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**ON**

**SOCIAL POLICY, EMPLOYMENT  
AND THE ROLE OF TRADE UNIONS  
IN TURKEY**

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*The World Bank*

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## 1. SOCIAL POLICY

### 1.1. Civil society in Turkey

Turkey's civil society primarily consists of *foundations and associations*. The major differentiating characteristic between these two organisation structures (which operate under their own respective legal and fiscal codes in Turkish law) are that associations have members and foundations have endowments. When it comes to service delivery, associations and foundations formed for public benefit activity such as education, health, culture, etc. operate as non-governmental organisations (NGOs). They operate their own programmes and receive funding support for operations from their members (if an association), from their endowment investments (if a foundation) and/or from external donor organisations. Community philanthropy organisations (CPOs) tend to assume a similar structure as associations, and are a sub-set within the category of operating NGOs.

Estimates on the size of Turkey's civil society vary considerably. According to the European Foundation Centre (EFC), an independent international association, *Turkey hosts approximately 90.000 associations and 5.000 foundations*. The Third Sector Foundation of Turkey (TÜSEV) estimates Turkey has over 152.000 associations, 4.500 'new' foundations and 5.000 'old' (pre-Republic) foundations inherited with the Ottoman tradition of philanthropy. The old foundations, mainly mosques, libraries and fountains, form a significant part of the cultural heritage of Turkey and are now administered by the state's Foundations Directorate. As the only autonomous sphere that existed during the Empire, these foundations have provoked debates on whether they constituted a form of 'Islamic' civil society. Today's civil society organisations nevertheless have their roots in the Republican era, which allowed development of new frameworks for associations and foundations. Over the past decade, these organisations, whether NGOs or foundations, have developed rapidly in terms of number, capacity and activity.

The main business organisations are the *Turkish Industrialists' and Businessmen's Association (TÜSIAD) and the Union of Chambers of Commerce (TOBB)*. There are two main trade union confederations: the *Turkish Trade Union Confederation (TÜRK-İŞ)*, which officially adopts a centrist, non-partisan position, and the *Reformist Trade Union Confederation (DISK)*, on the political left. Other promotional pressure groups that have acquired an enhanced political role include the Fethullahcıs and other religious brotherhoods, and groups modelled on movements in western countries, such as those promoting secularist values, women's rights and environmental protection.

### 1.2. Poverty and Unemployment

The percentage of the population at risk of poverty in Turkey is among the highest when compared to those of EU Member States and candidate countries. The lack of efficient social transfers, together with the high percentage of 'working poor', leads to a *significant child poverty* rate. Resources allocated to increase the employability of people with disabilities have increased. Sound mechanisms for monitoring the implementation of social inclusion policies are, however, lacking.

In recent years, *unemployment* has replaced inflation as the number one economic problem in public opinion polls in Turkey. In 2007, the unemployment rate remained at a high 9.9 %, while the overall employment rate remained below 50 %. The labour market is characterised by low labour force participation and *low employment rates, in particular for women* (rate 22-23% in 2006-2007), and high levels of youth unemployment. The large size of the *informal economy* and the

**marked rural/urban divide** in the labour market are the main challenges. More than half of those in employment are not registered with any social security institution.

The **social protection system** in Turkey is one of the most extensive in the region. In terms of current transfers, the social insurance system now covers a large fraction of the population (as direct recipients or family members), and provides for pension payments as well as health care, disability, maternity and occupational injury. The government also provides subsidies to agriculture, although it is not clear whether these transfers help the poor. Most importantly, the government also finances and manages a comprehensive system of compulsory primary education. However, the **social assistance schemes are dispersed and disjointed**. The level of benefits is very small, and biased towards certain categories of the population, and the greatest beneficiaries are the elderly and the disabled.

During 2008, employment figures have shown small rises in non-agricultural employment. Agricultural employment, however, has continued to decline, and total employment increased by less than a percent, which was **not sufficient to offset working-age population growth**. Accordingly, the rate of unemployment in the summer months rose to 9.0% compared with 8.8% a year earlier,<sup>1</sup> despite a decline in the already low workforce participation rate. On the other hand, one area in which Turkey does perform well is the availability of a skilled and young workforce, and managerial staff.

### 1.3. Discrimination and equal opportunities

In regards to the role of women, there is typically a **low demand for female labour** in the workforce, though women occupy some high-profile positions. Women's participation in national and local elected bodies' is also limited. **Gender-based division of labour** is quite clear as women are mainly assigned the task of household work and childcare. In addition, the employment of unqualified women of low educational background is often regarded as a threat to the dominancy of male household heads, and as such, women or young girls are not allowed to work out of their homes. It must be added, however, that such factors as limited availability of jobs for women, heavy working conditions and low wages are also factors making employment unattractive for females.

**Equal access to education** has been cited as the most critical factor necessary to close the disparities between urbanized and rural Turkey, and between men and women. Recent campaigns for education funding in primary education decreased the gender gap in enrolment to 4.6% in the 2006-2007 school year from 5% in the 2005-2006 school year. Between 2004 and 2006 a total of 191,879 girls and 114,734 boys were integrated into primary education.

In most parts of the country, levels of literacy are reasonably high, but school attendance in rural areas is not universal and literacy rates can be correspondingly low. Government spending on education has risen and the minimum period of education for children has been raised from five years to eight. The massive **expansion of higher education in the 1980s and 1990s** has allowed the emergence of a well-educated professional class in the major cities. The working age population (of 15+) grows at 1.9% per annum because of population momentum. The only factor that keeps the unemployment rate from increasing is non-participation. The number of non-participants grows at 2.4% per annum. There are regulations requiring 6% of workforces in larger enterprises to represent disabled employees, former convicts or terrorism victims, but these are poorly enforced.

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<sup>1</sup> In March 2008 the unemployment figure was 10,7% compared to 10,4% in March 2007.

**Domestic violence** against women continues to be widespread. Honour killings and early and forced marriages continue to occur. Moreover, access to reliable data on the incidence of violence against women and of honour killings continues to be a problem. More shelters for victims of domestic violence are needed to meet the demand, and services are inadequate. The same applies to training for law enforcement bodies, judges and prosecutors.

Progress has nevertheless been achieved on **protecting women from violence**, as a legal framework guaranteeing gender equality is in place. However, **further efforts are needed to translate it into social reality**. The gap between men and women in economic participation and opportunity, educational attainment, health and survival, and political empowerment remains significant.

## 2. ROLE OF TRADE UNIONS

### 2.1. The Role of Trade Unions

Until the mid-1970s, there was a major proliferation of unions, which tended to be sectoral rather than nationwide. The **1980 coup saw trade unions temporarily banned**, and subsequently **severe restrictions** imposed on their activities. In the past, the unions' push for increased wages has benefited other sectors, but their **strength and numbers have declined**, although the ability to belong to more than one union has skewed statistics.

Although union **registration rights were simplified** in 2004, **full rights to access trade unions** still **do not exist**—an issue that the EU has criticised. The requirement to have worked for at least ten years in order to be elected to the management bodies of trade unions has been lifted. Yet despite eased regulations on union formation and membership, as well as collective bargaining, **activity remains constrained**. Unions have held on to representation of traditional sectoral strongholds such as manufacturing, trade, transportation and finance as well as the public sector. Union activities must have official permission, and allow police to attend rallies and to record events. Turkish **union law is heavily weighted against unions and workers**; there are strong penalties on their part for legal violations and comparatively weak penalties for employers' violations.

Written notice for the government of impending strike action is required, with **illegal strike activity punishable by imprisonment**. The 90-day period of notice must be preceded by collective bargaining talks, and the employer must be given at least one week's notice of a strike.

#### Key Unions:

The **Confederation of Turkish Trade Unions (TÜRK-İŞ)** is known for being the most **politically moderate** of the major unions, and is dominated by more conservative, larger unions. It is a member of the Asian-American Free Labor Institute and the Organisation for Economic Co-operation and Development countries' Trade Union Advisory Committee (TUAC). The **Confederation of Revolutionary Workers' Trade Unions (DISK)** emerged from TÜRK-İŞ, and is a **more militant** formation.<sup>2</sup>

**In sum**, all the trade unions provide legal advice and legal representation in court. The so-called **check-off system** guarantees the financing of the trade unions. Every month the management deducts a union fee from salaries and transfers it to a union bank account. Trade unions are legally obliged to spend 10% of their annual income for the **training of their members**. Nevertheless, in Turkey it is still necessary to **pass in front of a notary** to record the affiliation to a trade union.

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<sup>2</sup> For more information on trade unions and employers' organizations, see Annex 1.

Also, in the public sector certain categories of officials do not even have the right of trade union membership.

## 2.2. Collective Bargaining

While the *informal economy*, which *represents almost half of total employment* in Turkey, with an average wage at or below the minimum wage, is unprotected, the formal economy is protected by legislation and collective agreements. Every two years almost **4,000 collective agreements** are concluded by social partners. However, industrial relations and in particular collective bargaining in Turkey face major obstacles.

*Collective bargaining is highly restricted*, especially for public-sector workers, requiring high worker representation for a union to qualify for negotiations. In the *private sector*, collective bargaining only takes place at the enterprise level, instead of being rooted in the sectoral or national levels. Even so, union membership of **at least 50% of workers** in an enterprise is required, and the authorised trade union must represent **at least 10% of workers** in the relevant sector. Although it is not illegal to be an active union member, in practice *workers have been dismissed, or asked to leave a union* in exchange for benefits.

The government is permitted to *'postpone' strike action* on the grounds that it poses a threat to public health or national security (under the law on Collective Agreements, Strikes and Lockouts). Compulsory arbitration is usually imposed after a statutory 60-day period, effectively concluding strike activity. Also, there is **no right to strike** or to insist upon a collective agreement for *civil servants' unions*. While union membership is meagre outside the public sector, the incidence of strike action is expected to increase in some enterprises as economic stabilisation programmes proceed. Privately-owned industries could also be affected as wages are increased according to government inflation targets rather than real inflation trends.

## Mechanisms for dialogue

Within the *private sector*, outside the issue of collective bargaining, *dialogue* between social partners remains **practically non-existent**. In the public sector, there are some mechanisms for information, consultation and involvement in the decision-making process, but in this case one of the two partners is the state.

The *Economic and Social Council (ESC)*, is the most important institution of social dialogue in Turkey, although it was not until 2001 that its constitution took on the character of a social dialogue body rather than an arm of government. Except for the *Industrial relations and employment committee*, however, the other twelve (remaining) committees working on issues delegated by the ESC are not active. Next to the ESC, there are two functional and important tripartite bodies: the *High Arbitration Board* and the *Minimum Wage Board*. Last but not least, there are **purely consultative institutions** with limited functions to tackle economic and social problems. These include the *Turkey and European Community Joint Consultative Committee*, the *High Consultation Board of Social Security*, the *Labour Council*, the *Employment Board* etc.

## 2.3. Developments and prospects

*Collective bargaining* concentrates mainly on the wage levels, the redundancy methods, job security and arbitration. Beyond the collective bargaining mechanism, the trade unions and the employers' associations have formed joint Councils which address issues concerning health and safety at work and productivity. Thus, the conditions under which social dialogue is currently developing in Turkey suggest that all the parameters of the dialogue, such as legislation, actors, and

procedures are now in place. However, social dialogue **does not produce significant results** compared with those of the Union. The legal framework of industrial relations is under continuous pressure for reform by the EU accession process and some progress has been made.<sup>3</sup> However, in order to release its dynamics and produce results, a strong **recasting is required** both in terms of **legislation** and in terms of **perceptions towards the actors of the social dialogue**.

### 3. EU PRIORITIES

The EU has actively promoted the development of Turkey's civil society and the maintenance of a **sustainable dialogue** among the key stakeholders of Turkish politics, economy and society, as well as their **cooperation with their counterparts** within the EU Member States. As an integral part of Turkey's accession process to the EU, **labour rights and trade union rights**, as well as **women's and children's rights** are included in the political *Copenhagen criteria*. Furthermore, **chapter 19** of the 35 *acquis* chapters in the accession negotiation framework concerns itself with social policy. The screening report, the accession partnership and the annual progress reports are the EU's key documents on Turkey's progress in this field.

#### 3.1. Priorities for social dialogue and labour and trade union rights

**Further steps are needed** both for the establishment of full trade union rights and for improving the effectiveness of the social dialogue mechanisms in Turkey. It is necessary to establish conditions for an effective social dialogue at all levels, *inter alia*, by **adopting new legislation** which eliminates restrictive provisions on trade union activities and ensures full trade union rights. Also, **the question of undeclared work in Turkey must be addressed**. An analysis of it should be conducted and a plan drawn up to tackle this problem in the context of an overall action plan for the enforcement of the workforce-related parts of the *acquis*. Furthermore, the effectiveness of dialogue mechanisms also depends on **tackling the problem of informal economy**.

The establishment of **full trade union rights** requires the elimination of three obstacles in relation to:

- **Freedom of association**: currently, membership in a union requires going before a notary to register. A proposed deletion of this formality by the Ministry of Labour is under consideration;
- **The right to strike**: currently, the state can suspend any strike on grounds of "national interest" or "public health" for a period of two months and for an unlimited period through the reference to arbitration;
- **Negotiation**: currently, there is a very high threshold for unions to negotiate and conclude agreements (50% of the workforce of a company and at least 10% of all workers in the industry in question).

Although Turkey has **ratified all eight core Conventions of the ILO**, it has **not yet introduced legislation** aiming to bring the current laws on trade unions, collective bargaining, strikes and lockouts close to ILO and EU standards. Turkey is particularly expected to lift the reservations it placed on Articles 5 and 6 of the revised European Social Charter, concerning the **rights to organise**

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<sup>3</sup> The reform of the trade union laws 2821 (on the agreements under collective bargaining) and 2822 (on strikes) is currently under way. Preparations are conducted by a scientific committee, made up of academics and social partners. Discussions have already taken place with the social partners within the tripartite consultative body.



*and to bargain collectively*. There are also some other issues related to culture and history which may be addressed in the medium to long term:

- *The diversity reflecting political and ideological differences* in the country, which has led to significant fragmentation both on the labour side (three confederations) and on the civil servants' side (six confederations);
- *The industrial relations context*, which is marked by rivalry and even *hostility among the unions* as well as between trade unions and employers' associations who regard each other as rivals;
- *The narrow spectrum for collective bargaining* (mainly 'wage bargaining') as a result of the social partners' expectations on labour laws. Historically, *civil society has never been strong* enough in Turkey and it has mostly relied on the state for solutions to their problems;
- *Social partners' (in)adaptability to change*. The long history of employment by the state in secure and lifelong jobs have made trade unions adamant defenders of the status quo, while employers are more in favour of flexibility in the light of changing conditions.

### 3.2. EU assistance and projects

An important *contribution of the EU* to the strengthening of a political, cultural and social dialogue between the EU and Turkey is provided through the *Civil Society Dialogue initiative*, which stresses the need for dialogue to improve mutual knowledge and encourage debate on perceptions regarding societal and political issues on both sides. The envisaged dialogue aims to increase the participation of civil society in the political, cultural and economic development of Turkey through a variety of activities, with a view to consolidating human rights and democracy in line with the political criteria for accession.

The *role played by the social partners and social NGOs* in the implementation of EU social policy legislation is crucial. Developing contacts with the Turkish social partners and civil society organisations in the social field is necessary, with a view to *bringing them closer to EU standards* and *ensuring full respect of trade union rights* as defined by the ILO.

*EU funding aims at long term progress*. Turkey could receive over € 2 billion in the first four years of funding through the Instrument for Pre-Accession Financial Assistance (IPA). Also, the EU and ILO work together on a project called "*Strengthening Social Dialogue for Innovation and Change in Turkey*". Currently funding is channelled to enhancing the institutional capacities of Turkish authorities and social partners, cross-border cooperation, regional development, human resources development, and rural development, as well as tackling the problem of unregistered employment in the light of European experiences and practices. Co-financing projects which improve mutual knowledge and ensure collaboration through *bilateral exchange programmes* will also contribute to comprehensive integration in the long term.

### 3.3. Conclusion

The *possibilities for the EU* to contribute to the strengthening of the dialogue among the key stakeholders of Turkish politics, economy and society *are substantial*. Compliance with EU norms is both a *legal obligation and a benchmark* for the necessary reforms. Full trade union rights through the *elimination of obstacles for association, the right to strike and negotiation* as well as *effectively dealing with the enormous informal economy* are prerequisites for the functioning of dialogue mechanisms and the development of civil society in Turkey.

## **ANNEX 1 Trade unions and employers ' organizations**

There are mainly three principal trade unions confederations in Turkey:

- The most important among these is TÜRK-İŞ (*Türkiye İşçi Sendikaları Konfederasyonu*, centrist), the Confederation of Turkish Trade Unions, created in 1952. It accounts for almost two million workers and represents 33 unions;
- HAK-İŞ (*Türkiye Hak İşçi Sendikaları Konfederasyonu*, conservative), the Confederation of Turkish Real Trade Unions, was created in 1976 and represents nine unions with about 350,000 workers;
- Third, DİSK (*Türkiye Devrimci İşçi Senikaları Konfederasyonu*, moderate left), the Confederation of Progressive Trade Unions of Turkey, created in 1967, which includes 19 unions representing about 400,000 workers. Moreover, there are three important civil servants' confederations:
  - Türkiye KAMU-SEN (moderate right), which represents 11 unions with approximately 350,000 members, or 22% of the total civil service population;
  - KESK (*Kamu Emekçileri Sendikaları Konfederasyonu*, moderate left) represents ten unions and about 300,000 members;
  - And, third, MEMUR-SEN (conservative) including 150,000 members from eleven unions, or 9% of the total population of civil servants. There are also three additional minor confederations: BASK, Hür Kamu-Sen and Anadolu Kamu-Sen.

b) Employers' organisations:

- TİSK, the Turkish Confederation of Employer Associations, is the principal employers' association specialised in the employment relationships and questions of employment. It represents about 1.200,000 members belonging to 21 unions;
- TÜSİAD, Turkish Industrialists and Businessmen's Association, a voluntary association of Businessmen which is member of UNICE; and
- TOBB, the Union of Chambers and Commodity Exchanges of Turkey. They generally concentrate on tax and other macroeconomic issues and represent 1300 enterprises, 370 chambers and 1 million enterprises respectively. TOBB alone is the largest and most effective civilian economic organisation in Turkey.

Moreover, there are:

- The Union of Turkish Chambers of Agriculture (TZOB) and
- TESK, the Confederation of Turkish Tradesmen and Craftsmen, which represent between 4-5 million members. SMEs constitute more than 90% of the total number of enterprises in Turkey, create 35% of the manufacturing sector's total added value, and their share of total employment amounts to 65%, which makes TESK one of the largest and most important organisations in this field.
- The cooperatives in agriculture which are another significant means for organisation. These are small economic organisations established by farmers to provide economic and social benefits including increases in production and income, supply control, reducing income disparities in rural areas, and increasing solidarity amongst producers. Currently, there are more than 10.000 such cooperatives in Turkey bringing together over five million farmers.