

**EMPLOYEE LOYALTY IN FRONTIER MARKETS OF ANATOLIA****Murat Selim SELVİ<sup>1</sup>****Ahmet Hakan ÖZKAN<sup>2</sup>****ABSTRACT**

Investing in the frontier markets of Anatolia are avoided by the corporations. Because the investors are not sure whether the employees will be an issue or not. The government incentives are aimed to support the development of these markets. The frontier markets of Anatolia have cost and labor advantages. Quality perceptions of the employees have a great impact on employee loyalty. To learn the opinions of the employees, 50 employees are interviewed. It is seen that they relate employee loyalty, brand reputation and quality to each other. This is an opportunity for the reputable companies which is planning to invest in Anatolia.

**Keywords:** Frontier markets, Anatolia, employee loyalty, quality.

**ANADOLU'NUN GELİŞMEKTE OLAN PAZARLARINDA ÇALIŞAN SAKADATI****ÖZET**

Tüzel kişilik taşıyan lirketler Anadolu'nun gelişmekte olan piyasalarına yatırım yapmaktan kaçınmaktadır. Çünkü yatırımcılar çalışanların bir sorun olup olmayacağından emin değildir. Devlet teşvikleri bu piyasaların gelişmesini hedef almaktadır. Anadolu'nun gelişmekte olan pazarlarında maliyet ve işgücü avantajları vardır. Çalışanların kalite algılarının çalışan sadakati üzerinde büyük etkisi vardır.

**Anahtar kelimeler:** Gelişmekte olan pazarlar, çalışan sadakati, kalite.

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## I. INTRODUCTION

The mature markets are mostly located in the big cities in Turkey. Some of the Anatolian cities are the frontier markets, the rest of the Anatolian cities are emerging markets. Emerging markets have advantages and attractive.

The government incentives encourage the companies to invest in frontier markets of Anatolia. The cities of Turkey are classified in 4 categories for the government incentives and the frontier markets have the best government incentives. The government incentives encourage the companies to locate the CRM departments such as call centers in Anatolia. Anatolia can provide better operation costs. The cost centers of the companies like the call centers are preferred to locate in Anatolia.

The frontier markets of Anatolia have cost advantages. On the other hand the problems of infrastructure was expected. But such a problem which can seriously affect the costs is not reported.

The labor is expected to be volatile and this can increase the costs. The volatility can also be a problem on the way of creating strategies. The qualifications of the labor might be a problem on the way of implementing strategies. New qualifications can be earned by new educations. But it is not possible to implement this strategy when there is a high turnover rate.

To reduce the turnover rates, new financial compensation strategies can be made. This new strategies are also expected to increase the costs. But the non-financial competitions such as brand reputation can be used to increase employee loyalty.

## II. EAST AND WEST ANATOLIA

It is not possible to make a clear classification like east and west Anatolia. But it is possible to say that there are some clear differences between the frontier markets of east and west Anatolia. The volatility increases on the west of Anatolia and as we start to move to east the volatility decreases. The volatility can be about labor, about prices or the infrastructure.

The frontier markets of west Anatolia have tendency to grow. The growth of these markets are very fast comparing to the frontier markets of East Anatolia. Markets of East Anatolia is not very volatile. The main reason of the faster growth and high volatility of the

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west Anatolian frontier markets, can be correlated with the distance to the big markets. Big cities like Istanbul, Izmir and Antalya are on the west side of Turkey. Ankara may be in the middle, but it is also close to the north west cities of Anatolia and very far to some east cities.

The existence of the big cities reduces the employee loyalty in Anatolia. The experienced employees prefer to work in the big cities for better compensations. The big cities are already attractive for the employees even without better compensations. Therefore it is possible to accept that the employee loyalty is higher in east Anatolia.

### **III. QUALITY**

The relationship between perceived quality and brand loyalty, and the relationship between brand awareness and perceived quality are expected to be high at the emerging markets, for example it is found to be significant in Thailand as well as in Vietnam with the study of Nguyen, Barrett and Miller (2010). Semi-structured interview is used to learn the opinions of 50 call center employees. It is seen that 46 of the 50 participants also find a correlation between perceived quality and brand loyalty. Further, these 46 call center employees correlates employee loyalty with the brand.

The frontier markets are expected to have a higher employee loyalty and brand loyalty. The call centers, where the participants are working in, is located in a frontier market. The rate of paying attention to employee loyalty due to the brand loyalty is %100, as all these 50 participants share the same opinion. 38 of the interviewed 50 employees from Anatolian call centers are living with their families.

### **CONCLUSION**

It is possible to foresee the problem of quality failure through scrutiny of environmental operating conditions (Enderwick, 2009). The environmental conditions are tough in middle and east Anatolia. On the other hand some of these conditions can be managed. This management has some additional costs, too. The rest of the conditions, like labor opportunities, will be better in time

Population of the frontier markets seem to be decreasing in time. But this decline is resourcing from the migrations. Therefore it is not a constraint. If the job opportunities are increased then the population of the frontier markets will also increase.

Malatya is an emerging market, the population of this city was 702.055 in 1990 as seen on Table 1. Malatya was an emerging market in this year. Between 1990 and 2000, the entry of the companies to this market continued with a growing rate. As a result, the population of Malatya increased and reached 853.658 in 2000. Most of the immigration came from Tunceli, which is next to Malatya.

**Table 1.** Population Statistics

<b>Yıl</b>	<b>Bingöl</b>	<b>Malatya</b>	<b>Tunceli</b>	<b>Turkey</b>
<b>1990</b>	250.966	702.055	133.143	56.473.035
<b>2000</b>	253.739	853.658	93.584	67.903.927
<b>2007</b>	251.552	722.065	84.022	70.586.256
<b>2008</b>	256.091	733.789	84.449	71.517.100
<b>2009</b>	255.745	735.884	83.061	72.561.312

**Source:** TUIK, 2000; TUIK, 2010.

After 2007, new investments are made to Bingol and Bingol became a frontier market. There is a call center in Bingol at the moment. The affect of the rise of a labor-intensive sector such as call center industry in Bingol can be seen by observing the rising population. The same rise cannot be observed on the population of Tunceli. Because the economy of Tunceli could not had the chance to expand.

The rate of living with the family increases from west to east. It is seen that the employees of Anatolian bank call centers which are in the easter cities live mostly with their families. These employees prefer to live with their families. The stress level of these employees decrease when they are able to see their family more often. Some of the participants also mentioned that “respect to the employer” is the part of their culture. These reasons increase the employee loyalty in East Anatolia.

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### **Limitations and Future Plans**

Product variety is important to increase efficiency, but it is a limitation at many markets. Some studies have illustrated empirically that there are differences in product variety between developed and emerging markets at product and feature level (Scavarda *et.al.*, 2009). The conditions of the frontier markets are much worse than the emerging markets. Therefore product variety is a serious constraint in frontier markets. It is not possible to make any kind of production anywhere in Anatolia. There are certain regions for certain productions. The features of the regions must be foreseen to increase the efficiency.

The constraint of product variety shows that at the Anatolian frontier markets, it is not possible to locate a huge production center which is designed to manufacture various products. On the other hand, the units can be diversified between Anatolian cities to diminish the costs and increase the efficiency. Anatolian frontier markets are able to increase the quality of certain kind of productions.

The main issue is the determination of the optimal or appropriate level of variety (Lancaster, 1990). Offering variety can provide differentiation in the marketplace, increasing revenues; on the other hand, it increases operational costs (Ramdas, 2003). For example, it is possible to see that bank call centers of Anatolia have higher service quality than the call centers which are located in big cities (Özkan, 2012). The call centers can be located in Anatolian frontier markets. These facilities are cost centers and Anatolian frontier markets are able to decrease the costs. It is also seen that the call center service quality is satisfying in Anatolia. Labor-intensive production or the appropriate events can be moved to Anatolian frontier markets.

Although it has been conjectured that diversification at the firm level can also create value by establishing external institutional relatedness (Li, Li, and Tan, 1998; Peng, Lee and Wang, 2005). This diversification can be made by using Anatolian plants. Anatolian plants with lower costs and higher efficiency will be able to create value. The probable failures of the Anatolian plants can be replaced by the other plants of the firm.

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