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WORK ATTITUDES INFLUENCING JOB INVOLVEMENT AMONG 'Y' GENERATION

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Abstract:

The purpose of this study is to examine the effect of different work attitudes of Generation Y on Job Involvement in Turkey. Data is collected from Generation Y employees who work in various companies operating in different markets in Turkey through a questionnaire survey, which contains work attitude statements developed by Kamau et al. (2014) and the Job Involvement scale developed by Kanungo (1982). 258 respondents completed the survey. After sorting and removing duplicate submissions a net sample of 228 usable questionnaires remained. Exploratory Factor Analysis is conducted to job involvement scale which returned five items. Also multiple regression analyses are conducted using all 39 work attitude items, lead to finding out 7 which are explaining job involvement.

The findings indicate that, work takes a central place in the lives of Generation Y. They like to work and ambitious in their career pursuit. Such factors as, high commitment level to job related goals, strong motivational investment level to their careers, tendency to identify themselves with work are blurring the boundaries of work-personal life balance of Generation Y. Respecting educational differences highly, Generation Y discriminates work relationships according to the qualifications and the level of education with their colleagues. Generation Y also has respect to their bosses and cares less about salaries as compared to work itself.

The implications of the results are discussed and future research areas are suggested.

Keywords: *Work Attitude, Job Involvement, Generation Y*

1. Introduction

There are several generations actively working in the business life today. Since every generation has their own nurture in relation with the era and surrounding conditions of their maturing period, majority of the generations in circulation on the work life namely Baby Boomers, Generation X and Generation Y has developed different attitudes towards work. On the other hand, the developments which took place in last decade, have made concepts come to the forefront such as global competition, boundaryless organizations, virtual teams, distance working, e-learning, e-commerce, being continuously in connection etc. These concepts significantly effected work life and highlighted the importance of human resources, which is considered to be one of the most important competitive advantages in today's business world.

Taking into account of the structure of workforce in the global market, Baby Boomers whom are in their late 60's seems to be approaching –if not already there- to their retirement ages, making way for next generation, Generation X to climb hierarchical ladders and reach executive positions after them. Quantitative research conducted by ManpowerGroup containing sample of 11.000 working Generation Y members (also known as Millennials. Barr, 2007) and 8.000 ManpowerGroup millennial associates from 25 countries in 2016 about generations on global work force suggests that, by 2020 Generation Y will cover 35% of the overall workforce in the market, while Baby Boomers will be representing 6%, Generation Z 24% and Generation X 35% respectively (Millennial careers: 2020 vision, Manpower Report, 2016).

Since Generation X is expected to fill vacant positions in executive levels, it can be predicted that in the next decades, Generation Y will be occupying a considerable portion of employee seats in the labor market. Generation Y is different in terms of beliefs, values and attitudes as compared to generations before them (Kamau et al., 2014). Since these differences are creating communication problems and difficulties in reaching consensus, to understand generational discrepancies is important to identify sources of conflicts between managers, likely to be members of Generation X and workers representing Y Generation whom are increasing in the work life day by day. It is

becoming very important to address issues of not only leading but working with people whom differs significantly in their values, expectations, attitudes from generations before and after them.

Kupperschmidt (2000) has defined generations as “identifiable group that shares birth years, age, location and significant life events at critical development stages”. Although definition is clear and concise, defining generational clusters and setting borders to separate them is difficult. There are different distinctions in the literature regarding to generations which resulted critics (Jaeger, 1985; Joshi et al., 2010; Mannheim, 1952). In the present study years 1946, 1964 for Baby Boomers (Egri and Ralston, 2004), years 1965, 1982 for Generation X (Eisner, 2005) and years 1982, 1996 for Generation Y distinction has been adopted.

Kanungo (1982) defined job involvement as an individual’s psychological identification or commitment to her work. Since job involvement has important effects on motivation, effort and overall performance of the organization, it is desirable for leaders to understand and to foster it. Although concept is discussed through two distinct perspectives in literature, both individual characteristics and work characteristics are accepted to be important on having and maintaining job involvement. There are strong relations between concepts job involvement, engagement, performance, individual preferences and attitudes. Companies may use either work or individual characteristics approaches to induce improving engagement which will result to reach desired performance level through job involvement.

Generational proportions are changing in work life rapidly. Therefore understanding the relationship between Generation Y work attitudes and job involvement may help especially Generation X leaders to better communicate, motivate and engage them efficiently. The paper is organized as follows. Next section reviews the literature of the Generation concept and ways of defining them, also discusses work related values of each generations as well as Job Involvement concept, different perspectives and approaches regarding to it. Third chapter describes research methodology and findings. Fourth chapter concludes and discusses the relationship between Generation Y work values and job involvement.

Problem Statement

According to the Millennial Careers: 2020 vision, Manpower Report (2016), Generation X and Y members will be representing 35% each of overall workforce by 2020. Taking into consideration of age and tenure differences between two generations, it is reasonable to predict that Generation X members will have to lead Generation Y members in business life within next years.

Having and maintaining job involvement is one of the most important goals of managers. It is very important for them to understand employee’s positive and negative feelings towards work to enable continuous involvement. Since there is little known about work attitudes of Generation Y, it will be beneficial to investigate work attitudes of Generation Y as well as the relations between job attitudes and job involvement. Therefore, the following research questions have been formulated:

What are Generation Y’s attitudes towards work?

How does Generation Y work attitudes effect job involvement?

Purpose

The purpose of this study is to examine the relationship between work attitudes of Generation Y on job involvement in Turkey. Data for this research is collected through a questionnaire survey. The work attitude statements developed by Kamau et al., (2014) and the job involvement scale developed by Kanungo (1982) are used in this research. Data for the study is collected from the Generation Y employees who work in different departments and companies which are in different markets in Turkey, 258 respondents completed the survey.

Research Questions

H1: Generation Y work attitudes has an impact on job involvement

Significance of the Study

Understanding the relationship between Generation Y work attitudes and job involvement may help managers to be more effective especially when leading Generation Y employees. Findings also can be used for having efficient communication, managing conflicts, most importantly understanding millennials motives towards work. Since there

are few studies in Turkey exist about the relationship between Generation Y work attitudes and job involvement, this paper may help future researchers and professionals as well.

Definitions

Generation - "Identifiable group that shares birth years, age, location and significant life events at critical development stages" (Kupperschmidt, 2000).

Job involvement - Individual's psychological identification or commitment to her work (Kanungo, 1982).

2. Literature Review

Generations at Work

Baby Boomers are defined as the people born between 1946 and 1964 (Egri and Ralston, 2004). They are born into the golden era of economic and social growth which takes place after World War II and their attitudes towards work and life are influenced and shaped by both their parents' negative memories of war conditions and their own preferences towards work. Baby Boomers have conservative values like loyalty, hardworking, competitiveness (Crampton and Hodge, 2007), they are willing to make sacrifices for their families and satisfied with tangible awards (Kupperschmidt, 2000). Baby Boomers value success, team work, challenge, maintaining a good relationship with their superiors and other employees as they value loyalty and commitment to the workplace (Shragay and Tziner, 2011).

On the other hand, Generation X is born after Baby Boomers prosperous era, whom has to cope with unfavorable circumstances like unstable economy, epidemic deceases like AIDS, ethical scandals involving high level executives of companies and governments. Strongly effected by incidents and new conditions like bankrupting firms, parents losing their jobs, lack of lifelong jobs offered by profitable companies, absence of predictability and security at work, Generation X relied on their individual initiatives and developed lack of trust towards companies they are working for (Johnson and Lopes, 2008).

Generation X is self-confident, independent, dislikes supervision, wants to have fun and achieve goals at work (Shragay and Tziner, 2011). Instead of being loyal to the organization, they are loyal to their jobs, colleagues and managers (Neil, 2010). Members of Generation X has more commitment to their own careers than to their organizations (Lyons, 2004; Miller and Yu, 2003) and prefer organizations which value skills development, productivity and work-life balance rather than status and tenure (Smola and Sutton, 2002).

Generation Y is the last generation born in the 20th century. Raised in the era of technological breakthroughs, communication and information technologies, globalization, internet where they can easily reach to the sources they require to obtain knowledge and share their personal views freely, Generation Y is influenced by intensive exposure of the messages, information flow, advertisement wielded by mass media and different other organizations which led them to be skillful on collecting and processing information, multitasking, working well in groups and seeking for individual consideration. "Generation Y has never known life without Internet, cell phones, fax machines, voice mail and chat rooms. Weaned on technology, this generation has no personal reference for a time before ATM's, VCR's, PC's, CD's, MTV and MP3's" (Kamau et al., 2014).

Generation Y members are on the center of attention during their childhood and expectations from them are very high. Having strong self-confidence, Generation Y believes that if they lost their main income tomorrow, they could find equally good or better work within three months (Millennial Careers: 2020 vision, Manpower Report, 2016). According to the same report, 60% of the Generation Y is expecting to work past age 65 and rather than one long job for life, since they understand the requirement for continuous skills development to remain employable, they prefer working for different organizations to that end. Research shows that although salaries and benefits are still important to Generation Y, these are significantly less important than these values are to Generation X members (Schullery, 2013). Generation Y especially differs in valuing leisure rewards at work, self-paced work, having time for other things in life, increased vacations compared to Generation X. Even though roots of motivation are different, Generation Y is sharing same attitude with Generation X when it comes to loyalty to their current employers. Deloitte Millennial Survey (2016) is indicating that only 16% of the generation Y workers see themselves with the current employer a decade from now, while 44% of them say that they will quit their jobs in two years if given choice to join a new organization or to do something different.

Believing that financial results are not the only indication to measure business success, Generation Y value behaving ethically, responsibility to society, employee satisfaction, trust and openness in the workplace, honest treatment to customers. Deloitte Millennial Survey (2016) indicates that Generation Y chooses employers whose values reflect their own and almost half have been reported to choose not to undertake a task at work because it went against their personal values or ethics. It is not an easy task to motivate Generation Y with tangible rewards since they prefer flexible working hours, time to travel and enjoy life, a good work-life balance more than salaries (Broadbridge et al., 2007).

Cennamo and Gardner (2008) suggested that there are significant generational differences exists for individual work values involving status and freedom but not for extrinsic, intrinsic, social and altruism related values between generations and no differences in perceived organizational values. Since their research suggests differences between generations on individual and perceived organizational values, but only for two of the six values, it can be commented that Baby Boomer, Generation X and Generation Y has some differences in work values but fewer than expected with respect to criteria mentioned.

“Meeting Generation Y demands for work where they enjoy and require unlimited fun, shows a lack of leadership in Tulgan’s view (2009). He instead advises strong leadership and commitment to “high maintenance management” to provider, not what Generation Y want, but what they need.” (Schullery, 2013) In order not only to manage conflicts efficiently, but to provide guidance, mentorship, and support to Generation Y, it is useful to understand their attitudes towards work and others in work place.

Job Involvement

Regardless of the generation, working individuals are either spending an important portion of their time in the workplace or with the work related activities. Since her deliberate actions define who that person is, work and personal values effect each other inevitably, resulting positive or negative feelings towards work. In the strictest sense, these positive or negative feelings that are considered to be the attitudes, has a significant effect on both job involvement and organizational performance.

Job involvement has been defined as the identification of the individual with the job and as a psychological self-investment of the individual in the work as a means of seeking some expression of the self at work (Lodahl and Kejner, 1965). Job involvement also involves the internalization of values about goodness of work or the importance of work in the worth of the individual (Lodahl and Kejner, 1965). Ekmekçi (2011) states that from an organizational perspective, job involvement has been considered the key to employee motivation and competitive advantage and from an individual perspective it is key to personal growth, satisfaction and related to leader consideration, participative decision making, communication.

Job involvement concept has been approached from two different perspectives (Sekaran, 1989; Sekaran and Mowday, 1981). First approach viewed as an individual difference variable and job involvement is believed to occur when the possession of certain needs, values or personal characteristics predispose individuals to become more or less involved in their jobs. The second perspective views job involvement as a response to specific work situation characteristic. In other words, certain types of jobs or characteristics of the work situation influence the degree to which an individual becomes involved in her job (Chungtai, 2008).

For organizations, having and sustaining job involvement is an important target since it has strong relations with organizational effectiveness (Pfeffer, 1994). Katz and Kahn (1978) states that effective organizational functioning requires employees to not only perform their prescribed role but also to engage in behaviors that go beyond these formal obligations. Since involved individuals likely to perceive work as a very important aspect of their lives, it can be suggested that they will spend extra effort to reach organizational goals. Supporting this argument, Brown (1996) found that job involvement is positively effecting employee’s motivation and effort, leading to higher levels of in role job performance. Yet further research is needed to clarify how job involvement is related to other job attitudes.

Job involvement has been found to be related to the job characteristics of skill variety, task identity, task significance, autonomy and feedback from work itself (Hackman and Oldam, 1975; Rabinowitz and Hall, 1977). On the other hand there is a disagreement between researchers about job involvement being a personal characteristic which suggests that it is less likely to be influenced by organizational factors and more likely to be influenced by personal characteristics (Dubin, 1956; Rabinowitz and Hall, 1977). Carmeli (2005) is indicating that job involvement is unlikely

to be changed because of organizational factors since it is a relatively fixed attribute. Therefore the ultimate determinant of job involvement should be the value of ones work in life (Kanungo, 1979). Supporting this opinion Sekaran (1989) also suggests that employees usually join the organization bringing their own work values. Based on their experiences and interactions with organizational factors, employees make deliberate choices whether to involve in their jobs and invest them in work or not.

In this study, the relationship between Generation Y work attitudes and job involvement has been examined by adopting the point of view that job involvement is a personal characteristic which differs from person to person.

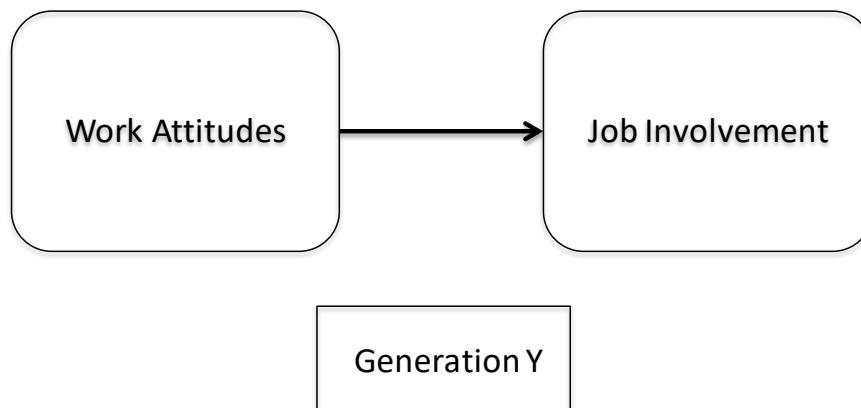


Figure 1: Conceptual Model

H1: Generation Y work attitudes has an impact on job involvement

In the light of literature presented above, the conceptual model is prepared.

3. Research Method and Findings

Research Instrument:

The primary objective of this study is to examine the effect of the different factors of work attitudes of Generation Y in Turkey on job involvement. Data for this research is collected through a questionnaire survey. A review of the literature yielded a number of measurement instruments that are employed to test the hypothesized model. Each scale has a history of reliable measurement. The work attitude statements are developed by Kamau et al., (2014) and the job involvement scale is developed by Kanungo (1982). The work attitude scale is measured with 39 items. Job involvement is measured with 10 items (See in Table 1 and Table 2). All scales employed in this study are measured on five-point Likert scales ranging from “1=Strongly Disagree” to “5=Strongly Agree”.

Table 1: Measurement items of Work Attitudes

Construct	Item	Measurement
Work Attitudes	Wa1	I access information instantaneously
	Wa2	I am completely different from my parents as far as work attitude is concerned
	Wa3	I use modern media for communications in the work place
	Wa4	I do not live to work but work to live
	Wa5	I do not like work
	Wa6	I do care less about salaries
	Wa7	I prefer more flexible working hours
	Wa8	I prefer balancing work and social life
	Wa9	I am demanding and have high expectations in the work place
	Wa10	I am ambitious and hungry for success in career targets
	Wa11	I prefer to change jobs frequently
	Wa12	I like my freedom
	Wa13	I seek instant fulfillment in the work place
	Wa14	I have no respect for authority from my bosses
	Wa15	I generally cannot complete tasks in time
	Wa16	I require guidance from my manager in the work place
	Wa17	I create conflict with the other people in the work place
	Wa18	I access information quickly at work place
	Wa19	I take responsibility but lack total commitment to duty
	Wa20	I am highly receptive to new technologies
	Wa21	I do not want to be considered as young among colleagues at work
	Wa22	I do not want to be viewed as inexperienced in the work place
	Wa23	I believe that I deserve the position they I want at work
	Wa24	I can seek for a new job at any given time
	Wa25	I am flexible to work related changes
	Wa26	I want to start as a manager, or at least be one shortly
	Wa27	I expect to relate with my employers as with my parents
	Wa28	I discriminate relationship with colleagues on basis of education qualifications
	Wa29	I pick my colleagues on the strength of their wallets
	Wa30	My loyalty to work is based on meaning attached to it
	Wa31	Conventional eight hours work-day is a challenge to me
	Wa32	I prefer to extend leave days
	Wa33	I do not like working on weekends
	Wa34	I always visit social networks during working hours
	Wa35	I am the most technologically friendly employee in my current company
	Wa36	I freely communicate with my age mates at work place especially in coded language
	Wa37	Going work is not mandatory to me, If I do not feel like it I won't
	Wa38	I can fake sickness as an excuse from work
	Wa39	I question work methods

Table 1: Measurement items of Job Involvement

Construct	Item	Measurement
Job Involvement	J11	The most important things that happen to me involve my present
	J12	To me, my job is only a small part of who I am.
	J13	I am very much involved personally in my job.
	J14	I live, eat and breathe my job.
	J15	Most of my interests are centered around my job.
	J16	I have very strong ties with my present job which would be very
	J17	Usually I feel detached from my job.
	J18	Most of my personal life goals are job-oriented.
	J19	I consider my job to be very central to my life.
	J110	I like to be really involved in my job most of the time.

In the process of translation, the techniques of back translation and parallel translation have been adopted with the help of an academicians fluent in English and Turkish. The authors of this paper further verified the final Turkish version of the questionnaire.

Sampling and data collection:

Data for the study is collected from the Generation Y employees who work in different departments and companies which are in different markets in Turkey. During a two-week period, 258 respondents completed the survey. After sorting and removing duplicate submissions, a net sample of 228 usable questionnaires remained. A total of 124 (54.4%) of the participants are female and 104 (45.6%) are male. Questionnaires are distributed and filled in by those employees whose level of education is graduate and above. The mean age of respondents is 32.19 years with standard deviation of 7.34. Data obtained from questionnaires are analyzed through the IBM SPSS 23.0 statistical program.

Analysis:

Factor Analysis:

To identify and test the underlying structure of job involvement scales, exploratory factor analyses (EFA) are conducted.

Job Involvement:

To determine the dimensions of job involvement an exploratory factor analysis (EFA) with Principle Component Factoring and Varimax Rotations is conducted. Kaiser-Meyer-Olkin measure of sampling adequacy and Bartlett test of sphericity tests are performed to test the appropriateness of data for conducting factor analysis (Sharma, 1996). Result of the tests (KMO=0.807, χ^2 Bartlett test (10)=310.669, $p=0.000$) are satisfactory. The diagonals of the anti-image correlation matrix are all over 0.50, supporting the inclusion of each item in the factor analysis. Factors with eigenvalues over one are retained and items with factor loadings below 0.50 and items with high cross loadings are excluded (Hair et. al., 1998). Job Involvement is unidimensional as expected.

Table 3: Factor Analysis result of Job Involvement

Factor Name	Factor Items	Factor Loading	%Variance	Reliability
Job Involvement	I consider my job to be very central to my existence	0.803	54.67	0.790
	Most of my personal life goals are job-oriented	0.774		
	Most of my interests are centered around my job	0.758		
	I like to be absorbed in my job most of the time	0.730		
	The most important things that happen to me involve my present job	0.617		

By conducting exploratory factor analysis, we found that job involvement has five items. (See Table 3).

Multiple Regression Analyses:

When we conducted multiple regression analyses to understand the relationship between job involvement and work attitudes, we prefer to use all 39 items in the regression that gives more deeply insight about relationship of the constructs. When we conducted multiple regression analyses to understand the relationship between work attitudes and job involvement for generation Y, we found out that wa10, wa6, wa28, wa5, wa33, wa27, wa14 explain job involvement ($F=14.984$, $p=0.000$ respectively, $R=0.576$; $R^2= 0.332$).

Table 4: Multiple Regression Analysis result

Dependent variable: Job Involvement			
Independent variables:	Beta	t-value	p value
Wa10- Its ambitious and hungry for success in career pursuit	0.262	4.493	0.000
Wa6- Cares less about salaries but	0.241	4.174	0.000
Wa28- They discriminate relationship with colleagues on basis of education qualifications	0.265	4.621	0.000
Wa5- Generation y does not like work	-0.149	-2.454	0.015
Wa33- Generation Y does not like working on weekends	-0.163	-2.768	0.006
Wa27- Expect to relate with their employers as with their parents	0.169	2.871	0.005
Wa14- Has no respect for authority from their bosses	-0.126	-2.213	0.035

As reflected in Table 4 Wa10, Wa6 and Wa28 have nearly same contributions ($\beta_{wa10} = 0.262$, $\beta_{wa6} = 0.241$ and $\beta_{wa28} = 0.265$) respectively. Wa27 also has positive relationship with job involvement $\beta_{wa27} = 0.169$. Items Wa5, Wa33 and Wa14 have negative contribution on job involvement (see Table 4). H1 cannot be rejected.

4. Conclusions and Recommendations,

Conclusions

The main objective of this study is to determine the relationship between Generation Y work attitudes on job involvement. According to the results of analysis, Generation Y considers their jobs in the center of their lives and also builds their personal lives around it. These finding is in line with the literature indicating that Generation Y are as hard workers as other generations and seventy three percent reports working more than 40 hours a week, nearly a quarter working over 50 hours (Millennial careers: 2020 vision, Manpower Report, 2016). Also, findings regarding to the relationship between Generation Y work attitudes and job involvement are suggesting that millennials like to work even on weekends, has respect for authority from their bosses, care less about salaries and have ambition for success in their career pursuit. Considering as a whole, it can be interpreted as Generation Y has strong psychological identification and commitment to their work.

Generation Y has been reported to have less loyalty to their current employer, need to like what they do at work, prefer to work for a cause that they can embrace. Supporting our findings, literature also suggests that if those needs are satisfied, they work hard and are less sensitive to financial income. 87 percent of Generation Y believes that success of a business should be measured in terms of more than just its financial performance; also business success shouldn't be measured in purely financial terms. Millennials promote loyalty when company pursues purpose beyond financial success (The 2016 Deloitte Millennial Survey). Generation Y has strong values and sensitive to ethical behaviors, believing that companies should put employees first; they should build and sustain a solid foundation of trust and integrity. Also business that they are in should have a positive impact on wider society.

One other finding is that millennials tend to discriminate their relationship with colleagues on basis of education qualification. This makes sense when taken into account with the literature indicating that Generation Y highly values continuous skills development and to that end they are not only willing to spend their own time and resources but to change jobs to enlarge their skill set. From this perspective, it can be said that millennials are not loyal to their employers or colleagues but to their abilities to produce and create in relation with their values.

Recommendations & Future studies

The leaders and human resource managers can get insight from the findings of this study regarding to Generation Y attitudes towards work and effecting factors of their job involvement levels. Findings also can be used for having efficient communication, managing conflicts, most importantly understanding millennials motives towards work. Future research should look at the different mediators and moderators involved in the relationship between leadership and job involvement of generations.

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COST BENEFIT ANALYSES OF DEVELOPING A LEGISLATION TO ATTRACT NON-RESIDENT HIGH NET WORTH INDIVIDUALS TO USE ESTONIAN PRIVATE FOUNDATION PLATFORM

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Abstract

On a global level, the high net worth population is expanding, and the wealth of high net worth individuals (HNWI) is increasing rapidly. For various reasons, high net worth families and individuals are searching for vehicles to assist them in safeguarding and conveniently managing their wealth. Private foundations represent one useful avenue for achieving this end, and the use of private foundations has become increasingly popular in recent years, particularly in European countries. Many countries have laws which regulate private foundations and several are looking for adjusting or introducing legislation.

In this article, authors analysing benefits for a country like Estonia in case the country increases the attractiveness of its jurisdiction for non-residents who are looking for establishment of a private foundation. The article comes to the conclusion that to be competitive, a country cannot collect tax revenues from private foundations established by non-residents except from income originated in the very same country. However, the country can earn benefits from revenues received by companies rendering services to non-residents and their private foundations. The article demonstrates that service fees a country earns and taxes collected from these fees would be substantial enough to make necessary changes to legislation beneficial for a country.

Keywords: *Taxation, Private Foundation, Cost-Benefit Analysis*

1. Introduction

In the course of history, development of institutions has been both reactive and proactive beginning with social interactions, social behavioural code or social contracts develop. For example Ken Binmore (2010) defines social contract as “the set of common understandings that allow the citizens of a society to coordinate their efforts”. Social contract itself does not need a law as the social system holds it together, however, it works until all agents of a social system are motivated to keep the contract. At the point when some agents for a selfish reason see possibility to break the contract, then it will be time for the masonry arch¹ to fall down. This could indicate a point when a legal system is needed to secure the majority from potential damages by some selfish agents.

For example, high net worth individuals need a system to solve problem of their family business continuity and inheritance issues. Historically there were different social contracts, like in some cultures the oldest son inherited everything so continuity of family business was secured. The next development was introduction of trusts although they are more common in Anglo-Saxon countries. Among family members there is a possibility to agree on a way how to keep family business continuing in a healthy manner, however, with more than one descendant there is always a risk for conflict of interests. Even if it is possible that sisters and brothers can keep the interests aligned then their spouses with likely opportunistic behaviour of “gold-diggers” will make keeping a social contract close to impossible. Hence, the need for a special legislation is unavoidable to support the continuity of family businesses in the current economy. At the end of the last century European states introduced relevant laws for regulating private foundations of private purposes².

¹ A metaphor used by David Hume (1978).

² Whereas in Austria until 1993 foundations had no choice except to be charitable, the Private Foundations Law of 1993 enabled private foundations. In Belgium, the private foundation was introduced in 2002 and the foundation

In this paper first we look for how private foundation platforms satisfy more important concerns and needs of high net worth individuals. Next will be discussion on views in respect of social importance of the project and the methodology that should be applied. Afterwards analysis of social benefits, cost and net present value are going to be presented.

2. Literature Review

2.1. High Net Worth Individuals And Private Foundation

High net worth individuals is a group which is seen by private banks as a separate client segment. A common definition used is that these are individuals who possess individually investable assets (exclude private residence) more than \$1 million US dollars (Knight Frank LLP, 2016). To focus more on the higher end of the group another term, ultra-high net worth individuals is commonly used for persons who possess investable assets more than \$30 million.

Based on Knight Frank LLP survey (2016), HNWI-s are globally most concerned about family business succession issues, potential increase in wealth taxes and increased scrutiny of wealth by government. Although, private foundations do not address directly the second and third concern, it does directly help to solve the first issue.

In his presentation on non-tax needs of High Net Worth Individuals, Philip Marcovici (2015) lists among others: business succession, managing risks of divorce, “second” families, “living” wills, asset gathering and identification, family conflict resolution, asset protection and preservation, special assets (art etc.), disability/illness as main concerns of NHWI-s.

Private foundations are used for a large variety of purposes (Sepp and Kaarlep, 2016, pp. 96 - 104):

- They can be used to prevent the dispersal of the estate (business) after one’s death;
- They can ensure continuity in management. This could be useful when a founder has no children or if he considers some of his heirs not fit to run the business or they do not wish to do so.
- They can enable the reaching of a specific goal. The familial estate can be assigned to a specific purpose, such as providing for a relative in the case of incapacity or lack of financial maturity. For example, parents with a disabled or minor child may be concerned with identity of person who will manage their child’s assets after their demise, and perhaps when they themselves become disabled. Nowadays, people are tending to live longer, and there is an increase in the number of people who are affected by conditions such as dementia and Alzheimer’s disease, which can result in restricted active legal capacity.
- Another purpose is to protect specific assets, as in the case of keeping the family home out of the reach of creditors. This could be especially attractive for businessmen or for those whose professions open themselves up to the risk of civil liability (e.g., doctors or lawyers), but in the light of today’s economic and financial instability – and, in some regions, political instability - it could be attractive for anyone. It should be kept in mind, though, that there are usually some specific rules protecting creditors in a case wherein a private foundation is set up to harm existing creditors or with no actual change in the control of the property.
- They can also be used to optimize tax liability.

The principal structure of a private foundation is presented on Figure 1.

sector in Belgium has been growing since. Malta enacted specific foundation legislation in 2007. The legal and tax landscape on Dutch private foundations dramatically changed with the introduction of a new tax doctrine on ‘segregated private capital’ as of 2010. Even before that, one specific foundation form, the so-called ‘depository foundation’ (*stichting administratiekantoor*, STAK) for the purpose of acquiring and administering assets (shares) was widely used. (Sepp and Kaarlep 2016)

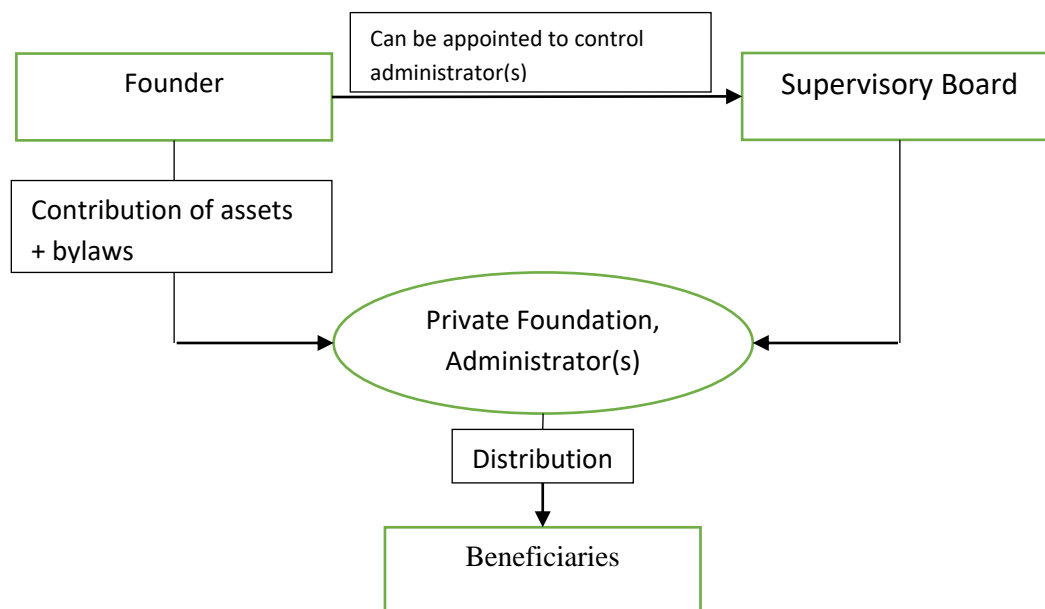


Figure 1.

2.2. Social Importance

Countries like Estonia facing at present a situation where it is difficult to attract foreign direct investments. One reason is that the cost level of labour has increased over years and is not so competitive as it was in the past especially for mass production. Other reasons are that limited market for labour and goods and services due to low level of population. There is not enough people neither for production nor for consumption of the products and services. Migration could be a solution however it will have its own side effects.

Government of a country like Estonia should ask about opportunities which are available for tackling limitations mentioned above. Opportunities should satisfy criteria of limited number of population and create higher value per person. The first criteria come from a limitation that there are few people available. The second relates to the fact that in given situation, cost of labour increases (Alavi, 2016 ,pp. 139-145). Because of increasing cost an opportunity should have less dependence on labour cost. To achieve the latter the delivered value should be more substantial to a limited number of population to reduce the cost of labour in determination of a location of a direct investment. Another important element for an opportunity would be that the size of a local market is not important. That would eliminate most investments into production of physical goods. Thus, countries like Estonia are left more or less with 2 options: to attract production of digital goods and/or attract non-residents to use services of the residents of the country.

An opportunity to attract non-residents to use jurisdiction of country like Estonia for the purpose of establishing private foundations satisfies the criteria described above. To render services to private foundations a country does not need massive number of people and it creates a need for people with higher skills and therefore the salaries of these people are expected to be higher. Cost of labour would be important also in respect of servicing private foundations however as it would not be mass production and ultimately the cost is not a final determinant for a location.

In the current situation with limited opportunities to attract foreign direct investments and to increase utility of residents of a country, an offer of the jurisdiction for establishing private foundations would be beneficial for the country. It is possible to prove it looking at the Kaldor-Hicks Criterion which says that “a given project will be desirable if those who gain from it could fully compensate the loss for those who will lose from it and still be better off”. After the project is finished there will be no one in the country who will pay more taxes if we do not impose higher taxes on HNWI-s. As per current plan local HNWI-s benefit from the change of legislation. A potential negative effect might be in case Estonia to become a very popular destination for private foundations and face with shortage of highly skilled professionals like accountants and lawyers. That would likely mean higher prices and decreased local demand.

In this paper, authors analyse costs and benefits for a country, however, we can also look for a wider social impact on a country. We can analyse if the results of the development of legislation can be regarded as Pareto-Improvement. If we look how HNWI-s have solved their wealth succession today then there are a lot of opportunities available like trusts and private foundations of different countries. However, these platforms are not available in all countries where HNWI-s are residents. Thus, there is a demand for wealth succession structures in the countries where there is no trusts nor private foundations. These HNWI-s are looking for a jurisdiction outside of their own and Estonia being an alternative option would not make anyone worse. Thus from this point of view the project would be Pareto improvement. Although it might be that some of HNWI-s who already using other jurisdictions for their wealth succession, might consider change of the jurisdiction. This would mean that the jurisdiction which will be abandoned would be worse off and thus it would not be Pareto improvement. However, likeliness of HNWI-s who already have settled themselves in a country to move elsewhere for less cost does not seem to be high. The benefits that a country can offer to a HNWI who already have established is very limited which means the main target would be anyway HNWI-s who are looking for a solution to their wealth succession. We can conclude despite theoretically there might be a few individuals/families who would change the jurisdiction it is unlikely and in most cases non-residents to be attracted have not established themselves yet anywhere.

3. Methodology

Standard cost-benefit analysis is structured in seven steps: (European Commission, 2014)

1. Description of the context

This means description of social, economic, political and institutional context in which the project will be implemented. More important socio-economic conditions for the project are the facts that only limited opportunities for GDP growth in countries like Estonia exist due to labour market cost and limited number of people. The positive element for Estonia is that the country has reasonably flexible Foundation Act and business friendly tax system. So there is limited changes needed to make the platform attractive for non-resident HNWI-s. Important is also to be aware of current initiatives against tax evasion and end of bank secrecy. That gives opportunity for transparent countries like Estonia to compete with countries who have offered off-shore privacy. Beneficial element for Estonia is that the country does not have off-shore image which gives for non-residence more confidence to use the jurisdiction and there would be less chance for interrogation from home tax authorities.

2. Definition of objectives

The objective of the project is to increase utility of a country like Estonia. In more detail the project is looking for positive effect on GDP and taxation revenues for state budget. More GDP means more working places and this project would envisage requirement for higher than average skill level. The latter would mean that these people will be paid more than average causing also improvement of average income per person to raise.

3. Identification of the project

In principle, the project has one phase: analysis of current legislation and competition, and afterwards developing changes to the current legislation, in particular Foundation Act and Income Tax Act, to improve competitiveness of private foundation platform. Later further adjustments might be needed to respond changes on competitive landscape.

4. Technical feasibility & Environmental sustainability

Technical feasibility relates to ability of information systems to govern the process and give necessary information for all stakeholders. For example, it might be that taxation of payments to beneficiaries of private foundation might depend on source of income from which the payments is made. That means source of income needs to be accounted, reported to tax authorities and updated if needed. At present the information system on tax authorities is able to separate income from dividends where tax has been paid from other income sources. Thus, it is highly likely that current level of information technology would not be a “deal breaker” and it can handle the implementation of the project.

The project does not envisage investments into “brick and mortar” or to say differently into “real economy” with property, plant and equipment. That means there would be only trivial indirect impact to environment (every additional business traveller to Estonia makes his/her additional carbon footprint and have a negative environmental effect although each non-resident visit brings more additional utility to residents of the country).

5. Financial analysis

Financial analysis assessment provides profitability of the project for the owner and some key stakeholders and verify the project financial sustainability. Key stakeholders of the project are country’s financial sector (including accountants, asset managers, lawyers etc.) both owners and current/ future employees and all residents of the country (through additions to state budget).

In respect to financial sustainability, the project does not require huge financial investment at initial stage, mainly it consists of time of the involved personnel in development of the project. Later it depends on the marketing strategy as it is possible to take a passive approach or wait and see strategy. Another option would be choice of active marketing strategy and to participate in conferences, write articles etc in order to raise awareness among HNWI-s globally. It would be possible to limit marketing action to a certain budget available.

The methodology commonly used for financial analyses is the Discounted Cash Flow method where cash inflows and outflows are estimated. Afterwards net cash flows are discounted using appropriate discount rate to find Net Present Value of the project.

6. Economic analysis.

Economic analysis covers shadow prices in addition to market benefits and cost in order to reflect the social opportunity cost of goods and services. At the financial analysis, we look explicit benefits and exclude implicit benefits/costs. In addition, externalities are supposed to be taken into consideration. For example, finance sector will benefit directly from rendering services to private foundations, however, due to existence of other business organizations in the country as well as its historical and touristic background, there might be interest to visit the country from the owners of above mentioned projects. That means there will be also benefits for hotels, airlines etc.

In result of economic analysis, we will calculate economic performance of the project which include Economic Net Present Value, Economic Rate of Return and Benefit/Cost ration.

7. Risk assessment.

The recommended steps by European Commission for assessing the project risks include sensitivity analysis, qualitative risk analysis, probabilistic risk analysis and risk prevention and mitigation.

Sensitivity analysis identifies the “critical” variables of the project. In respect of legislation development project the most “critical” variables are the growth of HNWI number in the target countries and proportion of HNWI-s who are interested to set up private foundation outside of their home country.

Qualitative risk analysis is looking for a list of adverse events. With respect to legislation development for the project, main possible adverse event is rejection of the changes in legislation by Estonian parliament after clarification of necessary areas of change in law. Collapse of financial system is also possible, however, the level of uncertainty is very high as it is impossible to estimate the timing and extent of implications from this event.

One more important element would be a risk of tax heaven image. In the past tax heavens were normal part of global economic system. However, recently “a war” against tax avoidance has been announced by OECD and its Base Erosion and Profit Shifting actions (OECD 2013). A key element of a tax heaven is that it gives opportunity for hiding tax income and avoiding taxes. With the current tax transparency initiatives by OECD hiding tax income and avoiding taxes becomes close to impossible. Estonia has an image of transparent country the best tax code in the OECD (The International Tax Competitiveness Index 2016). Contrary to tax heavens selling their jurisdiction to avoid taxes, Estonia would sell the jurisdiction as transparent and competitive. The project is not about creating possibilities to create tax avoidance schemes but to offer modern platform for HNWI-s who are ready to comply with tax rules of all countries involved.

The project’s residual risk exposure due to relatively low level of investment is small. That means probabilistic risk analysis for this project is not appropriate.

3.1. Social Benefits and Social Costs

The social benefits of the project to develop legislation for private foundation platform can be divided among following stakeholders: (figure 2 and table 1)

1. Owners of the companies in financial sector rendering services needed by private foundations like domiciliation, accounting, auditing, legal and other services.
2. Employees of the companies in financial sector mentioned in the point 1.
3. The state who will get more tax revenues.
4. Other companies, their owners and employees who benefit because the founders and beneficiaries of private foundation would visit the country.

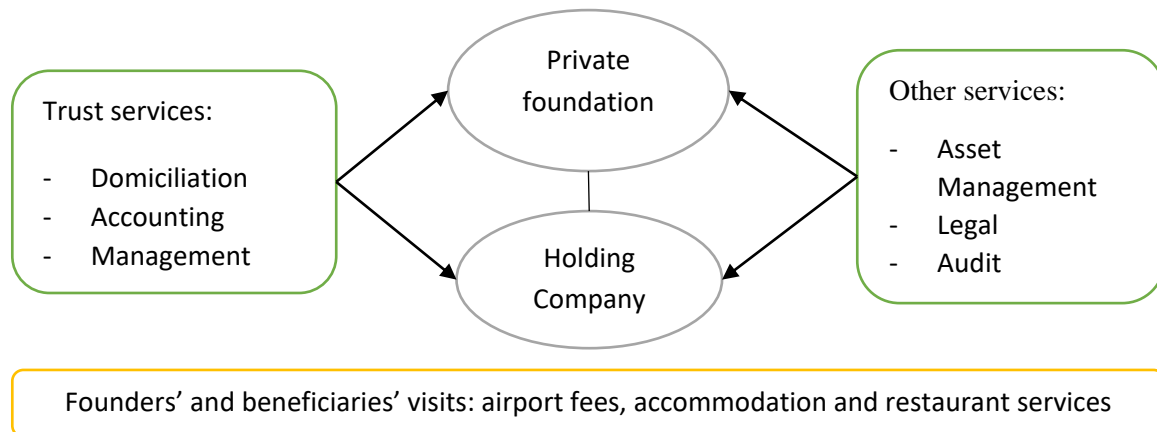


Figure 2.

The social costs consist mainly of time spent by developers of the project. The developers group include the employees of finance sector and relevant ministries (Finance Ministry and Justice Ministry). At the later stage when the proposal goes to comments round there will be involved employees of different organisation and finally parliament commissions need to express their opinion and parliament members need to vote to approve the changes.

We should also consider the promotional costs after implementation of the changes. The cost can be born either by government or service providers or both. There is also an option for government to promote the project together with another initiative. For example, e-residency project would clearly benefit from the attractive private foundation platform and the budget of e-residency program is more than 800 thousand euros (Enterprise Estonia 2017). It is

highly likely that HNWI-s who today have no clear reason to become Estonian e-residents would seriously consider to become after establishment of their family foundation in Estonia.

Social Benefits	Social Cost
Service fees	Development of the legislation
Salaries to employees	Approval of the legislation
Taxes for government	Promotional cost

Table 1.

3.2. Calculation Method

3.2.1. Benefits

It worth to ask why a government should bother with establishing a legal instrument like a private foundation (Sepp and Kaarlep, 2016 pp. 96 - 104). An immediate answer could be that the country’s wealthy voters need such an instrument for their family and business succession needs. However, it would be useful to assume the number of wealthy voters in the country. In case of Estonia, such number is so limited that government would not definitely worry about them. However, there can be another financial reason why several governments establish such a legal instrument.

What is the benefit of private foundation to a country after being used of such instrument by non-residents? We assume that the private foundation will not be involved with trading and other active business and tax neutral approach is also applied. It is common that under the private foundation a holding company to be established as well (Vogel 2015). The total benefit for the country can be expressed with a formula:

$$B = (k + uk) \times (p + r) + \sum (k + uk) \times (a_i + b_i) \text{ for } i = 1, \dots, n, \tag{1}$$

where k is the number of families who will establish a private foundation in a country; u is the proportion HNWI-s who establish an holding company; p represents state fee on establishment per unit; r is a service fee to establish a legal entity; a represents annual service fees per entity (domiciliation, management and accounting services which are normally provided by companies who provide trust services); b is annual fees for other services (legal, audit, asset management etc.) per entity; i is a fiscal year and n is a lifetime of the legal entity.

There are other indirect revenues for the country coming from high net worth individuals. For example v their visits to Estonia which are not included in the formula above like airport fees, accommodation and restaurant services etc. Elements of the formula is drawn on Figure 2.

3.2.2. Cost

As mentioned earlier the costs of the project are time cost of participants and promotional cost. Time cost relates to the time spent by members of parliament and employees of government and financial sector companies. One alternative for determining development and approval cost (later named “initial cost”) would be to look at what would be the salary compensation at the time implementing and running the project. We can estimate total time T needed to complete the project by all participants and multiply it with average salary cost for the employer in the financial sector:

$$C_1 = T \times (S_{av} \times e), \tag{2}$$

Where S_{av} is average salary in the financial sector and e represents taxes payable by employer on the salary cost. It would be more reasonable to take salary data in the financial sector where compensations are higher compared with average salary in the country as it is expected that participants have higher skill and experience level. Thus, their salary cost is expected to be higher.

Another way to look at initial cost is to analyse what would be the alternative benefit that participants would create in case they would use the time somewhere else. One option to calculate an opportunity cost would be to find GDP contribution by an employee in the finance sector:

$$C_2 = [(G \times f) : N] \times T, \quad (3)$$

Where G is total GDP for a country, f represents contribution of financial and insurance activities sector to the GDP, N is number of people working in the sector and T represents total time needed for the project. When using the formula, attention should be given to time period. If we take annual GDP figure also time needed should be represented in man-years.

3.2.3. Discount factor

To calculate net present value, we need discount rate for discounting future cash-flows. Selection of discount rate is an ongoing debate among social scientists. Zhuang et al. (2007) have made a survey about different rates used in different countries. They state that public discount rates used around the world vary significantly with developed countries applying lower rates (3-7%) than developing countries surveyed (8-15%). Years which were covered by this survey were a period with steady and relatively fast growth in global economy with significantly higher interest rates than today.

European Commission's guide when talking about financial discount rates gives nominal annual return simple average of estimates 5,1% and long-term inflation rate 2,2%, and real annual return simple average of estimates 2,9%. As common way of inflation rate calculation does not include all goods traded in the world (for example value of land) I prefer to ignore inflation (that means I will not adjust by inflation also the calculated social benefits) and use real discount rate.

One way to approach social discount rate is to use social rate of time preference (SRTP). A relatively easy and largely used way to estimate the SRTP is based on the following formula, which is obtained from the Ramsey economic growth model (European Commission, 2014):

$$SRTP = p + e \times g \quad (4)$$

where p is the pure time preference, e is the elasticity of the marginal utility of consumption, i.e. the percentage change in individuals' marginal utility corresponding to each percentage change in consumption; g is the expected growth rate of per capita consumption.

It is reasonable to assume the growth rate of per capita consumption in long run as 1 and to use empirical evidence of the utility discount rate for pure time preference. Based on Zhuang et.al. (2007) survey the variation of the utility discount rate is from 0,1-3% with simple average 1,3%. The same authors also surveyed elasticity of marginal utility of consumption and found out that it varies between 0,2 and 4 with simple average 1,55%. The results based on SRTP formula above gives $1,3\% + 1,55\% \times 1 = 2,85\%$. As a coincidence, the result is almost the same as simple average financial real discount rate 2,9% stated above.

The biggest issue with social time preference and marginal utility of consumption is that majority of people have a relatively short-term view. Often they prefer utility today and devalue the future benefits especially if the timing is so far away that next generation will get advantage of benefits. Expected growth of per capita consumption is also debatable as the growth is possible until we have enough natural resources available although when this is not a case anymore the growth can start to be negative. The issues described in this paragraph are not covered further by this paper.

4. Discussion And Findings

4.1. Benefits

To give an example I try to estimate for Estonia what could be an annual effect for GDP and state budget. We assume the main target markets for Estonian private foundations would be Europe, Russia & CIS and Turkey. And the target client group would be HNWI-s with more than \$10M investable assets (multimillionaires). Based on current numbers there are 205 thousand multimillionaires in the countries mentioned above and forecast for 2025 is 273 thousand. (Knight&Frank 2016) For example there were in 2011 in Belgium 725 and in 2010 in Austria 2881 private purpose foundations (European Commission 2015). In 2009, the Dutch trust firms served about 16 400 clients (though not all were related to HNWI-s), who together held about 20 100 legal entities, that is on average 1.2 legal entities per client (Risseeuw and Dosker 2011). For now we can expect there are more as existing data belongs to the period when tax havens were widely used due to bank secrecy,. Based on above a conservative estimation will be that Estonia can attract only 1,000 new non-resident clients who establish a private foundation. Based on Dutch empirical evidence (Risseeuw and Dosker 2011) it is reasonable to assume that at least 20% of private foundations establish also a holding company. Current prices for domiciliation, management and accounting services start from 7,200 Euros included VAT (the tax is not reimbursable for private foundation as it cannot be registered for VAT) per entity (Henley Business Services (Estonia) OÜ 2016, Prospera Eesti OÜ 2016). That means in average $7,200 \times 1.2 = 8,640$ euros. From a survey of the Dutch trust industry examining the amount of other services (legal, auditing, etc.), these entities' needs come to around 70% of the amount for trust services.

Hence the total fees per investor could be easily around 15 thousand euros ($8640 \times 1,7 = 14,688$). If we multiply the result with a number of expected investors, the outcome will be 15 million euros additional GDP annually. To calculate potential tax revenue for state budget we use latest officially available total tax revenues of GDP – 32,5% (Eurostat). That means for state budget annually at least 5 more million euros for government to spend.

4.2. Timing of benefits

It is unlikely that all 1000 private foundations will be established in the year after implementation of the changes to the law. Thus, we make 3 estimates for how fast the number of entities will grow presented in the table 2. Optimistic view would be that 1000 private foundations will be established by the end of 7th year, realistic estimate assumes to reach the number by the end of 10th year and conservative estimate would assume to reach the level of 700 foundations by the end of 10th year.

Table 2. Number of private foundations

Year	1	2	3	4	5	6	7	8	9	10
Optimistic	100	250	400	550	700	850	1000	1100	1200	1300
Realistic	100	200	300	400	500	600	700	800	900	1000
Conservative	50	100	175	250	325	400	475	550	625	700

In respect of when the year 1 starts I expect realistically that the implementation of the project and final approval of the parliament takes on more year that means that benefits start to emerge starting from 2018 or in average 1 year from now.

It is clear that benefits of the project will not end after 10th year however uncertainties will increase and for the current paper I have excluded these benefits.

4.3. Cost

First we need to estimate of time. We have 2 more or less distinct teams: one team is working with necessary changes in respect of Foundation Act and liaising with Ministry of Justice and the second team is working with unavoidable changes in respect of Income Tax Act and cooperating with Ministry of Finance. Both teams have 2 participants from private sector, from Ministry of Justice there 2 employees and from Ministry of Finance there are 4 employees involved however most of the time in both cases are spent by 2 persons.

The first phase of analysis of the current situation and comparing it with competition took around 6 man-weeks. Next phase would be agreeing concrete changes with ministries. That is estimated to take 4 more man-weeks. The final stage of getting it approved by parliament might take around 15 man-weeks. That means altogether around 25 man-weeks or 1000 man-hours.

There were 255 working days in Estonia in 2016. If we deduct statutory holiday 4 weeks or 20 working days, then in 2016 it is expected that average employee worked 235 days or 1880 hours. Calculating the time needed for the project in man-years we get $1000 : 1880 = 0,532$.

Average monthly gross salary of employees in financial sector in 2016 was 1,856 euros (Statistics Estonia 2017). Showing the result as annual gross salary we end up $1,856 \times 12 = 22,272$ euros. Employer taxes in Estonia consist of social tax 33% and unemployment tax 0,8%, together 33,8%.

Using the formula (2) we get total estimated employment cost $0,532 \times (22,272 \times 1,338) = 15,854$ which makes in round numbers 16 thousand euros.

Now we calculate the initial cost of the project using the formula (3). Based on official statistics total GDP in 2016 was 20,9 billion euros (Statistics Estonia, 2017) and contribution of financial sector to the GDP was in 2015 3,9% (Statistics Estonia, 2016). It is reasonable to assume that annual change of the contribution is marginal so we can find total GDP of the sector $20,9 \times 3,9\% = 0,815$ billion or 815 million euros.

Number of people working in the sector is close to 10,000 (Laming et al. 2016). That means annual GDP contribution per one employee in the financial sector is 815,000 thousand euros : $10,000 = 81,5$ thousand euros. To find level of initial cost we need to multiply the result with the number of man-years estimated above: $81,5 \times 0,532 = 43$ thousand euros.

In respect of operating cost the service providers will incur cost for office equipment and furniture, rental cost and opportunity cost for staff to do something else. For the calculation in this paper we assume total economic cost to be 50% from revenues. For simplicity of the calculation we also assume that promotional cost of the sector is included in the 50%. Further analysis of the financial statements of these companies would give more exact data however it is highly likely that the possible adjustment would not change the overall result of the analyses.

To consider also government promotional activities, we add 200 thousand euros annually to support the marketing of the project. Comparing with total budget of e-residency program around 800,000 in 2017 the amount used seems reasonable assumption.

4.4. Net present value

For net present value calculation, I will use calculated above SRTP in the amount of 2,85% and I use 15 thousand euros as average annual benefit from one investor and 43 thousand euros as initial cost. I ignore inflation as I use a rate close to real discount rate. In the table 3 Net Present Value calculation is presented.

Table 3. Net Present Value calculation (thousand EUR)										
Discount rate	2,85%									
Minimal benefit per investor (EUR)	15									
Service providers' cost per investor (EUR)	7,5									
Net benefits per investor (EUR)	7,5									
Annual government budget for promotion	200									
Year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Discount factor	0,958629	0,932065	0,906238	0,881126	0,856709	0,832970	0,809888	0,787446	0,765625	0,744410
Optimistic	519	1548	2519	3435	4298	5110	5874	6296	6691	7058
Realistic	519	1198	1839	2443	3013	3548	4052	4525	4968	5383
Conservative	159	499	989	1452	1888	2299	2685	3048	3389	3708
Discounted cash-flow (thousand EUR)				Initial cost						
									Net Present Value of the project (thousand EUR)	
Optimistic		43347		43		43304				
Realistic		31488		43		31445				
Conservative		20118		43		20075				

5. Conclusion

A distinct group of high net worth individuals is an interesting target for countries who are looking for more foreign direct investments. Based on analyses of the needs of the group one of solutions a country can offer is an institution called private foundation.

There are undisputable social benefits for finance and business tourism sector of a country. Although timing and speed of development of the market are uncertain. As costs of the project to develop legislation for private foundations are limited then even conservative Net Present Value of the project is 20 million euros positive and as per optimistic scenario we could even get 43 million euros benefits. These numbers exclude benefits after 10th year.

Results gives us confidence that it is socially beneficial to change legislation and attract non-residents to establish private foundations in a country to address their business and wealth succession issues.

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THE EFFECT OF ORGANIZATIONAL LEARNING ON ORGANIZATIONAL COMMITMENT IN ACCOMMODATION SECTOR

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Abstract:

The research was done with the purpose of identifying the relationship between two conceptual structures which were organizational learning and organizational commitment. Main hypothesis was identified as "There is a positive correlation between employees' organizational learning inclination and organizational commitment." In order to identify the relation between two conceptual structures, Likert type scale was used by using the literature. Stated likert type scales were applied for 279 people including managers' and employees' and statistical analysis on gathered datas from 260 questionnaires was done. In the research, both the correlation between organizational learning and sub-dimensions of organizational commitment which classified as emotional, normative, continuance commitment and the correlation between employees' age, level of education, position and working period variables and organizational commitment were examined. Regression analysis was used in order to identify the correlation between organizational learning and organizational commitment which was the main hypothesis. Other hypotheses were tested by one way analysis of variance. It was found that that there was a positive correlation between organizational learning and organizational commitment. Result of the analysis indicates that in order to increase organizational learning inclination of managers and employees for developing their organizational commitment, applications for organizational learning should be given importance in companies.

Keywords: Organizational Learning, Organizational Commitment, Hospitality Sector

1. Introduction

Global challenge, technological developments and innovations that have come up recently made companies compulsory to adapt all these changes. There has been a widespread thought that it may be possible to adapt all these changes only with the existence of organizational learning in the organizations that consist of individuals gathered together for a common purpose and vision. It is seen that in the organizations where learning in the level of organization is realized, employees are more committed to their organizations. Especially in Hospitality sector which development of human resources plays critical role for adapting the changes occurring, the importance of organizational learning is increasingly being understood.

In the case of not identifying the relation between organizational learning and organizational commitment in a true way, companies may give less importance to organizational learning than they should give or they may ignore organizational learning totally. The fact that organizational learning may affect organizational commitment may be ignored. It is necessary to lay out the degree of relationship between organizational learning and organizational commitment with clear lines and elimination of uncertainty regarding the relationship of two constructural structures should be enabled with future researches.

2. Literature and Hypotheses

The existence of many researches regarding organizational learning in literature takes attention. According to Çakmakçıyan, (2009) organizational learning was defined as "the development of organizational effectiveness through gaining better information and comprehension". Uğurlu and Kızıldağ, (2014) mentioned about organizational learning that "organizational learning is the transformation of experiences coming from the past into routines that leads behaviours" (p. 97).

Scales developed to measure organizational learning inclination and dimensions related to this conceptual structure are like these: Avcı, (2009) in his research called “the effect of organizational learning inclination on innovation performance: An application in Muğla Marble sector” used learning inclination scale. In this scale, four dimensions called “(a) determinity, (b) shared vision, (c) open mindness, (d) information sharing in company are used in order to measure organizational learning inclination (pp. 121-138). Naktiyok and İşcan (2014) used a scale consisting of three dimensions called “(a) open mindness, (b) learning dedication and (c) vision sharing”. This scale included 11 scale items (pp. 19-37). Avcı and Küçükusta (2009) in their research about the relationship among organizational learning, organizational commitment and inclination of leaving work, used “learning organization dimensions questionnaire” that includes 43 scale items (pp. 34-44). Celep (2004) in his research called Turkey’s universities in terms of organizational learning used “organizational learning dimension questionnaire” in order to measure organizational learning. Organizational learning scale took its final shape with the additions of scale items developed by the researcher. Scale developed by Celep includes four dimensions which are; “(a) leadership of organizational learning, (b) continuous learning, (c) information performance and (d) team learning. Atak, (2009) developed a scale in order to measure organizational learning. In the scale developed by the researcher, “(a) flexible organizational structure, (b) empowerment, (c) individual learning, (d) learning in teams, (e) shared vision, (f) system understanding, (g) organizational learning” dimensions exist (pp. 1- 215).

In the research conducted by Turan and others, (2011) organizational learning scale was used to measure organizational learning. Organizational learning was examined in five dimensions in the research. Stated dimensions are: “(a) individual competence, (b) shared vision, (c) team learning, (d) mental models and (e) organizational structure” (pp. 627-638). Krishna, (2008) used organizational action question form including 17 scale items in order to measure organizational learning in her research. In this scale, environmental interface, action-thought, meaning and memory and spread-diffusion dimensions exist (pp. 1-206). Lim, (2003) in his research used organizational learning capability dimensions scale including seven factors and 21 scale items. The dimensions of this scale are; “(a) continuous learning facilities, (b) investigation and dialogue, (c) team learning and association (d) system approach, (e) learning together, (f) common vision, (g) employees’ powerment in the framework of a common vision, (g) associating the organization with its environment, (h) providing strategical leadership for learning” (pp. 1- 143).

Problems faced by companies require companies changing into a learning organization. If learning capability of organizations doesn’t respond to these developments -parallel to the rapid emergence and dissemination of information- it poses a threat for the development of organization. The reason why an organization stand behind in a competitive environment is due to failing of being a fully learning organization (Çam, 2002, p. 56). Individual learning is the trigger of organizational learning. Individual learning is pre-condition for the existence of organizational learning. What occurs a learning organization is an organization that places learning into their organizational culture. Organizational learning is a building block of an organization that learns (Türkay, 2007, p. 17). Organizational learning plays a role in the formulation and advancement of human relations in companies (Altındağ, 2006, s. 10-11). According to Yıldırım, (2006) if learning is desired to be realized in the level of organization, all members of organization should be provided access to information. By doing so, learning turns into a holistic way and gathers all members with great force and synergy (p. 21). Existence of dialogue in organizations is necessary in terms of spreading the information. All individuals reflect their perspectives and personal comments related organizational actions and activities on others. So individuals explore each others’ informations and the way of interpreting informations. Learning occurs this way. While having dialogue, complete and inaccurate knowledge sharing, giving information about professional field, understanding each others’ way of thinking are important (Biçkes, 2011, p. 47). If employees know the ways of gaining information and learning, organizational goal is reached by obtaining competitive advantage. In an organization including employees that know how to learn, better performance output occurs (Alanoğlu, 2014, p. 19). Employees in learning organizations that are sensitive to each others’ opinions by means of team learning, contributes the formation of useful information stack for organizations, increasing opinions and information richness on a topic. Individuals that have different competences give reason information to grow like an avalanche (Tepeci ve Koçak, 2005, pp. 389-390).

Second conceptual structure of the research is organizational commitment. According to Örucü and Kışlaköğlü, (2014), “organizational commitment was- for the first time- examined by Whyte in 1956 ” (p. 46). When organizational commitment of individuals was associated with financial interest in 1960; an emotional point of view was added to conceptual structure in 1970. Organizational commitment is defined as emotional connection between individuals who work and organization (Öztürk, 2013, pp. 8-9). According to Ergen, (2015) “organizational commitment is to establish identification with organization’s aims and values profitlessly, by only being ambitious to stay in an organization which they belong to” (p. 10). Organizational commitment takes place in three stages which are; obeying, being included and identity acquisition. Obeying is the process that an individual is proud of being a member of the organization. Being integrated is to be included in organization and identity acquisition is that individuals’ values should be overlapping with the institution (Gürkan, 2006, pp. 5-6).

Meyer and Allen's organizational commitment model is one of the most popular model in the field. According to Meyer and Allen, (1990) organizational commitment model includes three dimensions that are “emotional commitment, normative commitment and continuance commitment” (pp. 1- 18). Buğra, (2014) in his research mentioned about the factors that may affect emotional commitment in a way either negative or positive. These factors are: “(a) significance of goals, (b) openness to new ideas, (c) friend affiliation, (d) organizational commitment, (e) equality, (f) personal importance, (g) feedback, (h) attendance” (p. 43). Formulation of sentimental connection with the organization and ambition of continuing the membership of organization by individuals indicate the existence of emotional commitment on members of organization. Compulsory commitment caused from both employees’ failing to abandon financial investment of long-period working and due to the lack of much work alternatives is called as continuance commitment (Mart, 2014, p. 34). If individual believe that staying in an organization is morally right and feel obligations to continue her/his existence in the company, commitment way that occurs is called as normative commitment (Davran, 2014 , p. 88).

Naktiyok and İşcan, (2014) in their research, used organizational commitment scale developed by Meyer and Allen that aims to measure emotional, normative and continuance commitment consisting of 23 scale items (pp. 21-38). Bozkurt and Yurt, (2013) used organizational commitment scale developed by Allen and Meyer in 1990 to measure organizational commitment (pp. 121-139). Arslan and Demirci, (2015) used organizational commitment scale developed by Allen and Meyer to measure organizational commitment in their research (pp. 24-38). Guliyev, (2010) used organizational commitment scale including three dimensions that are “(a) emotional commitment, (b) normative commitment, (c) continuance commitment ” to measure organizational commitment. This question form contains 18 scale items. According to Guliyev, (2010) even if all these commitment types are associated with each other, they are not semantically the same and are subjected to statistical analyses as separately in empirical studies (pp. 1-87).

Organizational commitment is a popular concept that researchers study on. It express the level of organizational commitment that an employee has. Individuals who have high level of dedication to their organization are not willing to leave their companies. They keep their own goals and personal values in the same level with organization’s goals and values. Researchers identify that job satisfaction is the cause of commitment. Being connected with an organization in a sentimental sense is the determinant component of commitment (Jha ve Pandey, 2015, p. 68). People having weak emotional connections with their company are defined as “employees lack of emotion”. In the case of low organizational commitment of workers, company performance is affected by gossip and rumors. Low level commitment causes customers’ loyalty to company to demolish and employees’ having adaptation difficulty to external changes (Çatır, 2014, p. 41).

When researchers about organizational commitment are examined; shared vision, open mindness, information sharing within company, team learning, system approach, training and empowerment of employees dimensions seem coming into prominence. In organizational commitment; emotional commitment, normative commitment and continuance commitment dimensions seem coming into prominence.

The purpose of this study is to identify the relation between employees' organizational learning inclination and organizational commitment. Research question was tried to be answered by using Avcı 's question form to measure organizational learning inclination in 2005 and Sezgin's data collection tool to measure and evaluate organizational commitment in 2010.

Research builds a value in terms of contribution to literature. In spite of the existence of researches to identify the relation and the level of relation between two structural concept, number of researches including application on Hospitality sector is relatively less. The research that aims to identify the relation between organizational learning and commitment particularly on Hospitality sector of İstanbul city, may contribute to scientific information collection related to this field.

3. The Methodology and Model

In the research, responds of survey participants regarding two conceptual structures were subjected to statistical analyses and evaluated. Using this method, relationship of organizational learning inclination and organizational commitment were tried to identify. Both conceptual structures were tried to explain by using hypothesis tests to identify the relation between two conceptual structures that are the relation between organizational learning and organizational commitment's sub dimensions (emotional, normative and continuance commitment) and relationship between independent demographic variables and both conceptual structures.

4. Population, Sample and Research Application

The study is a quantitative research that aims to identify the relation between employees' organizational learning inclination and organizational commitment behaviours. Questionnaire method was used to gather datas from employees working in four and five star hotel chains located in İstanbul city. The research's population consist of 33800 people working in hotel chains. A sample of 380 people was identified with a 95% confidence level and 5% failure tolerance.

Taking into account the possibility of the questionnaires not returning, number of questionnaires were increased % 30 and was reached to 494 sample size.

For the application of questionnaire, multistage sampling method was applied. In the first stage, it was aimed to reach 5 managers and 20 workers for each hotel. In this direction, 25 questionnaire were planned to be filled in a hotel. 20 hotels were selected among 169 hotels by randomly and subjected 25 questionnaire were distributed to managers and workers randomly. So, 500 questionnaires were distributed and 279 questionnaires were obtained. Survey's response rate is % 56.

For the representation of population of the sample, data gathering was fulfilled in different geographical parts of İstanbul city, so data collection from a wide geographical area was enabled. At the same time, questionnaire form was distributed to different departments of the hotels. Therefore, it may be said that the sample has representative characteristics of the population.

Questionnaires were applied with three different methods. In first method, questionnaires were reached to departments' managers, taking permissions of top level managers in the hotels. Questionnaires were answered by workers under supervision of managers. The purpose of the research, content of the survey and importance of the research were mentioned to all participants before filling the survey forms in every stage of gathering datas. In second method, datas were gathered by using face to face interview method. During replying process of questionnaire forms, participants' all questions about survey were answered. In third method, questionnaire form was distributed to workers of Hospitality sector in İstanbul by e-mail. In all data collection methods; the information of company's name, participants' names and responds given to questionnaires would be hidden is given to all participants. Participants were assured that all responds would be used just with the scientific aims and answers wouldn't be

shared with the authorities of the companies. All participants were requested to fill in the questionnaires completely and inaccurately, taking organizational activities into account. At the end of two weeks period, 19 questionnaires were regarded as invalid due to including missing data and excluded from analyses and evaluation. 260 questionnaire forms were analysed and evaluated for the research.

5. Measurement

In the research, two measurement instruments were used separately in order to measure organizational learning and organizational commitment. Questionnaire form used in the research consist of three parts. In the first part, demographical questions (age, position, education level, working period); in the second part, questionnaire form used by Avci in his research called "relation between organizational learning and organizational performance" in 2005 to measure organizational learning inclination scores were used. Organizational learning inclination scale was developed using the criteria of Yeo, Calantone vd. , Chan vd. , Jaspara, Baker and Sinkula's studies to measure organizational learning. In this scale, 41 scale items exist and scale items were searched with 5- point Likert type. In the scale; (1) Strongly Disagree, (2) Partly Disagree, (3) Neutral, (4) Partly Agree, (5) Strongly Agree options took place. Organizational learning inclination scale consists of 7 sub-dimensions which are common vision, training and education, open mindness, knowledge sharing within company, behaviour of top management, communication and collective working environment, information gaining and resource use. In third part of questionnaire, organizational commitment scale firstly developed by Allen and Meyer and used by Sezgin in his research called "An application on the impact of the in-service training of kitchen staff on organizational commitment and job satisfaction " to measure organizational commitment scores of employees' in 2010 was used. In this scale, 17 scale items exist and scale items were searched with 5- point Likert type. In the scale; (1) Strongly Disagree, (2) Partly Disagree, (3) Neutral, (4) Partly Agree, (5) Strongly Agree options took place. Organizational commitment scale consist of emotional commitment, normative commitment and continuance commitment sub-dimensions.

The dependent variable of the research is organizational commitment and the sub-dimensions of organizational commitment concept which are "emotional, normative and continuance commitment". Independent variable of the research is organizational learning inclination. 41 scale items in organizational learning inclination scale reduced to 22 scale items after the explanatory factor analysis was applied for formulating the factorial structure and eliminate the scale items. 17 scale items in organizational commitment scale reduced to 14 scale items after the explanatory factor analysis. The research analysis continued with factorial structures that identified for both scales.

6. Hypotheses of the Research

Organizational learning inclination is defined as the predictor variable. Organizational commitment is defined as the result variable in the research. Main hypothesis of the research is identified as "there is a positive meaningful correlation statistically between employees' organizational learning inclination and organizational commitment". Managers and employees whose organizational learning inclination scale scores are in a high level will have higher level of organizational commitment scale scores. The organizational learning inclination and organizational commitment scale scores were found by calculating the arithmetic mean of the items in question. The hypotheses of the research which try to identify the relations between organizational learning inclination and the dimensions of organizational commitment were tested with linear regression analysis. One way analysis of variance was used in order to identify the relations between independent demographic variables (age, position, level of education, working period) and organizational commitment. When there was statistically significant difference between the groups of variables, Duncan test was applied to explore between which groups there was statistically significant difference.

7. Findings

Findings of the research came up under the headings of demographic findings regarding participants, reliability, validity of scales and findings of hypothesis tests.

8. Descriptive Statistics

The frequency distributions of demographic data related to participants' age, position, education level and working period were calculated. The findings obtained are like below:

According to the results, % 25 of participants are between the ages of 18-25. % 29 of them are between the ages 26-30. %40 of participants are in 31-40 age group. %5,8 of participants are 40 years old or over 40 years. It is seen that approximately % 54 of participants are below the ages of 31. This result indicates that participants have a higher average age of younger participants.

In accordance with education level variable; %4,6 of participants had primary school degree; % 29,6 of them had high school degree, %14,6 of them had associate degree; % 43,8 of participants joining the survey had bachelors degree and %7,3 of them had master's degree. The fact that 7,3 % of those who have worked at a graduate level of education indicates the lack of highly educated employees' in hospitality sector.

When working period variable is examined, % 43,5 of participants are found to have 0-2 years working period; % 21,2 of them had working period between 3-5 years. % 21,5 of participants had 6-10 years working period. %13, 8 of them are found to have 11 years or over 11 years working experience. This finding may be due to the fact that hotel business has a high turnover rate.

31.5% of the participants appear to have worked in positions linked to the front office department. Even in each company, name of the positions, number of employees working in positions and staging of positions change, front office department generally includes receptionist, bellboy, doorman, guest relations executive and operator positions. % 43,1 of participants are identified to have worked in the positions of other departments. Other departments have included production and service departments in which hospitality sector is widely employed by more workers. Just as food and beverage department - kitchen and restaurant managers and employees, housekeeping and room maintenance.

According to task variable, % 24,6 of participants consist of managers; %75,4 of them consist of non-executive employees. This finding in the framework of the study reveals that the vast majority of the participants in the hospitality industry are not in managerial status.

9. Analyses of Dimensionality, Reliability and Validity

Explanatory factor analysis (EFA) related to both conceptual structure was used for the determination of factorial structure and to exclude inappropriate scale items from analysis. "Factor 10.3.01" programme was used for EFA analysis.

As a result of factor analysis, variables' correlation values were found to be over 0.20. Polycoric correlation analysis was applied for identifying the certain number of factors and determination of factorial structure. Parallel analysis was also used to determine the factor size. In the analysis, the scale items with a factor load of less than 0.40 were removed from the scale and items with a factor load over 0.40 were included to the scale.

The fact that the test result of Kaiser Meyer Olkin is greater than 0.60 and the significance of the Barlett measurement output indicate that pre-conditions of factor analysis are met (Yıldırım, 2015, p. 36). After the EFA analysis conducted to organizational learning scale, Barlett statistical test result's value was found as 1404,6 ($df = 231$; $p = 0.00$) As the significance value in Barlett sphericity test was $p < 0.05$, the sample for the scale was found to be suitable for factor analysis. KMO test result related to organizational learning inclination scale was found as 0.76 when KMO test result value was found as 0.87 related to organizational commitment. Barlett statistical test result related organizational commitment was found as 1487,1 ($df = 91$; $p = 0,000010$). These findings indicates that the sample for the scale is suitable for factor analysis. As a result of EFA analysis related to organizational learning

inclination, 7 factorial structure consisting of 41 variables turned into 4 factorial structure consisting of 22 variables. As a result of EFA analysis related to organizational commitment, 3 factorial structure consisting of 17 variables turned into 3 factorial structure consisting of 14 variables. After the identification of factorial structure, reliability analysis regarding measurement data was conducted.

Since the aim of developing a scale in the study was not carried out, only "internal consistency reliability" method was used to measure reliability. Cronbach alpha values were calculated for scales and for each sub-dimension of concepts. At the same time, correlation values between the scale items were calculated and examined. Items with a correlation value of less than 0.30 are removed from the scale (Şencan, 2005, p. 242). According to literature, scale items with a negative correlation value should be removed from the scale and should not be included in the analysis.

Table 1. Internal Consistency Reliability Values Related to O. L. I Scale

	Number of Items	Cronbach Alpha Values
Organizational Learning Inclination Scale	22	0.759
OLI. Scale: Shared Vision (first sub-dimension)	5	0.629
OLI. Scale: Information Acquisition and Resource Use (second dimension)	5	0.656
OLI. Scale: Information Sharing (third sub- dimension)	7	0.683
OLI. Scale: Open mindness (fourth sub-dimension)	5	0.503

Table 2. Internal Consistency Values Related to O.C. Scale

	Number of Items	Cronbach Alpha Values
Organizational Commitment Scale	14	0.846
OC: Emotional Commitment (First sub- dimension)	8	0.876
OC: Normative Commitment (second sub- dimensions)	3	0.677
OC: Continuance Commitment (third sub-dimension)	3	0.505

The findings of general reliability of both scales and the alpha values calculated for each dimension of these conceptual structures were given in Table 1 and Table 2 taking alpha reliability coefficient values into account. Reliability of the scales for measuring two conceptual structures seems to be at a good level. Since the Cronbach alpha value was 0.759 and the alpha coefficient value between $0.60 \leq \alpha < 0.80$ indicated that the scale was reliable,

the organizational learning inclination scale was found to be reliable. Since the Cronbach alpha coefficient value between $0.40 \leq \alpha < 0.60$ indicated that the scale was reliable, sub-dimensions of organizational learning scale were reliable (Table 1.). When the reliability of the organizational commitment scale was examined, the Cronbach alpha value was 0.846. As the Cronbach alpha coefficient value of $0.60 \leq \alpha < 0.80$ indicates that the scale is reliable, and the organizational commitment scale was found to be reliable at a good level. As the Cronbach alpha value between $0.40 < \alpha < 0.60$ is reliable, sub-dimensions of the scale are also reliable (Table 2). After reliability analysis, validity analysis was used for measurement instruments and datas.

As validity analysis is conducted on the obtained data, it should be repeated in each research (Şencan, Thesis Writing Guide, 2016). Appropriateness of the scale to the conceptual structure can be assessed by the inclusion of experts and researchers in the evaluation (Bannigan ve Watson, 2009, p. 3240). As a result of the evaluation of 5 experts in related field by using this superficial technic not based on statistical measures, scales were found to have face validity. Lawshe's IGO formula is used for identifying the content validity of scales. 5 expert academicians examined the scale items in terms of relevance and understandability. Since the rate of content validity is found approximately close to 1 ($IGO \rightarrow 5/5:2-1 = 1$), the result indicates that scale items in both scales contain the scale items related to conceptual structure and have content validity. As well as being a component of structural validity (Westen ve Rosenthal, 2003, pp. 608-609), Confirmatory factor analysis (CFA) was used for construct validity in the scope of the study and its findings were given in Table 3.

Table 3. Confirmatory Factor Analysis Finding Related to OLI. Scale

Chi-square value/ degree of freedom (χ^2 / df)	3.509
Comparative Fit Index (CFI)	0.586
Goodness of Fit Index (GFI)	0.889
Adjusted Goodness of Fit Index (AGFI)	0.866
Root Mean Square (RMS)	0.087
Root Mean Residual (RMR)	0.097

According to CFA analysis finding related to organizational learning inclination shown in Table 3. , since Chi-square value/ degree of freedom is ($\chi^2 / df = 3.509$), it is an acceptable value. Root mean square value was found as 0.087. Root mean square values between $0.05 < RMR < 0.10$ are accepted as appropriate. The result of Goodness of Fit Index is 0.889. Since the values of GFI between $0.90 < GFI < 0.95$ are appreciated as appropriate, this value is rather low. Comparative fit index values are acceptable as long as equal to 0.90 or over 0.90. The result of the analysis indicates that CFI value is also low (CFI= 0.586). It is an acceptable value if Root mean residual value is 0.08 (Erdoğan and others., 2007, pp. 10-11). The RMR value was found as 0.09 as the result of the analysis. The result of Adjusted goodness of fit index is 0.866. AGFI values between $0.90 < AGFI < 1.00$ indicate good fit when AGFI values between $0.85 < AGFI < 0.90$ indicate acceptable values.

Table 4. Confirmatory Factor Analysis Finding Related to OC.

Chi-square value/ degree of freedom (χ^2 / df)	5.214
Comparative Fit Index (CFI)	0.536
Goodness of Fit Index (GFI)	0.929
Adjusted Goodness of Fit Index (AGFI)	0.904

Root Mean Square (RMS)	0.176
Root Mean Residual (RMR)	0.160

According to CFA analysis finding regarding OC. Scale shown in Table 4. , the result of Chi-square value/ degree of freedom is found as 5.214. If the result of Chi-square value/ degree of freedom is $\chi^2/df < 2$, it reflects the perfect fit. if the value is lower than 3, the result reflects an appropriate fit. Root mean square value is 0.176. According to literature, RMS values between $0.05 < RMS < 0.10$ are acceptable. The result of Goodness of Fit index is 0.929. Since the GFI values between $0.90 < GFI < 0.95$ are appropriate, this value is acceptable. When Comparative Fit index value of 0.90 or greater, it indicates acceptable compliance. The analysis show that CFI value is also low (CFI=0,536). It is an acceptable value if Root mean residual value is 0.08 (Erdoğan and others, 2007, pp. 10-11). The analysis result shows that RMR value is 0.160. Adjusted Goodness of Fit Index value is 0.904. AGFI values between $0.90 < AGFI < 1.00$ indicate good fit when AGFI values between $0.85 < AGFI < 0.90$ indicate acceptable values. AGFI values of OC. Scale are acceptable.

10. Main Hypothesis Test Finding

The main hypothesis of the research which aims to identify the relation between organizational learning and organizational commitment was tested with linear regression analysis. H_2, H_3 ve H_4 hypotheses relatively which aim to identify relations between organizational learning inclination and the dimensions of organizational commitment (emotional, normative and continuance commitment) were tested with linear regression analysis. Hypothesis which are H_5, H_6, H_7 ve H_8 relatively trying to identify relations between organizational commitment and independent demographic variables(age, position, education level and working period) were tested with one- way analysis of variance.

Before the analysis was conducted, it was examined whether the pre-conditions for linear analysis were met or not. Accordingly, pre-conditions which are (a) linearity, (b) normality, (c) independence of errors and (d) homogeneity of variances were examined. As the results from regression analysis were fair, the pre-conditions were met. Therefore, it may be admitted that the results from regression analysis are the true reflection of the truth.

Depending on the results of regression analysis to test the relation between general scores of O.L scale and general scores of O.C. , the relation of two conceptual structures was found statistically meaningful ($F=6.134; p < 0.05; R^2 = 0.023$). Organizational learning inclination factor explained 0.023% ($R^2 = 0.023$) of the variance. Accordingly main hypothesis of the research was verified with the meaningful statistical correlation between concepts. In reject of null hypothesis, alternative hypothesis was approved. Increase in organizational learning inclination of employees is supposed to affect organizational commitment of them positively. Findings of confidence interval predictor value indicate that 1-point increase in the organizational learning inclination variable would result in a point change of between 0.053 and 0.461 in organizational commitment scores.

11. Conclusion and Recommendation

Main hypothesis of the research is to identify whether a statistically meaningful correlation between organizational learning inclination of employees' and their organizational commitment exist or not. Sub- hypotheses are to identify the relationship between organizational learning and organizational commitments's sub- dimensions. Also, the relationship between independent demographic variables just as age, position, education level, working period and organizational commitment were tried to identify.

Main hypothesis finding shows that organization learning concept explains 0.023 % of organizational commitment concept ($R^2 = 0.023$). Main hypothesis was approved with the meaningful statistical correlation between two concepts. In other words, increase in employees' organizational learning inclination is supposed to increase their organizational commitment positively. In a company where learning in the level of organization occurs, "the thought

of employees are appreciated” is dominant. Employees that are aware of the actions and practises regarding organizational learning in the company feel more appreciated and committed to their organization. Pleasure of employees who are internal customers of organization ensure individuals’ development of organizational commitment. Increasing the organizational commitment of employees goes through the establishment of a learning environment where continuity of learning can be ensured. Kyoo and Shim, (2010) in their research admitted that when employees have a perception of the existence of learning culture at a high level, their commitment to their organization increase (pp. 425-441). Bhatnagar, (2007) found a remarkable correlation between organization learning capability and organizational commitment’s sub dimensions in his research (Bhatnagar, 2007, pp. 1782-1811). Yeniçeri and Yücel, (2009) specified “the existence of a positive relation between guest relations, organizational learning, adaptive behaviour and organizational commitment” in their research (Yeniçeri and Yücel, 2009, pp. 138-154).

Second hypothesis of the research is to identify the relation between “organizational learning inclination and emotional commitment”. Finding of the analysis indicates that organizational learning explains 0.046 % of emotional commitment ($R^2=0.046$; $F=12.574$; $p=0.000$). The hypothesis is verified as there is a statistically significant relationship between organizational learning inclination of employees and their emotional commitment. In reject of null hypothesis, alternative hypothesis was approved. Employees’ emotional commitment increase depending on the increase of their inclination to organizational learning activity. Employees having higher emotional attachment to their organizations make additional efforts in favor of the organization. Therefore, such employees have continuously learning motivation (Akpınar, 2007, pp. 104- 105). The importance given to the learning in the level of organization within the companies creates positive impact on the commitment of employees. In the hospitality sector - which is known to have a very high turnover rate- providing appropriate environment for learning and allocation of the resources to this activity is an element that enhances employees’ organizational commitment.

Third hypothesis of the study is to identify whether a statistically meaningful correlation between “organizational learning inclination and normative commitment” exist or not. It is identified that organizational learning ($R^2= 0.000$; $F=0.042$; $p=0.839$) doesn’t provide the opportunity to explain normative commitment significantly ($p =0.839$; $p >0.001$). According to finding, there is no statistically significant relationship between organizational learning and normative commitment. The organizational learning activity inclination of employees have no affect on the normative commitment of employees. The increase in organizational learning inclination of employees does not have an impact on moral commitment development of them.

Fourth hypothesis of the research is to identify whether a statistically positive relation between “organizational learning inclination and continuance commitment” exist or not. It is identified that organizational learning ($R^2= 0.000$; $F=0.059$; $p=0.809$) doesn’t provide the opportunity to explain continuance commitment significantly ($p =0.809$; $p >0.001$). H_0 (There is no a statistically meaningful correlation between organizational learning inclination of employees and their continuance commitment) was approved in the reject of alternative hypothesis. Organizational learning inclination of employees has no influence on the continuance commitment of them. Akpınar, (2007) obtained a similiar finding in his research that aimed to identify the relation between organizational learning and organizational commitment dimensions. According to research findings, compulsory attachment has no relation with organizational learning factors (p. 147).

Fifth hypothesis of the research is to identify whether there is a statistically meaningful correlation between “the ages of employees and organizational commitment” scores or not. According to the findings of the analysis, age groups have a significant effect on organizational commitment ($p<0.05$). Also, organizational commitment scores ($m = 4.1000$) for participants aged 40 years and over were higher than other age groups. This situation may be explained by the fact that the employees aged 40 and older are not willing to move away from their work due to the investments and savings they have made during their working period. Lack of much work options may also cause continuance commitment on the employees.

Sixth hypothesis of the research aims to identify whether a statistically meaningful correlation between “employees’ positions and organizational commitment” exist or not. The analysis concluded that there was no significant relationship between positional groups and organizational commitment ($p= 0.192>0,05$). It was determined that the organizational commitment scores ($m = 3.7744$) of the employees in the purchasing department positions were higher than the other positional groups.

Seventh hypothesis of the research is to identify whether a meaningful correlation between “employees’ education levels and organizational commitment” scores exist or not. As a result of the analysis, It is found that "there is statistically significant difference between the groups in terms of organizational commitment" ($p=0.016<0,05$). The organizational commitment scores ($m =3.808$) of the employees at the graduate level are significantly higher than those of the other education groups. Employees at the graduate level seem to be more committed and loyal to their company and less inclined to leave the workplace.

Eighth hypothesis of the study is to identify whether there is a meaningful correlation between “employees’ working period and organizational commitment” scores or not. The analysis concluded that there was significant difference between working period groups in terms of organizational commitment ($p= 0,000 <0,05$). It is seen that the organizational commitment scores ($m = 4,0635$) of the employees over 11 years working period are higher than the other groups. This situation may be explained by the fact that it gets more difficult to give up the investments made by the employee when there is a long working period. Working period of the employees in their workplace may influence their continuance commitment.

5.1. Recommendation for Future Researches

The findings of the research indicate that organizational learning is related to organizational commitment. Increasing organizational learning inclination of employees cause the development of their commitment to their organization. For this reason, the organization should include practises to increase the organizational learning inclination of the employees. Number of researches regarding Hospitality sector to determine the relation between two concepts are less in quantity and many of them are not based on practise. The research will shed light on future researches in this regard. It will be a compass for other researches that will develop scientific information accumulation.

The research conducted on this topic was at a time period when external conditions directly affecting the hospitality sector were predominant. Dismissals from workplaces noticeably increased in the term when number of tourists prominently decreased. The research should be assessed by considering that these conditions may have influenced companies’ organizational learning practises, employees’ organizational learning inclination and their attitude towards organizational commitment.

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THE EFFECT OF ORGANIZATIONAL CHANGE ON TRUST AND AN APPLICATION

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Abstract:

The purpose of this study is to examine the effect of organizational change on organizational trust. The questionnaire of this study was given to 500 people who worked for a private company in the mining sector in Kütahya. 404 valid questionnaires were collected back and analyzed. First of all, exploratory factor analysis was conducted to the data to find out factor distribution. Then, confirmatory factor analyses and reliability analysis were conducted to determine the reliability and the scale validity of the questionnaires, respectively. Subsequently, the hypotheses of the model were tested with the structural equation modeling. According to the findings, planned change positively and significantly affects organizational trust.

Keywords: *Organizational change, Organizational trust, Mining sector*

JEL Codes:

1. Introduction

Nowadays, companies face change in local and global markets. Thus, they need to conduct change in their organizations. Change can be made in mission, vision, goals, strategies, processes, organizational culture, management and business functions in organizations. Change is required for surviving, transforming, gaining competitive advantages, and building core competencies. The only unchangeable thing is change in organizations. Organizational trust shows the trust of employees to the management and practices of the company. It has two dimensions namely cognitive trust and affective trust. Frequency of change, planning the change and uncertainty of change affect the acceptance and success of change in organizations. If companies conduct change with appropriate frequency, by planning and without uncertainty, the change process can increase organizational trust level of employees. The purpose of this study is to examine the effect of organizational change on organizational trust. To this end, the second section of this article addresses organizational change; the third section addresses organizational trust, the fourth section presents the research findings, and the fifth section reveals the conclusion and the discussion.

2. Organizational Change

Employees try to achieve organizational goals to succeed. They need to face organizational change due to SWOT analysis. Companies need to decide the frequency of the change, plan the change and get rid of uncertainties related to the change to succeed.

According to Carnall (1986), an organizational change is perceived as the process which changes the structure or the mission of an organization (Iqbal, 2011). An organizational change may be defined as the transition of an organization from one stage to another in a planned or unplanned manner and conducting transition in organizational culture, technology and structure (Saylı & Tüfekçi, 2008). Organizations conduct change as planned, unconventional or deliberate effort to achieve their goals more quickly and effectively.

Organizational change has been discussed from different perspectives in the literature. It may be defined as positive or negative, planned or unplanned, quantitative or qualitative changes which may occur in all subsystems, elements and their relationship systems in an organization (Peker, 1995).

According to Sabuncuoğlu and Tüz (1998), an organizational change is adaptation of organizational structures to their environments. Balcı (1995) defines an organizational change as changing structure, processes and behaviors of organizations. Dinçer (1992) points out that an organizational change which includes creativity, innovation, and growth is comprehensive (Töremen, 2002).

Jones (1998) defines organizational change as an organizational transition process from the current status to the desired status to increase productivity (Çapraz, 2009).

According to Huber et al. (1993), organizational change is differences in functions, members, leaders, forms or allocation of resources in organizations (Weick & Quinn, 1999).

2.1. Dimensions of Organizational Change

Dimensions of change are considered as frequency of change, planned change, and uncertainty of change in this study. Frequency of change and uncertainty of change are expected to have negative effects whereas planned change is expected to have a positive effect on organizational trust.

Frequency of Change: Frequency of change reveals how often change has occurred in an organization and is an important change characteristic which is salient to employees. According to Glick et al., if the change occurs more infrequently, it will be more likely perceived as a discrete event. On the other hand, if change occurs frequently, employees will likely feel that change is highly unpredictable and less likely perceive the change as discrete event. If change occurs very frequently, employees will likely feel fatigued and have more anxiety because of unpredictability of change (Rafferty & Griffin, 2006).

According to Boyne and Maier (2009), environmental changes may force organizations to conduct frequent changes. Employees who deal with a set of changes or multiple changes concurrently can strive to deal with time, complexity and energy. Wolfram Cox (1997) reported that changes in jobs, team structures, pay and staffing levels caused negative emotions in an organization. Woodward and Hendry (2004) showed that changes in structure, technology, staffing levels, and targets required problem and emotion focused handling skills. Kiefer (2005) revealed that change caused negative emotions which were mediated by perceptions of organizational trust, status, security, and working conditions (Smollan, Sayers, & Matheny, 2010).

Planned Change: Several authors have revealed that employees are concerned whether planning is made before change or not (Levy, 1986; Porras & Robertson, 1992; Weingart, 1992; Orlikowski & Hofman, 1997; Armenakis, Harris, & Field, 1999; French & Bell, 1999; Eby, Adams, Russell, & Gaby, 2000; Korsgaard, Sapienza, & Schweiger, 2002). Planned change is the perception of employees that preparation and deliberation have taken place before change implementation. When there is an effort to plan change beforehand, change seems more predictable because employees gather information about imminence and possible duration of change. Also, when planning is made before implementation of change, the novelty of change decreases. Korsgaard et al. (2002) reveal that when planning is done before organizational change, the well being of employees can be improved (Rafferty & Griffin, 2006). Planned change requires sharing information about the process and impacts of change.

According to Miller and Monge (1985) and Schweiger and DeNisi (1991), information provided regarding organizational change reduces anxiety and uncertainty of employees. Schweiger and DeNisi (1991) examined two groups of employees. One group of employees was given planned program of information about the merger of their company with another company whereas another group of employees was given limited information about that merger. Employees in the first group had less uncertainty and perceived the organization as more caring, honest, and trustworthy than did employees in the other group (Wanberg & Banas, 2000).

The Uncertainty of Change: Organizational change causes uncertainty for employees. Decreasing uncertainty can increase desired outcome.

DiFonzo et al. (1994) describe uncertainty as a psychological doubt state about what an occurrence signifies or portends (DiFonzo & Bordia, 1998). The uncertainty of change was addressed as a situation arising from change itself in this study. Schweiger and Walsh (1990) found that uncertainty about the future was the organizational change's characteristic. Wanberg and Banas (2000) revealed that giving information about change increased acceptance of change (Chawla & Kelloway, 2004). Planning before the change and information dissemination during the change process are accepted to reduce uncertainty.

3. Organizational Trust

Organizational trust shows the trust of employees to their organizations. The organization should provide appropriate infrastructure, systems, processes, mechanisms to initiate and increase the trust levels of employees. There are several trust definitions in the literature. Some of them are as follows:

Table 1. Trust Definitions

Author	Year	Definition
Rotter	1967	Interpersonal trust is the expectation of a person that the another person will respect their oral and written assurance.
Zand	1972	The decision of a person based on pragmatic expectation as a result of uncertain occurrences which cause weakness and lack of control of another party.
Golembiewski and McKonkie	1975	Subjective and pragmatic belief regarding the desired results of occurrences based on individual perception and experience.
Meeker	1983	The expectation of cooperative behavior from another person.
Butler and Cantrell	1984	The expectation of right, sufficient, consistent, reliable and open behaviors from another person.
Coleman	1984	The relationship between two parties. The trust of one party to another changes according to the state of being included.
Lewis and Weigert	1985	Trust is a concept motivated by strong emotions (emotional trust), logical reasons (cognitive trust) or both toward an object.
Rempel and Holmes	1986	Predictability, reliability, and acceptability are equally important.
Butler	1991	The explicit promise of one person not to try to harm another person.
Bromiley and Cummings	1992	The belief of a person that another person will act in accordance with his promise, be honest in negotiations and not behave pragmatically even when the opportunity arises.
Mayer, Davis and Schoorman	1995	A person's desire to be vulnerable to actions of another person.
McAllister	1996	The person's belief that actions and decisions of another person are accurate.
Rousseau, Siktin, Burt and Camerer	1998	Positive expectations of a person regarding intentions or behaviors of another person.
Zaheer, McEvily and Perrone	1998	The expectation that a person will fulfill his obligations, act as he promised and negotiate fairly without being pragmatic.
Shockley-Zalabak, Ellis and Winograd	2000	Another person's being sufficient, open, considerate, reliable and identified with his goals, values, norms and beliefs.

Source: İ.K. Tüzün (2006). Örgütsel Güven, Örgütsel Kimlik ve Örgütsel Özdeşleşme İlişkisi; Uygulamalı Bir Çalışma. Unpublished Doctoral Dissertation, Gazi Üniversitesi Sosyal Bilimler Enstitüsü İşletme Anabilim Dalı. Ankara.

Luman (1989) believes that organizational trust is based on trust of employees to the company. Nyhan and Marlowe (1997) points out that organizational trust differs depending upon organizations and leaders. According to Mishra and Morrisey (1990), organizational trust is defined as the perception of an employee related to the organizational support, beliefs of an employee that the leader will tell the truth and keep his promises and principal of all organizational relations. According to Matthai (1989), the organizational trust shows employees believe that organizational commitments and behaviors are consistent when they face uncertain and risky situations (Demircan & Ceylan, 2003).

Bromiley ve Cummings (1996) evaluate trust as common belief of a person or a group on another person or a group. Trust shows the effort for having a good belief for another person, being honest and not getting the advantage of another person. Trust has social, personal and optimistic characteristics in interorganizational and intraorganizational relations (Tüzün, 2006).

3.1. Dimensions of Organizational Trust

The dimensions of organizational trust are considered as cognitive trust and affective trust in this study.

Cognitive Trust: Cognitive trust means trustable behaviors should be consistent with personal desires (Tüzün, 2006).

According to Lewis and Wiegert (1985), trust has cognitive and affective dimensions. Lewis and Wiegert (1985) add that the person chooses whom to trust, in which respect and under what conditions he is going to trust in cognitive trust. The person decides on them based on good reasons which show the evidence of trust-worthiness. When According to Simmel (1964), the amount of information required for trust lies between total ignorance and knowledge. Luhman (1979) and Simmel (1964) acknowledge that when there is total ignorance there is no basis for rationally trust and when there is total knowledge there is no need to trust. On the other hand, good reasons and available knowledge are foundations for trust decisions which are based on faith (McAllister, 1995).

Affective Trust: Affective trust means behaving trustable or in an appropriate way to initiate commitment. (Tüzün, 2006).

According to Butler (1991) and Cook and Wall (1980), competence and responsibility are basic elements of organizational trust. Johnson-George and Swap (1982) and Rempel et al. (1985) believe that reliability and dependability are included as new elements for interpersonal trust. Lewis and Wiegert (1985) state that affective trust is composed of emotional bonds between people. Pennings and Woiceshyn (1987) and Rempel et al. (1985) acknowledge that people can make emotional investments in trust relations, express concern and care for other people, believe in the intrinsic virtue of these relations, and consider that these sentiments are reciprocated. Emotional ties which link people may provide the basis for trust (McAllister, 1995).

4. Measures and Sampling

The questionnaire of this study was given to 500 people who work for a private company in the mining sector in Kütahya. 404 valid questionnaires were collected back and analyzed. First of all, demographic questions were asked to the participants to collect information about their ages, genders, marital statuses, educational levels, positions in the company, work experiences in the company and in their careers. The Change Scale used in this study was developed by Rafferty and Griffin and consisted of 13 items and three dimensions to measure organizational change perceptions of employees. Three dimensions of the scale are as follows: The frequency of change dimension (3 items), the planned change dimension (3 items), the uncertainty of change dimension (4 items) (Rafferty & Griffin, 2006). This scale was used in Karakuş and Yardım's (2014) study. The Trust Scale which consists of 12 items and two dimensions is the short form of the organizational trust inventory developed by Cummings and Bromiley to measure organizational trust levels of employees (Cummings & Bromiley, 1996). Two dimensions of the scale are as follows: The cognitive trust dimension (7 items) and the affective trust dimension (5 items). The scale was translated into Turkish, tested for validity and reliability by Tüzün (2006). Both scales are designed as 5-point Likert scales and items are scored as follows: 1: Strongly Disagree, 2: Disagree, 3: Undecided, 4: Agree, 5: Strongly Agree. Most of the employees were between the ages of 30-39, males, had associate or bachelor degrees, total work experiences of 0-5 years in their careers and 0-5 years in the company.

5. Analysis Method

This is a cross-sectional study. The collected data were analyzed and the hypotheses were tested by "Structural Equation Modeling" which is a multi-variable statistical technique. This method has been widely used in social sciences.

Tabacnick and Fidell (2001) state that measuring direct and indirect relationships between variables within a single model is the advantage of this model (Meydan & Şen, 2011).

First of all, exploratory factor analysis was conducted to the data to find out factor purification. Then, confirmatory factor analysis and reliability analysis were conducted to determine the reliability and the scale validity of the questionnaires respectively. Finally, the hypotheses of the model were tested with the Structural Equation Modeling. SPSS and AMOS statistical softwares were used for analysis.

6. Hypotheses and Conceptual Model

The conceptual model of the study is shown in Figure 1. Table 2 shows the hypotheses of the study.

Table 2. Hypotheses

H ₁	The Frequency of Change affects Organizational Trust negatively.
H ₂	The Planned Change affects Organizational Trust positively.
H ₃	The Uncertainty of Change affects Organizational Trust negatively.

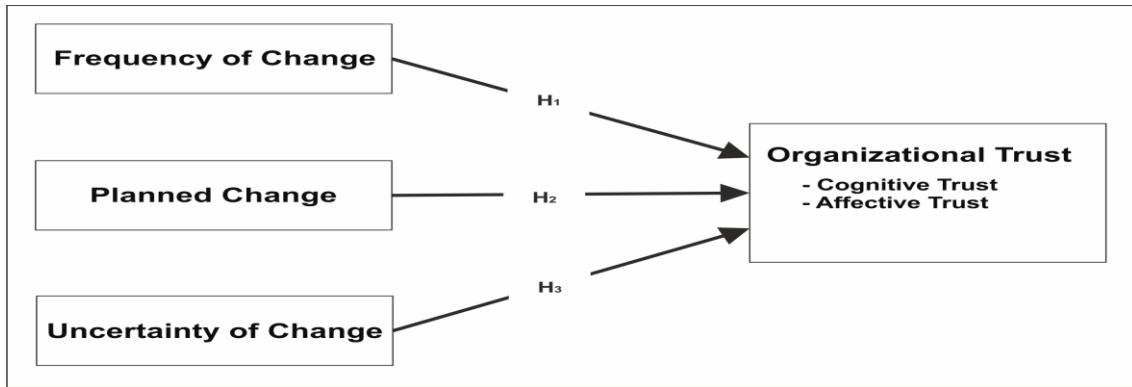


Figure 1. Conceptual Model

7. Validity and Reliability of the Scale

This section presents the results of validity and reliability tests. Scale validity was addressed separately as convergent validity and discriminant validity. Confirmatory Factor Analysis (CFA) was conducted to determine convergent validity. AVE (Average Variance Extracted) values were calculated for determining discriminant validity. The goodness of fit scales is used to determine the fitness of the CFA model. CMIN/DF, CFI, AGFI, GFI, and RMSEA are widely accepted scales in the literature (Çemberci, 2012). This goodness of fit scales are explained as follows:

CMIN is the likelihood ratio chi-square test. This test shows the fitness between suggested model and the actual model (Meydan & Şen, 2011). CFI is a fitness index which compares the independent model to be tested where dimensions of the model are not related with the saturated model. It can take values between 0 and 1. CFI values which are above 0.90 and close to 1 indicate good fitness (Schermelel-Engel, Moosbrugger, & Müller, 2003).

GFI is a goodness of fit scale which shows the degree of variance and covariance explained by the model. The GFI value increases as the sample size increases. The GFI value varies between 0 and 1. A GFI value which is 0.90 or above indicates an acceptable model. It shows that the covariance between observed variables is calculated (MacCallum & Schee, 1997; Bryne, 2001; Mels, 2004; Blunch, 2008). AGFI goodness of fit scale is calculated using the degree of freedom and influenced by sample size. Higher sample sizes result higher AGFI values. The AGFI value varies between 0 and 1. An AGFI value which is close to 1 indicates good fitness (MacCallum & Sehee, 1997; Hayashi et al., 2008). RMSEA is a goodness of fit scale which compares the average difference of each degree of freedom which may possibly emerge in the population. This scale is influenced negatively by sample size as well. A RMSEA value which is 0.05 and below indicates good fitness whereas a RMSEA value between 0.05 and 0.08 indi-

cates acceptable fitness (Kline, 2005; Hayashi et al., 2008; Hooper et al., 2008; Blunch, 2008; Kenny, 2010) (Bayram, 2013).

Table 3. Goodness of Fit Statistics of Confirmatory Factor Analysis

Goodness of Fit Indices	Model Statistics
CMIN/DF	3.269
CFI	0.891
AGFI	0.843
GFI	0.879
RMSEA	0.075

Table 3 shows the goodness of fit statistics of the confirmatory factor analysis. These values indicate adequate fitness.

Table 4. Confirmatory Factor Analysis Results

Items	Factors	Standardized Regression Weights	Unstandardized Regression Weights	Standard Errors	t-value (Critical Ratio)
OGB15.2	Cognitive Trust	0.660	1		
OGB14.1		0.669	1.118	0.094	11.890
OGB20.7		0.757	1.190	0.090	13.207
OGB18.5		0.834	1.390	0.098	14.259
OGB19.6		0.783	1.194	0.088	13.578
OGB16.3		0.652	1.045	0.090	11.631
OGB17.4		0.729	1.159	0.091	12.801
OGD22.1	Affective Trust	0.560	1		
OGD24.3		0.689	1.204	0.124	9.713
OGD23.2		0.740	1.369	0.136	10.083
OGD25.4		0.775	1.473	0.143	10.285
DB10.1	Uncertainty of Change	0.537	1		
DB13.4		0.670	1.129	0.119	9.522
DB11.2		0.764	1.340	0.131	10.200
DB12.3		0.877	1.485	0.141	10.551
DS2.2	Frequency of Change	0.639	1		
DS3.3		0.765	1.147	0.099	11.570
DS1.1		0.840	1.315	0.115	11.470
PD6.3	Planned Change	0.728	1		
PD5.2		0.838	1.292	0.092	14.060
PD4.1		0.734	1.094	0.083	13.141

Note: For all values $P < 0.01$

The values in Table 3 show that goodness of fit statistics of the confirmatory factor model are valid. Table 4 shows standard factor loads of the confirmatory factor model which are above 0.50. These results indicate convergent validity. The value which shows discriminant validity for each dimension is the AVE (Average Variance Extracted) value. As shown in Table 5, the extracted AVE value is greater than the values in the same column. This result points out the discriminant validity. After testing dimensions for scale validity via the confirmatory factor analysis, a reliability analysis was performed for items of each dimension. The Cronbach's Alpha coefficient was found to be above 0.7 for each dimension. A Cronbach's Alpha value which is above 0.7 indicates that internal reliability of the scale is acceptable. As a result of the reliability analysis, removing any item was unnecessary. Table 5 shows the Cronbach's Alpha coefficients and AVE values calculated for each dimension and correlation values between research variables.

Table 5. Descriptive Statistics, Correlation Coefficients and Reliability Results

	Avg.	Std. Dev.	1	2	3	4	5
1. Cognitive Trust	3.43	0.82	(0.729)				
2. Affective Trust	3.32	0.83	0.440**	(0.695)			
3. Uncertainty of Change	2.79	0.88	-0.123*	-0.323**	(0.723)		
4. Frequency of Change	2.87	1.02	-0.097	-0.207**	-0.302**	(0.752)	
5. Planned Change	3.24	0.89	0.545**	0.250**	-0.095	-0.026	(0.768)
Cronbach's Alpha Reliability Coefficient			0.888	0.785	0.797	0.787	0.807
Average Variance Extracted (AVE)			0.532	0.484	0.523	0.566	0.590

* P<0.05, ** P<0.01

Note: Values in parentheses indicate the square root of the AVE value.

8. Analysis Result

This section involves testing of hypotheses in the conceptual model of the research. The path analysis results of the structural model are shown in Figure 2 whereas Hypothesis Testing Results are shown in Table 6. Fitness statistics of the structural model can be seen in Table 7.

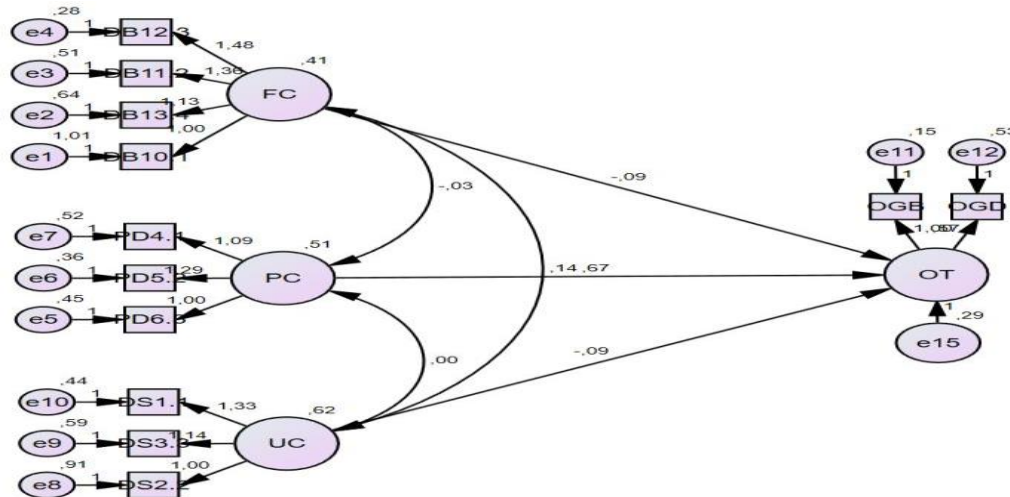


Figure 2. Path Analysis Results

H₁ hypothesis assumed that the frequency of change affected the organizational trust negatively. The hypothesis was rejected at 0.05 level of significance with the standard β coefficient of -0.097. H₂ hypothesis assumed that the planned change affected the organizational trust positively. The hypothesis was accepted at 0.05 level of significance with the standard β coefficient of 0.655.

Table 6. Hypothesis Testing Results

Relationship	Standard β	P	Accepted/Rejected
H ₁ : Frequency of Change → Organizational Trust	-0.097	0.079	Not supported
H ₂ : Planned Change → Organizational Trust	0.655	0.000	Supported
H ₃ : Uncertainty of Change → Organizational Trust	-0.081	0.138	Not supported

H₃ hypothesis assumed that the uncertainty of change affected the organizational trust negatively. The hypothesis was rejected at 0.05 level of significance with the standard β coefficient of -0.081 found as a result of the path analysis. Table 7 shows goodness of fit statistics of the structural model.

Table 7. Fitness Statistics of Structural Model

Goodness of Fit Indices	Model Statistics
CMIN/DF	3.678
CFI	0.924
AGFI	0.891
GFI	0.933
RMSEA	0.082

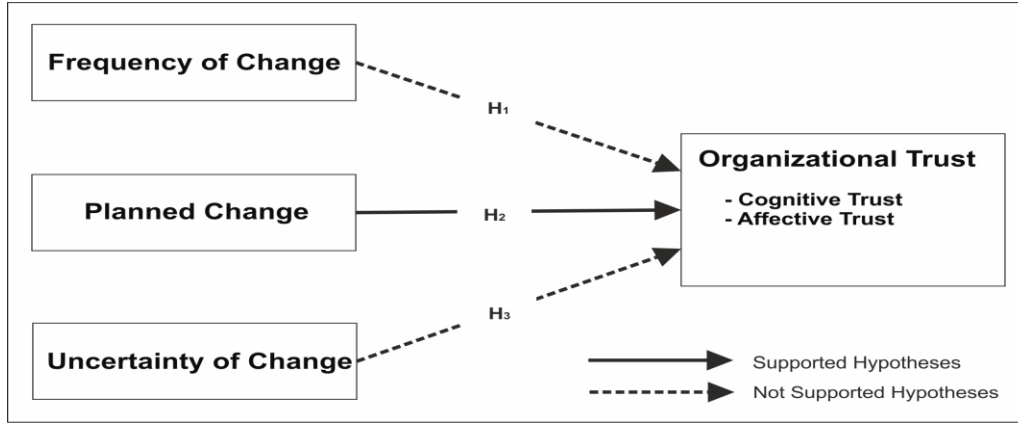
**Figure 3.** The Final Model

Figure 3 shows that final form of the conceptual model of the research after validity analysis and hypothesis test. Accordingly, the second hypothesis was supported, whereas the first and the third hypotheses were not supported.

8. Conclusion and Discussion

The purpose of this study is to examine the effect of organizational change on organizational trust. Nowadays, communication has improved, environmental and technological developments have accelerated, and organizations engage in change efforts due to ease of access to information. The frequency of change, planned change and uncertainty of change were considered as dimensions of change in this study. Each dimension of change may have different effects on organizational trust levels of employees. If the trust of employees is not lost during the change process, change will succeed. Organizational change and its dimensions are important to maintain an optimum level of organizational trust. The effects of frequency of change, planned change and uncertainty of change on organizational trust were examined in this study. As a conclusion, H₁ was rejected. The effect of frequency of change on organizational trust has been found insignificant. H₂ was accepted in the study. Planned change had significant and positive effect on organizational trust. According to this finding, including employees to planning process of the change can increase their organizational trust level. On the other hand, H₃ was rejected. The effect of uncertainty of change on organizational trust has been found insignificant. If the research model is implemented to larger samples in future studies, H₁ and H₃ may be accepted. This study is a unique study conducted to find out the effects of organizational change on organizational trust in the mining sector. Thus, it is expected to encourage scholars to conduct further studies in this field in the mining sector and other sectors.

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A STRATEGIC DIFFERENTIATOR IN GLOBAL COMPETITION: TALENT MANAGEMENT

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Abstract:

When the gift called talent meets success, it becomes so intense that no force in the world can stop it. If one works with a team with the right talents, the decision-making and implementation processes will be much faster. Companies focus on capital, information technologies, equipment and top quality processes and act accordingly, but the most important factor of all is "human". What makes good companies truly big is their ability to attract and keep the right talents. It is difficult to find young talents, and it is even more difficult to retain them. To maintain a competitive advantage in today's world, retaining the best talents in the organization with commitment is just as important as finding them. Today, the best and the brightest must be included in the team to maintain a competitive advantage. Companies that lose their key employees may miss very important business opportunities. The realization that the most important source that feeds the sustainable competitive advantage is talent has led the management to focus all its attention on talents. The increase in the importance attached to talent has helped employees have improved self-confidence and allowed them to turn their creativity into a competitive advantage. From this perspective, talents have allowed for the introduction of new approaches for employees in the management process. This study attempts to explain concepts of functionality, vitality, developing commitment, creating engagement, accountability, which are the key success factors of talent management processes, as well as obstacles to and disadvantages of talent management.

Keywords: *Talent Management, Competitive Advantage, Human Resources Management*

1. Introduction

A literature review shows that the word talent has been used to mean different things for centuries and transformed in time. The word talent refers to individuals who have special skills. In a business context, these skills are important for the organization. The lack of such skills may cause an actual crisis for the organization. Also, these skills are difficult to copy for other organizations and improving skills takes time (Born and Heers – DEA, 2009: 2).

In an individual context, talent is defined as "the set of superior capabilities, the inherent power which determines the thinking, feeling and acting quality of the individual, is reflected in productive practices when turned into behavior, potentially raises the individual to a level of mastery, and manifests itself as high performance and success" (Akar, 2012: 32). In business life, on the other hand, talent is defined by McKinsey & Company management-consulting firm as "the sum of a person's abilities... his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive. It also includes his or her ability to learn and grow" (Beechler and Woodward, 2009: 274). In an individual context, talent is defined as "the set of superior capabilities, the inherent power which determines the thinking, feeling and acting quality of the individual, is reflected in productive practices when turned into behavior, potentially raises the individual to a level of mastery, and manifests itself as high performance and success" (Akar, 2012: 32). In business life, on the other hand, talent is defined by McKinsey & Company management-consulting firm as "the sum of a person's abilities... his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive. It also includes his or her ability to learn and grow" (Beechler and Woodward, 2009: 274). Most large international businesses consistently define talent as employees who exhibit high potential for both today and tomorrow. Talents are those who show a high performance and keep improving in their current position, they are mobile and have potential and desire to improve more in other significant positions as well (Makela, Björkman and Ehrnrooth, 2010 : 137).

Today, market conditions change constantly, the phenomenon of globalization spreads in waves and extraordinary developments in information technologies and multinational growth and competition strategies in business make it necessary to develop new approaches in fields of management and organization (Çavuş, 2008: 21).

New concepts have emerged with the development of contemporary management techniques. New practices are seen in the field of science and business. Although it is not possible to draw exact boundaries, contemporary management approaches and techniques such as Total Quality Management, Change Management, Crisis Management, Downsizing, Learning Organization, Restructuring, Conflict Management, Stress Management, Outsourcing, Empowerment, Cross Cultural Management (Çavuş, 2008: 22) and the Talent Management Approach have been gaining traction since 1990s (Şahin, 2015: 8).

In spite of the information available on the importance of talent development and large sums of money allocated for systems and processes to support talent management, a surprising number of companies still have difficulty in filling key positions, which limits their growth potential considerably. Shortcomings experienced in finding high-potential employees to fill strategic management positions in the company lead to significant problems.

Although companies possess talent processes, these practices may have lost the relevance with what the company needs to grow and spread in new markets. Practices and supplementary technical systems of a company may be strong and up-to-date, but if senior managers do not show a strong commitment to the purpose, talent management will not be successful. Passion must start from the top and be a part of the company culture. Otherwise, talent management processes may deteriorate easily and turn into bureaucratic routines. Today, defective processes and indifference of managers have tangible costs. Companies may lose new deals worth millions of dollars to their new competitors due to their inability to find talents to implement their growth strategies (Ready and Conger, 2008 : 72 – 73). Companies which see the future with confidence marry functionality, rigorous talent processes that support strategic and cultural objectives, and vitality, an emotional commitment by management that is reflected in daily actions. This enables them to develop and keep key employees and fill positions quickly to meet evolving business needs. This requires companies to work hard to incorporate talent processes into their DNA (Ready and Conger, 2008 : 74 – 75).

2. Functionality

Processes must strongly support objectives such as driving performance and creating an effective climate. Performance and climate are inseparably connected. If the company fails to create the appropriate climate internally and live up to its promises, it will not be able to achieve strategic objectives and reach the desired growth.

Functionality refers to the processes themselves; i.e. the tools and systems which enable a company to put the right people with the right skills in the right place at the right time. At this point, it is very important to link processes to the company's objectives.

The talent management process should start with creating talent pools to monitor and manage careers of high-potential employees within the company and employees in these pools should have the potential to be promoted to senior management roles within three to five years and then to top management roles in the long run. Individuals in these pools should be selected from those who work in positions which require high potential, going beyond usual job definitions, forcing oneself and acquiring new skills (Ready and Conger, 2008 : 75 – 80).

As high-potential employees climb the ladders, they should move through a portfolio of high-level jobs which are categorized based on strategic challenges, the size of the business and complexity of the market. Each role should serve as a springboard for leaders who show the potential to become top managers. However, the lion's share of development takes place on the job, with the support of immediate manager and help from mentors and teammates. For example, a typical marketing manager will have worked with many brands over a certain period. A finance manager will have gone through various assignments, ranging from financial analysis to treasury to auditing to accounting. Most managers should also be placed on important multifunctional task forces or project teams. New postings and task force participation challenge employees and signal to managers that the company will always offer new opportunities.

Also, upper-management employees should be tracked using a technology-based talent management system. The system should capture information about succession planning at the country, business category, and regional levels; include career histories and capabilities, as well as education and community affiliations; identify top talent and their development needs, and track diversity.

An ethical talent management practice requires close attention to the effectiveness of recruiting processes. Also, the system requires an evaluation of the success rate of key promotions.

3. Vitality

While functionality is about focusing the company's talent management processes on producing certain outcomes; vitality is about the attitudes and mindsets of the people responsible for those processes.

Unlike processes, which can be copied by competitors with some effort, passion is very difficult to duplicate. It is possible to say that the vitality of a company's talent management processes is a product of three characteristics: commitment, engagement, and accountability (Ready and Conger, 2008 : 86 – 90).

4. Developing Commitment

Principles such as hiring at entry level and building from within have undeniable effects on developing commitment. It is a useful practice to establish a college intern program that offers the chance to assume real responsibility by working on important projects with the full resources of the company to gain commitment early.

Extensive intern programs can be a drain on an organization because of the time that managers must spend sponsoring, coaching, and advising the interns. However, converting interns to full-time employees at a high percentage compensates for the investment with high-quality hires who can hit the ground running.

5. Creating Engagement

Engagement reflects the degree to which company leaders show their commitment to the details of talent management. Within the context of talent management, the company should engage employees in their career development the day they start with the company. They should work with their hiring managers to plot moves that will build their career. The purpose is to view job assignments through a career development lens.

University recruiting is an important activity, and senior managers should personally monitor the whole process.

These executives should bolster ties with educational institutions to hire only graduates with outstanding track records in both academic and nonacademic performance. To this end, the company may fund research, make technology gifts, participate in the classroom, and judge case study competitions.

Sending new hires to events organized by the company will give them a chance not just to meet one another and members of the leadership team, but also to share their ideas about the company.

6. Ensuring Accountability

All stakeholders should be held accountable for doing their part to make talent management systems and processes robust. Because talent management is both a leadership responsibility and a business process. All executives should be held accountable for identifying and developing the company's current and future leaders. They should be evaluated and compensated for their contributions to building organizational competence, not just on their performance. Executives should also be held accountable for maintaining honesty in the talent management process.

Leaders have long said that people are their companies' most important assets, but making the most of them has acquired a new urgency. Any company aiming to grow has little hope of achieving its goals without the ability to put the right people on the ground, and fast.

Companies focus on capital, information technologies, equipment and top quality processes and act accordingly, but the most important factor of all is human. Decisions related to individuals in the company are the most -perhaps the only- important control mechanism of the organization. The performance capacity of an organization is determined by individuals in the organization. The organization cannot achieve more than the capacity of individuals in the organization allows. The efficiency of the human resource is the factor that determines the performance of the organization. The efficiency of the human resource depends on basic decisions related to employees such as who the company hires, who the company dismisses, who the company assigns to which task (Drucker , 2004: 117).

The executive should not depend on his or her insight and knowledge about individuals but apply the process which consists of dull and careful steps (Drucker, 2004: 117).

When it comes to decisions related to people, there is no such thing as flawless decision-making. The executive should accept the failure of any recruitment, assignment or promotion decision. Blaming the employee with low performance means avoiding responsibility. The management is responsible for removing the employee with low performance. If the incompetent or weak employee is allowed to continue his or her job, this will lead to low morale in the entire organization and other employees are punished, so to say. However, an individual is not a bad employee who needs to be dismissed from the company just because he or she failed to show the desired performance. It merely means he or she is the wrong person for the job (Drucker, 2004: 121).

7. Authority and Responsibility in Talent Management

A company's talent management process consists of certain stages, and it is only as strong as the weakest link of these executive process (Ready and Conger, 2008: 78).

For this reason, responsibilities of the top management and also the middle- and low-level management and the talent management are important. Leaders should develop a mentality to build the momentum to grow talent and enhance performance within the organization and adopt a clear attitude which will allow everyone in the organization understand talent is required for the performance of the job (Cheesese et al., 2008 : 222).

Human resources departments are also responsible for talent management. Talent management should be one of the top priorities within specific strategies set out by the human resources management so that the organization may achieve the objective of "winning the war for talent" (Armstrong, 2006: 126). Talent management should be the vision and mission of human resources managers (Ath, 2010: 12) and one of the main responsibilities of the human resources team should be effective communication and coordination with top- and middle-level management and talent managers about talent management practices (Akar, 2012 : 63). Today, companies seek ways to benefit from not only employees' labor or knowledge, but also their mental power, available skills, and potential skills as much as possible. Throughout the world, top executives attach more importance to efforts to this end. For this reason, a change and transformation process is now taking place about companies' perspective and practices related to employees. It seems that talent management stands out as one of the most significant and critical fields of practice for human resources management so that the change and transformation process may achieve its goals promptly (Alayoğlu, 2010: 77).

8. Talent and Company Environment

As we have pointed out above, performance and climate are intertwined, and if the company fails to create the appropriate climate internally and live up to its promises, it will not be able to achieve strategic objectives and reach the desired growth.

Executives aiming to ensure employee satisfaction and high performance should not ignore the socialization and cooperation level of the company.

Executives may take the following measures to improve socialization (Goffee and Jones, 1999: 38 – 40):

- Recruiting compatible people -people who naturally seem likely to become friends- will promote the sharing of ideas, interests, and emotions. Before hiring a candidate, for instance, a manager might arrange for him or her to have lunch with several current employees to get a sense of the chemistry among them. Trying to find employees who share interests and attitudes can even be stated as an explicit goal.
- Arranging casual gatherings inside and outside the office, such as parties, excursions or even book clubs will increase social interaction among employees. These events might be awkward at first, as employees question their purpose or simply feel odd associating outside a business setting. One way around this problem is to schedule such gatherings during work hours so that attendance is essentially mandatory. It is also critical to make these interactions enjoyable so that they create their own positive, self-reinforcing dynamic. Sometimes this orchestrated socializing requires spending money. However, managers can consider the expenditure a good investment in long-term profitability.
- Reducing formality between employees will encourage socializing. Managers can encourage informal dress codes, arrange offices differently, or designate spaces where employees can mingle on equal terms, such as the lunchroom or gym.
- The will to win should be stimulated. Managers can hire and promote individuals with drive or ambition, set high standards for performance, and celebrate success in high-profile ways.
- Commitment to shared corporate goals should be encouraged. To do so, managers can move people between functions, businesses, and countries to reduce strong subcultures and create a sense of one company. Candidates that show promise carry the organization's larger strategic picture and purpose with them throughout their later positions, pollinating each division in the process.

9. Advantages of Talent Management

Talent management practices identify those with potential and provide the basis for career planning and development by ensuring that talented people have the sequence of experience supplemented by coaching and learning programs that will fit them to carry out more demanding roles in the future. These practices can also be used to indicate the possible danger of talented people is leaving and what action may need to be taken to retain them (Armstrong, 2006: 392). The advantages of talent management may be listed as follows:

- Talent management has statistically proven effects on profitability.
- Talent management has the highest effect on talent level.
- Talent management illuminates the learning process.
- Talent management is significant in terms of increasing work quality and competency acquisition (Bethke – Langenegger et al. 2010: 16).
- Talent management shows organizations how their human capital is used (Whelan, Collings & Donellan, 2010 : 491).
- Rewards given to those with exceptional performance within the framework of talent management have an important role in establishing behavior patterns and ensuring behavioral change (Russo, 2010 : 61).

Another advantage of talent management is the elimination of subjective treatment. One of the most important problems experienced within a company is favoritism in promotions and placements. Favoritism or suspicion of favoritism within a company or any organization leads to considerably negative results. It is possible to avoid such negative situations by evaluating performance according to objective and transparent criteria and methods. Talent management contributes to the elimination of the favoritism problem when implemented successfully in both public and private sectors or both SMEs and large corporations (Şahin, 2012 : 69).

10. Disadvantages of Talent Management

As well as its advantages, talent management may cause disadvantages as well. The most significant disadvantages for companies emerge when the company fails to build loyalty and commitment.

Institutionalization is important for the success of talent management. Failure to assimilate talents discovered and developed into the company may cause talented employees to transfer to other companies, and thus the company loses talent, which is one of the components of competitive advantage. In this context, management must build commitment between the company and employees by accurately identifying material and moral values, needs and expectations of the human resource (Altuntuş, 2009: 458).

Seeking talented employees through comprehensive recruiting and advertising efforts may create the impression that talented individuals outside the company are targeted primarily. The tendency to underestimate skills and traits of current employees may lead to low motivation and lose employees.

Employees tagged as B or C players realize that the company has low expectations from them, may participate in a lower number of training programs and be unwilling to receive coaching or guidance. Employees who are viewed as ordinary may be discouraged, which may lead to a drop in productivity and an increase in workforce turnover (Anne, 2007: 36).

Talent management may lead to ethical problems as well (Swales, 2013). The higher dimension of the human resources practice, talent management is a strong tool, but subjective actions of applicators may lead to problems related to work ethics, which may be addressed as a disadvantage (Şahin, 2012 : 70).

11. Obstacles to Talent Management

In a research conducted for McKinsey Quarterly with 98 business and human resources leaders from 46 organizations, obstacles to talent management were collected under seven titles (Guthridge et al., 2008 : 51).

- Senior managers do not spend enough high-quality time on talent management; 59%
- Organization does not encourage collaboration and sharing of resources; 48%
- Line managers are not sufficiently committed to development of people's capabilities and careers; 45%
- Line managers are not willing to differentiate their people as top-, average- and underperformers; 40%
- Senior leaders are not sufficiently involved in shaping talent management strategies; 39%
- Senior leaders do not align talent management strategy with business strategy; 37%
- Line managers do not address underperformance effectively, even when chronic; %37

12. Discussion and Conclusion

Increasing complexity of and structural changes in the economy and institutions enhances the importance of talent management further. The uniform management and employee retainment methods of old are not applicable anymore. Today, employers have to respond fluctuating business demands and changing competitive scenes quickly.

In spite of the slow and variable global recovery and permanently high of level unemployment, organizations still have difficulty to find the right talent when needed (Castellano, 2016: 59).

The worst global talent scarcities have not been experienced yet, according to the report issued by the World Economic Forum (WEF, 2011:35). The report mentions that studies conducted in the last two years provide evidence for talent crisis which is expected to emerge in coming years and affect all regions. The supply-demand analysis in the report also emphasizes that a widespread talent scarcity will be experienced for decades.

In today's global economy, talent is a significant differentiator for many organizations. Young talents are difficult to find, and yet even more difficult to retain. The difficulty arises from how to use these talents which come with a wide range of skills, preferences, and values. The best and the brightest must be included in the team to maintain a competitive advantage in today's world. Losing talented employees in key roles may mean missing very important business opportunities.

What is that makes a company with high employee commitment and engagement different from other companies? The difference arises from the ability to communicate values which make the company unique to employees.

The secret is to establish and maintain a system which will turn employees, promising talents in particular, into happy, productive and committed team members. The 21st century presents unique difficulties for both individuals and institutions. We seem to move at an incredible speed while social and economic texture changes in under our eyes. It is possible to question all those who used to serve as a foundation for us. The only way for individuals to be successful in the world is to improve their skills and talent, and become compatible.

The same goes for institutions. In order to achieve success in the new world, organizations need sophisticated strategic planning competencies which will help them find their way in turbulent markets and an encouraging culture about continuous learning and compatibility. Strategic Human Resources (HR) management competencies necessary to support the culture of an organization and create the workforce which can achieve strategic business goals are equally important (Castellano, 2016: 215).

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A RESEARCH INTO THE RELATIONSHIP BETWEEN TYPE A PERSONALITY AND EMOTIONAL INTELLIGENCE IN LEADERSHIP DEVELOPMENT

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Abstract:

The aim of this study, which is conducted on male and female participants and managers from different departments and sectors, is to investigate the relationship between Type A personality traits and emotional intelligence dimensions. In addition, for male and female managers, the emotional intelligence dimensions that are effective on type A personality traits are tried to be determined according to each department. In the results of the analysis conducted on 205 participant managers and the survey used as the data collection tool, different findings were obtained for different departments in male and female managers, and the hypotheses proposed for inter-variable effects and relationships were partially accepted.

Keywords: *Type A Personality, Intelligence, Emotional Intelligence.*

JEL Codes:

1. Introduction

In the study conducted with the participation of male and female managers in different sectors in Istanbul, it is aimed to investigate the relationship between type A personality traits and emotional intelligence dimensions according to the departments where male and female managers are working. These types of personality traits were assessed separately for male and female participants according to the importance given to work, the importance given to the timing, the importance given to speed, divergence from social activities, optimism in dimensions of emotional intelligence, emotional evaluation and use of emotions. Regression models were also developed to measure the impacts of emotional intelligence dimensions on type A personality traits for departments in separate analyses for male and female managers in a total of 205 participant managers, consisting of 105 manufacturing sectors and 100 service sectors. When the studies in the literature are evaluated, the lack of studies that are analyzed by distinguishing between male and female managers and departments shows the importance of the study.

2. Literature Review

The concept of Type A behavior emerged as a result of long-lasting research that began in the 1960s and was conducted in order to determine the risk factors for heart failure. Generally, Type A behavioral individuals are defined as those who are impatient, aggressive, hostile, competitive, job-oriented, committed to success, deadline focused and showing these characteristics to extreme levels (Jones and Bright, 2001). Type A behavior is a mixture of actions and emotions that are demonstrated by individuals who can not or do not want to evaluate their own competencies. Such individuals judge themselves according to the evaluations of those whom they see superior. They rarely try to increase the quantity of the achievements to advance in the eyes of others. Their self-assessments depend on the level of success they believe they have reached (Friedman, 1980).

Type A behavior style is also referred to as Type-A personality in the literature. This concept will be used as Type A Personality in this study. However, it should not be overlooked that this is used to express a certain set of behaviors rather than one of the classic personality traits in the literature.

Individuals with type A personality are in a constant state of struggle and within this struggle, they try to obtain the maximum profit in minimum time. They maintain this struggle despite and against the people around them. The general characteristics of this type of individuals are; the effort to achieve success in competition, an exaggerated time-lapse, aggression and hostility. It is suggested that Type A behaviors are associated with lack of self-esteem, together with not exactly knowing what causes it (Friedman, 1980).

It is not possible to categorize people precisely as Type A or Type B. It should not be anticipated a person to exhibit all features of Type A personality. Some Type A behaviors can also be observed in an individual who can be defined as Type B in the same way. The method used to distinguish between individuals who show type A and B personality is the number and severity of these behaviors. When classification is required, a rating can be made, starting from the extreme end of the A 1 type behavior, ending at B 5 which is the other end. B5s can be described as people who need time to think and act and who can listen calmly to other people, as opposed to type A personality traits (Lelord and Andre, 1996).

It has been argued that Type A personality traits have been shown since childhood. As a result of a survey conducted on a scale developed to measure Type A behaviors in children, it was determined that children classified as Type A exhibited behavior similar to Type A behaviors observed in adults (Stamps and Clark, 2001).

The reason for the differences in achievement of individuals in academic and business life can be explained by cognitive ability tests of about 25%. It is obvious that there are significant effects of features and behaviors besides the cognitive abilities measured by intelligence tests, even though they have significant practical value in education and work life. These features probably include personal motivation, perseverance, interest, knowledge accumulation, learning styles, parental attitudes, peer effects and educational practices (Burns et al., 2007).

Emotion can be described as "a feeling and certain thoughts specific to this feeling, psychological and biological states, and a set of movement tendencies" (Goleman, 1995). Emotions emerge as reactions to an internal or external event that is important to the individual (Salovey and Mayer, 1990). What is emotional intelligence is explained by two different concepts. Thus, according to the so-called "talent model", emotional intelligence is defined as a set of cognitive abilities in emotional functions; According to the "feature-ability composite model", emotional intelligence is a combination of personality traits in a wide range and other traits (Goldenberg et al., 2006). Monitoring the feelings and emotions of yourself and others; The ability to distinguish them and to direct their thoughts and movements using this knowledge has been conceptualized as emotional intelligence by the theorists of the talent model Salovey and Mayer (1990 p. 189). The basis of this concept is based on the social intelligence of the 1920s, one of the elements of Thorndike's intelligence model. Thorndike distinguished social intelligence from other intelligences and described it as "to understand men and women, boys and girls - to act wisely in human relationships" (Salovey and Mayer, 1990); General intelligence has different abilities; it is a different kind of intelligence that the individual sees and understands the feelings of himself and others (Rozel et al., 2006).

It was after Goleman's work "Emotional Intelligence (Why It Can Matter More Than IQ?)" that the concept of emotional intelligence was learned by large masses and became a popular subject (Rozell et al., 2006). Emotional intelligence is defined as "To be able to continue on the path despite the inconveniences; To postpone satisfaction by controlling your impulses; Regulating the mood; Not allowing obstacles to prevent thinking; Putting yourself in the place of others and hoping..."(Goleman, 1995). Goleman, like Bar-On, focuses on how emotional intelligence is a mixed intelligence but, unlike him, how cognitive and personal factors determine workplace success (Stys and Brown, 2004).

3. Research Methodology

The scope of the research is limited to male and female managers participating from different enterprises, including manufacturing and service sectors in Istanbul. The results should be interpreted on this sample group.

In the study where the questionnaire was used as a data collection tool, a questionnaire consisting of three parts was prepared. Volunteering was taken as a basis in the process of conducting the questionnaire. The process of implementation of the survey was conducted in person with men and female managers in different enterprises in the manufacturing and service sector. The questionnaire return rate was 82% during the one month period, and the analysis was performed on the precise data from 205 participants. There are demographic terms in the first part of the questionnaire, type A personality characteristics in the second and emotional intelligence scale terms in the last.

The type A personality traits scale developed by Batıgün and Şahin (2006) which has 25 expressions, as in Likert scale, 1 = Never-5 = Always was used to measure the rating in the questionnaire to determine participants' type A personality traits. Inversely coded form is based on the scale score and the high score is considered to be indicative of intensive type A personality traits. There are four dimensions in the scale: importance given to work, importance given to timing, importance given to speed and divergence from social activities. These dimensions and their expressions are;

- The importance given to work 12 expressions (expressions 2, 5, 6, 7, 8, 10, 16, 20, 21, 23, 24 and 25)
- Divergence from social activities 4 expressions (expressions 9, 11, 12, 13),
- The importance given to timing 6 expressions (1, 3, 14, 17, 18 and 19 expressions) and
- The importance given to speed 3 expressions (4, 15, 22).

In order to determine the levels of emotional intelligence dimensions, the emotional intelligence scale developed by Schutte and adapted to Turkish by Arkun and his colleagues is also composed of Likert-type scale, 41 expressions and three dimensions in total. These dimensions and expressions are;

- The optimism dimension which has a total of 21 expressions (21, 25, 37, 18, 38, 30, 27, 29, 19, 33, 31, 7, 36, 9, 2, 11, 16, 5, 15, 1, 32)
- The dimension of emotional evaluation which has 13 expressions (22,40,6,17,39,35,8,24,26,3,41,28,12)
- The use of feelings dimension which consists of 7 expressions (34,13,14,10,4,20,23).

3.1. Population and Sample

The research is made up of men and women working in different companies in Istanbul in the manufacturing and service sectors. Because it is not possible to reach every manager at the site, 105 manufacturing and 100 service sector managers have been reached through easy sampling. Easy sampling is used as it is more convenient to include all participants who are likely to have access by means of it.

3.2. Analysis of the Obtained Data

In the analysis of the data, SPSS 21 statistical program was used. In accordance with the purposes of the study, frequency analysis to determine the descriptive statistics of the participants, factor analysis to determine whether the used scales can be obtained in the working sample with original dimensions, correlation analysis to determine the relationship between type A personality traits and emotional intelligence dimensions for both male and female managers, regression analysis to measure the effect of emotional intelligence dimensions on each type A personality, determination of whether Pearson or Spearman correlation is preferred for correlation analysis, and normality test to determine normal distribution appropriateness as a prerequisite for applying regression. The Kolmogorov-Smirnov test was preferred for the normality test.

The Kolmogorov-Smirnov test result indicates that the normal distribution is appropriate for scales of p greater than 0.05. When the appropriateness of the normal distribution of the scale data used in the research is examined, it is concluded that the normal distribution of the resultant data is appropriate when the significance value of p is larger than 0.05. Pearson correlation was preferred in the correlation analysis because the data were fit to the normal distribution and since the assumption of regression was given, the male and female managers were individually regressed according to the departments they were working with.

3.3. Research Hypotheses

The hypotheses for studying the relationship between type A personality traits and emotional intelligence dimensions are as follows.

H1a: For the male participants, the importance given to work is influenced by emotional intelligence dimensions on type A personality traits.

H1b: For the female participants, the importance given to work is positively influenced by emotional intelligence dimensions on type A personality traits.

H2a: For the male participants, the importance given to timing is influenced by emotional intelligence dimensions on type A personality traits.

H2b: For the female participants, the importance given to timing is positively influenced by emotional intelligence dimensions on type A personality traits.

H3a: For the male participants, the importance given to speed is influenced by emotional intelligence dimensions on type A personality traits.

H3b: For the female participants, the importance given to speed is positively influenced by emotional intelligence dimensions on type A personality traits.

H4a: For the male participants, social divergence is influenced by emotional intelligence dimensions on type A personality traits.

H4b: For the female participants, social divergence is positively influenced by emotional intelligence dimensions on type A personality traits.

3.4. Demographic Findings

The descriptive statistics of participant managers are separately divided as men and women in the sampling and the findings are shown in the following table.

Table 1. The Demographic Findings of Male and Female Participants

	Age	Number	Percentage	Department	Number	Percentage	
Female	18-24	6	5,9	Female	Marketing(sales)	8	7,8
	25-34	53	52,0		Accounting(finance)	30	29,4
	35-44	36	35,3		Human Resources	17	16,7
	45-54	7	6,9		IT	10	9,8
	Total	102	100,0		Quality Control	15	14,7
Male	18-24	2	1,9	R&D	7	6,9	
	25-34	38	36,9	Technical	4	3,9	
	35-44	40	38,8	Procurement	11	10,8	
	45-54	19	18,4	Total	102	100,0	
	55+	4	3,9	Male	Marketing(sales)	20	19,4
	Total	103	100,0		Accounting(finance)	11	10,7
	Education	Number	Percentage	Human Resources	14	13,6	
Female	High-School	33	32,4	IT	11	10,7	
	Associate's	22	21,6	Quality Control	7	6,8	
	Bachelor's	42	41,2	R&D	9	8,7	
	Master's	5	4,9	Technical	17	16,5	
	Total	102	100,0	Procurement	14	13,6	
Male	High-School	26	25,2	Total	103	100,0	
	Associate's	21	20,4	Time in Position			
	Bachelor's	47	45,6	Female	1-5 years	58	56,9
	Master's	7	6,8	6-10 years	30	29,4	
	Doctorate's	2	1,9	11-15 years	14	13,7	
Total	103	100,0	Total	102	100,0		
				Male	1-5 years	39	37,9
				6-10 years	40	38,8	
				11-15 years	20	19,4	
				21+	4	3,9	
				Total	103	100,0	

When participant male and female managers were evaluated according to their demographic findings, 25-34 and 35-44 age groups participated in the sample in male and female participant managers, whereas participants in the 25-34 age group constituted more than half of the sample in female participants. When the participants were evaluated according to the educational status, it was determined that both the male and female managers had the majority of the undergraduate students, followed by the high school and associate degree graduates respectively. When evaluated according to the departments, it is seen that the accounting (finance) manager in the female managers, the marketing (sales) department in the male managers and the manager of the technical services department in the close position are in majority in the sample compared to the other departments. When the male and female managers were evaluated according to the duration of their job, it was observed that the majority of the managers who worked for 1-5 years in the female managers were more, and more than half of the sample, while in the male participants, with the most of the sample consisting of male participants working for 1-5 and 6-10 years, the participants between 1-5 and 6-10 years were distributed in close proportions.

3.5. Validity and Reliability Analysis

Cronbach Alpha values were examined for the reliability of the scales used in the research. For each dimension of the scales, this value of 0.70 and above indicates that the scales are also reliable in the relevant sample. The reliability test results of the scales are shown below.

Table 2. Cronbach Alpha Values of the Reliability Analysis

Scale	Numbers	Cronbach Alpha
Type A Personality	19	
Importance of Work	8	0,83
Social Divergence	4	0,87
Importance of Speed	4	0,75
Importance of Timing	3	0,77
Emotional Intelligence	37	
Optimism	19	0,89
Emotional Evaluation	12	0,79
Use of Emotions	6	0,73

The results of the table show that for each factor, Cronbach Alpha value of 0.70 and above provides reliability.

In order to determine the validity of the scale, the construct validity is given. Factor analysis of scale expressions in construct validity shows that the construct validity is achieved when the factor loadings and the load values between the two factor dimensions are less than 0,10. As a result of subtracting the values below 0,10 in the factor analysis, the validity of the scales obtained in their original state is also valid in the research sample.

3.6. Correlation Analysis

In the correlation analysis conducted to examine the relationship between scale dimensions, the value expressed as the relationship coefficient indicates the direction and strength of the relationship between the dimensions. If the statistical significance level is less than 0.05, it means the correlation coefficient is in;

- a very weak relation if it is below 0,20,
- a weak relation between 0.20 and 0.40,
- an intermediate relation between 0.40-0.60,
- a strong relation between 0.60 and 0.80

a very strong relation between dimensions if above 0.80 as the sample data is appropriate for normal distribution, Pearson correlation analysis is included, and the results for male and female managers are shown separately on the tables above.

Table 3. Female Participant Managers' Type A Personality and Emotional Intelligence Dimensions According to Departments

Department		Optimism	EmotionalEvaluation	Use of Emotions
Marketing(sales)	Importance of Timing			,881**
Accounting(finance)	Importance of Timing			-,491**
IT	Importance of Speed		-,759*	
Quality Control	Social Divergence		-,564*	
Quality Control	Importance of Timing			,517*
R&D	Social Divergence	-,893**		
R&D	Importance of Timing	,828*	-,771*	
Technical	Importance of Speed			-,993**

*. significant in 0.05 level, **. significant in 0,01 level

When the relationship between type A personality characteristics and emotional intelligence dimensions of female participant managers working in different departments is examined, the interrelationships between the dimensions in which statistically meaningful relationships are obtained are shown in the table. Relevant coefficients for the same variables, which have no meaningful results, are not shown on the table. For female participant managers in the human resources and procurement departments, the p-value was greater than 0.05. This showed that there was no relationship, thus it is not included in the table.

When the correlation coefficients between the dimensions obtained from the relationship are examined, it is seen that;

- In the marketing department female participants, there is a very strong and positive relationship between the importance of timing and the use of emotions.
- For the accounting department, the results show that there is a moderate and negative relationship between the importance of timing and the use of emotions.
- It is clear that there is a strong and negative relationship between the importance given to speed in the IT department managers and the emotional evaluation.
- The quality control department has a moderate and positive relationship between social divergence and the emotional evaluation in women managers, and a moderate and positive relationship between the importance of timing and the use of emotions.
- R&D department has a very high and negative relationship between the social divergence and optimism in female managers, as the personality trait from social activities increases, the optimism decreases, the relationship between the importance given to the timing and optimism is still very high and positive, while between emotion evaluation there is a strong and negative relationship.
- In the technical services female managers, the relationship between the importance of speed and emotional evaluation is very strong and negative.

Table 4. Male Participant Managers' Type A Personality and Emotional Intelligence Dimensions According to Departments

Department		Optimism	Emotional Evaluation	Use of Emotions
Marketing(sales)	Importance of Speed	,684**		,587**
Accounting(finance)	Importance of Work	-,648*		
Human Resources	Importance of Work	,618*		
Human Resources	Social Divergence		,787**	
Human Resources	Importance of Speed	,662**		
Human Resources	Importance of Speed	,643*	-,734*	
Quality Control	Social Divergence			,857*
Technical	Social Divergence	,501*		
Technical	Importance of Speed	,574*		
Procurement	Social Divergence			,596*
Procurement	Importance of Timing	,737**		
Procurement	Importance of Speed	,623*		

*. significant in 0.05 level, **. significant in 0,01 level

When the results of the correlation analysis for males participating managers were analyzed, it was not shown on the tables because there was no statistically significant relation between the type A personality traits and emotional intelligence dimensions for R&G department participants. When the meaningful results are evaluated;

- In the marketing department male participants, there is a strong and positive relationship between the importance of speed and optimism and a positive relationship between the importance of speed and the use of feelings at an average level.
- In the accounting department male participants, there is a very strong and negative relationship between the importance of work and the use of emotions.
- For the human resources department, the results show that there is a strong and positive relationship between the importance of work, the importance of speed and optimism.
- The data processing department showed that there is a strong and positive relationship between optimism and the importance of speed but a stronger and negative relationship between emotional evaluation and the importance of speed.
- There is a very strong and positive relationship between social divergence and the use of emotions in the quality control department participants,
- In the department of technical services, participants have a moderate and positive relationship between social divergence, the importance of speed and optimism. The level of relationship between the importance of speed and optimism higher.
- In the procurement department, there is a moderate and positive relationship between the social divergence and the use of emotions. There is a strong and positive relationship between the importance of timing and speed and optimism, and the relationship between the importance of timing and optimism is stronger.

3.7. Regression Analysis

The results of regression analysis applied to measure the effects of emotional intelligence dimensions on personality traits of type A personality were evaluated separately according to the departments of participating male and female managers and the results are shown in the tables below.

To apply regression analysis, normality assumption has to be accepted. Regarding the normal distribution of the research scales, regression analysis was applied to the sample as previously mentioned. Type A personality traits were taken as independent variables for each participant manager in each department, and the emotional intelligence dimensions investigated on these properties were taken as independent variables. In the regression models formed, the Anova test was not performed because the regression analysis was not considered model compatible in the department managers with a p value greater than 0.05, and was not included in the tables. In the regression analyses made according to the departments, the results of the research obtained from the Anova test $p < 0.05$ were shown on the tables.

Table 5. Impact of Dimensions of Emotional Intelligence on Characteristics of Type A Personality of Female Participant Managers by Departments

Department	R ²	Anova F	p	Social Divergence	β	t	p.
Quality Control	,475	5,222	,017	(Constant)	7,005	2,202	,050
R&D	,912	21,605	,016	Optimism	-,393	-1,495	,163
				Emotional Evaluation	-,815	-3,335	,007
				Use of Emotions	,378	1,796	,100
				(Constant)	8,109	5,591	,011
				Optimism	-,220	-5,381	,013
				Emotional Evaluation	-,832	-2,982	,059
				Use of Emotions	,257	1,548	,219
Department	R ²	Anova F	p	Importance of Timing	β	t	p.
Accounting(finance)	,209	3,552	,028	(Constant)	4,067	4,809	,000
				Optimism	,108	,578	,568
				Emotional Evaluation	,184	1,305	,203
				Use of Emotions	-,467	-3,155	,004

When the effects of emotional intelligence dimensions on the personality traits of type A were examined for the participating female managers, it was determined that emotional intelligence dimensions affected the social divergence and the importance given to the timing. When the effects of emotional intelligence dimensions on social activities are taken into consideration, it is seen that the emotional evaluation, which is smaller than the p-value of 0.05 in the quality control department managers, have an 81.5% negative effective on social divergence and in R&D department managers, optimism, the p-value of which is below 0.5 was found to have a negative effect of 22% on social divergence. The increase in emotional evaluation in the quality control department managers was determined to cause a decrease in social divergence. The increase in optimism in R&D department managers has been determined to cause a decrease in social divergence. When the influence of emotional intelligence dimensions on the personality traits of type A was examined for participating female managers of the accounting department, it was determined that emotional intelligence dimensions affected the dimension of importance given to the timing for accounting department managers. Given the influence of the emotional intelligence dimensions on the importance of timing to the accounting department, it was determined that the use of emotions smaller than the p-value 0.05 had a 46.7% negative effect over the importance of timing. It has been determined that the increased use of emotions in accounting department managers will cause a decrease in the importance given to timing.

Table 6. Impact of Dimensions of Emotional Intelligence on Characteristics of Type A Personality of Male Participant Managers by Departments

Department	R ²	Anova F	p	Importance of Work	β	t	p.
Accounting(finance)	,628	6,628	,019	(Constant)	,565	2,630	,034
				Optimism	-,533	-2,299	,055
				Emotional Evaluation	,326	1,411	,201
				Use of Emotions	-,515	-2,621	,034
Department	R ²	Anova F	p	Social Divergence	β	t	p.
Public Relations	,521	5,706	,015	(Constant)	,962	,912	,383
				Optimism	,073	,393	,703
				Emotional Evaluation	,680	3,264	,009
				Use of Emotions	-,103	-,473	,647
Department	R ²	Anova F	p	Importance of Timig	β	t	p.
Procurement	,467	4,804	,025	(Constant)	2,062	1,902	,086
				Optimism	,794	3,384	,007
				Emotional Evaluation	-,068	-,259	,801
				Use of Emotions	-,244	-,744	,474
Department	R ²	Anova F	p	Importance of Speed	β	t	p.
Marketing(sales)	,537	8,341	,001	(Constant)	,205	,216	,832
				Optimism	,665	3,034	,008
Technical	,597	8,896	,002	Emotional Evaluation	-,013	-,085	,934
				Use of Emotions	,381	2,370	,031
				(Constant)	-2,398	-1,871	,084
				Optimism	,715	4,352	,001
				Emotional Evaluation	,219	,726	,481
				Use of Emotions	,640	2,875	,013

When the effects of emotional intelligence dimensions on the type A personality characteristics were examined for the participating male managers, it was seen that type A personality characteristics were affected by the dimensions of emotional intelligence for all the different departments. When the effects of emotional intelligence dimensions on the importance given to work are examined, it is observed that the use of emotions smaller than the p value of 0.05 in the accounting department managers had a 51.5% negative effect over the importance given to work, in the human resources department managers, the use of emotions smaller than the p value of 0.05 was found to have a positive effect on social divergence by 68%, for the procurement department managers, optimism, which is less than the p value of 0.05, was found to have a negative effect of 79.4% over the importance given to timing, in the marketing department managers, the optimism which is less than the p-value of 0.05 was positively effective by 66.5% over the importance given to the speed, the use of the emotions was also positively effective by 38.1% It is determined that in the technical services department as well as the marketing department, optimism, which is less than the p-value of 0.05, is positively effective by 71.5% over the importance given to the speed, and that the use of emotions also has a positive effect by 64%.

The increase in the use of emotions in accounting department managers has been determined to cause a decrease in the importance given to work. The increase in emotional evaluation in the human resources department managers has been determined to lead to an increase in social divergence. The optimism in procurement department managers is determined to increase the importance given to timing. In the marketing department managers, it has been determined that optimism and increase in the use of emotions will increase the importance given to speed. It has been determined that optimism and increase in the use of emotions in the technical services department managers will increase the importance given to the speed.

4. Results

The basic characteristics of type A personality are expressed as mobility, impulsiveness, ambition, competition, aggression, hostility and time pressure (Baltas and Baltas, 2004, pp. 147-148). Individuals with type A personality characteristics are in constant competition, especially in business life. It is argued that lack of self-confidence is behind the excessive competition. The individual's self-comparison with others puts him in the effort of preserving and bettering his place. The tendency of competitiveness in Type A individuals is manifested as work addiction. As they spend most of their time working, they can not have enough presence in the other areas of their lives. Emotional intelligence, on the whole, shows life satisfaction, a healthy psychological adaptation, positive relationships with family and colleagues, and parental intimacy. The low level of emotional intelligence, on the other hand, is associated with aggressive behavior, drug and alcohol use, and involvement in crime (Stys and Brown, 2004: ii, Brackett et al., 2004, p. 1398).

In this study, the relationship and effect between type A personality traits and emotional intelligence dimensions of male and female participant managers from different departments were examined and the results of the analysis are given below;

- All relationships between variables are meaningless for female participats in human resources and procurement departments.
- The importance given to the timing in marketing department, which has high personality traits, will have a high emotional intelligence in the use of emotions in female managers,
- The importance given to the timing in the accounting department female managers with high personality traits, the use of emotions will be low,
- The importance given to speed in the information processing department female managers is that the emotional evaluation will be low as soon as the personality trait is high
- As the quality control department female managers increase their personality trait of social divergence, the emotional evaluation will be low, the importance given to the timing will be high if the personality features are high,
- For R&D department female managers, as social personality increases, optimism decreases, as the level of importance given to the timing increases, the level of emotional intelligence increases, emotional evaluation decreases,
- As the importance of the speed increases, the results of the emotional evaluation are reduced for the manager of the technical services department.
- For the marketing department male participants, the participants with high importance given to the speed will have high level of optimism and the use of emotions will be high as well,
- The accounting department male managers with high importance given to the work will be less optimistic,
- In the human resources department male managers, with the importance given to work and to speed, the social divergence, the optimism and emotional evaluation will be high,
- As the importance given to speed in the department of information processing male managers increases, optimism will be high, emotional evaluation will be low,
- As social divergence is high in the quality control department participants, the use of emotions will be high,
- When the importance of speed and social divergence is high in the technical services department male managers, optimism will be high as well,
- For the purchasing department male managers, high levels of social divergence has resulted in a high level of emotional use, for the male participants with a high degree of importance given in timing and speed, has resulted in a high level of optimism.

#

When the impacts of emotional intelligence dimensions on the type A personality characteristics of female participants were examined, it was found that when the statistically significant regression models were evaluated, in the quality control department emotional evaluations had a negative impact by 81.5% over divergence from social activities, for the R&D department managers, optimism had a negative impact by 22% over divergence from social activities and accounting department managers were found to have a negative impact of 46.7% over the significance of timing, with the use of emotions that are smaller than the p-value of 0.05.

When the impacts of emotional intelligence dimensions on the personality traits of male participants were examined, it was found that when the statistically significant regression models were evaluated, the use of emotions in the accounting department managers had a negative impact by 51.5% on the work, and in the human resources department managers, emotional evaluation had a positive impact by 68% in social withdrawal, in the purchasing department optimism had a negative impact by 79.4% over the importance given to the timing and in the marketing department managers, optimism had a positive impact by 66.5% over the importance given to speed, the use of emotions had a positive impact by 38.1% again, over the importance given to speed, in technical department as well as in the marketing department, it was determined that optimism had a positive impact by 71.5% over the importance given to speed and also the use of emotions had a positive impact by 64%.

5. Recommendations & Future studies

It is thought that different results will occur when the work is done with more sampling. It is also believed that new and more comprehensive results can be obtained by carrying out the researches on both men and women and with participants from different departments and by including organizational culture and/or the type B personality traits on managers and participants from different departments.

A sample group can be created from different department managers. Different results can be obtained if the research is done in different cities (in rural places and where the flow of life is intense) that are in the pace of the business life.

Among the emotional intelligence scales, the Schutte scale was used to avoid time constraints and the disruption of participants' concentrations. However, Bar-On Emotional Intelligence Scale can be used if more comprehensive results are intended.

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