

THE EFFECT OF HUMAN RESOURCE DEVELOPMENT ON THE FIRM GROWTH: EVIDENCE FROM TURKISH AUTOMOTIVE INDUSTRY

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ABSTRACT

The purpose of this study is to determine the effects of human resource development practices on the growth of the firms in automotive industry located in Bursa, Turkey. The research is designed on the firms which have succeeded to be in the “Top 250 largest firms list” minimum six times from 2009 to 2014 continuously, annually published by Bursa Trade and Industry Organization (BTISO). The research model were constructed around two main variables. Human resource development was included in the model as an independent variable and firm growth as a dependent variable. Human resource development variable consist 10 sub-indicators. Annual training budget, training hour per year, suggestion number per year, total post-graduate personal number, average employee satisfaction rate, absence rate, work accident number per year, turnover rate per year, length of service per year and social activity number per year were decided to represent the human resource development indicators. On the other hand, firm growth indicators were constructed around indorsement, gross value added, export, average personal number and sales. The panel data were collected from totally 20 big scale firms selected from the list. We reached 120 observations statistically. First, we used Principle Components Analysis (PCA) to create indices for both human resource development and firm growth variables. Then, to estimate the effects of human resource development practices on the firms’ growth the dynamic panel was conducted. The results show us that there is a statistically significant effect of human resource development practices on the firms’ growth.

Key Words: Human resource development, firm growth, PCA, Dynamic Panel Data