DO PERIODS OF CRISIS AFFECT HUMAN RESOURCE MANAGEMENT APPLICATIONS?
THE CASE OF THE TURKISH TEXTILE INDUSTRY

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Key Words:

Abstract
The principal purpose of this study is to determine and evaluate the human resources practices of corporations that faced problems in the crisis, which was developed in recent years as a result of the financial crisis. This study concentrates on “human resources practices” because of the common opinion that “human resources” play a helping role in facilitating major organisational change programmes and various crisis period practices. The study was limited to the Turkish textile sector in order to attain the determined objective. In conclusion, when looking at the human resources practices of organisations in recent years we see that they cannot be called unsuccessful. It is observed that within the organisations in the sample group, in crisis periods, we encounter results that can be regarded as positive as well as some that can be regarded as negative from the employees’ stand-point. Although reducing the number of employees can be qualified as a negative effect of the crisis period from the employees’ stand-point, increasing practices aiming at integrating the employees with the organisation with the objective of restructuring the psychological state of the employees can be regarded as a positive effect of this period.

Introduction
The main purpose of this study is to determine and evaluate the human resources practices of corporations that faced problems in the crisis, which developed in recent years as a result of the financial crisis which started in the Far East and expanded over the world. According to the related literature, generally, there is a tendency for human resources management practices to affect the performance of employees and organisations positively and this relation was demonstrated by numerous theoretical and empirical studies (e.g.: Huselid, 1995; Snell and Youndt, 1995; Becker and Gerhart, 1996; Delaney and Huselid, 1996; Youndt et al., 1996). The common opinion that “human resources plays a helping role in facilitating major organisational change programs (Kane, 1998) and various crisis period practices have led this study to concentrate on “human resources practices during crisis periods”.
With the assumption that there can be different practices in different sectors resulting from their different structural and management characteristics, the study was limited to the Turkish textile sector in order to attain the determined objective. The main reasons for choosing this sector were the fact of “its being the sector most seriously affected by this crisis” and “its importance for Turkish economy” (For more detail: Morova, 1996; Oğuz, 1998; Biçer and Küskü, 1999).

Empirical Research Method

In order to collect data related to the research and to make preparations, first of all the human resource management practices applied in crisis periods were determined through interviews conducted with managers of human resources departments. According to the classification of the Istanbul Chamber of Industry dated 1997, there were 123 textile companies among the 500 largest companies of Turkey. Through face to face interviews and telephone and fax contacts with persons in charge of the human resources management of 54 of these companies, information was compiled on their management practices in overcoming crisis periods with a minimum loss. The response rate obtained during this preliminary stage of the study (44%) was much higher than the response rate attained in numerous other studies conducted with managers of human resources departments.

Although the textile sector consists of mainly small and medium size enterprises, there were two important reasons for selecting large-scale organisations as the basic sample:

i) According to information gathered from secondary sources (DPT, 1997; ISO, 1998; Erdoğan, 1998; Keleş, 1998), it would be difficult to collect data from small and medium size companies on a critical subject such as a crisis,

ii) The fact that human resources practices in large size companies would be more than those in small scale companies (Youndt et al., 1996; Biçer and Küskü, 1997).

At the initial stage of the study, a scale of “Human Resources Management in Crisis Periods” was obtained through the use of the practices that the interviewed managers said they used. The scale consisted of 20 items, which were prepared according to the 5 point Likert scale (1: Strongly Disagree, 5: Strongly Agree). As all items in the scales were developed through the use of the responses of the managers, all scales are considered to be adequate from the point of view of content relevance (Gerbing and Anderson, 1988). This scale was then sent to the previously interviewed human resources department managers of the 54 companies and were asked to reply. However, only 29 managers were able to reply (reply ratio: 53%).

Empirical Results

Applying factor analysis according to the principal components method after eliminating five items which were reducing the scale reliability showed that the Scale of Human Resources Management Practices in Crisis Periods has four dimensions. After analysing the items in all dimensions from the content point of view and interpreting the findings in the related literature, the findings were labelled as: “Practices Regarding Salaries and Material Benefits”, “Practices Regarding Employee-Organisation Integration”, “Practices Regarding the Human Resources Department”, “Practices Regarding Number of Employees”.

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According to the statistical analysis, the reliability coefficients of all dimensions were within and over the acceptable limits (Alpha coefficients were 0.89, 0.84, 0.87 and 0.74 respectively) (Peterson, 1994). The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy of the scales for factor analysis was within the acceptable limits. The total variance percentages of the scale is quite high (75%). This shows that only a small percentage of the total variance of the developed scales can be explained by variables other than the scale itself (Hair et al., 1998).

Basing on the results of the analysis, there were no statistically significant differences between the companies from which preliminary information was gathered and those that replied the questionnaire containing the “Scale of Human Resources Management in Crisis Periods” related to characteristics such as “being part of a holding / group, the existence of foreign capital partnership, being a member of a trade union”. Therefore, the results of this research are considered to be usable for making generalisations for large size companies in the Turkish textile industry.

According to the statistical analysis, “making no improvement in salaries and material benefits” is a policy which is not often applied among organisations that participated in the study (Mean: 1.5). These organisations have pointed out that they rarely make use of practices such as freezing salaries, not paying salaries for certain periods, or stopping payment of fringe benefits; in other words, it is evident that the rate of adopting such practices as a means of overcoming crisis periods is very low among large size organisations. This proves that large size organisations in the textile sector refrain from practices which will put their employees in a difficult position.

Considering the organisations in the sample group in general, it is observed that the rate of adopting practices “limiting the functions of a modern human resources unit in the organisation and reducing it to a traditional Personnel Department” is low (Mean: 1.6).

On the other hand, the practice of “adjusting the number of employees and reducing the number of the production / manufacturing workforce in particular”, which is clearly observed as a policy of economising in crisis periods, is widely adopted by textile organisations in the sample group (Mean: 3.18).

Recently, in most organisations, general and on the job training activities have gained importance (Mean: 3.38 and 3.17) and efforts are being made to increase employee satisfaction within the organisation (Mean: 3.59) and employee-organisation integration (Mean: 3.69). The emphasis given to “training, satisfaction and integration” especially dealt with by modern management approaches and which make up the essence of contemporary human resources policies can be interpreted as a proof that textile companies are aware of the impact of such efforts on the success and productivity of the organisation.

**Discussion**

Practices regarded as appropriate by management for overcoming crisis periods with a minimum loss for the company can be interpreted differently by the company itself and the various interest groups. As the basic objective of these practices is to achieve positive results in accordance with the major aims of the company, the main focus here has been human resources, and the policies adopted by companies during crises periods have been evaluated from the stand-point of the employees.

The results of the human resources practices generally observed in Turkish textile companies during crises periods can be interpreted as positive or negative from the stand-point of the employees of the company. According to the findings of the first phase of exploratory study, three human resources policies applied in periods of crises are considered
negative from the stand-point of employees: Restricting salaries and material benefits, reducing the number of employees, limiting the functions of the department in charge of human relations. Practices of human resources managements geared to control and reduce cost include these policies which are undesirable from the employees’ stand-point. On the other hand, “activities towards employee - organisation integration” considered one of the loyalty increasing human relations management practices, emerges as a policy which can be regarded as positive from the employees’ point of view.

The fact that policies such as “no improvement in practices regarding salaries and material benefits” and “limiting the functions of a modern human resources unit in the organisation and reducing it to a traditional Personnel Department” are not favoured can be interpreted as an indication that long term crisis policies rather than short term ones are preferred among the large scale companies of the Turkish textile sector.

As also determined by this study, it is frequently observed in studies conducted in Turkey that especially in periods of crisis, organisations often turn to policies geared at reducing the number of personnel (Example: Özgen and Türk, 1997). However, the results of such adjustments should be very carefully evaluated to determine whether they are used as a means of overcoming the difficulties arising from a decrease in production and sales or as one for attaining the necessary size to provide organisational effectiveness in general. The transformation efforts recently observed in the Turkish textile sector (for detailed information see, Biçer and Küskü, 1999) point out that it would be hard to regard the personnel reduction policies in the organisations of this sector a result of the crisis and that this reduction is more likely the result of transformation efforts (especially technologic transformation and renovation) in general. Although, “the existence of efforts to attain the right size can only be achieved by less financial pressure and the possibility of adjusting the number of personnel independent of crisis periods” (Kane, 1998), since the crisis periods in our country last long - in fact, there are continuous crisis periods due to economic, political and even natural causes - leads us to interpret the activities in this respect as activities geared to the continuity of the organisation rather than short term activities geared to overcome a crisis period. Therefore, especially in large scale organisations, reducing the personnel number taking advantage of crisis periods should not be interpreted just as policies used under crisis conditions but rather as long term ones realised within the framework of definite plans.

It is observed that there is a serious tendency in the Turkish textile sector to adopt activities to reduce the negative effects and deception created among employees to a minimum and boost the moral of the employees and aid their integration with the organisation. These efforts, which in a way aim at diminishing the negative effects of the crisis period, point out that organisations tend to adopt behavioural approaches containing policies which will have long term results rather than short term results geared to overcome crisis periods.

Conclusions

In conclusion, when looking at the human resources practices of organisations in recent years, which can be defined as crises years, we see that they cannot be called unsuccessful. It is observed that within the organisations in the sample group, in crisis periods, we encounter results that can be regarded as positive as well as some that can be regarded as negative from the employees’ stand-point. Although reducing the number of employees can be qualified as a negative effect of the crisis period from the employees’ stand-point, increasing practices aiming at integrating the employees with the organisation with the objective of restructuring the psychological state of the employees can be regarded as a positive effect of this period.
The policies analysed here as crisis period policies emerge as those applied by large scale organisations. Whether the same policies are applied in the numerous small and medium size organisations that have an important place in the economic life of our country as a result of the number of people they employ, the number of enterprises and the added value they generate, and the extent of the validity of these policies in such organisations should be the subject of other studies. The fact that political and economic crises are frequent in our country and that crisis periods due to natural disasters are also common show that policies geared to crisis periods will continue to be on the agenda. The policies applied should be based on a long term strategic viewpoint and be integrated with the general organisation policies and crisis period policies rather than efforts aiming at overcoming the existing crisis with the least possible damage and the findings of this research show that the applications in the Turkish textile organisations can be interpreted as such endeavours.

References


APPENDIX

General Characteristics of the Scale of The Human Resource Management in Crisis Periods

<table>
<thead>
<tr>
<th>Factors and items of the scale</th>
<th>Reliability</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 1</td>
<td>.889</td>
<td></td>
</tr>
<tr>
<td>Practices Regarding Salaries and Material Benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- For a period, not increasing the payments of the employees</td>
<td>1.52</td>
<td></td>
</tr>
<tr>
<td>- Not giving payment to employees for a period</td>
<td>1.45</td>
<td></td>
</tr>
<tr>
<td>- Giving annual unpaid leave to employees</td>
<td>1.60</td>
<td></td>
</tr>
<tr>
<td>- Stopping additional payment to the employees</td>
<td>1.65</td>
<td></td>
</tr>
<tr>
<td>Factor 2</td>
<td>.839</td>
<td></td>
</tr>
<tr>
<td>Practices Regarding Employee-Organisation Integration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Attaching more importance to the satisfaction of the employees</td>
<td>3.59</td>
<td></td>
</tr>
<tr>
<td>- Increasing the activities that are necessary for integrating the personnel to the company</td>
<td>3.69</td>
<td></td>
</tr>
<tr>
<td>- Increasing training activities inside of the company</td>
<td>3.17</td>
<td></td>
</tr>
<tr>
<td>- Increasing training activities outside of the company</td>
<td>3.38</td>
<td></td>
</tr>
<tr>
<td>Factor 3</td>
<td>.869</td>
<td></td>
</tr>
<tr>
<td>Practices Regarding the Human Resources Department</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Decreasing the functions of the Personnel (Human Resources) Department</td>
<td>1.60</td>
<td></td>
</tr>
<tr>
<td>- Decreasing the number of the personnel in the Personnel (Human Resources) Department</td>
<td>1.70</td>
<td></td>
</tr>
<tr>
<td>- Changing the Human Resources Department to Personnel Department again</td>
<td>1.52</td>
<td></td>
</tr>
</tbody>
</table>
Factors and items of the scale\(^a\) & Reliability\(^b\) & Mean \\
\hline
Factor 4 & .737 \\
\hline
**Practices Regarding Number of Employees** \\
- Decreasing the number of the blue collar personnel & 3.18 \\
- Stopping new employee recruitment & 3.40 \\
- Economising the expenditure related to the employees & 3.07 \\
- Decreasing the number of the white collar personnel & 2.13 \\
\hline

**Removed items\(^c\)** \\
- Motivating for early retirement \\
- Giving annual paid leave to employees \\
- Constituting Human Resources Department \\
- Increasing the control level of the management \\
- Speeding up the efforts for taking quality assurance certificate \\
\hline

<table>
<thead>
<tr>
<th>Eigenvalues</th>
<th>4.93</th>
<th>2.71</th>
<th>2.12</th>
<th>1.49</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution of Factors</td>
<td>32.87</td>
<td>18.07</td>
<td>14.15</td>
<td>9.94</td>
</tr>
</tbody>
</table>
| Percentage of Variance | 75.03 |  \\

\(^a\) All items were prepared with 5 point Likert Scale (1: Strongly Disagree; 5: Strongly Agree) \\
Kaiser - Meyer - Olkin Measure of Sampling Adequacy = 0.541 \\
Barlett Test of Sphericity = 310.842 (p<0.00) \\
\(^b\) The Alpha Coefficient of Cronbach was used for reliability of the scales. \\
\(^c\) These items were removed from the scale because they were decreasing the reliability of the scale.