

## THE NEED FOR WAGE OPTIMIZATION IN THE FORMATION OF SUSTAINABLE HUMAN RESOURCES

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### ÖZET

İşletmelerde yapılması gerekli olan ücret optimizasyonu, gerek işgörenlerin işyerlerindeki eşitlik algılarını, motivasyonlarını ve performanslarını arttırmada gerekse de işgören devir hızını azaltmadaki rolüyle, insan kaynaklarını sürdürülebilir hale getirmede önemli bir rol oynamaktadır. Böylelikle işletmeler, sadece verimliliklerini değil, deneyimli kendi personeli yardımıyla da etkinliklerini arttırarak rekabet avantajı elde edebilmektedirler. Bu çalışmada ücret optimizasyonunun gerekliliği, sürdürülebilir insan kaynakları oluşumu açısından incelenmiştir.

**Anahtar Kelimeler:** Ücret Sistemi, İnsan Kaynakları Yönetimi, İşgören Devri, Sürdürülebilirlik, Kariyer Yönetimi

### ABSTRACT

Forming an optimal wage system is plays a key role both in increasing the perception of the employees' equity, motivations and performances and in decreasing the rate of their turnover. By means of this, the businesses get competitive advantage leaves a great impact on their productivity and also increase their efficiency through their staff. All these things considered, it can be uttered that in this study, the need for wage optimization is analyzed in terms of the formation of sustainable human resources.

**Key Words:** Wage System, Human Resources Management, Employees' Turnover, Sustainability, Career Management

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## INTRODUCTION

With the period of globalization that has initiated to leave a great impact on the world economy since 1980s, the new period for the businesses in terms of competition and rivalry has also started. All these impacts have also been felt in the changing business relationships as well as the personnel department of the businesses. Therefore, in the atmosphere of this competition, the businesses started to utilize their human capitals in an effective way and so the use of human resources management gained momentum in shaping the wages as well. From this perspective, it can be demonstrated that the human resources management and the wage policy of the firm and the businesses go hand in hand.

Wage is of great significance in regards to the fact that it determines the level of the satisfaction of the workers and the commitment of them towards the businesses, so that, it is primarily important as stated both for the businesses and the workers themselves. In more explicit terms, there is an expectation both for the workers and businesses as well. For the workers, it is meeting their needs by the employers, as for the business, it is keeping their qualified workers to increase the qualified production. If the system goes on in this way, then this means that it increases the motivation, loyalty of the workers and also it increases the productivity of the firm to a maximum level. Should the reality that wage is shaped by the departments of the human resources management in the businesses is taken into account, the human resources management departments are of great importance in this process.

In this study, the importance of the wage policy from the perspective of sustainable human resources management will be analyzed. Also, within this framework, the wage system, its types, its significance are also on the target to be analyzed. At the same time, sustainability as a term and its relevance with human resources management in the career management is going to be considered as well.

## 1. WAGE

The humans have some certain needs to be met and in order to meet those needs, they have to earn money, which means, they have to possess some income. In order to obtain that income they have to spend their efforts, so, in a way, wage can be defined as “the price of the work”, but payment is “the transfer of wealth from one person or company to another”.<sup>1 2</sup> Since, as seen, wage and the payment definitionally differ from one another, the article will mostly focus upon the wage and the wage systems in relation with sustainable human resources. This can be interpreted that the wage is the indispensable part of an individual and his family to support, hence from this point, it can be stated that wage is a sort of income for the worker but an outcome for the employers. In other words, wage has social, economic, sociological meaning in regards to the fact that it coordinates the relationship between employers and employees.

As a general term, wage can be defined in such a way that “it is an income as a return for one’s participation in an economic activity”, so to say, it is the price of the effort in economic terms, and in regards to social policy, it is the gainings for employees as a result of the physical and mental efforts. The wage can be both direct and indirect like some possessions and benefits.<sup>3 4</sup> So that wage justice

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<sup>1</sup> Sabahattin Zaim, *Çalışma Ekonomisi*, Filiz Kitabevi, 10. Baskı, İstanbul, 1997, s. 195.

<sup>2</sup> <http://en.wikipedia.org/wiki/Payment> Retrieved 05. 12. 2010.

<sup>3</sup> Adem Uğur, *İnsan Kaynakları Yönetimi*, 1. Baskı, Sakarya Kitabevi, 2003, ss. 139-140.

<sup>4</sup> Gülşen Aka, *Ücret Yönetimi Sorunları ve Çözüm Önerileri Üzerine Bir Örnek Olay İncelemesi*, Kocaeli Üniversitesi Sosyal Bilimler Enstitüsü Yüksek Lisans Tezi, 2008, s. 28.

can be established among workers and the competition can be kept among firms, the term wage is something like a key for both of them.<sup>5</sup>

Wage is primarily important as one of the competitive component in the relationship of employment in regards to employer, employee and government.<sup>6</sup> For the employer, it affects the competitiveness of his firm and his employees' performance, and also it leaves an impact on the recruitment and retaining a qualified labour force. For the employee, it is a kind of indicator that shows the level of life standard himself, and it carries a value for his performance as well as his effort. Also, for the employee, wage means as a way that can support their lives with all their families.<sup>7</sup> As for the government, it affects such as economic stability, inflation, employment, and the purchasing power of the citizens.<sup>8</sup> Wage as well as wage policy is significant in the settlement of the peace in the society, settlement of social welfare, settlement of equality of opportunities, and the continuation of the economic stability. All these elements depend upon each other and they are complementary too.<sup>9</sup> From this perspective, it can be referenced that if the wage policy of the state is well-being and reliable, then this means that well being individuals constitute the well being state and this case contributes to the increase of equality in the society as well.

### 1.1 Types of Wage

Wage is the money given to the employees in return for their efforts and it is crucial for three dimensions of labour such as

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<sup>5</sup> Hüseyin Akyıldız, *Ücret Yapısının Oluşumu*, Süleyman Demirel Üniversitesi, Yayın No: 11, I. Baskı, Isparta, 2001, s. 35.

<sup>6</sup> Sriyan De Silva, *Performance Related and Skill Based Pay: An Introduction*, Bureau For Employer Activities, International Labour Office, Report, Geneva, 1998, p. 5.

<sup>7</sup> Aka, *ibid*, s. 33.

<sup>8</sup> Silva, *ibid*, pp. 5-6.

<sup>9</sup> Aka, *ibid*, s. 36.

employer, employee and government as stated. To ascertain the wage policy is one of the responsibility of the firm and of the human resources management department on account of the fact that the thing that can rise the commitment of the employee to the firm and the business is actually the wage and the salary paid itself.<sup>10</sup> The ultimate objective of the wage management is to determine the wages and wage types to be paid to the employees based upon the types of the work.

Wage or in other words wage systems can be interpreted as a sort of criteria that is used for how much to be paid to a certain employee by taking into account the types and the times of the work. Indeed, the fact is that always the businesses want to give low wage to their workers whereas the worker wants to get high wages, so this situation brings about an inevitable clash between the employees and employers. Therefore, it can be uttered that it is actually difficult to determine the criteria for the equal wage and this is one of the most controversial problems that the businesses have to tackle with.<sup>11</sup>

All these things try to mention that the wage and wage types can be regarded as a social phenomena which affects all the members of the society as a whole. In this case, it can be mentioned that the wage is the ultimate regulator of the maintainance of social policy. On condition that the wage is considered with the parents of the employees, then the “effect zone of the it” becomes bigger and bigger.<sup>12</sup> So that a powerful wage policy can be developed, first of all, the

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<sup>10</sup> Erol Eren, Oya Erdil ve Cemal Zehir, “Türkiye’de Büyük Ölçekli İşletmelerde Uygulananan Ücret ve Maaş Yönetim Sistemi”, *Doğuş Üniversitesi Dergisi*, Cilt 2, Sayı 1, Temmuz 2000, s. 101.

<sup>11</sup> Reinhold Reith, *Experiencing Wages Social and Cultural Aspects of Wage Forms in Europe since 1500* (Ed. Peter Scholliers & Leonard Schwarz), 2004, pp. 114, 115.

<sup>12</sup> Nihat Alayoğlu, *Stratejik Ücret Yönetimi ve Üst Düzey Yöneticilerin Ücretlendirilmesine İlişkin Bir Araştırma*, İstanbul Üniversitesi Doktora Tezi, İstanbul, 2005, s. 16.

wage or pay types, its minuses and pluses, is to be known and covered elaborately.

For the policies implemented in the business, the wage systems can change from one firm to the other. The wage systems are present for sustaining and promoting the productivity<sup>13</sup> and the wage systems mean the rules for pointing out the fact that how the salaries and wages will be paid to the employees. Mainly the wage types can be analyzed under three categories as in the following :<sup>14</sup>

a) Time Wage Systems: Time wage systems mostly take into account the time when the work is completed in the process of payment. This is also the oldest model of wage. According to this system, the wages are paid hourly, daily, monthly, and yearly.

b) Incentive Wage Systems: This type of wage systems focus on methods that can increase the motivation of the workers. In these systems, the money that the workers will earn directly depends upon the level of the production in the firms or businesses. In other words, it can be stated that the wages are paid depending upon the performances of the employees, so the performance of them determine their wages. Incentive wages are something like the “additional recovery amount” for the employees.<sup>15</sup> Also, in this context, it can be referenced that these types of wages increase the motivation of the employees, the production of the firm, therefore it is beneficial mutually.<sup>16</sup>

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<sup>13</sup> Susumu Watanabe, “The Japan Model and the future of employment and wage systems”, *International Labour Review*, Vol. 139, No. 3, 2000, p. 307.

<sup>14</sup> Alayoğlu, *ibid*, s. 46.

<sup>15</sup> Nantiya Ruan, “Bringing Sense to Incentives: An Examination of Incentive Payments to Named Plaintiffs in Employment Discrimination Class Action”, *Employee Rights and Employment Policy Journal*, Vol: 10, 2008, p. 103.

<sup>16</sup> Eric Seiler, “Piece Rate vs. Time Rate: The Effects of Incentives on Earnings”, *The Review of Economic and Statistics*, Vol: 66, No: 3, 1984, p. 363.

c) Performance Wage Systems: Performance wage systems are determined based upon the performance for reaching of businesses' pre-objectives. In accordance with the objectives and the performances related to the work, wage and the flexibility of the wages are the main rationale behind this system. In this system, the power accumulated in the center is distributed to the sub-units and the managers play a very crucial role to ascertain the wages of their subordinates. In this system, the staffs are motivated to earn more money depending on their performances which also increase the productivity in the institution that also tries to determine to balance the wages.

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## **1.2. The Basic Factors that Affect Wage Policy**

Wages play a crucial role in the maintainance of one's life, so from this perspective it has a social role and it is also important for the economic, social and the political stability of a government. <sup>19</sup> As an effort spent and the value of this effort at the end of the production, the wage has fundamentally two dimensions to be mentioned. <sup>20</sup> All these things demonstrate that the basic factors affecting the formation of the wage are to be analyzed as well.

### **1.2.1. Job Evaluation**

The first thing that affect wage is the criteria of job evaluation. This criterion is of great significant for equal wages. Job evaluation

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<sup>17</sup> Doğan Kestane, "Performansa Dayalı Ücret Sistemi ve Kamu Kesiminde Uygulanabilirliği", Devlet Bütçe Uzmanı Maliye Dergisi, Sayı 142, Ocak-Nisan 2003, s. 135.

<sup>18</sup> Ahmet Cevat Acar, İşletmelerde Ücret Yapısının Oluşturulması ve Bir Uygulama, Literatür Yayınları, Birinci Basım, 2007, s. 54

<sup>19</sup> Hüseyin Fazlı Ergül, "Wage, Wage System and Wage Success Relationship in Institutions", *Elektronik Sosyal Bilimler Dergisi*, Güz 2006, C 5, S 18, s. 92.

<sup>20</sup> Hüseyin Akyıldız ve Mevlüt Karabıçak, "Verimlilik Ücret İlişkisinin Analizi, Süleyman Demirel Üniversitesi", *İİBF Dergisi*, C.7, S.2, 2002, s 63.

can be defined as a system that ascertains the value of the particular works and depending upon that value the convenient wage is given.<sup>21</sup> “Formal job evaluation is a systematic process for defining the relative worth of jobs within an organization.<sup>22</sup>” Equal pay for equal work is the prerequisite of job evaluation process.<sup>23</sup> The peculiar objectives of job evaluation are as in the following:<sup>24</sup>

- to establish a rational basis for the maintainance of equal pay.
- to keep management of the relativites among jobs in the organization.
- to make an consistent decisions both on grading and the rates of the wage.
- to form the extent that facilitates comparable worth among jobs in terms of wage.

Job evaluation can be regarded as a term used for determining the value differences among jobs.<sup>25</sup> From this perspective, it can be stated that job evaluation includes ascertaining the minimum value of the particular works by comparing them with the others and in paralel to this process, it includes determination of the wage level as well.<sup>26</sup> Job evaluation requires, initially, the peculiarities of the workers and after that the requirements of the job, in other words, the features of the workers and the jobs are to be in line with one another like key

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<sup>21</sup> Ergün Eraslan ve Alper Arıkan, “Ücretlendirmede Puan Yöntemi, Kıdem ve Başarı Değerlendirme, Bir İmalat İşletmesinin İç Üretim Bölümünde Uygulama”, *Gazi Üni. Mühendislik Mimarlık Fak. Dergisi*, Cilt 19, No 2, 2004, s. 139.

<sup>22</sup> Michael Armstrong ve Angela Baron, *The Job Evaluation Handbook*, 2002, p.13.

<sup>23</sup> Deborah M. Figart, “Equal Pay for Equal Work: The Role of Job Evaluation in an Evolving Social Norm”, *Journal of Economic Issues*, Vol 34, No 1, 2000, p. 7.

<sup>24</sup> Armstrong and Baron, *ibid* , p. 16.

<sup>25</sup> İsmail Durak Ataay, “İş Değerleme ve Başarı Değerleme Yöntemleri”, 1. Cilt, *İ.Ü. İşletme Fakültesi Dergisi*, Yayın No: 235, İstanbul, 1990.

<sup>26</sup> Eraslan ve Arıkan, *ibid.*, pp. 139-150.



and lock.<sup>27</sup> All in all, in order to form a balanced wage system, the first thing to do is to regard the job evaluation process.

### **1.2.2. Performance Evaluation**

The second crucial factor that leaves a stamp on the formation of the wage system is the method of performance evaluation. In this method, individuals strive hard, that is to say, to increase their performance, to get a big share from the pie.<sup>28</sup> This can be interpreted that the performance wage plays a role as an incentive to increase the employees' performances as pay depends upon the performances of them.

Performance wage system gives an opportunity to the employees to increase their wages with their own efforts and there are some very significant goals that are liable to be reached by means of this method.<sup>29</sup>

- to establish the change for the culture of the management and to make the staff think about the targets and some possible constraints of the organization itself.
- to increase the motivations of the workers as an incentives by considering the performance of the workers.
- to keep a balance between pay and the costs of the firm as a theoretical framework for the organization.

The other primary objective of production is to get outputs from the inputs. In more explicit terms, the thing that the firm or the business have to deal with is to increase the number of the outputs which can be achieved as the most effectively through performance wage systems as paying on the amount of output will render the

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<sup>27</sup> Akyıldız, *ibid.*, s. 35.

<sup>28</sup> Matt Bloom, "The Performance Effects of Pay Dispersion on Individuals and Organizations", *Academy of Management Journal*, Vol 42, No 1, 1999, pp. 26-27.

<sup>29</sup> David Marsden and Stephen French, What a Performance Performance Related Pay in the Public Services, Center for Economic Performance, Report, 1998, p.1.

workers to produce more and more.<sup>30</sup> At the same time, jobs that apply the performance wage system arouse the most notice of the workers who have great abilites for work and they spend their full effort for the jobs to be carried out.<sup>31</sup>

Performance wage system is the system that contacts period and result of performance of employees for work and the employees' wage. Contrary to other wage systems, here, the performance given is the main determinants of the wage. The business, in the assessment process of the performance of the employees and in waging the outstanding performance, will not come across any difficulty and also it will carry out a judicious waging. This system contributes to the development of the employees' will to work with an outstanding performance for the business and it increases the productivity as well and this system differentiates the wage in coordination with the performances within the framework of the objectives of that particular work. All these things reference that in the wage policy and in the formation of the balanced wage structure, the most critical factors to be carried out are the job evaluation system firstly, and the performance related pay secondly.

## **2. SUSTAINABILITY**

Sustainability, as a term, is to be defined with the sustainable development, in other words, sustainability is the goals of sustainable development. Sustainable development is the sort of development that aims to meet the needs of the present generations without considering the liability of the future generations to meet their own goals. This definition reveals the idea that sustainable development is a kind of bridge for the present and future generations that provides a justice and equality between these two of them. Under the framework of this

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<sup>30</sup> Edward P. Lazear, "Performance Pay and Productivity", *The American Economic Review*, Vol 90, No 5, 2000, p. 1346.

<sup>31</sup> Alison L. Booth and Jeff Frank, "Earnings, Productivity, and Performance Related Pay", *Journal of Labour Economics*, Vol 17, No 3, 1999, p. 447.

term, it can be revealed that sustainability needs a sound environment, economy, and community.<sup>32</sup>

Sustainability with the term globalization have been the most discussed topic all over the world recently on account of the fact that these two terms spread to all the fields ranging from economy and sociology. Sustainability occurred as the must of the human life and it aims to preserve the sources that it deals with closely which reveals that it is everywhere from environment to economy, from tourism to society, from engineering to social sciences as well as the other disciplines indicated well in advance.<sup>33</sup> Sustainable development also tackles with comprehending the fact that “to what extent a society is organized in itself and globally as well as socially and ecologically to foresee the future.<sup>34</sup>”

Sustainable development has been on the focus of the whole world since the deteriorating conditions of the world itself and the sole alternative of to the sustainability is unsustainability. However, sustainability includes a dimension for time, yet unsustainability is a type of present threat for the environment which requires urgent attention to be responded and the term sustainability is regarded as an implicit term for the society in former times. From sustainability to sustainable development, it can be said that sustainable development is closely related to the economic development for meeting the needs of a particular generation by overlooking the future ones.<sup>35</sup>

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<sup>32</sup> Mark Diesendorf, Sustainability and Sustainable Development, Report, Australia, 2000, p. 4.

<sup>33</sup> Ş. Gülin Beyhan ve S. Mete Ünügör, “Çağdaş Gereksinimler Bağlamında Sürdürülebilir Turizm ve Kimlik Modeli”, *İTÜ Mimarlık Fakültesi Dergisi*, Mimarlık Bölümü, İstanbul, 2005, s. 80.

<sup>34</sup> Çetin Balanuye ve Emrehan Halıcı, “Sürdürülebilir Gelişme Beyin Göçü ve Bilişim “Felsefi bir Perspektif”, *Elektronik Sosyal Bilimler Dergisi*, C. 5, S18, 2006, s. 24.

<sup>35</sup> Hartmut Bossel, *Indicators for Sustainable Development: Theory, Method, Applications*, A Report to the Balaton Group, International Institute for Sustainable Development, 1999, pp. 1-2.

## 2.1. Sustainable Human Resources

Appeared in social sciences in 1970s, sustainable development is a little bit vague theory and it has a multidimensional discipline the starting point of which is mainly the economy, still it also includes the current generational solidarity, the economic conditions of future generations and the liability of the economic progress too. In other words, to point out the term overallly, the philosophical, economic, ecological, political origin is to be dealt with thoroughly.<sup>36</sup>

As for the human resources management, it can be clarified that it is closely in line with the activities of management in order that the targets determined well in advance can be achieved, and the performance of the workers is to be maintained through keeping their motivational level as high as possible.<sup>37</sup> Human resources management can also be expressed as the processes that focuses upon the employment of the qualified and sufficient number of people, their supervisions, improvements, motivations as a stimulus for them all of which are also the targets of the organizations and the businesses to reach their own goals that also provides a superiority for the business in the competitive market as well.<sup>38</sup> Human resources management plays a very crucial role in the formation of the organizational culture as in sustainability. Both sustainability and the human resources management try hard to preserve their own sources, in other words, their own staff by means of taking the required precautions to minimize the job changing which signals that from this point of view, these two terms can be associated with each other.

As pointed out above, sustainability centers on preserving the current generation to some possible threats. Likewise, human resources management by forming strategic policies, applications and

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<sup>36</sup> Yvon Pesqueux, "Sustainable development: a vague and ambiguous "theory", *Society and Business Review*, Vol 4, No 3, 2009, pp. 231-232.

<sup>37</sup> Uğur Dolgun, *İnsan Kaynakları Yönetimi*, Ekin Kitapevi, Bursa 2007, s. 2.

<sup>38</sup> Öznur Yüksel, *İnsan Kaynakları Yönetimi*, Gazi Kitapevi, Ankara, 2003, s. 7.

plans relevant with the human resources regulates the relationship between employers and employees through which the employees can work longer on condition that their needs are met.<sup>39</sup> This means that both sustainability and the human resources management deal with preserving the available sources all of which verify the fact that wage optimization is to be provided in terms of increasing employees' solidarity to the firms.

## **2.2. Sustainability in the Career Management**

Career management closely deals with collecting information on the pros and cons of a certain career, dealing with the strenght and the weaknesses of it. Career management is in coordination with the motivation of the employees due to the fact that the employees' commitment is perpetually high if an appropriate career is selected by an individual.<sup>40</sup> This fact also establishes a relationship with the continuation of the particular career with the term sustainability from here.

Career management programs and strategies have been increasingly the topics of many firms and businesses in view of the fact that it is closely related to the performance and the commitment of the employee.<sup>41</sup> These programs assist the employee in terms of diminishing the uncertainty, helping them to plan, and directly it affects the organization in a positive way.

The main assumption about career management is the fact that the individual can control their career path partly but not entirely. The effective career management requires both an elaborate assessment of oneself as well as the world of works and basic decision making skills

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<sup>39</sup> Dursun Bingöl, *İnsan Kaynakları Yönetimi*, Arıkan Basım Yayım Dağıtım, İstanbul 2006, s. 6.

<sup>40</sup> Raymond A. Noe, "Is Career Management related to employee development and performance", *Journal of Organizational Behaviour*, Vol 17, 1996, p. 119.

<sup>41</sup> Cherlyn Skromme Granrose and James D. Portwood, "Matching Individual Career Plans and Organizational Career Management", *Academy of Management Journal*, Vol 30, No 4, 1987, p. 699.

that can be progressed. The whole mentioned here illustrates that the career management is the process of decisions to choose the correct career path for an individual.<sup>42</sup>

Career management means that it is the attempts which are made to influence the career development of one person or more people and it may include a range of activities from courses for training to career advice centers. However, what is to be mentioned about is the fact that there are two terms such as “organizational career management” and “career management of oneself” to be differentiated from one another. Organizational career management is strongly dealt with and planned by an organization even though career management of oneself is under the control of a particular individual. Organizational career management and career management of oneself is not irrelevant issues, in the stark contrast they are complementary to each other and actually the previous one encompasses the other.<sup>43</sup> Again, the point here to be reached is the fact that career management promotes sustainability as the center of their focus and they go hand in hand.

### **3. THE EMPLOYEES’ RATE OF TURNOVER**

The employees’ dependence is the linkage between the motivational level of them and their commitment to the businesses. If the qualifications of the employees and the requirements of the job overlap with one another, then this means that the productivity and the performance will be higher which also depends upon the fulfillment of the employees. Otherwise, it is inevitable that the employees face to face dissatisfaction which will result in resigning from the job. The

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<sup>42</sup> Jeffrey H. Greenhaus, Gerard A. Callanan, and Veranica M. Godshalk, *Career Management*, Sage Publications, California, 2010, pp. 1-45.

<sup>43</sup> Jane Sturges and et al. “A Longitudinal Study of the Relationship Between Career Management and Organizational Commitment Among Graduates in the First Ten Years at Work”, *Journal of Organizational Behaviour*, No 6, Volume 23, 2002, p. 731.

topic of the employees' turnover is the relationships between the periods of resigning and taking the job. Should resignation is high, and then the rate of employees' turnover is high too as a result of the dissatisfaction of them.<sup>44</sup>

The high level of employees' turnover in the businesses will leave a negative impact both on the businesses and also on the individuals as well. In terms of businesses, it will result in time losing, and the increase in the costs of education and the compensation rates. As for the individuals, this high level of turnover will bring about decrease in the motivations of the employees and they are going to be demoralized. Moreover, these individuals come across challenges such as difficulty in finding and adapting to that new job which will bring about the lower level of production in that firm.<sup>45</sup>

The employee turnover is regarded as the hottest topic by the firms as they are going to face to face restricted labor markets and have employees who have shortages of skills and who have little experience owing to the fact that it requires a lot of time to replace all these workers particularly the technical ones.<sup>46</sup>

### **3.1. The Reasons for Employees' Rate of Turnover**

Turnover has been the topic of social sciences in spite of the fact that its main issues can change from individuals to organizations. When an individual wants to leave from the job with his own will, this

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<sup>44</sup> Burcu Yılmaz ve Ali Halıcı, "İşgücü Devir Hızını Etkileyen Etmenler: Sekreterlik Mesleğinde Bir Araştırma", *Uluslararası İktisadi ve İdari Bilimler İncelemeler Dergisi*, 2008, s. 94.

<sup>45</sup> Soner Taslak, "Firma ve Görüşmeci Özelliklerinin İşe Eleman Almada Dikkate Alınan Genel Kriter Tercihleri ve İşgören Devir Oranı Üzerindeki Etkisine Yönelik Bir Araştırma", *İİBF, Bozok Üniversitesi, Review of Social, Economic & Business Studies*, Vol 9 / 10, s. 461.

<sup>46</sup> Rosemary Batt and P. Monique Valcour, *Human Resource Practices as Predictors of Work-Family Outcomes and Employee Turnover*, Cornell University ILR School, 2001, p. 3.

is regarded as the voluntary turnover. However, if the employment process terminates with the decision of the employers, then this is taken into account as involuntary turnover stemming from the employer himself. Therefore, voluntary turnover is something like a “quit” yet involuntary turnover is like a “pressure” of the employer.<sup>47</sup>

The reasons of the turnover, as seen, can change from an organizational to the individual level and the reasons for these factors can vary. These factors can mainly be analyzed under three categories:<sup>48</sup>

1. The first one are those who develop independent from the businesses like the economic conditions of the country, political stability, technological developments and value differences.

2. The second factors are closely related to the businesses and firms themselves resulting either from employee or from employer. These factors can be controlled by the way.

3. The last factor results from the individual, that is to say, employees. They can dissatisfy from the wage given, working hours or the social rights that they have. All these limitations accelerate the turnover for the employees.

### **3.2. The Wage and the Employees' Turnover**

The wage is an important contributor to the employees commitment to the businesses in which they work. From this respect, it can be stated that wage plays a crucial role in keeping the motivations of the employees to the minimum and at times to the maximum level as the income for themselves.<sup>49</sup> In this context, it can

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<sup>47</sup> Jason D. Shaw and et al., “An Organizational Level Analysis of Voluntary and Involuntary Turnover”, *Academy of Management Journal*, Vol 41, No 5, 1998, p. 511.

<sup>48</sup> Yılmaz ve Halıcı, *ibid*, ss. 95-96.

<sup>49</sup> De Silva, *ibid*, p. 5.



be also stated that as one of the motivational tools for workers, wage is an important factor that affects the employees' turnover, that is to say, wage minimizes it.

The wage is also crucial in regards to the human resources management.<sup>50</sup> In sustaining the fulfillment of the workers and reducing the rates of the employees' turnover, wage is of great significance.<sup>51</sup> This can be interpreted that wage, as a motivational instrument, is one of the organizational or employer based components contributing the turnover either positively or negatively. Therefore, for the businesses, forming a convenient wage structure will possibly diminish the rate of employees turnover and will prevent some liable costs for them.

#### 4. CONCLUSION

All over the course of the article, it was emphasized that wage is the determinant of employees performance besides motivation, and it is a kind of key for the dependence of the employee to the firm or to the businesses. In this respect, it can be mentioned that the wages given to the employees are to be in line with their qualifications and peculiarities which can be only succeeded through the principle of "equal wage for equal work" the prerequisite of which is the methods such as job evaluation or performance related pay.

Additionally, sustainability that aims to preserve the available sources is a key element for the continuation to the loyalty to the work in terms of which it has a direct reference to the human resources management in view of the fact that both human resources

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<sup>50</sup> Levent Şahin, "İnsan Kaynakları Yönetiminde Ücretlendirme Fonksiyonunun Analizi", *Kamu-İş Dergisi*; C: 11, S: 2, 2010, ss. 129-164.

<sup>51</sup> Hüseyin Fazlı Ergül, "Kurumlarda Ücret, Ücret Sistemleri, ve Ücret-Başarı İlişkisi", *Elektronik Sosyal Bilimler Dergisi*, C. 5, S: 18, 2006, ss. 92-105.

management and the term sustainability serve for the organizational efficiency and competitive superiority by considering all the inputs of the business.

An appropriate wage policy is also the sinequanon for the employees' turnover which is dealt with the job change the main reason lying behind it is the dissatisfaction from the wages given and as a result of which the employees look for new jobs to work. However, this is a sort of minuses for the businesses and the individuals. For the businesses, it loses a qualified employee, it is tough to find a person who can work for that position in a short of time, and all these parameters bring about extra costs for it as well.

All these things reveal that the optimal wage policy is the skeleton of the sustainable human resources management and it is a contributory factor in the diminishing of the rate of the employees' turnover. In other words, an optimal wage policy developed will probably facilitate the department of human resources management and will have a direct and positive influence on the rate of the employee' turnover. By means of this, not only the employees but also the business is to be satisfied which will also increase the performance of the employees and the productivity of the business itself.

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