**5. BANKING SECTOR AND HUMAN RESOURCES AS THE SERVICE SECTOR**

**5.1. About Human Resources**

In this section, the concept of service, the structure of the service sector, development and general characteristics of services will be discussed. Hereby the main elements of the service sector will be understood.

**5.1.1. Concept of Service**

The World is in the process of rapid change and development. As a result of the facts mentioned the world is increasingly shifting itself from manufacturing to service processes. The case causes traditional marketing methods to create problems related to the marketing of services. Therefore as a sub-branch of marketing, "service marketing" is starting to come into the forefront nowadays. The service sector is becoming increasingly important in Turkey and the World. Developed countries are starting to get away from traditional industrialism with their own perception of service. The lack of a concrete item such as a product or merchandise in the concept of service makes it more difficult to explain the concept.

The concept of service first emerges as a concept assessed by French thinkers in the 1700s. In this period, all kinds of applications other than agriculture-related applications are considered as services. However, the inadequacy of the assessment was identified and finally, the concept of service was described as all of the activities that did not create a product or merchandise by Adam Smith. Another thinker, Jean Babtiste Say, expressed the service as an activity that can not be produced and that enhances the benefits provided by the products (Grönses, 1990: 36).

The service may be expressed as providing the business needs of another person or/and an organization. In this respect, the service can be given to institutions or individuals, as well as to both of these items. The service is based on providing the needs of others. Business requirements such as engineering, maintenance, support services in an organization or institution are carried out through services (Doğan and Tütüncü, 2003: 1). In general, the service can be considered as an application that does not produce goods. ISO/ CD 8402-1 International Standards express the concept of service outcomes which is created in the context of the internal activities providers by means of implementations between consumers and providers to ensure the needs of people or consumers (Tütüncü, 2009:21).

The service is expressed as applications or benefits that do not require a particular segment to offer other segments or to possess the ownership of a particular item. it is also stated that the service provider can be made with a concrete product as well as without a concrete product (Kotler and Keller, 2006: 402). While a meal served in a restaurant includes service and good, car wash just comprises service. In other words, the service can be expressed as a benefit that is untouched and meets the needs and desires of consumers, which is made or connected to a concrete commodity that does not result in a transfer of ownership (Tenekecioğlu et al., 2009:145).

The American Marketing Association (AMA) has expressed the service concept as benefits and actions which are provided to marketer sale or provided with the sale of goods. However, the fact that the difference between the services and the products is not explained here causes the difference in the products and services to be not fully explained. The reason is that the services are provided to the people just like the products, in order to provide satisfaction to the people. Recognizing this incompleteness, the American Marketing Association service has also provided services that provide satisfying needs and desires and can be disclosed on their own when they are offered to corporations and customers without depending on product sales (Öztürk, 2003: 15).

Services are expressed in all forms of non-tangible and needs-abiding implementations (Umut, 2002: 21). In another definition, the Service has been expressed as applications that provide valuable benefits with satisfaction and which people or consumers cannot or can not do themselves (Grönses, 1990: 37).

**5.1.2. Structure of Service Sector**

The service sector is stated constructionally as a structure with a very different character. From banking to automobile trafficking, many professions are in the service sector. The service sector is generally classified according to its manufacturing structure and marketing functions.

While the service sector is evaluated according to manufacturing processes, project type manufacturing is generally considered as discrete manufacturing with continuous manufacturing. it is possible to see this classification in Table 4.

**Table 4. Classification of service and manufacturing enterprises according to their processes**

Source: Songür, 1997: 92.

In a different study, which defines services through their production processes, services are defined by assessing the degree of involvement of the consumer in the service process and factors like labor intensity. In this respect, services can be categorized as wholesale services, service plants, professional services and service business. This classification is shown in Table 5.

|  |  |  |  |
| --- | --- | --- | --- |
| Type of manufacturing process | Operating description | Manufacturing | Service |
| Project | Low production volume, long time mostly single production. | Shipbuilding, airport construction, oil refinery repair and maintenance. | Durable consumer goods services, architecture, engineering projects, advocacy. |
| Discrete | Production of goods or services with little production volume, depending on ordering, for a short period of time. | Printing, mold production, carpentry, hand tool production | Insurance services, health services, restaurant services. |
| Continuous | Short term activities which are high production volume, production of certain types of goods or services. | Bulbs and cars | Dental clinics, cafeterias, car wash places. |

|  |  |  |
| --- | --- | --- |
| Labor Intensity | Degree of involvement of the consumer in the service process | |
|  | Low | High |
| Low | **Service Plants**  Hotels, leisure and recreation areas, airlines, shipping facilities | **Service Business**  Auto repair services, hospitals |
| High | **Wholesale Services**  Retailers, wholesalers | **Professional Services**  Architects, doctors, accountants |

**Table 5. Service Processes Matrix**

Source: Songür, 1997: 93.

Classification of service enterprises according to marketing function is the issue. This classification is driven by findings such as expertise, capacity flexibility, product standardization. Service enterprises by marketing function are

* Emergency service enterprise (ESE), serving large quantities in varying amounts.
* Consumer service enterprises (CSE) providing relatively standardized services to customers.
* Professional service enterprises (PSE) providing a special requirement for advanced professional services.

Emergency services include water, natural gas breakdown services, emergency services, health services, police and security services, and services provided by various vehicle repairers. They have to provide fast and urgent service to their customers within the scope of emergency services. Priority in emergency services is good performance and speed (Terziu, 2016: 97).

Consumer service enterprises may be referred to as businesses that provide certain standards to their customers. Retailers selling a certain type of goods, barbers, taxi-drivers, mail carriers can be given as examples of consumer service operations. These services have a certain standard, so they have similar characteristics to those produced in high amounts. It is expected that the staff working in the consumer service enterprises will often carry out a number of easy jobs smoothly. In addition to the high turnover, it is relatively less costly to provide training to the personnel who start to work in the consumer service enterprises. Apart from this, the personnel working in these enterprises mostly communicate with the customers peer-to-peer. For this reason, it is necessary to have the qualities of these employees to communicate well with the customers, to be gentle to the customers and to have a good appearance. (Songür, 1997: 97).

As professional service enterprises, computer software firms, engineering project bureaus, consultancy firms, research institutes and architectural project bureaus will be examples. The staff of professional services enterprises is generally highly trained. In these enterprises, the number of staff is often small. In this respect, this personnel is directly related to the profitability and image of the business (Terziu, 2016: 97).

A different service classification was made by Lovelock. According to his classification, services are tangible and intangible and are classified as self-service for people and goods (Lovelock and Wright, 2002: 34). This classification is shown in Table 6.

**Table 6. Services According to Their Structure**

Source: Lovelock and Wright, 2002: 34.

It is possible that services can be also classified according to the type of the relationship established with business customers. It is possible to see the so-called classification in Table 7.

|  |  |  |
| --- | --- | --- |
| Service Format | **People** | **Goods** |
| Tangible Services | *Related to human body*   * Beauty Center * Hair dresser | *Related to products*   * Vehicle maintenance and repair * Transport, * Cultivation. |
| Intangible Services | *Related to Human Consciousness*   * Information Services, * Theatre, Cinema, * Museum. | *Related to Intangible activities*   * Accountancy, * Advocacy, * Banking. |

|  |  |  |
| --- | --- | --- |
|  | **Membership Relationship is present** | **No Official Relationship is not present** |
| Permanent | * Phone Subscription, * Insurance, * Banking. | * Road Services, * Police Services * Radio Services. |
| Rarely | * Theatre subscription, * Monthly bus cards. | * Public Transportation, * Mail Services, * Rental Services, * Restaurant Services. |

**Table 7. Classification of Services Based on the Level of Relationship Established by Enterprises with Customers**

Source: Lovelock and Wright, 2002: 53.

As shown in Table 7, the relations established with the customers in the service enterprises are evaluated on the basis of their duration and the membership status of the customers. Within the context of customer relationships, identification of services provides the ability to identify customers to businesses. Thus, it is easier for companies to offer services that appeal to customers. This is helping to increase the level of service achievement.

Apart from the above classification, it is possible to classify the services depending on the initiative and flexibility of the serving company. This type of classification is shown in Table 8.

**Table 8. Classification of Services According to the Flexibility and Initiative of Enterprises**

Source: Lovelock and Wright, 2002: 64.

|  |  |  |
| --- | --- | --- |
| Initiative  Flexibility | **Higher** | **Lower** |
| **Higher** | * Education, * Taxi and transportation, * Architectural design services, * Beauty centers. | * Preventive health services, * Mass education services. |
| **Lower** | * Hotel services, * Restauran service, * Communication services. | * Theatre and Cinema, * Public Transportation, * Fast-food resterants. |

Service provider businesses have a high chance of taking initiative, and the high flexibility of the service offered may increase the ability to fully respond to customers’ needs. In this respect, services will have a major benefit in businesses that are basically adjusted to customer requirements and expectations. services are generally encountered by activities carried out for profit. However, in some cases, some services are provided for public prosperity by state institutions and organizations. In this respect, it is possible to evaluate the services in two parts (İslamoğlu, 2000:36):

Services provided by individuals or businesses for profit purposes,

Non-profit services provided by the institutions apart from businesses and enterprises.

From the above, it is might be said that it is possible to classify the activities in the service sector in different ways. In addition, structural aspects of the different qualities of services are causing a large number of classification types. In this respect, the service sector is itself a complex structure.

**5.1.3. Development of Service Sector**

The service sector is increasing its importance day by day. This situation has led to the fore the concept of "service economy" in developed countries. Within the framework of the traditional approach, from Adam Smith until the 1970s, the process did not progress to the desired level, while the adoption of a renewed industrial understanding was anticipated. Instead of new industrial formation, the economy gradually began to adapt to the service system. The point at which the traditional approach is misleading is that it regards the industrial sector as a superior segment. Moreover, in this approach, service activities are described as applications that only benefit from the transmission of industrial and agricultural products to customers and provide economic development support (Terziu, 2016: 101).

Industry, agriculture, and services are the three main sectors of economies. Each country continued to develop with the help of these sectors at different rates during their development. This situation has led to the adoption of different approaches in economics. Each passing day approaches have initiated to diverge from each other. Differences between approaches, in particular, began to grow in the early 1900s. n the context of past approaches, the service sector, in general, has been relinquished, or the contributions of the service sector in economies were left behind. However, as seen in today’s conditions, the service sector emerges as a sector with high potential. At the basis of the development of the service sector is both the fulfillment of economic requirements and the involvement in production activities. The service sector is no longer an auxiliary sector but a basic sector. One of the indicators of countries' prosperity is the developments in the service sector. Apart from these, with the increase in the income of the people and the increased share of the service sector, the competition within the service sector has come into being. Increasing competition has made marketing in the service sector more important. However, the fact that the service has different characteristics according to the products has contributed to the formation of the "service marketing" branch in terms of structure.

It is unlikely that services, such as presentations, meetings, information processing, requests, designs, can be seen in the service sector. Apart from this, the service processes are moving to become a structure which is carried out through more computers and networks today. With services such as the Internet, e-mails, and global networks, services have begun to move out of regional areas. Although these conditions in question have advantages in the competitive environment, they have made it harder to observe and evaluate the services. However, the service sector still needs to have labor intensity (Şenol and Anbar, 2010: 78).

**5.1.4. Basic Features of Services**

There are some opinions related to the basic features of the service. In terms of Kotler and Keller (2006: 405), the main features of service are abstractness, variability, inseparability, and lack of instability. These properties are shown in diagram 6.

**Hizmet**

**Soyutluk**

Hizmetin alınmadan görünmesi, dokunulması mümkün değildir.

**Ayrılmazlık**

Hizmetler onların sunulduğu bireylerden ayrılamazlar

**Dayanıksızlık**

Hizmetlerin sonra sunulmak üzere depolanması mümkün değildir.

**Değişkenlik**

Hizmetler ile hizmet kalitesi yer , zaman ve verilişi biçimine göre farklılık göstermektedir.

**Diagram 6. Basic Features of Service**

Source: Kotler and Amstrong, 2004: 239.

In literature, it is explained intangibility of the services with the concept of abstractness, synchronization of production and consumption with the feature of inseparability, variability with the feature of heterogeneity. (Doğan and Tütüncü, 2003: 2). Apart from these features, the property of being deprived of services is also considered in the main features (Gronroos, 1990: 27).

**5.1.4.1. Intangibility**

The intangibility of the service is expressed by the concept of being abstract. In this respect, services are abstract because they are intangible, invisible or they can not be expressed in the measurement. There is no specific ownership of services due to the fact that they pass directly from the manufacturer to the customer or consumer. Otherwise, it is not possible for services to be produced and stored before delivery. If it is not consumed when it is served, it can not be consumed in the process. From this point of view, it is not possible to eliminate the financial losses in case of no consumption (Sayım and Aydın, 2011: 246). From this, it is possible to say that services are non-tangible activities that can not be perceived by the five sensory organs of the individual. This prevents physical access to services. These features cause the services to function based on the concept of benefit. Services can only be evaluated after being consumed by customers (Gümüşoğlu et al., 2007: 16).

The feature of being intangible is the most basic feature that provides the separation of services from products. As well as services’ intangible features, it is not possible to express them with cm, kg etc. In this respect, almost every type of service has the intangible feature. This makes it one of the most important features of services. Some of the important elements that have been come out the intangible nature of the services are as follows (Doğan and Tütüncü, 2003: 3):

* Protective devices like "patent" do not make it possible to protect services. This allows services to be imitated.
* Although products can be displayed on the counters, not the shelf, services do not have such possibilities.
* It is very difficult to calculate the cost due to service delivery and to reveal the price-quality interaction.
* It is not possible to hide services. In this respect, according to the changes in demand, service management is very difficult.
* It is difficult to determine at what price the services will be offered. It is also not possible to be able to benefit from the general criteria when determining prices.

If the services are untouchable, these items cause the marketing process to differ according to the products. Customers who want to receive service will not know exactly what service is and what benefits the service will provide before they receive service. In terms of this situation, the following three items will make services become concrete when the marketing of services is done (Tenekecioğlu et al., 2009: 146):

Utilizing concrete means of service representation. Embodying credit card applications in the name of embodying credits in banking services can be given as an example.

Within the scope of marketing utilizing concrete symbol of promotion methods. The service operator identifies and announces an icon that evokes the service it offers. In this way, people will remember the service provided in case they encounter the icon.

Connecting the service to the service providers. It is as if the institution providing education service is giving priority to the teacher who gives the education service or the place providing entertainment service is giving priority to the employee who offers the entertainment service.

**5.1.4.2. Heterogeneity**

The heterogeneity of services is expressed by the concept of variability. In this respect, the demand for services varies and also it is structurally unclear. The amount of demand for a service can vary according to days, hours, years, and seasons. For this reason, firms are having difficulty in establishing a relationship between supply and demand. In some cases, it is possible that there is an excess of supply due to low demand and in some cases shortage of supply due to high demand. The situations in question can cause businesses to suffer financial losses. Apart from this, measurement of the service performance and effectiveness is encountered as a separate problem in terms of businesses (Sayım and Aydın, 2011: 247).

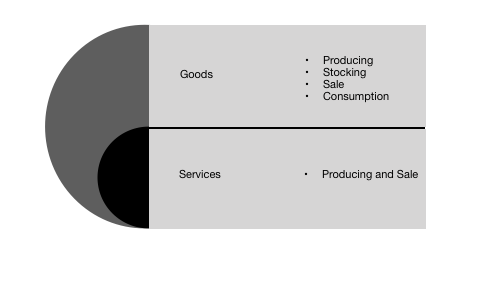
The conditions under which the services are provided cause the content of the service to change. In this respect, the quality of service will increase or decrease depending on the conditions under which the service is offered and who offers the service. The services are consumed as soon as they are produced and it makes difficult to be under the control quality of service item. The performance displayed by service providers is in line with the service quality. In this respect, it is possible to get services in different qualities at different times or days in the same enterprise. This situation in question can cause the customers to move away from the enterprise (İçöz, 2005: 49). The inability of businesses to meet a certain standard related to service provision is causing quality problems. The heterogeneity that services have shown is due to certain sources. These sources are as follows (Doğan and Tütüncü, 2003: 4-5):

* The heterogeneity of during service production process,
* The heterogeneity towards customers who are provided services
* Heterogeneity-based on the relationship between service producers and customers,
* Heterogeneity of service depending on production time,
* Heterogeneity of service depending on production conditions,
* Heterogeneity due to the facilities of the service client or the manufacturer.

**5.1.4.3. Synchronization of Production and Consumption**

The producers of the services and the people who offer the services to the customers for sale are the same. Due to this feature, it is unlikely that these persons will be separated from each other. From this point of view, the service is being produced and consumed simultaneously. Apart from that, the people who will benefit from the service must also be at the point of production when the service production is realized. This whole process leads to the rapid emergence of feedback in services. All these features make it possible to market these services during production (Akın, 2007: 5).

The distinctions between the production and consumption schedules of goods and services are shown in Diagram 7.

**Diagram 7. The Distinctions Between the Production and Consumption Schedules of Goods and Services**

Source: Mudie and Pirrie, 2006: 4.

**5.1.4.4. Instability**

The most important feature that enables services to be separated from products is their inability to store or keep. This situation causes a large part of the services to be short-lived. Moreover, in some services, the demand disorder leads to an increase in the lack of resistance. Demand fluctuations in services require various measures to be relevant to the supply of institutions (Öztürk, 2003: 36).

The instability of services causes some features about the services. These characteristics can be expressed as follows (Kotler and Armstrong, 2004: 42):

* Storage, keeping or stocking of the service is not possible.
* The inability to hide services creates some problems in the creation of appropriate supply development policies.
* The inability to stocking services creates some problems in the creation of appropriate supply development policies. In the case of regular demand, this does not occur. But the fluctuations in the demands bring big problems in terms of institutions.

**5.1.4.5. Being Unobtainable**

Another important difference related to products and services is that services cannot be possessed. When a product is purchased by the customer, the customer owns the product, however, when services are provided, there is no transfer of ownership from institution to the customer (Kotler and Armstrong, 2004: 42).

**5.2. Banking Sector**

**5.2.1. About Banking Sector**

The word of bank comes out as a word derived from the word "banco" which means "counter and table” in Italian. Historically, the Lombards who were operating in the banking sector, have used the "banchum" idiom for their business premises. These individuals were called "bancheri" themselves. The individuals in question continued their activities on the wooden tables called "banco" (Günal, 2001: 6).

Banks are very important in terms of economic and commercial relations in today's conditions. They lend money on their own accounts, discounts on accounts, and operate in a variety of other financial transactions, primarily with funds provided by depositors. Banks are generally considered to be involved in collecting deposits and offering these deposits as loans, but they perform many other operations (Takan, 2002: 12).

Some of the definitions made in the literature related to the banks are as follows:

* The concept of Bank is defined as economic institutions that perform all transactions related to credit, money and capital matters and regulate them, dealing with public or private institutions and their activities to provide all relevant needs related to these issues (Şendoğdu, 2006: 3).
* The Bank refers to institutions that provide funds borrowed to finance the growth of individuals or institutions and to transfer them back to the needs of others (Tugay, 1992: 13).
* The Bank is described as financial institutions that collect deposits from institutions and individuals and offer them as loans (Bahar and Abuzer, 2003: 102).

It is possible that the activities carried out by the banking sector, in general, can be expressed as follows (Ulukuş, 2011: 14):

* To create deposit money,
* To provide deposit facilities with different items and instruments,
* To provide loans to institutions to support them,
* To give credit to individuals to support them,
* Enable to discount,
* To provide time and follow-up advantages by realizing collections of notes and checks,
* To remove the physical money transfer problem with the help of money transfer, EFT transactions
* To mediate to carry out foreign trade transactions,
* To carry out safe deposit box activities,
* To provide Internet banking services,
* To be an intermediary for buying and selling securities,
* To provide the services which are about credit cards,
* To provide consultancy services on financial matters.

**5.2.2. Turkish Banking Sector**

**5.2.2.1. Historical Development of Turkish Banking Sector**

It is possible to consider the development of the Turkish banking sector before and after the declaration of the republic. In this respect, it would be appropriate to evaluate the period before the declaration of the country at the beginning.

The first banking activity in the Ottoman period was the Ottoman Bank which was founded in 1856 with British capital. It is the first modern commercial bank in terms of deposits and emerges in Turkey. Apart from this, in 1868 Mithat Pasha created a "Security Fund" with the aim of collecting deposits and this fund was merged with Ziraat Bank, founded by Mithat Pasha, in 1888 (Sumru, 2001: 417).

In 1916 the Ziraat Bank became a public institution with the law. In this respect, Ziraat Bank emerges as a strong Turkish bank that continues its existence from the Ottoman period to the present day (Parasız, 2000: 30). Apart from these developments, foreign banks generally operated in the Turkish banking sector before the announcement of the republic, and they have created an irregular structure.

After the proclamation of the Republic, one of the most important developments related to the banking sector has been the establishment of Türkiye İş Bank in 1924. However, in 1929, the world crisis experienced the country's economy in a bad way and the banking activities had to slow down. As it regards the 1930 Central Bank of Turkey (CBT) established joint-stock companies and has been in active service when it comes to 1931 (Ulukuş, 2011: 18). When it came to 1934, the State carried out the policy of industrialization with the effect of the first Five-Year Industrial Plan and this policy was very positive for banking activities (Parasız, 2000: 32).

During the Second World War, it has influenced the slowdown in the world economy has been adversely affected Turkey and also the banking sector. However, the beginning of the emphasis on liberal politics is positively reflected in the sector in this process.

After the end of the war, the increase in the real sector has increased and thus the functioning in the banking sector has increased. In 1954, the number of banks in the private sector increased rapidly with the Foreign Capital Incentive Law.

In addition to the development plans laid down between the years of 1960 and 1980, there were some restrictions related to the establishment of development, investment, expert and commercial banks. In particular, restrictions placed in this period led to a decline in the entry to commercial banking. As a result, a large number of large banks and a large number of branches were formed (Ulukuş, 2011: 19).

As a result of 24th January 1980 Decisions, banking activities in Turkey with a liberalized economy began to gain momentum. With these decisions, Turkish banking has begun to enter into international finance structure. Especially on 01.07.1980, with the release of the interest rates and the positive real interest rate application, the deposit and credit transactions started to gain speed. However, it had the chance to Turkish banks to open branches abroad, with the economy as a result of liberalization in the 1980 decision, also had the chance to open the following foreign banks in Turkey. Another important development in this period is the establishment of the "interbank" market within the CBRT (Tezer, 1992: 144).

Some of the changes made in the banking sector in the 1980s can be expressed as follows (Ulukuş, 2011: 21):

* Establishment of the Capital Markets Board in 1982,
* Beginning to sold domestic government bonds with tender in 1985,
* The bank money markets were put into operation in 1986,
* The ability of the Central Bank to perform open market operations in 1987,
* The transition of the gold markets in 1989.

In the 1990s, some crises affected quite badly the banking sector in Turkey. In particular, with the 1990 Körfez Crisis and then with the crisis on May 5, 1994, banks that did not have a strong financial position had to go bankrupt and it makes the sector lose a great deal of power (Parasız, 2000: 113). With the influence of the closing banks, citizens' confidence in the bank has decreased and in order to earn this trust, it became a matter of giving the deposits 100% state security.

The crises that have taken place have revealed that the banking sector has to be put in line with certain standards. In this context, the Law on Banks No: 4389, which was prepared in accordance with the criteria of the European Union (BIS) and the European Union, was put into force in June 1999. In accordance with this law, the Banking Supervision and Regulation Agency (BRSA) was taken into operation (Ulukuş, 2011: 22).

In the 2000s, Turkey has had to face two crisis. Important steps have been taken in connection with the increase of the security of the Turkish banking sector, especially with the 2001 crisis. With these steps, the Turkish banking sector has gained strength. Thus, the effects of the global crisis experienced in 2008 on the Turkish banking sector are rather limited. In 2000, internet banking was launched and great developments were shown in this respect (Ulukuş, 2011: 24).

**5.2.2.2. Legal Regulations**

Legal substructure in the banking sector in Turkey is provided through laws and the competent authorities to carry out an audit. In this respect, Banking Law No: 4389 entered in force and published in the official gazette on 26th June 1999. Within the scope of this law, it was decided to establish the Banking Regulation and Supervision Agency (BRSA) in June 1999, and this institution was active in August 2000. In addition, the Banking Law No. 5411 was established and published in the Official Gazette which was repeated issue No: 25983 dated 11.01.2005. With this law, the Banking Law No. 4389 has been abolished.

According to the Banking Law No. 5411, the duties of the BRSA are; ensuring stability and confidence in the financial markets along with the authorities granted under the law, efficient operation of the credit system, development of the financial sector, and protection of the interests and rights of depositors (Banking Law, Article 93).

In 1930, the Central Bank of the Republic of Turkey (CBRT) established joint-stock companies and became active service when it comes to 1931 (Ulukuş, 2011: 18). The authority of emission is in the hands of the CBRT. The authorities of the CBRT are regulated in accordance with the CBRT Law No. 1211. According to Article 4 of Law No. 1211, the main task of the CBRT is to ensure price stability.

Another institution that regulates and supervises the legal sub-structure of banking activities is the Savings Deposit Insurance Fund. This fund was published in the Official Gazette dated 18.03.2004 numbered 25406 and entered into force. The main task of this fund is to provide relevant inspections and regulations with the safeguards of saving owners. Another institution, the Banks Association of Turkey (BAT) assumed the task of supervising the banking sector. This association was established in 1958 on the basis of Article 79 of the Banking Law. The main duty of this union is to make decisions in order to develop the banking system and to establish the relevant standards with this system.

Some changes were made with the aim of creating relevant regulations for participation banks. Participation banks, which are a professional organization with the amendment made by the Law No. 4672 in the Banking Laws No. 4389 for the establishment of the union of the Participation Banks, gained the status of Union within the scope of the Decree of the Council of Ministers dated 4 October 2001 and numbered 2001/3138. Then it has taken the name of “Participation Banks” with the 5411 law,” and has continued its operations as Participation Banks Association of Turkey (TKBB). This union is basically responsible for supervising whether the participation banks act in accordance with the banking legislation.

The Capital Markets Board (CMB) was established in 1982 in terms of controlling, regulating and supervising the transactions in the capital markets. The Board was established in accordance with the Capital Markets Law No. 2499 published in 1981. The Board is involved in supervising financial instruments, making arrangements related to financial markets, and supervising financial markets. In this regard, banks are also subject to the supervision of CMB related to these elements as they can act as intermediaries in financial transactions (Günal, 2012: 145).

**5.2.3 Banking Sector in TRNC**

**5.2.3.1 Historical Development**

The banking sector in Cyprus dates back to the years before Turkey's intervention in order to ensure peace, as of 1974. However, there is no significant banking activity in Cyprus until the 1980s (Güngör, 1999). In Table 9, banks established in Cyprus up to the year 2000 are placed in chronological order.

**Bank Name Date of Establishment**

Turkish Bank Co. 1901

Limasol Turkish Cooperative Bank Co. 1939

Cyprus Turkish Cooperative Central Bank Co. 1959

Cyprus Credit Bank Co. 1978

Cyprus Foundations Banks Co. 1982

Cyprus Industry Bank Co. 1982

Cyprus Commerce Bank Co. 1982

Cyprus Fasial Islam Bank Co. 1982

Asbank Co. 1986

Mediterranian Garanti Bank Co. 1989

Cyprus Economy Bank Co. 1990

Cyprus Hürbank Co. 1992

Cyprus Euro Bank Co. 1992

Rumeli Bank Co. 1992

Everest Bank Co. 1993

Finba Financial Bank Co. 1993

Deniz Bank Co. 1993

Cyprus Altınbaş Bank Co. 1993

Cyprus Tunca Bank Co. 1994

Near East Bank Co. 1996

Yasa Bank Co. 1996

Med Bank Co. 1996

Cyprus Finance Bank Co. 1997

Hamza Bank Co. 1997

Erbank Bank Co. 1997

Akfinans Bank Co. 1997

Yeşilada Bank Co. 1997

Cyprus Continental Bank Co. 1997

Viya Bank Co. 1997

Universal Bank Co. 1998

The banking sector in the TRNC started to gain momentum in the 1980s, but in 2000 it began to weaken. Nevertheless, the measures taken in the year 2000 have alleviated the problems in the banking sector and ensured an atmosphere of confidence. As of 2005, the banking sector of the TRNC has reached a balance sheet size of USD 3.1 million.

One of the most important developments in the TRNC banking sector is coastal banking, established with related laws in the 1980s. However, the desired growth has not been achieved in coastal banking. Coastal banking reached up to the number of 59 by 2001. However, as they implemented overnight interest benefited from legal gaps, the licence of 43 coastal banks were canceled. Due to the problems in coastal banking practices, many citizens were in a difficult situation and lost their money (Şansal, 2007).

**5.2.3.2 Legislative Regulations**

In the TRNC, inspections of banks operating within the boundaries of the TRNC are carried out with the Law on Banks No. 39/2001. Within the scope of the law, the banks established or to be established in the TRNC and branches of foreign banks are audited.

Within the scope of the Banking Law No. 39/2001, *"The Central Bank shall ensure that the provisions of this Law and other related legislation are enforced by making regulations in the framework of the powers shown in the law, to supervise and conclude the application, to ensure that the savings are secured and to use other authorities provided by the law, and to take and implement the necessary decisions and measures to ensure that the credit system operates effectively and to prevent any transactions and practices that may jeopardize the rights and the operation of banks in a regular and confident manner and which may cause significant harm to the economy"* (http: //www.kktcenterbankasi.org / sites / default / files / legislation / bankalaryasa\_0.pdf).

**5.3 Human Resources in Banking Sector**

**5.3.1. Quality Workforce and Human Resources in Banking Sector**

Nowadays, it is possible to adapt to the increasingly competitive environment and developing technologies with high-quality workforce. The quality of the workforce is an important factor in all sectors as it is in the banking sector. In the banking sector, however, the knowledge, experience and equipment of the workforce gain importance. Management of human resources plays an important role in the recruitment and maintenance of the quality workforce. Management of human resources develops and implements various strategies to create quality workforce in the banking sector (Simsek and Öge, 2011). Especially with in-service training, it is aimed to increase the knowledge and equipment of employees. Management of human resources can bring the quality workforce into the banks by playing an active role in not only improving the existing employees but also retaining existing employees and recruiting new employees. Management of human resources optimizes the alternative workforce and carries out various strategies in order to win the quality workforce in the sector. The quality of the workforce is important in the success of the banks and the management of the human resources is responsible for this (Özgen and Yalçın, 2010).

**5.3.2 Employee Activity and Human Resources in Banking Sector**

Employee activity in the banking sector is important for banks' success. The high level of work productivity and activities of the employees play an important role in the improvement of bank performance (Çetin and Özcan, 2013). The management of human resources’ activities gains importance in providing employee effectiveness. The management of human resources should choose and implement the best tools to enhance the effectiveness of employees. It is important for the management of human resources to approach employee effectiveness with fair, performance-based and motivating practices. The management of human resources should motivate employees, increase their mood of commitment, and ensure that their employees are satisfied. In this way, employees' organizational citizenship perceptions will be strengthened and their performance and productivity will be increased (Tortop et al., 2013).

**5.3.3 The Problems of The Management of Human Resources in the Banking Sector**

The management of human resources plays the most important role in increasing employee productivity. Employees' productivity gains more importance, especially in the banking sector as customer satisfaction is prioritized by working fast and effectively (Alayoğlu, 2010). However, management of human resource sometimes fails to work effectively and causes various problems. Feeling of confidence and the productivity of employees will decrease due to reasons such as insufficient human resources management, non-compliance with the principle of equality, non-neutrality and lack of assurance (Simsek and Öge, 2011). For this reason, it is important for the management of human resources to behave equally and fairly in accordance with the aims and objectives of the organization, and to have activities related to employees' performance and careers in terms of employee productivity (Ertürk, 2011a).

**5.4 Related Research**

Öz (2014) tried to measure the institutional commitment levels of the students of theology faculty in his work. In this respect, 225 students from Abant Izzet Baysal University Faculty of Theology attend the study. In the study, it was emphasized that the concept of institutional commitment is a factor that increases the motivation of the individuals and it is concluded that the institutional commitment levels of the students are high as a result of the measurements.

Etemoglu (2013) examined the motivation factors of industrial designers who are employed in companies in Turkey in his study. While the concept of motivation is discussed in this study, the effect of employees' level of institutional commitment to motivation is also emphasized. In this respect, the concept of commitment has been discussed under the ERG approach while explaining motivation. Apart from that, he conducted a survey to examine the motivational factors of industrial designers. As a result of the analysis made after the survey, it was concluded that the factors that affect the motivation of the individuals the most are the items related to the individuals’ workplaces and themselves.

Aydın (2013) investigated the factors that affect the motivation of employees in his work. The study was carried out through social facilities belonging to Istanbul Metropolitan Municipality. It is emphasized that it is beneficial to organize motivation promoting activities to raise employees' corporate commitments. A survey was conducted on 320 employees working in social facilities belonging to the municipality. Surveys were evaluated by analysis like factor analysis and frequency distribution analysis.

Coşkun (2009) examined teachers’ opinions on motivational tools in primary schools and investigated their satisfaction levels. Institutional identity has been considered as a concept to be assigned to employees in order to provide motivation to employees. He mentioned that employees need to have a sense of commitment so that the order can be provided in the institutions. Survey is used as a method in the study. The questionnaires were applied to 216 teachers working in 8 primary schools in the province of Silivri in Istanbul. As a result of the analysis, it is seen that the teachers give importance to economic motivation tools. Apart from this, managerial motivation tools are seen as more effective tools than psycho-social tools.

Uslu (2012) examined primary school students’ commitments to their schools in his study. He examined the relationship of the students with their peers as a factor affecting the students' commitment to the school and he emphasized that this fact influences the academic motivation of the students at the same time. In this respect, the institutional commitment and motivation of the students are discussed indirectly in this study. In the study, "cluster sampling" method was used. Analyzes were evaluated by multiple and stepwise regression analysis.

In his study Doğan (2013) examined the religious officials’ commitments, vocational burnout situations and viewpoints about in-service training. Institutional commitment has been regarded as a key to maintaining the services of religious officials. In this sense, the concept of institutional commitment is regarded as one of the conditions for religious officials to be successful. In this regard, institutional commitment is considered as a motivation tool for religious officials in this study. The survey was done in the study.

Ertürk (2011) studied the relationship between personality, job satisfaction and stress with sense of devotion in terms of commitment to the institution. Ertürk considered the concept of motivation as a relevant concept for job satisfaction. In this respect, expectation theories based on motivation are included in studying job satisfaction. Motivation is considered here both as a result of job satisfaction and as a cause of job satisfaction. As a method, a questionnaire study was carried out and factor analysis was done as an analysis.

Özdemir, Bozkurt and Aydin (2015) studied the humanistic competencies of school administrators. In the scope of the study, criteria such as increasing the motivation of the employees and providing the institutional commitment were used to evaluate the humanistic competencies of the school administrators. Semi-structured interview technique was used in the study. As a result of the study, institutional commitment, and motivation are the factors that increase the school administrators’ humanistic competencies.

Öztop (2014) emphasized the effects of organizational commitment awareness on employees' perceptions of organizational change. It is mentioned that employees' motivations and institutional commitments increase when employees' interests and opinions are valued. There is also an increase in the institutional commitments of employees who make their work highly motivated. A survey study was conducted on 479 employees in the study. As for the analysis, frequency distribution and crossover analysis were preferred. As a result of the study, it was concluded that employees whose institutional commitment perception was high had also positive change perception.

Gün (2016) tried to determine the motivation levels of the employees working in Bitlis province hotel enterprises. In this study, it is mentioned that employees need to acquire institutional commitment in order to provide motivation. In this respect, it is emphasized that the concept of social participation is important in terms of providing commitment. A survey study was conducted on the employees working in some hotels in Bitlis. In statistical analysis, one-way ANOVA was used with t-test. As a result of the study, it is seen that the managers who work in the hotels in Bitlis have more motivation than the employees.

Kıdak and Aksaraylı (2009) studied the motivation factors in health services. In terms of motivation factors in the study, institutional commitment was considered as a factor. A questionnaire study was conducted on 155 health workers in the study. In the study, t test and one-way variance analysis were performed.

Kanbur (2005) studied the factors affecting the motivation of employees in total quality management enterprises. The research has also been conducted through businesses operating in the furniture and food industries. In the study, the concept of institutional commitment was taken as an effective factor in the emergence of motivation. However, the concept of institutional commitment has not been mentioned in detail but is considered only as a phenomenon in the emergence of motivation. The study was carried out on the questionnaire and evaluated by the chi-square, variance and frequency analysis.

Zeynel and Çarıkçı (2015) emphasized the effect of professional motivation on organizational commitment and job satisfaction. In the study, the concept of institutional commitment was considered as a component of organizational commitment. In this respect, it is suggested that there is a meaningful relationship between professional motivation and organizational commitment, which is one of the research hypotheses. 378 academicians working at the Department of Business Administration of public universities participated in the research. Survey method was used as a method and the questionnaire data were evaluated using t test, anova test, correlation and regression analysis. As a result of the work, professional motivation has positive and strong influence on organizational commitment.

Künarcı (2016) focused on the analysis of the factors affecting the motivation of health professionals in his work. Institutional commitment 6that affects the motivation in the study is considered as a factor together with the social needs. In the study, a questionnaire study with 44 questions was conducted on the health workers. Factor analysis and regression analysis were used as the analysis method.

White (2005) studied the influence of involvement, institutional commitment and status in volunteer professional organizations. While the employees’ work in the voluntary organizations were examined, the motivations of the employees, their institutional commitments and the involvement in institution were examined at the same time. In this regard, a study was conducted on 1441 people working in an association named the Association for Communication Excellence in Agriculture, Natural Resources, and Life and Human Sciences (ACE) between the years 1991 and 2004. The data were tested using descriptive statistics, bivariate correlation, simple linear regression, and so on.

**6. METHOD**

**6.1 Models of the Work and Hypotheses**

In this study, the impact of organizational democracy and organizational commitment on job satisfaction and organizational citizenship behavior relationship was examined on private banks in the TRNC and Turkey. In this context, the research model is formed as follows.

Organizational Democracy

H6

H4

H2

H1

Organizational Citizenship Behavior

Job Satisfaction

H3

H7

H5

Organizational Belonging

**Diagram 8. The Model of the Research**

Hypotheses within the model of the researcher are as follows:

H1: There is a statistically significant relationship between job satisfaction and organizational citizenship behavior.

H2: There is an effect of organizational democracy in the relation between job satisfaction and organizational citizenship behavior.

H3: There is an effect of organizational commitment in the relation between job satisfaction and organizational citizenship behavior.

H4: The perception of organizational democracy affects the perception of job satisfaction.

H5: Organizational commitment affects the perception of job satisfaction.

H6: The perception of organizational democracy affects the perception of organizational citizenship behavior.

H7: The perception of organizational commitment affects the perception of organizational citizenship behavior.

**6.2 Population and Sample**

The population of the work is the staff working in private banks located in Istanbul and the TRNC.

Yazicioglu and Erdogan (2004) stated that the sample size of 384 persons is sufficient for the endless sample at the 5% sampling error. For this reason, it was aimed to reach at least 384 people in the survey and the survey was mailed from March 2017 to May 2017. 500 questionnaires were shared via mail and these questionnaires were requested to be filled. 439 people were returned.

**6.3 Data Collection Tool**

Questionnaire will be used as the data collection tool. The questionnaire is based on the following questions:

• Demographic information - 6 questions

• Organizational citizenship behavior scale - 24 questions

• Commitment scale - 6 questions

* Organizational democracy scale - 28 questions
* Job satisfaction scale - 20 questions

Organizational Citizenship Scale: Developed by Podsakoff et al. (1990) and its reliability and validity in Turkish was made by Ünüvar (2006). The scale is one-dimensional. In this study, Cronbach's alpha coefficient is 0.80. The Organizational Citizenship Behavior Scale consists of 24 questions in total. The scale is in likert form of 5. Scoring of the scale is made in the following way: "I absolutely disagree" 1, "I disagree" 2, "Undecided" 3, "I agree" 4 and "I strongly agree" 5. Having high total scores indicates that Organizational Citizenship perceptions of participants are high. The Cronbach's Alpha coefficient of the scale was 0.712.

Commitment Scale: The Perceived Commitment Scale was developed by Stamper and Masterson (2002) and consists of 6 words. Participants' degree of acceptance of these statements will be measured by the 5-point Likert scale. The scale is one-dimensional. The Commitment Scale consists of 6 questions in total. The scale is in likert form of 5. Scoring of the scale is made in the following way: "I absolutely disagree" 1, "I disagree" 2, "Undecided" 3, "I agree" 4 and "I strongly agree" 5. Having high total scores indicates that Commitment perceptions of the participants are high. The Cronbach's Alpha coefficient of the scale was 0.724.

Organizational Democracy Scale: A measure of organizational democracy scale consisting of 28 items that have been validated and credited by Pastor and Tikici (2013). The scale consists of 5 sub-dimensions. These are Criticism, Transparency, Justice, Equality, and Accountability. This scale is formed to measure organizational democracy perception with the subscales, Criticism (8 items: 1-8 items), Transparency (6 items: 9-14 items), Justice (5 items: 15-19 items), Equality (6 items: 20-25 ) and Accountability (3 items: items 26-28). The scale is in likert form of 5. Scores of the scale are made in the following way: "I absolutely disagree" 1, "I disagree" 2, "Undecided" 3, "I agree" 4 and "I strongly agree" 5. Cronbach's Alpha coefficients were found to be 0.751 for the criticism subscale, 0,711 for the transparency subscale, 0,708 for the justice subscale, 0,698 for the equality subscale, and 0,732 for the Accountability subscale. For organizational democracy scale, it was determined as 0,712.

Job Satisfaction Scale: To measure job satisfaction, Minnesota Satisfaction Scale which was developed by Weiss, Davis England and Lofquist (1967) and adapted to Turkish by Oran (1989) was used. The scale consists of 3 sub-dimensions. These are internal satisfaction, external satisfaction, and general satisfaction. Internal Satisfaction sub-dimension consists of 12 questions, External Satisfaction sub-dimension consists of 8 questions and General Satisfaction sub-dimension consists of 20 questions. Scores of the scale are made in the following way: "I absolutely disagree" 1, "I disagree" 2, "Undecided" 3, "I agree" 4 and "I strongly agree" 5. Cronbach's alpha coefficients were 0.802 for the internal satisfaction subscale, 0.784 for the external satisfaction subscale, and 0.795 for the general satisfaction subscale.

**6.4 Premises**

The premises of the research are as follows:

* It is assumed that the results of the questionnaire which will be applied in selected banks in Istanbul and TRNC, will be the same in case it is applied in all banks in Turkey and TRNC.
* It is assumed that the participants will answer the questions sincerely and correctly.
* It is assumed that what the researcher meant while forming the questions in the questionnaire will be understood in the same way by the participants.
* It is assumed that the participants who will answer the questionnaire will be in a rational manner.

**6.5 Data Analysis**

Data analysis in the study was done in SPSS 16 package program. In the analysis of the data, descriptive statistics such as frequency, percentage, averaging and relationship analysis were used. For testing the relationship between demographic and work characteristics and Organizational Citizenship Perception, Organizational Commitment Perceptions, Job Satisfaction Perceptions and Organizational Democracy Perceptions, imprecision tests were applied. When applied imprecision tests, the scales whose alpha (α) values were below p = 0,05 were subjected to the non-parametric tests (Mann-Whitney U and Kruskal Wallis H) and the scales whose alpha (α) values were above p = 0,05 were subjected to parametric tests (T-Test and Anova).

The least squares method and the Pearson correlation test were applied in testing the hypothesis of the study. With the least squares method, the effects of independent variables which are organizational commitment and organizational democracy perceptions on dependent variables which are organizational citizenship behavior and job satisfaction are measured. Pearson correlation test was used to determine the relationship between two dependent variables, organizational citizenship behavior, and job satisfaction perceptions.