keeping them is the most important success

for the organization. If the organization becomes famous for “changing the employee” in the sector, it will bring a bad image and so difficulty to find new human power in the future.

There are main components of Human Capital as below;

- Know How
- Education
- Job Oriented Abilities
- Job Oriented Knowledge
- Job Evaluation
- Job Oriented Competition
- Entrepreneurship
- Renewability
- Changeability
- Ability to Understand Before and After the Process (Lynn, 1998).

2.4.3 Structural capital

Structural capital is based on the patents, ideas, models and all collections of computer and managements structures. It can be also defined as strategy, structure, system and procedure which helps organization to produce, deliver and service to customer. Basically, it is the structural value which can provide the demands of market. It concerns the information collection and level of these information and then transforming this information to data, processing the data, applying the data to organizations and following the results (Grantham, 1997).

Structural capital is structural abilities that impose that information must be processed and applied to the organization continuously. Information flow shall never stop and prevented. Therefore, in the cultural base of structural capital there is an idea as “Learning and sharing from learnings must be encouraged”. In a textile company, if there is a necessary program and everybody cannot go to the course for this program, an organization can provide a course for one of the appropriate and experienced employees and later ask her/him to teach to others. In this case, organizational information flow remains continuous. In some organizations, there are even seminar rooms. Well educated or experienced employees are teaching others to improve their abilities. These theoretical educations shall not be underestimated and

help organizations to achieve real and pure information for inexperienced employees. Also, this way of information creating may result in versatile information between the different departments (Saint-Onge, 1996).

Structural capital also provides other tools to improve the productivity and revenue in the organization such as management tools, improving techniques, information technology systems, R&D studies, patents, and emblems. It is a kind of internal tool to process the human capital and distribute it to relational capital (Grantham, 1997). Here it is realized that human capital is the food and it is baked in the kitchen of structural capital and sold to customer/relational capital.

Structural capital can be defined as a collection of structural abilities owned by the organization to provide the needs in the sectoral market (Saint-Onge, 1996). Basically, the organization needs to have the last version of a technology or at least have to be aware of this technology. This can be happened only by structural capital because structural capital requires to follow all kinds of new technological developments and innovations in the related sector. If this following ability well organized, the organization will have more advantages against competitors because the last technology brings the fastest production, fastest communication and problem-solving. In the organizations, these three terms are basics to prevent penalties and gain the opportunities of new customers or orders. After all, the textile sector in Turkey is very powerful thanks to textile export. These export customers are working with Turkey but usually, they have more than one supplier in the market. They create their portfolio in Turkey and organizations can have the highest share thanks to structural capital.

There are main four components in the structural capital. These components have vital importance for the organization and also, they can be protected by the legal tools and implementations. They can be stated as below (Stewart, 2005);

- Intellectual ownership rights,
- Research and development results based on the new technologies and processes,
- Business agreements and unions with other organizations,
- Current production and processes inside the organization.

If the structural capital is powerful, the ratio of the default and damage is low. The

reason is structural capital provides humanity different systems. One of the systems is controlling defaults. If there is a mistake, structural capital creates the system to find it, solve it and follow to prevent it. In the big organizations, this is usually made by the industrial engineers. Another system is to punish the employee when s/he makes a mistake. This system reduces the motivation however beside punishment usually there are prims systems too. Basically, the employee earns more as much s/he works and loses if s/he makes a mistake. These systems are all created by structural capital to create harmony in the organization (Pablos, 2002).

2.4.4 Relational capital (customer capital)

Relational capital is a kind of relational value of organization with the related humans including suppliers, customers, competitors and anybody out of the company. Relational capital can be accepted as familiar to human capital because organizations cannot own their customers as much as they cannot own their employees. Therefore, companies have to invest in their customers as much as they are investing in their workers and tangible assets. In the business, if any company is not a monopoly, there is an alternative for it which means the company can lose the customers or decrease the number of orders. Customers can find another supplier because nobody is indispensable and actually nobody shall be indispensable in the business. Companies can invest in their customers to avoid these kinds of customer losses. These investments also improve the company's information capital and increase competitive advantage in the market. If the company invests in customers, its reputation grows positively in the market and so the company can attract new customers rather than its competitors which is very necessary for the business (Steward, 2000).

Relational capital can resource from all the areas out of the organization where real value can be created (Bayazitli, 2000). Relational capital searches for the customers' demand in these areas because it can measure customer satisfaction by the demand or orders of customers. Relational capital cares the questions "How much is the customer satisfied? There will be any more orders?" These demands are returning to the organization as the new mechanism of the human and structural capitals and create new and different service ways to please the customer.

The sufficiency and demand of the product are directly proportionate to the strong

relations with customers (Bayazıtlı, 2000). This means that, if the organizational relations are good with the customer, organization can understand and predict the customer's needs and create or develop its own products accordingly. If the organizations direct their supplies and R&Ds under these kinds of customer based ways, their benefits and volume will increase positively.

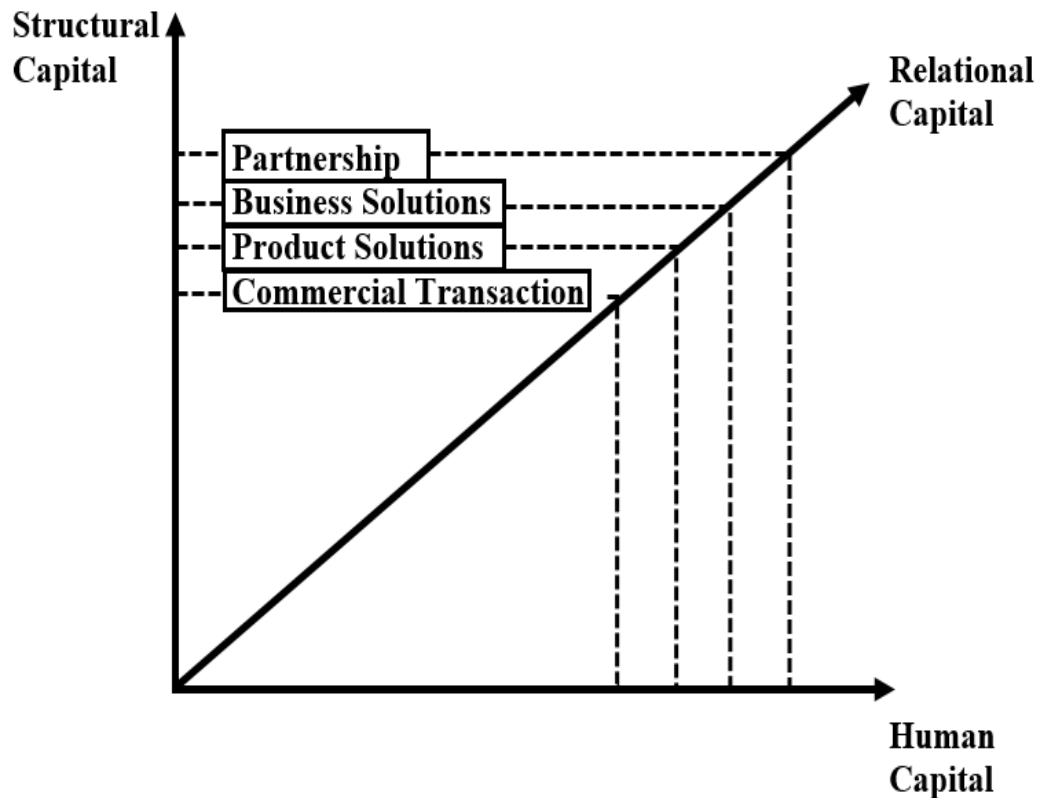


Figure 2.4: Stages of Relational Capital

Source: Saint-Onge, 1998

In Figure 2.4, there are stages of relational capital. Relational capital starts from simple commercial transactions as buying and selling. After that, all these processes result in a partnership. This partnership can happen with the support of human and structural capital. Another way, many companies have a lot of problems with finding new customers. The maximization of the relational capital can be completed only by the full support of the structural and human capital (Yereli and Gerşil, 2005: 21). After commercial transactions, production starts, and all mass production brings a lot of problems. If the relational capital is well cared for, if the organization knows the customer well, solutions are found fast and easily. In this case, production failures will decrease. Besides production, there will be business or management solutions in

commerce. These problems have usually higher effects than production problems which can cause a huge amount of money. If they are solved according to customer will, there will not be high-level loss or decrease of customer satisfaction. This can happen only strong relational capital.

The four stages of Relational Capital are as below;

- Commercial Transaction; only one time selling of any product and services. Sellers are responsible for the sales and buyers are responsible for the purchasing.
- Product Solutions; seller advices for the appropriate product or services according to the customer's required qualities. If there is no appropriate product, seller must research for it and develop as much as possible.
- Business solutions; customers need special value and supplier must create this value. Supplier must examine the revenues, data and organizational qualifications to create the value and share the results with customer. These outcomes help to customer to make internal decisions and direct customer to increase the demand.
- Partnership; in the stage, organization must work with customer together to create new business opportunities and make benefits of these opportunities. If there is toleration and trust between both of the sides, these processes may result with strong partnerships (Önce,1999).

Brands, customers, customer's loyalty, organization's name, distribution channels, organizational corporations, franchising agreements, and special customer-based agreements are accepted as the value-added creator components in the relational capital. Organizations pay attention to these components and in the market, they increase their market value. Marketing departments in the companies play a big role to create this image. They create their advertisements showing the advantages and good qualifications of the company. They are also other supporters of relational capital (Önce,1999).

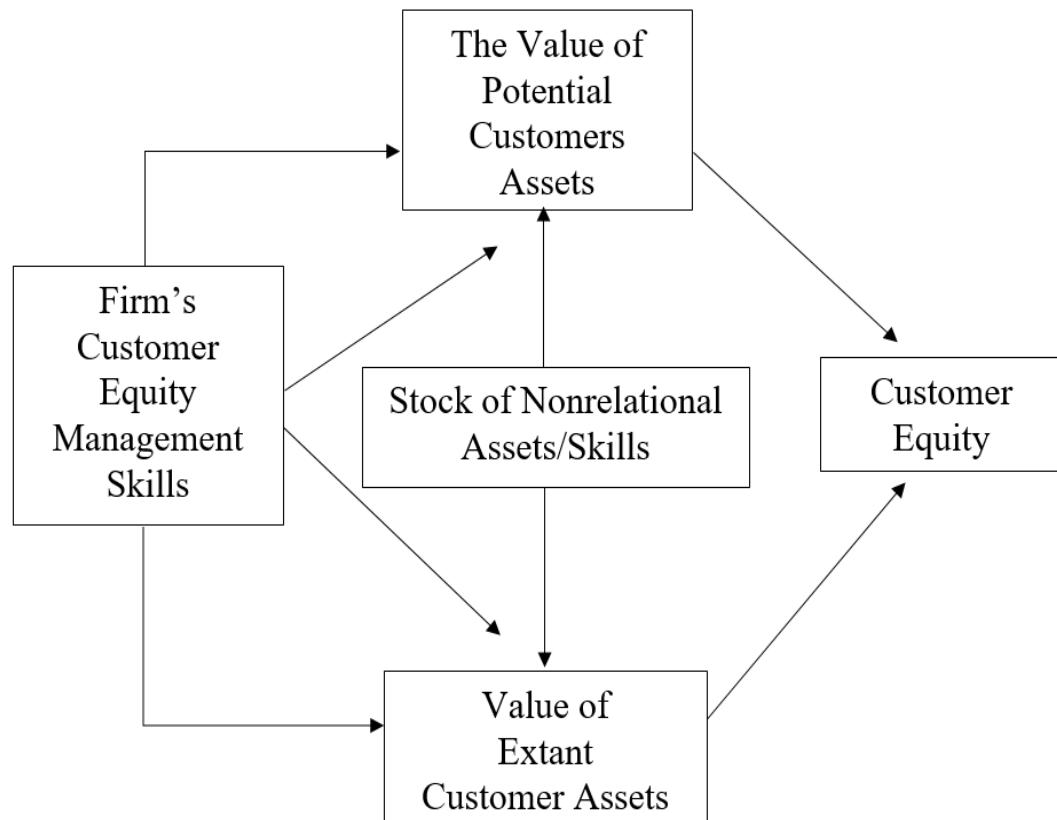


Figure 2.5: Theoretical Model of the Relational Capital Management

Source: Hogan, Lemon and Rust, 2002

In Figure 2.5, there is a theoretical model of the relational capital from Hogan, Lemon and Rust (2002) who were studied on customer equity. According to their model, customer or relational capital is the sum of the value of potential customer's assets and value of extant customer's assets which means that any type of customer, in the past or future, is important for the organization. Also, Figure 2.5 can explain that the firm's customer equity management skills support and strengthen the value of potential customers' assets and the value of extant customers' assets. Authors pointed on management importance on the relational capital because managing this kind critical point can create special frameworks which can help the organization to find new potential customers.

2.5 Models of Intellectual Capital

The models and methods used to measure intellectual capital can be classified into four groups, as follows (Najem, 2004):

1. Descriptive Models: These models do justice to the attributes and characteristics of

intellectual capital, and focus on seeking opinions and trends that are important in their indirect impact on the performance of knowledge processes and achieving their desired results by relying on the subjective experience and personal appreciation of the authors of the study or the proposers of the model. These include the following:

- Management Knowledge Assessment Tool
- Self-evaluation of the productivity of those with cognitive professions
- Balanced Scorecard to measure and manage knowledge assets

2.Measures and models related to intellectual capital and intellectual property: These standards focus on measuring the value of intellectual capital and its main components, which are:

- Structural Capital
- Human Capital
- Customer Capital

3.Market value models: These metrics focus on the difference between the book value of knowledge assets and their market value or the difference between (the company's market value) and shareholders' equity. These measures often depend on the financial and accounting principles and principles, and the most important examples are:

- Market Value
- Book Value
- Calculated Intangible Value

4.Knowledge return metrics and models: These models are based on calculated return on calculated assets (Roslender and Dyson, 1992).

2.6 Measurement of Intellectual Capital

There is an increasing growth in interest in measuring intellectual capital, corresponding to the growth in increased criticism of a traditional accounting model that somewhat ignores intangible elements. The evaluation of intellectual capital provides information that will draw attention to the way the organization uses its resources and its long-term view, in addition to focusing the attention of decision-makers towards the way to develop the efficiency and effectiveness of decisions

related to employment and training, and evaluating the performance of workers and the maintenance of its human components and to develop their practices and value rational capital, increase understanding and more awareness of the role of knowledge and the nature and components of intellectual capital, and then focus and guide investments towards specific items on the one hand and provide external parties with information to help identify the extent to which the organization fulfills its social responsibilities (Stewart, 2007). Indicated a set of indicators that can be used to measure intellectual capital, including:

- Intellectual capital / physical capital.
- Intellectual capital / total number of employees.
- Average number of years of work experience for intellectual assets.
- The functional turnover rate of the intellectual assets
- The degree of quality of the products or services provided by the organization
- The leadership positions contributed by the intellectual assets
- The degree to which competing organizations attract the intellectual assets operating in the organization
- The location and reputation of the organization in the market
- The ability of intellectual assets to solve service and productivity problems
- Implemented suggestions / total suggestions submitted by clients
- Customer satisfaction
- Realized profits.

The above indicators can give an idea about the value of intellectual capital in the organization even though it does not specify the true value of intellectual capital.

3. HUMAN RESOURCE MANAGEMENT AND RELATION WITH INTELLECTUAL CAPITAL

3.1 Human Resource Management

Modern organizations focused on the contribution of human resources (HR) to the knowledge economy (KE). Human resource talents can create principals for any company (Ulrich and Lake, 1991). An organization must pay attention to the employees' opinions to be efficient on financial and physical resources. These employees who have different talents than each other can create more solutions and different innovations. Therefore, organizations must have a strong human resources department to collect the best candidates for empty positions or create necessary positions in the organization.

Experienced managers can contribute to organizational success by combining complementary human resources, which has more than one changeable characteristic. An organization can reach the highest level of competitive advantage thanks to its integrated human resource which is difficult to copy and has social complexity (Barney, 1991; 1995).

3.1.1 Human resource concept

Human resource management (HRM) can be accepted as the whole activities, which change the human resource abilities into organization-based productivity with the physical resources of the organization. During this change, human resource management must follow a systematic and stabilizer approach to reach the highest point of success (Argon and Eren, 2004). Human resource management must create a kind of robotic system controlled by humans and target humans. In that case, controlling the human side can be accepted as the management or organization and the targeted side is employees in the system. In that relation, human resource management will be the bounding between the organization and employees.

Human resource management has many tasks such as determination of employee requirement, job advertisement, selecting the appropriate staff, adopting the into the organizational culture, motivation of employees, performance evaluation, resolution of conflicts, relations, and communication between individuals and groups, restructuring, the formation of a healthy organizational climate, creating the “us” soul rather than “me” soul, educating and improving the employees and these kinds of many important implementations (Fındıkçı, 1999: 13).

Human manages strategies and innovations, which the organization follows. If human capital is improved and motivated, the organization also improves and can reach its goals easily. Oppositely, the organization cannot proceed with the business whatever physical resources and opportunities it has (Bingöl, 1998: 8). From that point, Bingöl took attention to motivation importance. An employee can be useful for the organization as far as s/he is well motivated. In contrast, the employee will be unhappy, unsuccessful and useless for the organization. Therefore, many organizations make specials “moral days” such as birthday parties, Christmas parties or dinners out of the company. These kinds of activities will create a warm family environment in the organization and help employees to work more peacefully together.

Human resources must be used well and completely. Also, human resource quality must be improved. Term of competition between the organizations started to mean more than its simple explanation. The new mentality of competition brought a huge organizational change in human resource policies and techniques (Büyükuslu, 1998:11). At that point, it is understandable that the organizational successful business life is depended on realizing the importance of human increasing importance (Storey-Sisson; 1993:1).

If an organization loses the employees, the competition must be lost also. For example, during the development of new technology, if the engineers go to one of the opponents of the organization and continue the innovation there, an organization cannot afford this kind of loss of human power and lose. In business, everybody must be replaceable. In that case, human resource management must create and keep second options and back-up human power.

Keeping an eye out for the “human” factor to reach the expected success in the

increasing competition area had a strong place in the business world. Especially, in the last years, organizations started to keep the human factors in their mission and vision which are inside the basic elements of organizational culture.

Human is a psychosocialexistence, which means the individual becomes one with his/her feelings and thoughts (Kaya and Kesen, 2014). In that case, the human's special place between the production factors is undeniable. Other factors can be bought or rented by money and organizations can keep them as far as there is monetary power. However, it is not the same for human power. Even if organization provides the highest salary, employees may refuse because of other reasons such being far from home or not peaceful working environment.

3.1.2 Human resource management concept

HRM can provide unexpected environmental change demands by increasing the skills and abilities of employees with special Human resource management practices. At the end of this adaptation period, the organization can have limitless external values and can create unique procedures and processes (Pennings, Lee, and Witteloostuijn, 1998). These unique procedures and processes allow that human resource management will be unique only to the organization and this will impact the individual and organizational performance in a positive way. Organizations must create their human resource systems and adapt the new systems to their employees. As much as unique human resource management systems will provide a competitive advantage for the whole organization.

Human resource management or employees are the most important resources for an organization. The motivation of the resource will provide expected success for the organization. In the case of performance and productivity, the multiplier effect of motivation will change human resource management to human capital. This change increases the market value of the organization (Kaya and Kesen, 2014).

3.2 Basic Principles of Human Resource Management

Employees are the main resources of the success or failure in an organization. Human or human capital is formed from the financial-psychical resources, managers, and completers for organizations to reach their purposes. Managers shall never forget the importance of the human factor for organizational success (Robbins, 1978).

Because, even if the organization uses the last technology and creates some robots to control all the business processes, human power will plan the processes, proceed, check the processes and finish them. In that case, the power of human resource management must be realized and valued well because even if many machines are invented in the improving world, still, there is a need for humanity. This reality cannot be underestimated, and organizations must take reaction accordingly.

3.2.1 Infrastructures of human resource management

All the resources to start and proceed the production is called “production resources” or “production factors”. Traditional production factors are place, promotion, price and product (Deming, 1986). However, in the last years, between economists there is a communion as “information” is one of the production resources.

In the developing world, production factors must be handled in different ways. In Figure 6, there are four different basic infrastructures that are very important for goods and services produced in the organization. They are as below (Aktan, 2000);

1. Physical Infrastructure:

Physical infrastructure is based on tangible resources for production such as building, machines, and tools. Physical infrastructure can be called natural and tangible resources. They are mostly easy to find and buy compared to other resources.

2. Financial Infrastructure:

Financial infrastructure is based on the necessary cash money to start and proceed with the production. Usually, financial infrastructure is called as “capital” in the traditional business.

3. Personal Infrastructure:

Personal infrastructure is based on human power which is very necessary for the production and for the employer organization. Human power is also called human resources or human capital in the modern business.

Until here, above three terms can be summarized as;

- Tangible Stable Capital = Physical Infrastructure
- Financial Capital = Financial Infrastructure
- Human Capital = Personal Infrastructure

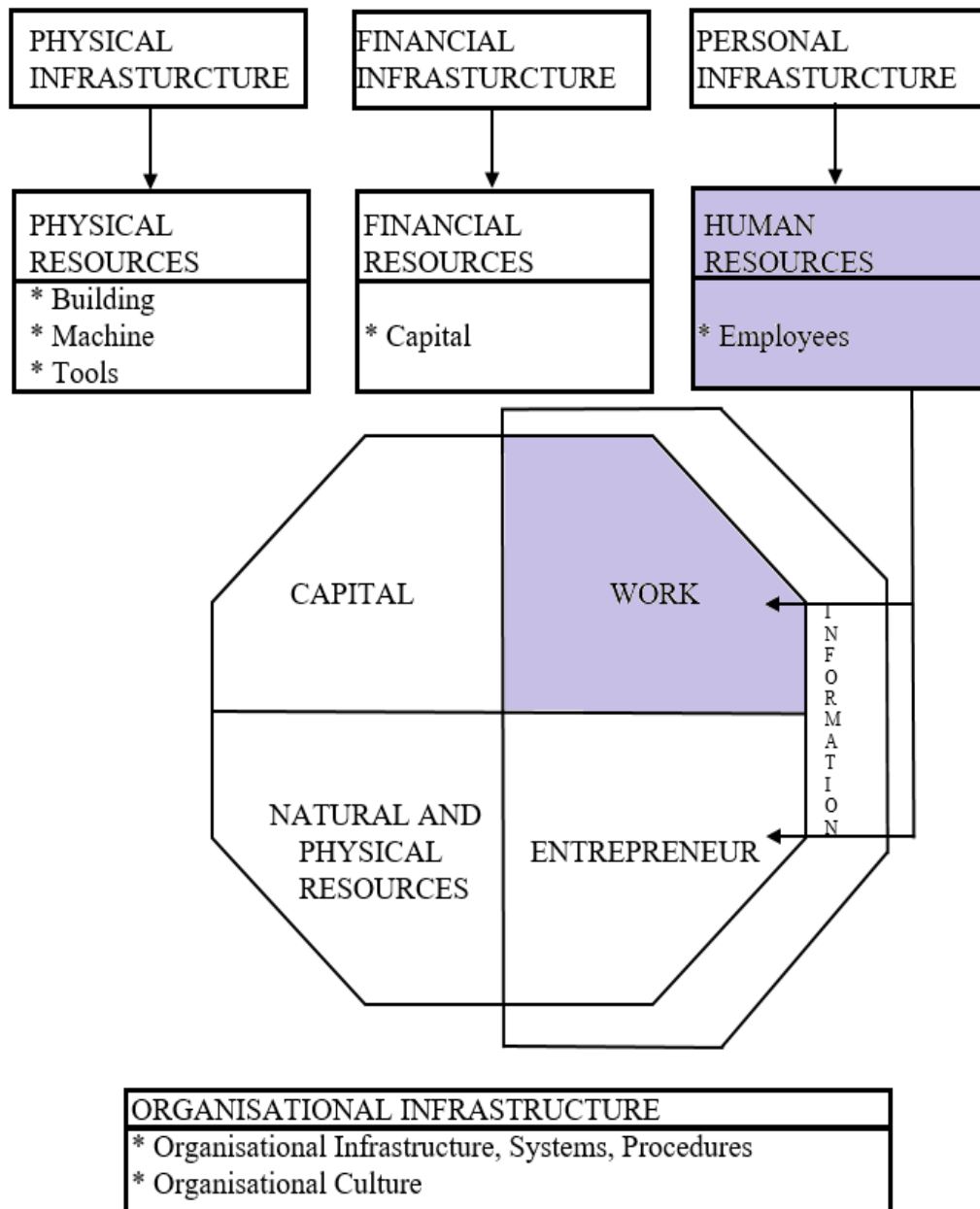


Figure 3.1: Human Resource Place between Production Resources

Source: Aktan, 2000

4. Organizational Infrastructure: Personal Infrastructure: Financial Infrastructure.

All types of constructions, systems, and procedures in the organization creates organizational infrastructure. Organizational infrastructure is the name given to rules and corporations inside the organization. Organizational infrastructure also creates the basis of the organizational culture.

As a conclusion of all four above terms, there must be different four infrastructures in an organization to make production as physical, financial, personal and

organizational. In the traditional business, all four of them are known as natural and tangible resources, capital, human force, and entrepreneur. As employer and employee, the “human” factor proceeds the production thanks to their “knowledge”. In the last years, “knowledge” is accepted as the most basic production factor by economists or management scientists (Aktan, 2000).

3.2.2 Human resource management concept in production

If managers do not well understand the knowledge, skills, and abilities of human resource management, they will fail to use these terms well and create one of the biggest blocks for organizational success. Management must benefit from employees by satisfying their needs and motivate them into objectives of the organization and individuals (Kaya and Kesen, 2014). Any kind of disregardful organizational behavior can cause strikes and huge amounts of loss for the organization. Because striking employees are stopping the production and so organizations cannot catch their deadlines which causes many problems in their trade. As far as renting the skills and abilities of employees requires the attention and expected care for the human capital in the organization.

Besides the human resource power in the organization, there are also other necessary resources for the goods and services in production in post-modern organizations. All three resources are as below;

- Hardware (Equipment)
- Software (System)
- Humanware (Workforce)

Without the above three resources, there cannot be ideal and optimal production in a high-volume organization. None of the resources are enough for the production if the organization has only one of them. These three resources can be accepted as necessary “inputs” to make production in the organization. If the inputs have good quality, the “outputs” (production) will result in higher quality and more productive. There are some theorems regarding the above resources as below (Kavrakoğlu, 1996);

- Only hardware is useless for production. The organization may own the highest level of technology machines, tools or equipment however if the

software (rules, cooperation, culture) and the human factor are not well cared for, there will be a failure in the production. Hardware is only tools and if the workforce is not able to use it under certain rules of working systems, there is no meaning for that hardware (Robbins, 1978). In some universities and hospitals, management invests in the machines but there is nobody can use it. In this case, these investments will be useless for the customers. So, there will not be any return from it. Managements shall send their loyal employees to a special course to learn the machines and receive the list of usage rules besides the machine. In that case, when the machine is invested, everybody will be waiting to use it, produce by it and benefits from it.

- Only software(system) is useless for production. In an organization, rules must be clear, understandable and fair. This is necessary to increase the work performance however not enough (Kavrakoğlu 1996). There must be enough qualified workforce to well understand and proceed with these rules. Another way, if the employees misunderstand or underestimate the rules, there will be failures or conflicts between the employer and employees. Also, if these rules are not supported or tested by enough level of technological devices, there will be a lack of data collecting or anonymous failures.
- Only the human (workforce) is useless for production. The employees can be well educated. They may have high-level talents and abilities in the organization however there must be well thought and decided rules inside the organization and also there is a necessity for the high-level tools and equipment so the organization can benefit from these high-level employees (Robbins, 1978). In some companies, there are some unacceptable rules so many of the employees are struggling from working. Long work times, absence of the break, insufficient computers are some other example reasons for the striking employees. Therefore, companies shall create acceptable rules with the approval of the employees. Another way, most of the companies whose employees are striking, results by more disadvantaged rules or bankruptcy.

As a summary of these, neither only hardware-software nor only human force is not a determinative option to measure the productivity inside the company. Most of the high-level organizations are paying attention to all the above resources and there

must be a balance between them too. Another way, without any balance there will be delays or conflicts in steps of production. These kinds of delays are mostly happening because of the lack of software. If there is no well-made software, there will be a lack of planning. In production, if there is a bad planning system, in all parts of the production, there will be delays and conflicts.

There is another related topic between social scientists as “Human or System?”. This question has been discussed for many years (Deming 1986). Regarding the above explanations, three of the resources are very important as much the others. There shall not be any answer for the “Human or System?” because without one of them the product has failed. Organizations must consider them as one to reach high-level productivity and success.

3.2.3 Organizational motivation

One of the most important factors, which affect productivity, is motivation. The labor force is a kind of objective and subjective factor. By the objective side, the labor force is extrovert and visible activities. By the subjective side, the labor force cares the emotion, thought, state, attitude, desire, volition, and exertion. Therefore, managers can create the motivation basics by only paying attention to all these different sides of the labor force (Atamanalp, Karcioğlu and Orhan, 2000:140).

“Teamwork” is one of the frequently used tools to increase employee motivation. Increasing productivity per person, decreasing the costs and so increasing the financial products, capital developments are some of the positive results of teamwork. In traditional business, teamwork is accepted by only planning, production, packaging, inspection, and transportation. However, in modern business, teamwork stated to show up in the management level employees. In that case, the importance of teamwork slides to the strategic level from an operational level. Teamwork can provide increased productivity, improving communication, creating more than simple teams, careful usage of resources, being more decisive and effective in the solution of conflicts, better decision making, higher quality products and services and improving processes (Robbins and Finley, 1995). In a peaceful team, everybody must have special and different skills and abilities than each other. In this case, when they help and teach to others, their knowledge and so productivity will increase. That’s why managers shall unite different people together. Differences

can cause some conflicts and different points of view to find solutions.

Managers must distribute the job and task between the teams in a fair way to improve motivation. Teams must be active and obey to organizational climate and pay attention to organizational success. These situations will provide improving the goods and services and organizing customer trust at an optimal level. On the side, creating a positive job environment and team-based awarding systems attract the employees and the public out of the organization. This situation impacts the organization's image positively and leads the organization to the recruitment of talented employees who want to take part in the organization. Eventually, the organization increases the market value and gains a competitive advantage.

Motivation is directing human behaviors. Relatedly, motivation directs the productivity of increasing forces. Financial needs are important every time however nonmonetary encouragements are also very efficient and necessary. If employees are successful to increase productivity, managers shall award them immediately. Awarding shall not be monetary all the time. Appreciation, participation and education opportunities must be provided, and unfair awarding must be prevented in the organization (Prokopenko, 1995). These kinds of awards will increase labor loyalty to an organization. When organizations send their employees to special courses according to their wishes such as a language course or a special program course, their loyalty will increase, and they will be an example for the other workers. There shall not be a competition between the workers because in this case, workers may not care the organizational success instead of individual success and can cause some undesirable situations such as harming the opponent worker's job. However, awarding fairly and unexpectedly will increase the harmony and peace in the work environment.

Political motivations, which are not approved by organization, can be dangerous. Because every time, there are some people who want to use the power in a bad way. They make some decisions and manipulate the resources of the organization (Drummond, 1993). This situation must be noticed and prevented by the management. Another way, there will be chaos in the organization and illegal loses.

3.3 Strategic Human Resource Management

3.3.1 Definition of strategic human resource management

Before defining strategic management of human resources, we can define the management of human resources, according to Abdul Wahab (2008), "It is the job that is to choose workers with appropriate competencies, manage their efforts, direct their energies, develop their skills, motivate these workers, evaluate their work, research their problems, and strengthen cooperation relations between them and their colleagues and bosses, and so on." Contributes to achieving the overall goal of the organization in terms of increasing productivity and achieving the required growth for businesses and individuals.

3.3.2 Organization in the strategic human resource

As for the strategic human resource management, it "works to achieve the organization's goal, objectives, and vision, by translating the organization's general strategy into a detailed and specialized strategy in human resources issues that includes the following":

- The goal that human resources management wants to achieve by dealing with the human component in the organization.
- The vision set by the administration as to what it should be its practice in the field of human resources.
- Specific strategic goals required in the areas of training, operation, development and care of human resources.
- Policies that human resources management needs in making decisions and comparing alternatives to achieve the goals of the strategy.
- Strategic plans for managing the necessary resources and filling the gaps in them available to bring performance in the areas of human resources to the levels achieved in the goals and objectives.

- Follow-up and evaluation criteria adopted by the administration to verify the implementation of the strategy and reach the specified accomplishments (Hall, 2012).

3.3.3 Strategies in human resource management

“The result of the organizations, especially in recent times, is to prepare a general strategy for human resources that includes the goals, various policies, and the main directions adopted by the administration in the areas of human resources, as they express the fundamental choices and alternatives that are commensurate with the overall strategy of the organization.” Therefore, the general strategy for human resources emanates from strategies a sub-field of great importance, which we can deal with as follows: (Stewart, 2007)

- The strategy of attracting and configuring human resources: this aims to attract elements with good efficiency and experience in order to employ them and use them in developing and improving their economic situation. This goal is related to workforce planning and needs assessment of them.
- Human Resources Performance Management Strategy: which aims to formulate a strategy for the effective management of individuals within the organization in order to achieve the stated objectives, as the latter affects its results and its proportional position.
- Training and development of human resources strategy: with a view to raising the efficiency, knowledge, and skills of workers and directing their attitudes towards specific activities.
- The strategy of measuring and evaluating the performance of human resources: in order to know the extent of the actual performance agreement with the targeted performance in terms of size, quantity, speed, time, quality, cost, continuity, and flow, as well as an evaluation of the consistency of the performance elements and those responsible for it with the specifications included in the work design.
- HR Compensation and Reward Strategy: This strategy relies on the incentives system, which is the promotion and attractive wage policies.

In most of the periods in order to prepare the human resources strategy in line with the general strategy of the organization, the reliance is on the information system to manage the human resources of individuals within the organization, which consists of data and data, renewable and real-time, which helps in carrying out the functions of human resources on the one hand and assisting decision-makers in implementation and follow-up.

Procedures for building a human resources strategy:"The Human Resources Department undertakes the following procedures to build an effective and implementable strategy", but before establishing a human resources strategy requires good knowledge of the culture of the institution as well as of its project (Abdul Wahab, 2008).

3.3.4 Composing and defining the organization's philosophy

This stage is considered an introductory stage before taking the necessary procedures to establish a human resources strategy, which relates to defining the culture of the organization (the reason for its existence) through the basic values upon which the organization is built, the culture of the organization is defined by Thevenet (2012) as an element of the institution's responsibility, It is the knowledge of the performance of the institution and the manner of its activity and its thinking, it is a product of its history and not an instant product, and determining the reason for the existence of the company and its role in the society to which it belongs and what are the motives of its owners and senior managers, it is considered the main reason is to create and provide job opportunities a reason for the existence of the organization and this is considered positive for growth In the future, the connection between the organization and the environment in which it operates cannot be ignored.

After defining the organization's philosophy, the establishment of the most important elements and procedures upon which the human resource strategy is based is represented in the following(Thevenet, 2012):

“1.External climate analysis: it means climate analysis, accurate identification, and active monitoring of climate elements and components and the changes that occur in it. It includes everything that surrounds the organization from institutions and groups related to its work directly or indirectly, it causes several effects that may affect the organization as it causes grief Or threats to strategic human resources management

where these opportunities and threats are represented in some matters, including the supply of employment and the growing legal requirements that govern human resources management policies and practices and rapid technological change, also competitors must be familiar with Ward Human.

All of these changes mentioned above affect the future directions of work such as the ability to attract and maintain the best available human skills.

2. Analysis of the internal climate: By the internal climate, we mean the group of human, material and moral elements that interact with each other in order to achieve the goals for which the organization was established and that lead to strengthening or weakening and limiting the choice of certain behaviors from the group of possible future actions of the organization. These factors are:

- Individuals being the most important resource in the organization.
- Various positions in the organization.
- Equipment, fixtures, and money.
- The methods used to do business inside and outside the organization.
- Information and technologies available in the institution.
- The human and organizational relationships upon which the organization is based.

The internal climate in general, collects the organization's capabilities and capabilities that it uses to achieve its goals, and it includes restrictions and limitations that clarify the real or actual capacity that the organization can actually rely on.

3. Defining strategic directions for human resources: The third step in building a human resources strategy is defining the directions sought by the organization and its higher management in the areas of human resources, which include the main issues in human resources matters such as polarization, selection, and comparison between internal or external sources to obtain elements required.

Identifying such challenges helps in building detailed strategy, plans, and programs in this vital area, and helps in identifying the main activities and key areas of human resources contributions, and then identifying the types and numbers of individuals and their precise characteristics commensurate with the requirements of those activities, as determined based on an extrapolation of strategic directions issues related to By investing in the development of human resources systems, the extent of

demand for building the organization's own training capabilities, and the limits of funding available to implement technical development programs for the performance of strategic human resource management units and other detail Not related to aspects of that department's work.

4. Defining strategic goals in the field of human resources: that is, defining what the goals of the organization are, and what set of results you want to reach through the strategy that you will apply and the human resource plans. Of course, it is necessary to know the goals for sales, profit, and return on investment, any quantitative results that can be measured until Be a guide to work, and link these goals with the element of time to verify the extent of their achievement, as well as not to forget that there must be goals for each of the areas of strategic human resource management in the sense that the target results are defined from each activity undertaken by the strategic human resources department so that One of those goals is the crossing, which is in the light of the follow-up implementation and evaluation of achievements at the detailed level.

5. Formulating and forming strategies: Finally, many questions need to be answered: What are the working procedures that the organization must follow in order to achieve its goals? What are the operational goals that will be achieved during this process? What are the required changes in the organizational structure, administrative processes, and individuals required? Consequently, the answer is in the form of a master plan for the organization that determines the ways and approaches to achieve the goals of the organization, and the choices that can reach the ruler goals, and therefore determines the human resources strategy in order to use its resources from any capabilities and in any method, and at any time until it achieves the highest possible return In this field (the field of human resources), the focus is on human resource planning, how to obtain it, define the tasks and duties assigned to them, develop it and make optimal use of it, and end its services, and this represents for the purpose of forming the organization in a proper way, and this represents a point The HR strategy converges with the overall strategy of the organization.

6. Implementation of the strategy: The strategy is implemented through its translation in the form of plans, programs, and budgets, each of which expresses the activities that must be implemented, the resources allocated to each of them and the specific

timing of performance and acceptable performance standards, as well as the proper implementation of the strategies depends on the integrity and efficiency of the organization entrusted with this. Also, it is necessary to review and reorganize to ensure efficiency and ease of flow of activities and processes to achieve the strategy. As for the human resources strategy, implementation is linked to the degree of centralization or decentralization in the functions of strategic human resources management itself. Where central is the dominant pattern, the central human resources department will implement the strategy and oversee the commitment of different sectors in the region to take into account what the strategy imposes. As for organizations that follow the decentralized pattern in managing strategic human resources, each unit of the organization is responsible for implementing its own human resource strategy.

7. Follow up on the implementation and evaluation of the results of the strategy: The basis of the monitoring and evaluation process is to produce a continuous and regular flow of sound information in a timely manner that reveals the following from the strategy implementation process:

- Actual performance in different strategy areas expressed in the appropriate and agreed units of measurement.
- Comparing the actual performance with the planned (targeted) levels of performance and showing deviations between the achievement and the plan and examining its causes and sources.
- Setting alternative solutions to reach the targeted implementation level.

The implementation of the strategy is monitored at the level of strategic control to ensure the soundness of the strategic direction of strategic human resources management as well as at the level of tactical control, to ensure the implementation of the strategic plan and the implementation of medium-term programs, and finally, control at the level of operations to follow up on detailed activities at the direct, short-term executive level.

3.4 Benefits of Intellectual Capital in Human Resource Management

Human resource management benefits from the intellectual capital because intellectual capital is a developing area and concerning human capital. Therefore,

intellectual capital helps human source in human resource management to improve, to be invested and educated. These benefits and all other benefits are well explained as below in social, macroeconomics and organizational benefits.

3.4.1 Social benefits

The wealth and value of organizations are mostly based on intellectual capital. Having talented employees and making the necessary investments for the learning of employees adds value to the organization, but benefiting from the benefits of intellectual capital basically means transforming the wisdom of employees into reusable and sustainable actions. This creates employee engagement, encourages employees to learn and share, thereby creating a mechanism that engages employees in the decision-making process. Increased productivity is achieved through stronger financial performance, better patient results and greater employee and customer satisfaction, social networks used in businesses, evidence-based practice, privatization of innovations, and proper use of information technologies (Weston, Estrada and Carrington, 2007).

3.4.2 Macroeconomic benefits

According to the macroeconomic approach, human capital is one of the sources of comprehensive economic growth. Education as an investment in human capital belongs to sources of intense economic growth (Weston, Estrada & Carrington, 2007). Also, it is accepted that education is one of the biggest parts of IC and HRM. This education part is developing and becoming a huge sector in Turkey and has a wide place in the macroeconomy. According to the data of the Ministry of National Education, in the 2018-2019 academic year, there are 11.649 public and private kinder gardens, 24.963 primary schools, 19.284 middle schools and 12.515 high schools, a total of 68.411 schools. In these schools, 1.970.292 teachers and 17.505.379 students are continuing their educations (Ministry of National Education, 2019). All these investments create a huge volume of macro-economy. As is seen above, only the education part of IC and human resource management is creating a high welfare effect in the macroeconomy. Therefore, most of the organizations try to understand the importance of IC and invest in their labors' education.

3.4.3 Organizational benefits

The relations of the employees in the organization with the managers and with each other, as well as the relations of the organization with other organizations, customers, suppliers, constitute the intellectual capital of that organization. In summary, the network of members' relations with each other and with other stakeholders within the organization can be defined as organizational intellectual capital. Starting with the shared goals and objectives and social relations within the organization rather than personal gains of individuals by giving an insight into the organizational intellectual capital concept; employees and their relations with management. At this point, it is possible to say that social capital is an important concept in terms of organizational behavior studies.

In today's businesses, achieving a shared vision, creating a common organizational culture, ensuring employee motivation, achieving workforce satisfaction, organizational commitment, and organizing relations with the external environment gain importance in order to easily adapt to the changing and developing environment. The high intellectual capital of the organization will help make this adaptation easier and faster (Yiyit, 2017).

3.4.3.1 Benefits for management

The rapid change in the sub-components of globalization has fundamentally changed the management approaches of businesses and the functioning of business life. Today, as the quality and tools of competition have changed, businesses have realized that the tangible assets that contribute to profit and growth are not enough (Görmüş, 2009).

Developing and increasing the intellectual capital of an enterprise depends to a large extent on the quality of the people working in the enterprise and on the level of knowledge and skills. Assuming that management brings these employees together, it is clear that businesses placed in the right jobs at the right time, at the right time, will be advantageous. Therefore, the biggest duty of management; is to provide the necessary conditions in the company in order to know the value of human resources and to make the best use of this resource(Küçükyavuz, 1997).

Intellectual capital-based human resources management should engage in scope expansion activities based on competencies that are successful in using human resources more efficiently and transforming implicit knowledge into open

information. Competency-based human resources models have a feature that directly affects senior management and makes a say in the decisions to be taken regarding the mission, vision, strategy, policy, and values of business management. In this way, the contribution of human resources to the sustainable competition will increase and benefit the management.

3.4.3.2 Benefits for employees

Intellectual capital includes social virtues such as working in cooperation, harmony, honesty, common sharing, human relations, and social solidarity. It promotes organizational behavior through commitment, loyalty, collaboration, rapid access to knowledge and ability, and regular information transfer between people, as well as social behavior, trust and norms, and organizational behavior. (Weston, Estrada & Carrington, 2007) In addition, it is possible to see the effects of social capital not only in the macro dimension but also in micro dimensions. Social capital has important effects especially on increasing business size, increasing employee productivity, decreasing contract violations and decreasing transaction costs (Yiyit, 2017).

3.4.3.3 Financial benefits

The important role of intellectual capital in creating sustainable competitive advantage and superior financial performance has been accepted by all circles and proved by research. The concept of intellectual capital was first used by JK Galbraith in 1969. However, T. Stewart was the first to use in today's organizational sense and defined the business as the sum of everything that employees know which provides a competitive advantage in the market.

Considering this definition; Intellectual capital can be defined as the totality of the intangible assets owned by the enterprise, which directly affect the current and future success of the enterprise and provides a competitive advantage to the enterprise, which creates added value for the organization, and which constitutes the essence of knowledge. As it is has seen, intellectual capital is the sum of the hidden assets of an enterprise that are not visible in the balance sheet and is the most important source of competition. In this sense, it provides the most important financial benefit to businesses in the field of competition (Görmüş, 2009).

4. HUMAN RESOURCE MANAGEMENT AND INTELLECTUAL CAPITAL IN TURKISH TEXTILE SECTOR

4.1 General Look to Turkish Textile Sector

Turkish textile and the ready-to-wear sector create the most important competitive advantages over the Turkish economy with its performance and value-added. The textile sector always becomes a leader in production and export in Turkey. The sector has a significant amount of raw material, labor, and technical information. Overproduction side, textile industry cost less than other industries but depends on labor which makes it appropriate for Turkey's structure for production (Küçükyavuz, 1997).

There are approximately 55 thousand companies in the textile industry and approximately $\frac{1}{4}$ of the company only exports their products. The textile industry approximately exports half of its production. Textile industry's share over general export %17,2, in general, import %3,5. These are the reasons to explain how important textile industry in Turkey and why it has top priority over other industry (Yücel, 2010).

4.2 Importance of Textile Sector for Turkish Economy

According to the undersecretaries of foreign trade data in 2003 textile sector has a %32 portion over export. Over employment and export, contribution makes the textile sector the biggest industry over Turkey (Kanoğlu and Öngüt, 2003). It can be assumed as the textile sector one of the most dynamic sectors in Turkey. Even advanced countries try to have a bigger portion of the textile industry. Those are the reasons to understand the importance of the textile sector for Turkey. Textile sector leader sector for Turkey.

The crisis started over Southeast Asia and Russia in 1997 helped Turkey to increase export rate over world %2,7 in 1998 on the textile sector. Over 1999 and 2000 export decreased. If it is looked over every sector's export rate in Turkey, textile products export rate increased between 1980-2000 from %11,8 to %13,3. Over Ready-to-wear product rates increased has been much more. In 1980 %4,5 increased to %23,7 in 2000 (Altaş and Giray, 2005).

In the case of business volume, Turkey is the third country over the world with the biggest textile industry. Turkey owns %2,3 percent over textile export over the world. The most important market for Turkey's textile products is the European Union (EU) countries. %63 of total textile exports are made to EU countries. Like textile products, the EU market important for ready-to-wear products as well. In ready-to-wear products over the EU market Turkey supply %65 percent of it. 1980 rates were higher until 1993. After 1993 rates started to decrease. EU market most important market for ready-to-wear products (Altaş andGiray, 2005).

4.3 Human Resource Management in Turkish Textile Sector

In all organizations from different sectors, the most important factor is the human resource. Human resource managers must create the job description, set the standards and make the evaluations accordingly to reach real success in their business. Also, the human resource must describe the working abilities after creating the job standards. Over standard candidates are accepted as successful and under standards, candidates are accepted as unsuccessful (Hamzayev, 2016).

One of the other most important tasks of HRM is performance evaluations. This evaluation is made by the individual success level and activity in the job. Performance evaluation is made according to pre-created standards by the HR department and claims to check the performance from all cases. Also, performance evaluation measures the moral structure, success, attitudes, and behaviors in business (Hamzayev, 2016). When all these concerns are collected under HRM and converted to Turkish textiles, HRM reaches only one point which is mostly experienced in Turkish textiles.

The Turkish textile sector is a teaching and growing sector. Therefore, education and other concerns of HR are mostly not well understood. HR creates special standards and pools to find the best candidate for the position however in Turkish textile, the most important quality is the experience for the position. In the research of Hamzayev, it is well shown too. All the locks are opened with the power of experience.

4.4 Intellectual Capital Management and Implementations in the Turkish Textile Sector

In the Turkish textile, human capital and customer capital have been used to explain the non-material capital in the organizations. These human and customer capital affects the market value in a positive way. In Turkey, the market value of organizations is affected by many variables. However, according to Bozbura, the market value is directly affected by the IC (Bozbura, 2004).

In Turkish textile, managers have collected the human factor under 8 factors which are(Bozbura, 2004);

- Education and investment in people,
- Leadership skills,
- Wage system,
- Employees,
- Skill level,
- Sharing of all resources of employees,
- Risk taking of employees,
- Having knowledge and working together.

The main topic is here managers are requesting all the above qualities from the workers however at the same time managers are committing to workers to invest in their educations, creating a fair and enough wage system and providing satisfaction for their job. In Turkish textile, Turkish managers are very sensitive to customer capital. Managers are collecting the customer capital factors under 7 factors which are (Bozbura, 2004);

- Customer satisfaction,
- Long-term relationship request with customers,
- Collecting and using information from customers,
- Impact on the environment
- Being customer oriented
- Predictions for customer satisfactions
- Answering to customer needs in shortest time

4.4.1 Human capital

Human capital is one of the important concepts that organizations began to pay attention to, and researchers in administrative sciences enriched this concept with research and study, and they included many definitions to define its concept, and these definitions differed in terms of looking at human capital, some of them considered it part of the organization's work, And others view it as including a group of components related to humans, and a third group believes that it includes the education, experience, and skill that individuals possess, in what some considered to be directly related to work (Peters, 2008).

The United Nations Development Program defines human capital as all that increases the productivity of workers and employees through the cognitive and technical skills they acquire, that is, through knowledge and experience. It is clear that human capital differs from material capital in the fundamental sense that it is intangible, that is, it has no width, height, and density such as machinery, equipment, and buildings, so it cannot be measured physically like it, despite the great role of human capital in increasing economic production from goods and services. For example, specialized knowledge gained by a physician, surgeon, engineer or lawyer may be considered (Ercan, 2003).

When researches have been checked, all outcomes bring the Turkish textile sector to a selection of the human capital inside intellectual capital. The reason is in the Turkish textile, human power is very needed and mostly based on the human force. Technological developments are also helping to textile sector however none of the robots can design any dress or pattern which it relies on human creativity.

4.4.2 Structural capital

Structural capital can be explained as technological power, systems, and harmony of the process in an organization (Peters, 2008). When the Turkish textile sector checked, except for some of the departments, the most only technological device is a computer. In some departments such as pattern houses or cutting departments of production, their special printers however, in any case, structural capital cannot take the place of the human capital or be equal. Unfortunately, in Turkey, in most of the sector, technological developments are not well followed and respected such as in textile.

4.4.3 Relational capital (customer capital)

Turkish business is based on the rule of “Customer is always right!”. Even if the customer is wrong or mistaken, s/he must be satisfied, and customer capital must be well respected. This mentality is the same in the textile sector too. All of the textile managers are respect customers and pay attention to their feedback and needs. Any type of dissatisfaction of customers absolutely cannot be forgiven. There in the Turkish textile sector, it can be claimed that the most cared and respected part of intellectual capital is customer however the most improving and invested part is human capital.



5. RESEARCH

5.1 Research Topic and Scope

Intellectual capital has great importance in the business world. There are three different components under the title of intellectual capital such as human capital, structural capital and customer capital. All these three capitals must be well understood and studied to increase competitive advantage in the market. However, even in most modern companies the importance of intellectual capital is ignored. Many of the managers do not pay attention to the intellectual capital and especially the power of the human resource is ignored. This situation creates a loss of labor problems.

This research aims to explain the importance of intellectual capital and three main components of intellectual capital in the textile sector. 20 managers and owners from different departments and different companies have been interviewed about different three components of intellectual capital. Accordingly, their answers are collected and commented.

5.2 Research Purpose

In the textile sector, most of the managers were not familiar with intellectual capital and its importance as a term. During the interviews, the intellectual capital was explained to the managers. One of the main purposes was to increase awareness of intellectual capital.

The main purpose of this research is to analyze the operating and practicing of the intellectual capital in the Turkish textile sector. In the literature, it is observed that intellectual capital is studied in the largest organizations and different sectors. Therefore, the textile sector is selected, and interviews have been made with 20 managers from 11 medium-sized companies in Istanbul textile sector.

5.3 Research Population and Sample

Textile sector managers have been chosen as the population of the research. The textile sector is one of the biggest sectors in Turkey. A huge amount of export volume is filled by the textile sector. In the textile, the importance of intellectual capital is still not well understood however with improving and spreading the meaning of intellectual capital, Turkish textile will be better and much stronger in international trade.

As a sampling, 11 companies have been visited and 20 managers have been interviewed. These managers were selected from mostly production, pattern house, and other production-related departments to understand the advantages or disadvantages of intellectual capital in the real Turkish textile. Mostly the manager has been chosen according to their experience in the sector. Also, Turkish textile is really wide, therefore different companies has been chosen in different work volume or different type of production.

5.4 Research Model

This research has been shaped by the phenomenological method, which is one of the qualitative research methods. During the research, the interview method has been used. The phenomenology method focuses on the phenomenon which everybody is aware however there is no deep information rewardingly. The phenomenon can be events, experiences, perceptions, orientations, concepts, and situations in our entire life. Phenomenology creates an appropriate research base to evaluate the phenomenon, which is not foreign to anybody but also difficult to understand totally (Yıldırım and Şimşek, 2005: 72).

In the phenomenology method, the researcher interested in the individual experiences, perceptions, and attributions a meaning to special situations of interviewees. Phenomenology is a descriptive type of research. In this case, the important thing is to describe the phenomenon instead of generalization (Akturan and Esen, 2008: 83-84). In that case, the awareness of the intellectual capital has been pointed on during the interviews. Also, with the ideologies and answers of the

interviewees/manager importance of intellectual capital has been well explained with the importance of human resource.

5.5 Research Method

During the research, the interview method has been used. In that case, different managers have been visited and asked different 20 questions. These questions have been divided between the main three sub-topics of intellectual capital. Results are collected and shown in the research findings and discussion part with comments.

5.5.1 Qualitative research method

Qualitative research can be explained as a type of research which qualitative data collection techniques are used such as observation, interview and document analysis and also revealing of perceptions and events in a realistic and totalitarian environment (Yıldırım and Şimşek, 2008: 39).

Qualitative research is one of the information production ways which is improved to help human beings to solve their individual secrets and discover the deep social systems created by human force (Özdemir, 2010: 326).

5.5.2 Data collecting method

In qualitative researches usually observation, interview, focus group interview and examination of documents methods are used. In qualitative researches, the validity of the data and the accuracy of the achieved results are very important so the researcher can benefit from the different types of data collecting method related to his/her topic and quality of the research group (Yıldırım and Şimşek, 2008: 88).

The researcher starts to collect data after decided the data collecting tools. In qualitative researches besides the interviews, observation, and document analysis methods are also used. During the interviews, questions must be asked to interviewees in a clear and understandable way. Also, the researcher shall ask extra questions to understand his/her topic deeply during the interviews. In this research, interview methods are used, and managers have been chosen. Their answers are collected and commented in the findings part.

5.5.3 Research questions

- 1: If there is an open position in your company, what are the specialties are you looking for to fulfill this position in your candidates?
- 2: What type of procedures are you following to help your employees' individual developments?
- 3: How do you create the employee loyalty on job and company?
- 4: How is the relation between your work and technology in your department?
- 5: Do you have server or database?
- 6: How do you proceed the R&D in your company?
- 7: How do you ensure the customer relations?
- 8: How is the ratios of customer satisfaction in your company?
- 9: How is crisis management and solution procedure in your company?

5.5.4 Interview questions

Question 1:

- a) When a position deficit occurs in the department you are managing, what are the features you are looking for when selecting the appropriate?
- b) When you consider your company, is training/education more important or experience for you? Why?

Question 2:

- a) Do you encourage your employees to attend work-related courses or trainings during working hours?
- b) Do you provide courses and training opportunities for employees who are not able to work outside of working hours?

Question 3:

- a) What are your practices to keep your qualified employees in the company?
- b) How do you ensure employee commitment to the company?

Question 4:

- a) What technological equipment is used in your department?
- b) Considering the textile sector, do you consider your company technologically sufficient?

Question 5:

- a) Do you have a server or database in your company to keep your customer data, competitor data and your work background? Or do you still use traditional folder filing system?
- b) Can everyone reach these server and database, whenever and wherever?

Question 6:

- a) Is there a regular R&D process in your company?
- b) Since it is a textile company, is the R&D process seasonal or do you always follow the innovations?

Question 7:

- a) How do you contact with your customers?
- b) How do you improve your customer relations?

Question 8:

- a) Can you measure your customer satisfaction?
- b) How do you evaluate your customer satisfaction?

Question 9:

- a) How do you resolve a customer problem when there is an error or problem in your department that could affect production?
- b) Do you work one-on-one with the customer during the solution production process or do you first seek solutions within the company?

5.5.5 Data analyzing method

At the end of the research process, the collected data must be analyzed descriptively and for content. Descriptive analyze is used for the data which does not need deep analyze but content analyze requires a deeper examination for the collected data and

reaching to terms and themes which explains these data (Yıldırım and Şimşek, 2008: 89). The introductory results of interviewees are analyzed by the descriptive analysis method. The content analyzes method helps to identify the data. The collected data are commented on in certain terms and themes which are similar to each other and related to each other. The ideas of the interviewees are explained systematically with the help of content analyze (Altunışiket al., 2010: 322).

In this research data are collected and analyzed with both descriptive and content analysis methods. Some of the questions are explained with descriptive analyze by creating tables and some of the answers are collected, shown and commented with content analyze method.

5.6 Information about the Companies in Research

Table5.1:Sub Sectors of the Companies in Textile

Number	Managers	Part In Textile
1	M3	Ribbon Producer
2	M15	Shirt Producer
3	M4, M5, M20	Jean Producer
4	M2, M6, M12	Jean Producer
5	M10	Representative Company
6	M14, M17, M19	Jean Producer
7	M1, M13	Sport Wear Producer
8	M9	Underwear Producer
9	M8, M16	Coat Producer
10	M7, M11	Sport Wear Producer
11	M18	Jean Producer

During the research, 11 different companies have been visited. Their names are shown in Table 5.1 as above. In Turkey textile is a very wide sector and there are many different types of producers under the textile. Companies have been chosen from different sub-sectors of textiles to reach different types of ideas and answers. Also, in Table 5.1, the part of the companies in textile has been shown.

5.7 Research Constraints

In the research companies allowed to use their names and type of products however other information such as a number of employees, annual interest or market volume are asked to be constrained.

Also, managers were pleased to share their ideas and answers. Even some managers were happy to take a picture with the researcher however some of them avoided taking a picture and share their names in the research. Therefore, all of the managers' names are constrained. The records of interviews have been taken and used during data collecting and analyzing process in the research.

5.8 Research Findings and Discussion

Demographic Information;

In the tables, each "M" shows another manager in the research.

The age of our managers is starting at 26 and finished at 68. The average of the age is 46 and except one manager all of them over 35 which is accepted as a mature level in the business.

Table5.2:Age Range Table

Managers	Age
M12	26
M18	35
M2	38
M1	39
M11	41
M6	44
M8	44
M4	45
M15	45
M20	45
M5	46
M7	46
M16	46
M14	48
M17	49
M19	49
M3	55
M9	55
M10	60
M13	68

As shown in Table 5.3, for the case of education, there are 6 managers who have graduated from primary school. One of them is graduated from middle school and went to a special pattern course which accepted as an academy at the university level.

8 managers are graduated from high school and 5 of them are graduated from university.

Table5.3:Education Table of Managers

Managers	Education
M1	Primary School
M6	Primary School
M15	Primary School
M5	Primary School
M9	Primary School
M13	Primary School
M8	Middle School and Special Pattern Course
M18	High School
M2	High School
M4	High School
M7	High School
M14	High School
M17	High School
M19	High School
M10	High School
M12	University
M11	University
M20	University
M16	University
M3	University

There are 11 female managers and 9 male managers in the research. All of them are married except 1 female manager is single.

Table5.4:Gender and Marital Status Table of Managers

Managers	Gender	Marital Status
M5	Female	Married
M8	Female	Married
M18	Female	Married
M2	Female	Married
M4	Female	Married
M7	Female	Married
M14	Female	Single
M17	Female	Married
M19	Female	Married

M11	Female	Married
M20	Female	Married
M1	Male	Married
M6	Male	Married
M15	Male	Married
M9	Male	Married
M13	Male	Married
M10	Male	Married
M12	Male	Married
M16	Male	Married
M3	Male	Married

b) Can you give a brief information about your position and responsibilities in your company? How long have you been working in this company and sector?

Table5.5:Position and Experience Period Table of Managers

Managers	Position	Year / In Company
M20	Chief Of Customer Representative	2 Months
M6	Cutting Department Manager	2
M9	General Manager	23
M11	General Manager	3 Months
M10	Head Of Engineers	26
M2	Inspection Manager	21
M12	Marketing Manager	5
M4	Pattern House Manager	2 Months
M7	Pattern House Manager	4
M8	Pattern House Manager	22
M18	Pattern House Manager	2
M14	Planning Manager	6 Months
M16	Planning Manager	6
M1	Production Manager	18
M3	Production Manager	33
M13	Production Manager	44
M15	Production Manager	10
M17	Production Manager	10
M19	Purchase Department Manager	3
M5	Sms And Sample Production Manager	2

There are different managers from different eleven departments. There is one chief of a customer representative, cutting department manager, head of engineers, inspection manager, marketing manager, purchase department manager, and one SMS and sample production manager. Also, there are two general managers, four pattern house managers, two planning managers, and five production managers. There are no financial or accounting managers. During the research, managers have been chosen who has relation with mass production and textile directly.

Managers are in the textile sector for a minimum of 10 years and a maximum of 50 years. The average of textile experience for managers is 26. Also, they are working for the same company for a minimum of 2 months and a maximum of 44 years.

Chief of customer representative (CR) is head of customer representatives in the company. Her main task is to be the connection between the company and customers. She must choose the best representatives and direct them accordingly to proceed with all the processes in production. Products come to CR as an artwork in PDF format and go as a real product from the company. CR is responsible for all the processes during production. Chief of CRs are supposed to help to solve any problem to her sub workers with her experience and if there is a problem they supposed to change or improve one of the processes.

The cutting department manager is responsible for the cutting department. Before sewing, the cutting department receives the pattern from pattern house and cuts. His responsibilities are to rule people in the department, measure the fabrics, check quantity and quality of fabric the patterns and inform the pattern house manager if there is a mistake on measures. Also, after his measures, if there is a lack of fabric, he must inform the purchasing department and inform the planning department manager. Also, he supposed to check the order and shall not cut over or under the %5 percent of demanded quantity. The cutting department has accepted the beginning of production so everything must be transferred to the sewing department in order.

A general manager is the highest place in the company. The general manager has to control all departments and responsible for deliveries on time. All the process is under the responsibility of the general manager and if there is a problem, general manager supposed to solve it immediately.

The Head of engineers is responsible for all types of engineers and developments in textile companies. If there are necessary developments, the head of the engineer supposed to distribute it between other engineers and develop the fabric, process, and machines inside the company.

The inspection manager is the last process in production. The checking process, correcting process and informing process is under the control of the inspection manager. Their main task is to check the production on time, before the main inspection, solve the main problems and inform the management.

The marketing manager is accepted as the face of the company. Marketing management, new product improvements, increasing brand value, increasing market value, competition with other brands, presentations, introductions are all under marketing manager responsibilities.

Pattern house manager supposed to work with design and CR departments. Creating a pattern, grading process planning is the most important task for pattern house managers. Also, following the cutting department, preparing the patterns to production, preparing technique data sheets to the packing department and follow the innovations are under the responsibilities of pattern house manager.

The production manager is responsible from creating daily or weekly production reports, delivering these reports to CR department and management, solving any problem during the production and prevent it, check the customer demands and provide the best goods according to customer demand, follow the innovations in the sector and try to use in production and manage all the employees and other managers related to production.

The purchase department manager is responsible from collecting different offers from different suppliers, buying all kinds of needs from all of the departments, preparing the price for the goods and delivering to the accounting department, ordering the goods and follow the receiving process, making the performance evaluation, finding different options of suppliers, make the records of the purchases and share to management.

SMS and sample production are a kind of small production in the company. SMS means salesman sample and mostly SMS samples are between 5 to 20 for each model in textiles. If the 50 models for one customer, SMS, and samples department makes at least 1000 product in 2 weeks which is a very high quantity. SMS and sample manager are responsible for checking the samples with CR, planning the sample delivery dates, according to delivery dates working with pattern house, cutting department and sewing department in harmony. Samples are only tools who represents the company in sales meetings, so SMS and sample manager are supposed to create the best products of a company with big amounts. The difference between the sample manager and production manager is there can be mistakes until 3% or 5% for production manager but the sample manager must produce all the products best.

Question 1:

a) When a position deficit occurs in the department you are managing, what are the features you are looking for when selecting the appropriate?

Table 5.6:Hiring Criteria

Answers	Managers	Ratio
Experience	M3, M6, M7, M9, M10, M12, M13, M14, M16, M18, M9	55%
Education	M17	5%
Experience - Education	M8,	5%
References	M10, M12, M14, M15, M16, M18	30%

Human capital starts with hiring, so the manager has been asked how they are hiring when they need an employee. %55 of our managers have answered as they care “experience” when they want to hire somebody. %5 of managers cared about “education” and another %5 of managers care both of the “experience and education” during the hiring process. On the other hand, %30 of managers claimed that they are checking the references of the candidates and previous working places have an important impact on selecting an employee. The other different and prominent answers of managers are as below;

M1 Suitability for the position is the most important specialty for me. After that, I am checking if s/he has experience or education.

M2 S/he must be unselfish, s/he will not make mistake any mistakes and will share the mistakes. S/he must immediately start to look for solutions if there is a problem in production. Loyal people.

M4 First of all, I consider how much active and challenger are they. We pay attention if they know how to use a computer or not.

M5 S/he must know how to measure the clothes according to the measurement table. All measures on trousers or jackets must be well known. The candidate must be able to inspect after samples are finished.

M6 First of all, usually we prefer male candidates because we need a huge amount of human power in our department. Later on, we prefer experienced people but if not, we can educate them.

M11 S/he must have the team soul because when we work here, we are working with our team and we see these people more than our family. I also evaluate their

communication skills and if are they acceptable for a position or not.

M19 S/he must open for the innovations must love to work with us and with me. S/he must be sociable, modest and humble.

M20 S/he must be smart. In textiles, only smart people work well. S/he must have strong reflexes. S/he must know more than one language so there will be no communication problems during the work. An active person who has these qualities will work in any case and learn anything to be useful for the company. Suitability for position.

b) When you consider your company, is training/education more important or experience for you? Why?

Another question has been asked to our managers was about if the managers care about education or experience more in their department. The purpose of this question was to understand the importance of human capital. Only %5 of managers answered as education is more important. %70 of managers claimed that experience is more important than education. Also, %25 of managers claimed that both of the education and experience must exist, and they must be direct oriented.

There are individual and prominent comments of some managers as below;

M4 For assistants, education is important. For pattern makers, the experience is important.

M12 Experience, however in our department, we require talents as much experience.

M14 Experience is more important. There are many educated but inexperienced people. We can work with experience, not a diploma.

Table5.7:Education or Experience

Mutual Answers	Managers	Ratio
Education	M20	5%
Experience	M1, M2, M3, M5, M6, M7, M9, M10, M11, M12, M14, M17, M18, M19	70%
Both	M4, M8, M13, M15, M16	25%

Question 2:

a) Do you encourage your employees to attend work-related courses or training during working hours?

Investing in employees is another criterion to understand the importance of human capital. The organization supported courses or training are the most important parts of these criteria. These courses are job-related and generally divided as in the work hours or after work hours. Usually, there is training for the employees in work hours within groups and there are individual courses for the employees after work hours.

Managers have been asked for their opinions about the training in work hours. %50 of managers answered as they support the idea of training and even stated as there are currently training in their department right now. %25 of managers answered as there is no training right now however, they support the idea. The rest of the %25 of managers claimed as these kinds of training are not necessary, there is no training in their department, and they do not support this idea in the work hours. All the ratios are well shown in Table 5.8 as below.

Table 5.8: Training in the Work Hours

Answers	Managers	Ratio
Providing Training	M1, M3, M8, M11, M12, M13, M14, M16, M18, M19	50%
Supporting the Idea	M2, M4, M5, M6, M17	25%
No Need / Not Supporting	M7, M9, M10, M15, M20	25%

There are individual and prominent comments of some managers as below;

M16 I encourage these kinds of training with speaking to my sub workers. According to their comments, I speak with management and provide the training.

M17 Sometimes I open this subject to management however we do not have any training like this. We can send them special training to improve their sectoral and job knowledge.

M18 Inside the working hours, if there is a need for any training or special courses, I encourage that. In our department mostly we have this training because our programs are changing mostly.

M20 Inside working hours, it will hinder the work, therefore I do not like to have this kind of training in my department.

b) Do you provide courses and training opportunities for employees who are not able

to work outside of working hours?

The manager is positive about providing the training or course in work hours however after work hours, their opinions mostly changed. After work hour courses are mostly more expensive and individual courses so all of the employees cannot benefit from these courses as the training in the work hours. Therefore, managers and employers avoid providing these kinds of courses.

Training in the work hours has been shared in question number 3A. In this question, managers have been asked for their opinions about providing courses after work hours. %20 of managers answered as they are providing these kinds of courses. %30 of managers answered as they support the idea of providing courses however right now, they do not send any of their employees to any job-related course. Unfortunately, %50 of managers claimed as they do not support the “course providing” idea and they do not send any of their employees to any courses. The managers and ratios are well shown in the Table 5.9.

Table5.9: Training after Work Hours

Answers	Managers	Ratio
Providing Courses	M1, M4, M8, M13	20%
Supporting the Idea	M5, M11, M12, M14, M18, M20	30%
Not Providing and Supporting	M2, M3, M6, M7, M9, M10, M15, M16, M17, M19	50%

There are individual and prominent comments of some managers as below;

M2 I am encouraging them to join courses or any seminars. I can check them if they joined to courses in working hours easily. I like educating my sub workers by myself too. I don't like to hide my knowledge.

M4 if I am satisfied with the sub worker, I speak with the company and ask for management to send him/her any course

M5 I have never done it. But if I have a chance or satisfied with the sub worker, I would help him/her.

M6 Never done it, but for our department, it is not needed.

M8 in the past, I made these kinds of supports before and also, I taught by myself.

M12 Yes, we are thinking about it. Right, I am going special courses and

experiencing myself and if I like these courses, I will send some of our workers who we want to work long term with.

M15 We have some workers who are going by themselves to improve themselves. We are not supporting these kinds of activities right now.

M19 No, we do not have. I think for these kinds of things, people must research it and go by themselves. The company supported courses will not be that useful, I think.

M20 A human can add many things to himself and his job. The company can provide these kinds of trainings or courses, but it must be out of working hours as much as possible.

Question 3:

a) What are your practices to keep your qualified employees in the company?

- Appreciation according to performance evaluation
- Premium according to performance evaluation
- Promotion

Table 5.10:Financial Encouragements

Answers	Managers	Ratio
Appreciation	M4, M5, M8, M12, M19	25%
Premium	M2, M3, M6, M15	20%
Promotion	M1,	5%
All of Them	M7, M11, M13, M14, M18, M20	30%
None of Them	M9, M10, M16, M17	20%

Creating job loyalty is another subject that human capital interested in. If the organization is satisfied with any employee, this employee must be successful and kept inside the organization. The organization shall satisfy the employee to keep inside too.

Managers have been asked if they provide premium and promotion or they just appreciate their employees to understand how they satisfy their employees financially. %25 of the managers stated that they just appreciate their employees and there is no premium and promotion in their department. %20 of managers are

providing premium and %5 of managers help their employees to get a promotion or improving for their salaries. %30 of managers are using all of the premium, promotion and appreciation methods and they stated that employees must be satisfied financially if they deserve. Unfortunately, %20 of managers are not using any of the methods and think that these methods are not necessary. The ratios are well shown in the Table 5.11.

There are individual and prominent comments of some managers as below;

M4 In pattern house, I have never seen any premium or promotion in my work life. However, I am motivating my sub workers by appreciation and encouragement.

M5 I usually use an appreciation method. Sometimes I am buying small gifts or candies to motivate my sub workers.

M6 I evaluate my sub workers with my analyzes, accordingly, I suggest for them a salary increase.

M7 I appreciate with words firstly, after that I speak with management for premium and promotion.

M9 I already give their salaries over the market salary ratios.

M10 In the past, we used to make these kinds of encouraging activities however when we look at the sector, nothing is the same as before and none of the companies are doing such things, so we canceled.

M11 We are starting these kinds of things pretty new. In time, we will make these activities more planned and continuous.

M12 We are satisfying our workers emotionally. We do not have a premium in our company.

M14 Of course, I suggest for promotion. In my previous jobs, I was following if my sub workers did receive their overtime payments.

M15 Sometimes, we are giving small promotions and in the important times or when workers need permission, I cover their absence without deducting from their salaries.

M17 There is no premium or promotion as encouragement. However, if I am happy with any of my sub worker, I share it with management.

M18 First of all, I use appreciation for my sub workers because working motivation is very important. Later on, I realize that s/he deserves more than her/his salary, I speak the management and try to arrange it.

M19 Only appreciation. In my department, I have almost 8-9 sub workers who have very close relations and they are working almost the same productivity to each other. No need more than appreciation.

M20 All of the appreciation, premium, and promotion must exist in the companies, but they are mostly not in use. Positivity is very important in these matters. I think that they must be in the companies and I encourage in financial and moral.

b) How do you ensure employee commitment to the company?

- Special days’ celebrations, birthdays...
- Social activities outside of the company
- Creating a “family environment” inside the company

Table 5.11:Moral Encouragements

Answers	Managers	Ratio
Special Days’ Celebrations	M7, M10	%9
Social Activities Outside Of The Company	M4, M8, M9, M10, M15	%23
Creating a “Family Environment” Inside The Company	M8, M12, M18, M20	%18
All of Them	M1, M2, M14, M16, M19	%23
None of Them	M3, M5, M6, M11, M13, M17	%27

Managers have been asked how do they ensure job loyalty for their sub workers. There have been 3 options for our managers to help them answer easily such as special days’ celebrations or birthdays, social activities outside of the company and creating a “family environment” inside the company. %9 of managers claimed that they celebrate special days, birthdays or new year. %23 of managers claimed that they make out of company social organizations such as picnics, coffee conversations

or dinners. %18 of the managers try to create a family environment inside the company by behaving as sister to a sister or talking heart to heart. %23 of the managers stated as they use all of the example methods and the rest of the %27 of managers claimed that they do not use any of the above methods or there are not any moral encouragements. The ratios are well shown in the Table 5.12.

There are individual and prominent comments of some managers as below;

M2 On special days like holy and national fests I am spending time with my sub workers, if there are special dinners or entertainments, I encourage them to join to be as a family. Even if I don't want to join, I am joining to be an example for them.

M4 We would like to move and socialize all together. For example, next week we will go to breakfast altogether. I pay attention to these kinds of activities and usually in pattern houses, pattern makers are very social people.

M9 Sometimes we are going to dinner together. In winter we provide fuel allowance or food support. In holy fests like Ramadan, we are giving some gift cards of special markets so they can buy food for their family.

M11 Right now, we do not have these kinds of activities or meetings, but the idea is positive for us.

M12 We do not seek their loyalty however; we are creating a comfortable working place for them. In this case, they will feel safer and happier to work with us.

M13 I do not attend these kinds of activities and also, I don't think that they are necessary.

M15 In summer, we go to swimming altogether. In Ramadan, we go iftar all together. Also, sometimes we are going to special places, to drink something and create a warm environment.

M16 Right now, we are doing these kinds of stuff for three years. For example, Christmas is coming, and we are making Christmas Raffle right now. We are also collecting golds between us and give to one us monthly. We can also arrange some tours and picnics. We are waiting for the summer for that. The main question is shall we make activities like this? I think yes, we shall, I encourage these kinds of stuff every time.

M17 We do not have any out-work activities. If the employee likes our job

environment, his / her loyalty will grow by itself. These kinds of situations depend on the individuals in this company. In our sector or company, unfortunately, it is very difficult to create a family environment.

M18 I try to create a family environment inside the department. Besides being a manager, for me, it is more important to be a bigger sister for them. Especially for the assistants need to be treated as a bigger sister so they will be more loyal to the company.

M19 In my previous companies, I encourage these kinds of activities. Here also we are celebrating. Also having chat heart-to-heart is very important. As a manager, I listen to my sub workers and try to solve their problems as much I can.

M20 These kinds of activities are very nice but lately, it is difficult to as a department. Especially in our department, everybody has his/her own world, so it is difficult to go for us, but I support the idea.

Question 4:

a) What technological equipment is used in your department?

Technological devices are considered as parts of structural capital. Managers have been asked for the effect of technological devices. The results are shown in Table 5.12 and below.

Managers are using below technological devices and pay attention to these devices as structural capital. Only M13 said “We have enough technological devices and machines.” and avoided sharing any special device. The rest of the managers pointed out the devices as shown in table 10 as below. The highest ratio belongs to a computer with a %90 and after telephone with %80. The rest of the technological devices mostly belong to the textile and used in textiles. Between these special devices, Plotter has the highest ratio and used for printing the patterns made by pattern makers or designers.

b) Considering the textile sector, do you consider your company technologically sufficient?

Technological developments and technological efficiency must exist in all organizations and studied by structural capital. Therefore, managers have been asked

for their opinions about their companies' technological efficiency and if there is technological development or not. Only %25 of managers claimed that their companies are enough in the case of technology. %40 of managers think that their company is enough however must be developed. %10 of managers found their companies not enough however they claimed that there are some developments. %25 of managers claimed that their companies are not enough for technology and there are not any technological developments.

Table 5.12:Technological Efficiency of Companies

Answers	Manager	Ratio
Enough	M4, M7, M12, M15, M18	%25
Enough But Must Be Developed	M1, M3, M8, M10, M11, M13, M14, M20	%40
Not Enough But Developing	M2, M9	%10
Not Enough	M5, M6, M16, M17, M19	%25

The general idea and outcome from this question are the textile sector is very wide and therefore, there are different developments or innovations in the sector almost every day. In this case, it more difficult to follow technological developments compared to other sectors. Most of the managers shared their ideas in the same way.

There are individual and prominent comments of some managers as below;

M5 We are not enough at all, we need a button sewing machine and barrack machine.

M6 We have some lacking machines, for example, we don't have washing machines and R&D.

M9 We are not in the physically efficient building, so we are not well improved. However, if we need any technological machines, we can outsource them.

M11 We are in a kind of restructuring process right now. Therefore, I think we are enough however at the same time, we are improving ourselves.

M12 I think our company is not enough technologically. We are weak in the case of machines. We do not have the required machines to support our automation system.

M15 According to other companies in the sector, we are pretty well but we can develop ourselves every time.

M16 Unfortunately no. We do not follow the programs which have been used in the sector. For technology, we cannot follow the innovations.

M17 We are not enough when checking our quantity according to our competitors, our situation is not that promising. We are in the back of the sector.

M19 For now no, we need to improve our computers and there must be a telephone for each of the white collars.

M20 Our company is not bad however the server is collapsing sometimes and there are some communication difficulties, for example, there is no internal telephone in all tables which is very unpleasant. There must be a telephone in all tables and communication must be relaxed. Also, with the customer, we can connect with audiovisual ways.

Question 5:

a) Do you have a server or database in your company to keep your customer data, competitor data, and your work background? Or do you still use the traditional folder filing system?

One of the most important structural capital is a type of recording system because in the case of stealing the information or cyber-attack, the production can be stopped, or these data can be used by competitors. Therefore, structural capital paid attention to the recording systems and claimed that they must be developed and well protected.

Our managers are asked about three types, which are server, database, and traditional folder filing system. The mutual results are shown in Table 5.13. According to the answers, %25 of managers are using the only server for recording. %25 of managers are using only the traditional folder filing system. %35 of the managers are using both server and traditional folder filing system in their department. %15 of manager surprisingly was not using any record at all. All ratios are shown in Table 5.13. Also, some managers have their ways and special comments about the recording system which are shown below.

Table 5.13:Recording Systems

Answers	Managers	Ratio
Server, Data Base	M1, M3, M5, M19, M20	25%

By traditional folder filing system	M2, M4, M13, M15, M18	25%
Both of the Ways	M7, M8, M9, M10, M11, M12, M17	35%
No Recording at All	M6, M14, M16	15%

M6 We do not need recording, according to programs and directions we are cutting the fabrics.

M7 We are using folder filing method but once a month we are recording to our database into the computer.

M11 Each department has its own recording way and system. All of them keeping their outcomes both in folder and computers.

M14 There is a server, but we don't use it in our department.

M18 We are using a folder filing method. Also, in our basic, we keep everything in our private hard disks because there can be some cyber-attacks that I faced before. So, everything must be private in our department.

M20 There are records in the server and we are transferring the recording system to the Sentez program inside the company. By upcoming rules, everything will be better.

b) Can everyone reach these servers and database, whenever and wherever?

Most important data must be protected very well, and the rest of the data must be reachable as easy as possible. In that way, production will proceed faster and without mistakes and so productivity will increase. Therefore, managers are asked if they can reach to servers or their sub workers can reach to servers or databases easily in their daily business. This question was asked to show the importance of the technological power of the structural capital. Technology may exist in the company, but the usage or reachability of the technology is also important in the structural capital.

As shown in table 5.14, %70 of managers and their sub workers can use and reach to their server in daily business. %20 of managers are not using server so they are needed to reach to servers or databases. For %10 of managers, their access exists only in the company because they use closed servers. So, they cannot reach from out of the company. The purpose of this closed server is protection so nobody can reach their data from out of the company. These precautions sometimes create a problem because if there is a need for information, managers need to go to a company or

connect any of the employees who is inside the company.

Table 5.14:Reachability of the Server

Reachability	Managers	Ratio
Reachable	M1, M3, M4, M5, M6, M7, M8, M10, M11, M13, M14, M17, M18, M20	70%
Not Use Any Server	M2, M9, M15, M16,	20%
Inside the Firm Yes, But Outside the Firm No	M12, M19	10%

Question 6:

a) Is there a regular R&D process in your company?

Under the structural capital, developing and innovations are well studied and have a huge place. All of the organizations must develop themselves and keep these developments continue to increase their competitive advantage. There are R&D departments in some organizations to proceed with developments regularly. Well educated and experienced professionals follow the sectoral developments and innovations than proceed in the organization. Therefore, managers have been asked if they have an R&D department in their company and their ideas are collected. %50 of managers (M2, M3, M6, M7, M10, M14, M16, M17, M18, M20) claimed that there is no R&D in their company. The other %50 (M1, M4, M5, M8, M9, M11, M12, M13, M15, M19) of managers also did not have any R&D development however they answered positively because there some employees who are responsible from R&D and also some of the managers accepted their pattern houses as R&D responsible.

There are individual and prominent comments of some managers as below;

M2 No need for R&D in the department

M8 The board of management is responsible for R&D.

M9 In our company, actually in textiles, the R&D will be provided mostly by pattern house and we have it. So, we don't need a special R&D department.

M15 We are searching for new designs and models. These researches are our most important developments.

M16 We do not have this kind of R&D department. Mostly, other departments are improving their selves inside the department.

M20 Right now, we do not have any department like this however we are planning to hire some textile engineers so there will be a good R&D department.

b) Since it is a textile company, is the R&D process seasonal or do you always follow the innovations?

The importance of the following innovations is very high. Sometimes companies can develop something new, but this development must be continuous. Another way the competitive advantage of the company will decrease. This question is asked to understand how R&D proceeds especially in the textile sector. According to table 5.15, %55 of the managers answered as continuously. Some of the managers claimed that R&D depends on customer will and changes according to customer demands. Their answers are also added inside this %55. The other %10 of managers claimed that R&D is made seasonally and %35 of managers claimed that they do not need any R&D in their department or R&D does not exist in their company.

Table 5.15:Proceeding Periods of R&D

Answers	Managers	Ratio
Continuously	M1, M2, M4, M5, M8, M11, M12, M13, M16, M19, M20	%55
Seasonally	M14, M15	%10
NO R&D	M3, M6, M7, M9, M10, M18, M17	%35

There are individual and prominent comments of some managers as below;

M4 Depends on customer interest if customer requests R&D continuously, we produce continuously.

M9 We are stable and just following the market. So, no need for a seasonal or continuous R&D.

M14 In the textile sector, R&D must be direct oriented with new trends and seasonally.

M16 When it is needed, development takes place. It depends on customer needs mostly.

M19 We are following all the time because we are purchasing department and we must be all the time fresh from the sector. If we miss something according to the sector, we will lose our competitive advantage.

M20 It must be continuously. Also, R&D must renew itself by monthly and seasonally periods.

Question 7:

a) How do you contact with your customers?

Customer capital another type of intellectual capital and must be well cared for by the organizations. This part of intellectual capital starts with connecting to customers first and continues with improving the relations. In that case, managers are asked how they are contacting to customer. %50 of managers (M1, M2, M4, M5, M6, M7, M8, M14, M17, M19) have answered that they connect to the customer by CR and they do not have any role for connecting to the customer. Other %50 of managers have answered as below;

M3 The customer finds our company. Usually, we do not search for and offer our products.

M9 In the past, we had a marketing department and we were marketing the products. Later, our customers started to sell our products in the market and customers started to find us by their selves, so we closed this department. Therefore, we do not have any special marketing or CR department on our own.

M10 We are connecting our customers by mail.

M11 We are connecting to our customers by CRs and our high-level workers. Mostly owners of the company are communicating with our customers.

M12 In the first meeting step, we find them with our familiar contacts. After that, we start our business and improve our relations.

M13 We are connecting our customers over the internet. Most of the time, we don't go out for dinners or these kinds of activities.

M15 I production manager but most of the time, I connect to our customers myself and face to face.

M16 Instead of asking CR, I connect some of the customers by myself. I have older and deeper relations with some of our customers and I think I am good at relations. So, I communicate by myself.

M18 Mostly we are connecting by mails. According to situations, sometimes I am

connecting to customer and sometimes boss connects by himself.

M20 Actually, it is a kind of supply and demand issue. If there is a demand for your products customers come and find you. It does not matter how we contact. The most difficult part is to gain customer.

b) How do you improve your customer relations?

Customer capital relies on the relations during the intellectual capital which must be paid attention. For that purpose, managers are asked how the relationship management process in their company in the case of their department is. U of managers (M1, M2, M4, M5, M6, M7, M8, M9, M10, M14, M17, M19) answered as they do not have any concern for the relation improvement. This task belongs to their CR, so they are developing the customer relations "by CR". Other E of managers answered as below;

M3 We are sending samples and when they like our samples, we improve our relations.

M9 We rely on our product quality. Therefore, I believe that we are improving our relations with our quality.

M11 Mostly, owners of the company are improving these relations, we also trying to contact if something is too much necessary. I am a general manager so sometimes I am going with customers to dinners or our company owners are going.

M12 We are improving with better service quality. In the case of the product, we are producing on time and good products. Successful communication is also very important for customer relations. Instead of drowning into problems we are working solution-oriented with our customers. So, we can improve our customer relations very well.

M13 Customer finds us, and we show our products and quality by sending samples.

M15 We are improving with our developing quality and our face to face meetings. These meetings are very useful to us. They improve customer trust and create a warm link between us.

M16 I am improving by individual dialogues and sympathy.

M18 Our boss is responsible for this kind of customer relations improvement. He is connecting to them and increase the warmth in the relation.

M20 The most important topic is providing the best service to the customer and it is possible only by a well-working company. Also, we make the customer feel safe. We show our financial power so they will not think our work will collapse here. Delivering on time and good conversation with a customer is another type of effect which increase the customer relations.

Question 8:

a) Can you measure customer satisfaction?

Customer satisfaction is the most important topic in customer capital. Customer relation requires measuring customer satisfaction and there must be responsible to measure customer satisfaction. If the customer is satisfied, organizations can increase their number of orders and in the market, they can have a positive reputation. Managers are asked how to measure customer satisfaction. %40 of managers answered the question as basically “by feedbacks” which means if there is positive or negative feedback in the department, with face to face meetings they can understand and behave accordingly so there is not a specific measurement method. This method can help managers to measure customer satisfaction. Rest of 60% of managers answered with their ways as below;

M2 We are measuring by the comments on the products, which we sent. We need to answer to our customers’ requests.

M3 To be honest, we cannot measure. Because we are producing more than once for one customer. So, they can be happy with one product but unhappy with another.

M6 As much as I keep cutting, it means the customer is satisfied.

M10 No we do not need to measure it.

M11 Yes, we can measure. If there are repeat orders, we can measure, as customer satisfaction is positive. Also, we are measuring by customer feedback.

M12 For measuring, the best factors are repeat orders. If you have a repeat order for a product, it means, your customer liked it so much.

M13 If the orders are continuous, we understand that the customer is satisfied.

M14 We can measure them through feedbacks. Also, if there is no reclamation from any order, it means from our side, the customer is satisfied.

M16 Yes, we can measure. After all shipments, there are some returns from customers so we can measure according to these returns.

M17 If there is no negative feedback from customers, it means they are well satisfied.

M18 If the repeat orders are increasing, it means the customer is happy from us. Also, they were sending some gifts and desserts for us to show their appreciation.

M19 We can measure them by repeat orders. I am new in this company and when I started, I check the repeat orders in the system. As I see the number of repeat orders is enough, so I assume our customer satisfaction is high.

M20 We are measuring by the results of works and reactions. Sometimes our customer can be arrogant but during the work, you can realize if the customer is satisfied.

b) How do you evaluate customer satisfaction?

After measuring customer satisfaction, there must be an evaluation process to take corrective action in the continuing business. That means, there must be some preventions according to outcomes or the process must be developed more than before. Therefore, managers were asked about the evaluation process. %40 of managers (M1, M2, M3, M5, M6, M14, M15, M16) have answered as “according to customers' comments” which means if there is a problem or satisfaction by the customer, they receive some feedbacks or returns from the customers. In that case, managers are making special face to face meetings with their sub workers and draw their business plan accordingly. Other %60 of managers pointed on different ways of evaluating as below;

M4 We are making special meetings with responsible CRs. Accordingly, we are making oral evaluations.

M7 We are evaluating inside our team by individual meetings.

M8 If the collection is liked by the customer, we accept it as a good evaluation.

M9 We think that the evaluation is, and continuous orders are in direct

proportion. So, if orders keep coming, it means our evaluations are positive.

M10 So far, I did not face even a little problem. So, I feel that my customers are mostly satisfied. For example, I have never faced any reclamation punishment in my job.

M11 Evaluations are made internally. We are making private meetings with related department and according to these meetings, we make some choices or improve ourselves.

M12 I am evaluating individual dialogues. The Board of management makes special meetings and makes these evaluations with oral ways. Also, I have the plan to make SWOT analysis however right now we are waiting to start these kinds of analytic measurements.

M13 I go to shops and speak to a salesman. They have pure customer knowledge. According to their comments, I am proceeding with the processes. Also, I speak the pattern house workers, they have customer knowledge too.

M17 I am checking the negative feedback. If there are 2 negative feedbacks, it can be solved and improved. However, if there are 3 and more negative feedbacks, we pay attention to this feedback and try to solve them immediately. More than three cannot be acceptable in production.

M18 In private and face-to-face meetings, we make our evaluations in the company. This kind of meeting helps us deeply to understand, solve and improve.

M19 Usually we do not have this kind of evaluation inside our department. CR usually makes the evaluation.

M20, In the beginning, there may not be a good relationship but after the work has been increased there will be enough powerful links between the customer and us. So, we can evaluate. Also, there must be quantitative data too. All must be combined.

Question 9:

a) How do you resolve a customer problem when there is an error or problem in your department that could affect production?

In all types of production, there are mistakes. Sometimes these mistakes or failures can be accepted as until %3 or %5 but some customers do not accept any failure for

their products. Customer capital is also interested in a solution to the problems and being honest to customers. The best way to understand this honesty is by analyzing what kind of method do managers use during problem-solving. Therefore, our managers have been asked about how do they solve the failures, or any problems related to their department with customers. %15 of managers (M7, M11, M18) claimed that they solve the problems inside the company and do not inform their customers. Other %85 of managers answers are all different from each other and shown as below;

M1 Everything is possible. Pattern makers can draw correctly but the machine can print wrong. Mostly we are solving discussing together with the customer.

M2 We divide them into big problems and small problems. More than %3 damaged products cannot be sent. If we can solve it by ourselves, we open the products correct the damages and repack. If repairmen are not possible, we inform CR and inform the customer over him/her. According to the customer's request, we proceed.

M3 We are producing it again. Tricot cannot accept any mistake or difference from the customer request. If we made a mistake, we are taking our products back and producing the new products in the shortest time and delivering it to the customer.

M4 We are explaining the mistakes to the customer and trying to solve it with the customer. Most of the time we do not hide anything from customers and working with open windows.

M5 I am informing my customer if there are possible mistakes during production. For example, some buttons are falling during pressing. According to their changes or confirmations, I proceed with production. Mostly we are solving according to their feedbacks.

M6 I speak to a production manager because she over me and respond to inform CR or customer. Usually, there is no problem in the cutting department because before starting to cut, we check everything in the department.

M8 So far, we didn't face any problem to cause a crisis.

M9 In our company and underwear part of the textile sector, usually we do not have any problem sharing with the customer. Sometimes there is some negative

feedback from the end-user, and it is because of wrong usage or washing of end-user. So, we have never faced any problem.

M10 We are a kind of brokerage firm. Therefore, our following is very high and tight. So, we did not face any problem in our business.

M12 First of all, I find the source of the problem. When I clarify the problem, I look for solutions and create the best options. When I have the options, I share problems and solution options with my customers. Most of the time, I comment on the options and recommend the best option for us and them.

M13 We are solving by ourselves. Later, we inform the customer. If our solution does not please the customer, we make discounts and trying to sell the products again. In any case, the customer is satisfied.

M14 We are telling our customers the reason for the problem. Mostly we are connecting by mails but if the problem is difficult to explain by mail, we are calling and explaining them face to face.

M15 We are connecting to customers and solve according to their wishes.

M16 If we cannot solve the problems, we connect with the customer. We can make some discounts to cover their and our loss.

M17 We are informing customers by CR if there is a negative situation or wrong production. We are solving and sending samples or pictures to satisfy the customer.

M19 We are connecting to CR and asking for their opinion first. Mostly CRs are working in high contact with my department. If we face anything, we directly solve with them. They are accepted as our customers first. After them, if we cannot find a solution, CR appropriately connects to the customer.

M20 In the past, one of my assistants had used a wrong thread in a product. However, he presented it very well and convinced us. After that, we launched the product to market and sold very well. There can be mistakes sometimes but CR must be so much care. If as CRs we can solve the problems, the customer will not be disturbed at all.

b) Do you work one-on-one with the customer during the solution production process or do you first seek solutions within the company?

Many organizations try to hide problems from their customer to avoid loss of trust. Almost all managers preferred to solve problems inside their department. Even some managers prefer to hide from other departments. However, honesty is very important for customers. Therefore, managers are asked if they inform the customer at the same time. Only %15 percent of managers (M1, M10, M11) which are 3 managers are informing the customers at the same time and solve the problem with a customer. Another %85 percent of managers claimed that they inform the customer in the last step if they cannot solve the crisis.

All of the answers are different from each other and shown as below;

M1 We are solving with the customer because I think that if the customer knows everything, s/he will predict our possible mistakes and help us to prevent them in the future.

M2 We inform the CR first if s/he doesn't approve the damage when it is over %3, we inform the customer. According to their wishes, we open and boxes and repair the product, but it is another type of cost.

M3 We have to work with customers together. If there is a problem, we cannot find any solution internally. Tricot must be exactly as the customer asked.

M4 Firstly, we discuss it inside our team. If there the problem doesn't affect the customer, we don't inform them. If the problem affects the customer, we contact CR and explain the situation to the customer.

M5 Firstly, we solve inside the company, after that, we are connecting to the customer.

M6 I try to solve with my team, if not I solve with the production manager. I have never connected to customers from my department.

M7 first of all, we solve it inside the company. No need to scare customers.

M8 Immediately we are connecting to CR and asking for extra time from the customer.

M9 All of the time, we solve inside the company. Customers never know about it.

M10 Most of the time, if there is a problem, we solve it with our customers. Therefore, there will not be any crisis or big problems to stop production.

M11 We are sensitive about being honest in our production. If there is a big problem, we solve it internally in the production. However, we do not hide it from the customer. We share the problem with a solution with the customer. Therefore, everything will be solved and informed to the customer.

M12 If we need to inform customers, we are informing. If in any case, we supposed to inform the customer we are informing but before that, we are reducing the mistakes as much we can. As a personal policy, I collect all the data, make all the research and go to my customer with the highest level of information as much I can. We learn by ourselves not with the customer.

M13 first of all, we solve it inside the company.

M14 First of all, we try to solve inside the company. We try to keep the customer away from problems as much as we can. If we have to say something to a customer, we are informing them without disturbing them with a sensitive way of communicating.

M15 If I can solve the problem, I do not disturb the customer. If I cannot solve it, in this case, I communicate with the customer and solve it accordingly.

M16 First of all, we try to solve inside the company. Most of the time, we solve and do not need customers.

M17 At the beginning of the problem, we try to solve inside the company. Unless we cannot solve and if we need to inform customers, we are communicating.

M18 So rarely, if we cannot solve the problem, we connect to the customer.

M19 We solve inside the company. The customer must be the last door to knock. Mostly in our department, all problems have been solved fast because we have well planned.

M20 The most wise way is to contact to related departments inside the company. After that, we can speak to the customer. The most important point here is to think about all of the options and collect all the solutions. If there is a solution resource, sometimes even informing the customer is not good. If you cannot solve it, find the best solutions and inform the customers.

5.9 The Contribution of Education Level over the Intellectual Capital

Hereby, one of the questions which are open to interpretation is examined based on the education level of the managers. So, the impact of the education level shown according to the answers of participants. Under university education is accepted as “Low Educated” and 75% of the managers are low educated. University and over are accepted as “High Educated” and 25% of the managers are highly educated.

During interviews, the managers were asked if they pay attention to education or experience. There are three main answers; education, experience or both.

As in Table 5.16, %5 of the manager answered that they pay attention to education more than experience and these managers are 100% high educated. 70% of the managers answered as experience. These managers are 22% high educated and 78% are low educated. 25% of the managers pay attention to both the experience and education. These managers are 20% high educated and 80% low educated.

Table 5.16:Hiring Criteria Based on Education Level of Managers

Answers	Managers	Managers’ Education Level
Education	5%	100 % High Educated (All High Educated)
Experience	70%	22 % High Educated – 78 % Low Educated
Both	25%	20 % High Educated – 80 % Low Educated

The outcome over these ratios is “High educated managers are mostly hire educated people and low educated managers mostly hire experienced people.” In the outcome, there is not any certain expression because some of the managers said both and there is a small percentage from high educated managers in the experience line.

6.CONCLUSION AND RECOMMENDATIONS

Intellectual capital can be explained as the information based all phenomenon that benefits to the organization in case of competitive advantage and profit maximization in all departments. Elements of IC can be also determined as intellectual assets which can be evaluated as capital and explained legally. There is not enough study about the IC. Also, there is not a certain consensus about the concept of intellectual assets and intellectual property rights. Therefore, the concept of IC is still intangible and complicated. Only the components of IC which are human, structural and customer capitals have a consensus in the literature (Akmeşe, 2006).

Patents and brand names in which recordable outcomes of intellectual capital can be described well than the indescribable parts of intellectual capital. Intellectual capitals can be described as values as part of whole creation which concerns organizations or individuals. The market approach is used at most to understand the value of intellectual capital inside the organization (Ercan, 2003).

Only the academicians interest intellectual capital because there is not enough researches and studies about intellectual capital, so the term is not well known yet. In the Istanbul Stock Exchange, there is too little information producer company therefore the difference between the market value and book value is still calculated by nominal value instead of intellectual capital. In this case, most of the parts of textile companies are still not aware of the importance of human, structural and customer capital.

From this viewpoint, this study aims to analyze intellectual capital applications conducted by firms which are in Turkey's textile sector. The scope of the study consists of 20 managers of small and medium-sized textile companies producing in Istanbul. Qualitative analysis was chosen as the method. The participants were asked questions about the applications of intellectual capital components which were taken into consideration from semi-structured questions in the literature.

In the first part of the research, questions about human capital, which is the first component of intellectual capital, were asked. The findings of the research show that companies focus more on experience and references when choosing employees than education and that education is not at the forefront. Firms are generally looking for internal solutions for employee training and development, and they are not willing to invest in this issue. Particularly some of the firms think that the training to be taken during working hours will cause labor loss. Another important finding of human capital is that firms want to retain their qualified employees. The results show that 80% of companies have made various efforts to retain particularly qualified employees. It has been determined that practices such as appreciation of employees with high performance, giving bonuses, gifts, and promotions are performed here. 73% of the respondents stated that they tried to create a family atmosphere besides the financial elements, and they organized celebrations, dinners, picnics and social activities outside the company on special days.

Secondly, structural capital practices in firms were investigated. Research findings show that companies have important deficiencies not only technologically but also in terms of production, storage, protection and use of information. The research also examines the approach to knowledge management of the firms. One manager stated that his company was cyber-attacked, and as a solution, the traditional file system and information stored on portable hard drives. This can only give an idea for the perspective of small and medium enterprises for the textile industry. Another finding obtained from the study is that R&D activities are generally conducted on an individual basis, not institutionally.

Finally, customer capital practices were examined in this study. The firms within the scope of the research are found to be in a better position in terms of customer capital than human capital and structural capital components. It has been determined that most of the companies attach great importance to customer relations in an intensely competitive environment and that communication and continuity with the customer are carried out not only through formal but also informal channels. However, it has been found that corporate customer satisfaction measurement systems and corporate crisis management are not available. Besides, in product-based crises, it is seen that some companies try to go down to the source of the problem and some others resort to temporary solutions.

The study is expected to make significant contributions to both the literature and policymakers. In the literature, intellectual capital has been analyzed by linear methods on large, institutional and public firms, and small and medium-sized firms have not been adequately studied. The focus of this study is small and medium-sized enterprises. In this respect, it aims to fill the gap in the literature.

The research does not aim to compare the components of intellectual capital in small and medium-sized enterprises with large-scale firms and not to reveal only negativities and deficiencies. The study firstly exposes the current situation in Turkish textile companies and discusses what may be the intellectual capital practices that give clues to future financial success.

The majority of textile firms are insufficient in terms of structural capital, especially technology, R&D and innovation. However, it should be emphasized that the responsibility should not only be placed on companies. Firms can't make structural capital improvements under current financial conditions. The problem cannot be expected to be solved only by giving low-interest credit to these companies to purchase machines and computers. All problems in the sector, especially financial and intellectual capital components, should be analyzed with a holistic view. Following the developments in the world, instead of the "One size fits all" approach, strategies should be determined based on textile sub-sectors. Short, medium- and long-term goals should be set instead of temporary solutions. In the sector, the level of education is insufficient not only based on employees but also based on managers. The results of the research reveal this. In this context, vocational training and consultancy support should be provided to companies by both governmental and sectoral unions and it is recommended to increase university-industry cooperation.

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