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TABLE OF CONTENTS

CRISIS MANAGEMENT

The Role of Strategic Human Resources Planning in Crisis Management 3
(HARUN DEMIRKAYA)

The Lessons Learned From A Real Crisis and Its Implications On The Business of An Enterprise: The Case Study of A Honey Company 11
(HALUK KORKMAZYÜREK & H. NEJAT BASIM)

A Thin Line Between Success and Failure: Handling Crises Strategically and A Crisis Management Model for Lodging Enterprises 19
(Ö. DEVRIM YILMAZ & BURCU SELIN YILMAZ)

STRATEGIC MANAGEMENT PROCESS

Effective Strategic Planning in Small and Medium Sized Firms (MELEK AKÇA) 31

Strategic Planning in Construction Companies (BEGÜM SERTYEŞILIŞIK) 39

An Application of Corporate Strategy Process in a Holding Company in Turkey 49
(SINEM LANACI)

From Planning to Execution Strategy Focused Organization 59
(SUAT DIDARI & MERT KUNT)

Strategic Management of the Board of Directors: A Survey on The Major Industrial Enterprises of Turkey (A.TUĞBA KARABULUT) 69

First Step in Strategic Management: A Content Analysis of Mission Statements From Turkish Universities (ALPER ERTÜRK & OSMAN CEM GENÇTÜRK) 79

A Research on Determining The Components of The Mission Statements Listed on Official Web Sites of 500 Major Industrialist Enterprises of Turkey 85
(ESIN CAN MUTLU & YONCA GÜROL &ÖZEN AŞIK & YASEMIN MUTLUAY BAL)

The Compatibility of The Choice of Strategy with the Target Market Attractiveness and Business Strength: A Survey on The Major Industrial Enterprises of Turkey 95
(A.TUĞBA KARABULUT)

The Innovation as a Strategy for Success in A Competitive Business Environment (İSMAIL BAKAN & DILEK PENPECE) 375

An Empirical Study on Innovation and Flexibility Strategies in Turkish Automotive Suppliers (MUAMMER ZERENLER & RIFAT IRAZ) 383

Eco-Innovation as A Sustainable Corporate Strategy For New Product/Process Development (ADEM ÖĞÜT, SELIN AYGEN & NIMET ERYIĞIT) 393

Strategic and Technological Approaches to Design Management (ARZU KARAMAN & MEHMET DÖNMEZ) 401

The Urgent Informatics Strategy of Education In The Post-Industrial Society and The Need For The Deployment of Economical Analyze with The Quantum Cosmos and Action Models (MEHMET TEKCI) 409

Role of Data Mining in Strategic Management (BERTAN BADUR & ÖMER LIVVARCIN) 423

The Analysis of Turkish Administration Culture in The Context of Innovative Organizational and Managerial Features (KÜRŞAT ÖZDAŞLI & NILÜFER AVŞAR NEGIZ) 433

An Application of E-Business as a Strategic Management Method (YILMAZ GÖKŞEN & DINÇER YARKIN) 441

STRATEGIC MANAGEMENT APPROACH AT THE FUNCTIONAL LEVEL: HUMAN RESOURCES PERSPECTIVE

Managing Employee Retention as a Strategic HRM Activity: Procedural and Distributive Justice Effects Moderated by Tenure (ALPER ERTÜRK) 447

The Strategic Role of An Effective Human Resource Management in Organizational Innovation, Creativity and Change Management (ALIM AYDIN & HARUN DEMIRKAYA) 457

The Effects Of Personal And Job Characteristics On Individual Creative Behavior (HÜLYA GÜNDÜZ ÇEKMECIOĞLU & NURULLAH GENÇ & GÖNÜL KAYA) 465

The Strategic Management and Reorganization of Human Resources Management in Crisis Process (HARUN DEMIRKAYA & ALIM AYDIN) 473

HRM Transition in Indonesian Companies Following The Asian Financial Crisis (MAUREEN BICKLEY& NURIANNA THOHA) 481

The Study of Performance Appraisal and Compensation in Estonian Public and Private Universities (KULNO TÜRK) 493

A Strategic Overview on Human Resources: Training in Optimizing The Human Capital (TAMER KEÇECIOĞLU & BURAK ÇAPRAZ) 503

Relationships Between Human Resource Management Practices Business Strategy Fit and Firm Performance (OYA ERDIL & AYŞE GÜNSEL) 511

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THE STRATEGIC MANAGEMENT AND REORGANIZATION OF HUMAN RESOURCE MANAGEMENT IN CRISIS PROCESS

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ABSTRACT

Crisis that threaten the existence of organizations, also it creates unexpected opportunities at the same time. An effective crisis management can convert that opportunities to success stories. Success is usually depends on the adaptation ability of human resources to changeable conditions and happenings. This adaptation means the reorganization and institutionalization of human resources.

Today, human resource management is under pressure, because of the searches of effectiveness and productivity. As a result of these searches, increasingly more applications of downsizing and outsourcing are being carried on. And also, the benefits of the human resources for an organization are interrogated more. This benefits are expected to be measurable and expressed with concrete outputs. The search of a reply to this expectation, can be evaluated as a reorganization opportunity for human resources, particularly after the crisis process.

The aim of this study is to research the need of reorganization and institutionalization of human resources, which is revealed by the crisis, and also to put forward theoretically how human resources will be reorganized by using the benefits of the revealed opportunities of the crisis.

Key Words: Strategic Human Resource Management, Reorganization, Crisis, Crisis Management

INTRODUCTION

Every crisis carries the seeds of success as it carries the seeds of failure. (Augustine, 2000;14). A crisis process which handled successfully have provided companies meaningful experience. The most effected component from the crisis process are human resources. After all, the most powerful weapon for to fight crisis is human resources.

The strategic management for human resources plays an important role on the precaution and exceeding of the crisis. Apart from this, with the help of successful managements, the crisis facilitates the exposition of the organization's strong and weak points and the reconstruction of the organization itself. This dimension puts forward a reorganization opportunity for the strategic management of human resources in the organizations that can't perform its institutionalization process because of using classical human resource management applications.

1. The Concept Of Crisis And Probable Results

In general meaning crisis is a situation which is not stable and needs reformation (Dinçer, 1998;383). Crisis is a situation in which to get over on it hardly, happens suddenly (Tuz, 2001;3).

A crisis is a turning point or decisive moment in events. Typically, it is the moment from which an illness may go on to death or recovery. More loosely, it is a term meaning 'a testing time' or 'emergency event'. It is a concept in economics and in international relations (Online, 1). Crisis is an unstable situation of extreme danger or difficulty (Online, 2). An incident or event with consequences, which pose a significant threat to the strategic objectives of an organization (Online, 3). Some researchers describe crisis as the incapability of

intervene in a dangerous situation (Tutar, 2004;14). Chineses who think crisis as a diseased situation,thinks crisis as a big danger;but also as a big opportunity (Bozkurt, 1997;29).
In these days crisis occurs because of so many different causes like natural disasters, big accidents, terrorism, economic collapses. Crisis can be caused by organization structure, management style, organization conflicts, technological effects and judicial environmental factors (Eren, 1998;452).
Kadıbeşgil (2002;38) analyze crisis sources in 4 categories which are based on natural disasters, mechanical problems based, human mistake based and management mistakes based.

In addition decisions which are not rational, becoming wear out the manager, blindness of companies, being neglected of problems, unbalanced politic situations, unstability and social mess can couse crisis. Especially organization crisis can be caused by manager barrier (Akdemir, 2001;50).

The first negative signals taken as crisis are the alarm bells that will make managers to move on; these bells in certain ways make easy to take precaution. Even if the warnings cant prevent crisis, we must be ready to fulfill the destructive effects of crisis. With the appearing of the crisis fear and panic start in organizational environment. In addition to this;

- Production decreases,
- Productivity decreases,
- Financial problems occur,
- Can be some problems in paying fees,
- Organization may lose workers, along with key talent and organizational knowledge (Lockwood, 2005;5),
- Investments delayed,
- Stress goes up in organization,
- Rate of absenteeism and turnover increases,
- Motivation vanishes,
- Lack of confidence begins,
- Organizational communication channels are plugged, behaviour processes become rough, tension and conflicts increase (Erdil, 1994:216) ambience of tolerance and respect go bad gradually,
- Processes of operation slow down,
- Prestige of brand and institutional image can harm seriously,
- Both workers and managers, begin to new searches because of the fear of losing the job,
- Lack of the authority occurs,
- Centralization is seen in organisations in a dangerous manner (Tutar, 2004;54). Managers enter to "one man management" tendency. Actually this tendency makes works more difficult. It hinders to contribute workers in the decision making process.

Surely, in a crisis process, taking up the control of the authority and interfering at the right time, are important. Hardly, giving all authority to one person should not slow down the decision and operation process.

2. Human Resource Dimension Of The Crisis

More than the others, the human resources is affected from the ambience of uncertainty and chaos that occur with the crisis. The fact of crisis causes the fear of losing job for workers. Mergers, downsizings and closing of the corporations increase the fears and the stress levels of workers in the periods of economic crisis (Aytaç, 2002).

Because of the unemployment is equal to the lack of money, it converts expectation of future life to the fear and uncertainty. Crises may hinder career plans by disordering the adaption of some important issues like individual and organizational career plans (Mayrhofer et al., 2004;477). Crisis and uncertainties influence people to build a secondary career planning (Levinson, 2004;109).

In general, workers pay the price of the crisis. Especially Turk companies prefer to fire workes in crisis situation. But, especially experienced workers who left the company is a big loss for the company. On the other hand, instead of firing workers, trying alternatives like efficient working,balancing wages and flexible working can said to be more right ways.

On the other hand, downsizing is an important preference which oppress the human resources. The basis idea of downsizing is to eradicate all costs which don't have an additional positive value to final product.

Reaching the rightsizing with downsizing obtains some important advantages. But, downsizing always forms a serious cost and this occurs with pain and patience.

Companies which become smaller make their human resources units smaller, too. This situation brings psychological difficulties of downsizing and also it brings extra difficulties. Human resources which become smaller get hard to be effective in crisis management. The harmony between the strategies of companies and the strategies human resources, becomes impossible.

3. Crisis Management

Mackay (1993;98) says, "If you are managing, encourage people to say bad news, otherwise everything go from bad to worse." Indeed, getting first negative signals related to crisis is the alarm signals which set management into action. However, in spite of measures, crisis can not be prevented. In this situation, being ready to reacting destructive effects, namely, managing the crisis, is needed.

No matter what its origin, crisis is not unexpected fact for business enterprises. It comes suddenly and very quickly. Its destructive effects become so much, if measures can not be taken rapidly (Tüz, 2001;10). However, no crisis ever reveals all the information necessary to analyze it perfectly or completely (Mitroff and Pearson, 1993;6). In spite of this situation, concept, tools, and frameworks are available to treat just about any crisis situation (Mitroff and Pearson, 1993;3). Crisis process can be managed. An effective management converts the crisis to the success.

Crisis management express the management of processes such as taking first signs of crisis, preparations and preventions, removing the loss, improving the organizational structure, learning and determining the affirmative sides of crisis (Tutar, 2004:96). Crisis management which is a decision taking and application method, requires planning, coordination, cooperation and effective communication.

We said that every crisis contains its opportunities. Understanding, improving this opportunities and converting it to success form the core of the crisis management (Augustine, 2000;13). This situation requires an effective planning. Crisis must be seen as an expected fact and managed with a good strategic planning.

Strategic crisis management planning has five phases. First phase is to avoid the probable crisis. But this situation isn't possible usually. Second phase is to get ready for managing the crisis. This phase requires tactical plans for example urgent operation plans, communication plans, fire drills, private relation plans etc. Third phase of the crisis management is to determine the crisis. Acceptance of crisis is a difficult process to accept for the people who are responsible to prevent the crisis. Fourth phase is to fix the crisis at a current level. This is like stopping the blood flowing rapidly. A firm committee to manage this process is necessary. In the process, executing works with no delays will be obtained; a responsible for communication will be assigned; the public and the ones who should know will be informed with true informations. The last phase is to strive to have benefits from the crisis. Actually, accomplishing the crisis with not becoming more badly brings opportunities of utilizing from crisis (Augustine, 2000;17-39).

4. Strategic Human Resources Management In Crisis

In her article entitled "Responsibility and Crisis", "In the year of 1994 we had learned quality in crisis; the crisis in 1998 taught us international challenge. And together with 2001 crisis we will learn productivity namely how to apply human resources in active way." says Canan Çetin (Online, 4).

Globalisation of economy, competition, rapidly changing technologies, developments in management science are increasing the importance of the human resources. Human resources management can no longer be viewed as an activity relegated to human resource staff. It has become o pervasive and influential approach for business strategies. Human resources is regarded as a strategic source of value which creative a competitive advantage. The success of the organisation also depends upon using this value (Özgeldi, 2002;17).

The relationship between human resources and management is becoming more collaborative. Human resources executives are beginning to earn a seat at the management table. Human resources offices are becoming more consultative and involved in day-to-day line management activities. Nevertheless, there is still a long way to go if human resource is to become a strategic partner at all levels. To do so, human resource needs to build its own internal competencies to deal with organizational issues, educate itself on

agency and program missions, and find ways to offer creative and innovative solutions to organization wide issues (Online, 5)

The processes like development, union, reconstruction with the crises both affect human resource of companies and make it requisite to manage human resources through strategic decisions.

In his article entitled "strategic human resource management", strategic human resource management has been defined as "the linking o human resources with strategic goals and objectives in order to improve business performance and develop organizational culture that foster innovation and flexibility". Strategic human resources means accepting the human resource functions as a strategic partner in the formulation of the company's strategies as well as in the implementation of those strategies through human resource activities such as recruiting, selecting, training and rewarding personnel. Whereas strategic human resource recognizes human resource's partnership role in the strategizing process, the term human resources strategies refers to specific human resource courses of action the company plans to pursue to achieve it's aims, says Siddharth Chaturvedi (Online, 6).

Strategical management, goals to make the whole organisation concordant to its environment. In order to gain this goal, it presents dependent certain efforts. In this respect, strategical approach to human resources, presents the strategical role integrated to the organisation, spreading its vision, mission and all goals to all units; a strategical ally to the administration; concordant to environment; leading organisational change; helping individuals and teams develop; supporting all units in achieving a high-performance organisation. (Barutuçugil, 2004;53-58).

Strategic human resource management is gaining increasing importance because strategic management, in a knowledge-based economy, emphasizes that employees are considered to be a primary component for attaining a competitive advantage (Werbel & DeMarie, 2005;247).

In addition to all other factors, human resources is the most strategical success component of "competition superiority" factor which is getting more and more important. Strategical management of human resources operates with missions like motivating employees to contribute organizational success and adding concrete merits to the company. In the end, the thing which is aimed is to provide the fulfillment of organization's goal. This aim transforms human resources department into a speciality center which is the initiator of a strategical change. With these visions, it is an expression of the union of strategical management of human resources with general strategy of the company. This point of view is a radical transformation in the perception of human resource management. With this transformation, human resources take the responsibility of such critical roles like:

- Developing flexible strategies sensitive to the changing interior and exterior conditions,
- Planning work force strategically by considering outsourcing applications as well,
- Constituting an appropriate staff suitable to the unusual conditions,
- Developing effective and productive payment plans making productive employer permanent,
- Considering the factor which makes employee sufficient in education, improvement and career plans as well,
- Rewarding quality, productiveness, group work,innovativeness and creativity,
- Giving importance to the factor of dependency on the company as a performance criterion,
- Creating an organizaton culture based on high performance,
- Providing an organization culture where trust,understanding, love and respect dominate,
- Taking the responsibility as a consultant for organizational and individual success,
- Obtaining an organization which is learning and an employee which is developing consistently,
- Including worth to the organization with all of its functions and proving the worth with the numbers,
- Moving proactively, being identified as a strategical collaborator,
- Focusing on satisfaction of foreign customer as well as interior customer,
- Being the center of change institutional which has a strategical importance.

All these perceptions show a new and strategical point of view that is beyond classical human resources management. This situation makes it necessary to revolutionize the human resources management of organizations which is continuing its role as an classical applicator. In fact, crises can be used as a mean to increase the importance of this necessity as a crisis provides both danger and some opportunities. In this sense, crisis can be appraised as a reconstruction chance for uninstutionalized organizations and their human resources management.

Strategic human resource management is being defined as the planned pattern of human resource (Waya & Johnson, 2005;2). Research shows that increasingly human resource has a strategic role in crisis management. One of the critical roles of human resource is to help the organization recovery plans (Lockwood, 2005;5).

5. The Reorganization Of Human Resource Management In Crisis Process

Recent reports indicate that major corporations are drastically reducing their management ranks, eliminating layers of their organizational hierarchies, and widening their spans of managerial control. This is happening in merged and acquired companies, as well as in a variety of other types of firms throughout the United States (Nienstedt, 1989;155). In addition to this, downsizing and outsourcing applications are required reorganizations.

We said that crises provided some chances as well as a lot of dangers. In this sense, a process of crisis, first of all, constitutes a good opportunity for the recognition of organizational problems. Besides, it can provide an opportunity for reconstruction.

In this study, especially human resources dimension of reconstruction following the crisis is examined. Its first reason is that human resources are affected by the crisis at most. The second reason is that human resources is the department which is diminishing, losing its function, or realising outsourcing at the moment of crisis.

This situation, when it is evaluated under the light of strategical inclinations, should be accepted as an expected perception. Because, the strategical role given to the human resources includes curtailing but at the same time becoming more effective as the contribution of human resources to the organization is being questioned more and more. Human resources are faced with the problem of expressing the value-add that it produced through concrete outputs.

Human resources can succeed in this. It can express its activity through concrete outputs. For this, it should turn over routine human resources activities to the related departments. It should outsource the services which can be obtained in better conditions from the external sources. Thus, it will have more time and opportunity for design, coordination and application of person resources system which is congenial to the goals of the organization.

Indeed, there are a lot of internal and external factors which trigger the need of human resources management for reconstruction (Online, 7). In this sense:

- Changes in the company strategies and working manner,
- Whether there is an offer for perfect labor power needed or not,
- Condition of the existent work power,
- Technological developments,
- Human resources applications of rivals,
- Entrance to the new markets,
- Economical developments,
- Changes in the law,
- Changes in the employee's expectations,
- Expectations of reducing costs,
- Growings, shrinkings, joinings and buyings,
- Reduction of organizational rank,
- Benefit from outsourcing.

These factors makes it necessary to re-assesment of all the processes to build a human resource department adding some worth to the organization. In this scope, the functions losing their importance, functions abandonable, the duties that will be joined, the specialities where out service can be obtained and the new roles that will become neccessary should be defined overtly. Aim is to construct a a human resources department which is consistent with the goals of organization.

Some clues related to strategical role of human resource management can give an idea about the reconstruction of the department. Human Resources department which can be considered as a component of strategical management support other departments about human resources strategic human resource applications. While its role as a practicer is reducing, its role as a consultant is increasing and it becomes as a part of top management

Sure, strategic human resource management will continue to pursue the functions like placement of a company culture, institutionalizate of change, softening organizational climate, obtaining individuals and organization learning,motivation aiming at high performance and competition and development of dependency and loyalty. Therefore, it will need sufficient expert staff that is in accordance with the definition of strategical work and will realize the necessities of the work.

In addition, a lot of human resource function can be provided in external sources partly or totally. Arvind Mishra says, " 90 % of the firms in the list of Fortune 500 benefit from outsourcing" and Dr. Sema Özçer says, "94 % of the American firms get outsourcing for at least one human resources management function and 85 % of these firms become more profitable" (Human Resource, 2003;21). In this scope, the human resource activities that can be out sourced are:

- Education,
- Payroll,
- Process of employing,
- Performance management,
- Coaching and mentoring,
- Human resources information system.

In such conditions, human resources departments can follow internal and external changes in detail. They can focus on the goals of organization. They can prepare the organizations and their staff to future. They can be an improvement and change centre in the organization. They will encourage group work and individual creativity more. They will set up the systems that will improve organizational communication. They will focus on total quality. They will build more durable human form towards all kinds of crises. They will make strategical plans for long term. They will keep in mind the work satisfaction of the individual, productivity and profit of the organization. They will design the systems providing the harmony of individual and organizational aims.

It may be necessary to a whole organization after the crisis. However, our topic is limited to the reconstruction of human resources. Reconstruction of human resources should be fulfilled without a need for an extraordinary danger like a crisis. However, that conditions of the crisis reveal internal and external imperfections of the organization will constitute a good starting point . Furthermore, it is claimed that organizational resistance will be weaker and the change will be accepted faster in the conditions of a crisis.

CONCLUSION

In the organizations, the real effect of crisis is on the workers. The problems of the people who lost their jobs and their career expectations and looks for a new job in different sectors, and also the problems of the existing workers who should be adapted to the new conditions, must be solved by the department of human resources. On the other hand, the negative effects of the crisis also strike the human resources department which is responsible for the activeness of the organization. In crisis process, one of the departments that could be abandoned easily and may experience the risk of shutting down is the human resources.

In the firms, which did not form a proper structure related to the crisis management and were not institutionalized, human resources management has important roles and responsibilities for proper reorganization for overcoming the crisis, both during and after the crisis. In order to perform this role effectively, human resources management should be a part of decision making process of the strategical decisions.

Every crisis has important opportunities, if it is managed well, the firms not only win their confidence back, but also get an opportunity for a radical change. Therefore, after the crisis process, the reorganization of human resource management can be much more functional and free of problems. Thus, the human resources management departments may built a flexible structure which is resistant to probable crisis, then they can

perform their strategical roles and responsibilities much more effectively. The human resource management could be institutionalized and get into harmony with the strategies of organizations, especially in the firms which did not complete their institutionalization process.

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