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**JOINT STUDY OF THE EUROPEAN SOCIAL PARTNERS  
“THE IMPLEMENTATION OF FLEXICURITY AND THE ROLE OF THE  
SOCIAL PARTNERS”**

**NATIONAL FICHE:**

**TURKEY**

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## Preface

This national fiche is part of the EU Social Partners’ Study “The implementation of flexicurity and the role of social partners” carried out in the context of the EU Social Dialogue Work Programme 2009-2011, which includes “*Jointly monitoring the implementation of the common principles of Flexicurity, notably in order to evaluate the role and involvement of the social partners in the process and to draw joint lessons*”.

To implement this task in the best possible way and to involve national member organisations actively in the gathering of data and information, the study applies a methodology that consists of multiple levels of analysis using a variety of instruments to be implemented with the help of a team of experts:<sup>1</sup>

- The expert team, with the advice of European Social Partners, agreed on a *set of selected statistical indicators* in the field of employment and economic and social development with labour market relevance.
- National social partners were asked to participate in a *questionnaire-based survey* focussing on the relevance of the flexicurity concept within national labour markets, the role of the social partners in policy implementation and their views of the flexicurity concept. To complement the research, the expert team visited a number of countries and carried out interviews with national social partners.<sup>2</sup>
- Based on the two sources above and a review of available written materials and information, the expert team prepared 29 national “*fiches*” on the implementation of the flexicurity principles and the role of social partners in the respective national contexts.
- Results of the questionnaire survey and main findings of the national analyses were discussed at four “*country cluster seminars*” that were organised by the European Social Partners with the help of national sections in Warsaw (November 2010), Lisbon (December 2010), Paris (31<sup>st</sup> January-1<sup>st</sup> February 2011) and The Hague (8<sup>th</sup> February 2011).
- In the light of the overall study results and the comments received by national social partners in the contexts mentioned above, the expert team has prepared a *comparative synthesis report* on “Social Partners and Flexicurity in Contemporary Labour Markets” that was presented and discussed at a *EU-level synthesis seminar* on 31<sup>st</sup> March and 1<sup>st</sup> April 2011 in Brussels.

This national fiche aims to present a broad overview on the economic and social context and the state of play with regard to flexibility and security in the labour market and current social security arrangements (sections one and two). Secondly, the report describes the role of the social partners and social dialogue in the implementation of policies and practices that can be considered under the broad umbrella of “flexicurity” (section three), also summarising inputs provided by national social partners to the questionnaire, from interviews carried out and other contributions made in the context of the study. Section three also presents brief descriptions of cases of good practice as has been indicated by the national social partners.

The text was originally prepared as draft report in the autumn of 2010 in order to facilitate the discussion at the cluster seminar on 9<sup>th</sup> and 10<sup>th</sup> December 2010 in Lisbon. The original dossier has been reviewed and revised to take into account the comments and discussions that took place during the seminar or received afterwards.

However, it should be stressed that this report is presented as an “independent expert report”. It represents the views of the individuals involved in its preparation and does not purport to represent the views, either individually or collectively, of the social partners’ representatives that contributed to it, or those of the European level social partner organisations that were responsible for its commissioning.

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<sup>2</sup> The following countries were visited in the context of the project between May and July 2010: Denmark, France, Ireland, Italy, Czech Republic, Poland, Germany, Portugal and the Netherlands.

# 1 The economic and social context

## The economic context

In this decade, Turkey has experienced a period of turbulent economic development. In 2001, the Turkish economy was hit by the worst financial crisis in its recent history, with the economy shrinking by 8% in a single year. Since then, Turkey has achieved impressive economic growth, although growth has decelerated somewhat since 2004 when the economy peaked at 8.9%. The growth rate in the country's gross domestic product (GDP) declined to 6.9% in 2006 from 7.4% in 2005. The Turkish economy started to decelerate again in 2007 with a growth of 4.7% as a result of domestic factors such as increased political uncertainty, a slowdown in reform and tight monetary policy following the currency crisis in mid-2006.

In 2008 the economic crisis hit Turkey through both trade and financial channels. Global demand shrank fast in sectors where Turkey had previously built a solid manufacturing basis for the European market for example in automotive and white goods. The combined trade and financial shock disrupted activity in the manufacturing sector causing a 12.5% decline in industrial output in the last quarter of 2008 and an overall GDP growth of less than 1% over the year.

The European Commission foresees a return to positive and more robust annual growth in 2010 (European Commission 2010) with a growth rate of 4.7%.

### TURKEY - MAIN ECONOMIC INDICATORS AND OUTLOOK

	2007	2008	2009	2010	2011
<b>GDP – annual percentage change</b>	4.7	0.7	-4.7	7.5	5.5
<b>Employment - annual percentage change</b>	1.1	2.2	2.0	6.2	0.9
<b>Unemployment rate (Eurostat definition)</b>	10.3	11.0	14.0	12.2	11.7
<b>General government balance (as percentage of GDP)</b>	-1.0	-2.2	-6.7	-3.7	-2.8
<b>General government gross debt (as percentage of GDP)</b>	39.4	39.5	45.4	42.8	42.1

Source: European Commission: Autumn 2010 Economic Forecast.

The labour market situation worsened in 2008, when the unemployment rate started to pick up, particularly in the last quarter of the year. The 2009 recession led to the unemployment rate surging by almost 4% percentage points up to 14% from 11% in 2008.

In the first months of 2010 labour market developments, credit growth, and consumer and business confidence pointed to a gradual recovery in consumption in 2010. The unemployment rate that had risen to 14% in 2009, started decreasing slightly in the first months of the year. Nonetheless the EU Commission expects high unemployment rates of more than 13% to continue through 2010 and 2011.

## Labour market indicators and trends

Despite the rapid economic growth of recent years, Turkey has not been successful in translating growth into the creation of significant numbers of new jobs. Employment grew only slightly by around 1% in the period between 2002 and 2007 before it reached a growth peak of 2.2% in 2008.

This experience of “jobless growth” also means that the country's unemployment rate has remained high, at around 10%–11% for each year since the start of the economic recovery in 2002 before it increased strongly in 2009. Unemployment is particularly high among young people aged 15–24 years, reaching 22.7% in recent years. From a gender perspective, although the overall female unemployment

rate remained at 10% in recent years, the rate of female unemployment in urban areas has been much higher, fluctuating between 16% and 18% (Eurofound 2009, p. 4).

A particular problem of the Turkish labour market is undeclared employment which in 2006 accounted for approximately 49% of total employment. At the same time, Turkey’s labour force participation rate has declined to just 46% in 2008, down from the already modest 50% level evidenced in the early 2000s.

No progress has been made with regard to women’s participation in the labour force: the female participation rate declined from an already low level of 27%–28% in the early 2000s to 24% in 2008. The female labour force participation rate in urban areas, at 20%, remained below its rural equivalent of 33%. For young people, the labour force participation rate stood at 38% in 2006 and in the third quarter of 2007, 52% for men and 25% for women.

#### TURKEY - MAIN LABOUR MARKET INDICATORS 2009 IN COMPARISON TO EU27

	Turkey	EU27
Employment rate – % population aged 15 – 64	44.3	64.6
Employment rate older people – % population aged 55-64	28.2	46.0
Self employed - % total population	n.a.	15.5
Employment in services - % total employment	33.7*	70.4
Employment in industry - % total employment	20.5*	24.1
Employment in agriculture - % total employment	45.8*	5.6
Unemployment rate - % labour force 15+	12.5	8.9
Youth unemployment rate - % labour force 15-24	22.7	19.6
Long term unemployment rate - % labour force	2.8	3.0
Inequalities of income distribution (2008)	9.9	5.0

\* 1999 data. Source: Eurostat, *Employment in Europe Report 2010*.

A sectoral breakdown of output and employment provides a mixed picture. In 2007, the services sector accounted for nearly 48% of total employment but more than 60% of the Turkish GDP. In contrast to this, agriculture accounted for only 9% of GDP but 27% of all jobs indicating a particularly low productivity rate. It should be noted that since 1995 agriculture in Turkey has seen a strong reduction of employment with -15% between 1995 and 2000 and -22% between 2000 and 2007 (Eurofound 2009, p. 29).

The share of Turkish industry in GDP and employment amounted to 26% and 20% respectively. The construction sector accounted for the remaining proportion, at 5% of GDP and 6% of total employment.

Since 1985, downsizing in the public sector through privatisation has been particularly rapid. Large state-owned telecommunications, steel and refinery companies are among the enterprises privatised. In 2007 state-owned enterprises accounted for 5% of GDP and further rapid privatisation progress is expected in the next few years, especially in industries such as electricity, banking, petrochemicals and air transport. Since the start of privatisation in 1985, employment in state-owned enterprises has declined by 65%, which is the equivalent of a reduction of 430,050 jobs. In 2005–2006, privatised companies employed 114,440 workers.<sup>3</sup>

In Turkey, some 99% of all enterprises and 80% of total employment are accounted for by small and medium-sized enterprises. Informal employment is reported to be particularly widespread amongst SMEs (see for example European Commission 2009, p. 38). In particular in SMEs the phenomena of unpaid family workers remains a serious challenge. Almost 60% of Turkish women are reported to work

<sup>3</sup> For more information on major privatisations in Turkey see Eurofound 2009, p. 36-39.

in agriculture and around half of all unpaid family workers are women (according to Ercan 2008). Child labour still is a problem in Turkey. Although the number of working children is reported to have decreased from 10.3% in 1999 to 5.9% in 2006 and a national strategy for combating child poverty has been developed by the Turkish government, child labour still is widespread in certain economic fields such as seasonal agricultural work (European Commission 2007).

## Flexicurity in the labour market and labour market policy

As recent analysis and research has stressed (see for example Gundgan 2009), the Turkish case of flexicurity is typical of the situation of transforming and developing countries. Labour markets in these countries are inherently flexible due to the size of the informal economic sector. Alongside this, a large part of the formally employed population is not covered by any form of social security and/or basic labour rights nor are they covered by social dialogue or collective bargaining.

The Turkish labour market has been characterised as deeply “dichotomous” consisting of two different segments: A primary segment, constituted by large private sector companies and public services and a secondary segment of the labour market, characterised by a lack of social protection. According to expert estimates (see Ercan 2008) 54% of all employed persons are not covered by social security. However in this context it has to be also noted that it is reported that in recent years the informal economy has decreased slightly, i.e. to around 40%.

Although few flexicurity indicators exist, the following table illustrates the picture described in comparative analyses. First, flexible forms of working time organisation in the formal sector are not very common and at the same time the formal employment sector is characterised by a rather high strictness of employment protection (not only regarding regular employment but in particular also with regard to temporary employment).

As the following table shows, the lifelong learning participation rate in Turkey in 2009 was estimated at only 2.3% compared to an EU average of more than 9%. It should be noted here that the data presented in the table are Eurostat figures and that the Turkish government, i.e. the Ministry of Education is presenting higher figures on lifelong learning participation ratios (approx. 6%).

**TURKEY - FLEXICURITY INDICATORS IN COMPARISON**

	Turkey	EU27
<b>Total population having completed at least upper secondary education (population aged 25-64, %), 2009</b>	28.2	72.0
<b>Part-time employment - % total employment, 2009</b>	11.3	18.8
<b>Fixed-term contracts - % total employees, 2009</b>	10.7	13.5
<b>Access to flexitime, % total employees aged 15-64, 2004</b>	n.a.	31.3
<b>Percentage of employees (all enterprises) participating in CVT courses , 2005</b>	n.a.	33
<b>Lifelong learning participation – percentage of the population aged 25-64 participating in education and training over the four weeks prior to the survey, 2009</b>	2.3	9.3
<b>Job satisfaction – percentage of workers that are either very satisfied or satisfied with working conditions in their main paid job (EWCS 2010)</b>	61.3	84.3
<b>Strictness of employment protection – regular employment, 2008</b>	2.56	2.11*
<b>Strictness of employment protection – temporary employment, 2008</b>	4.88	2.08*
<b>Strictness of employment protection – collective dismissals, 2008</b>	2.38	2.96*
<b>Public expenditure on <i>passive</i> labour market policies (categories 8-9) - % of GDP, 2008</b>	n.a.	0.96
<b>Public expenditure on <i>active</i> labour market policies (categories 2-7) - % of GDP, 2008</b>	n.a.	0.46
<b>Persons at-risk-of-poverty after social transfers - % of total population, %, 2003</b>	26	16.3

Source: Eurostat; *Employment in Europe Report 2010*; Eurofound (*European Working Conditions Survey 2010*); OECD. \*OECD average

Although no further statistical information on continuous vocational education and or training investment activities of enterprises exist, it is clear that large part of the workforce, and in particular the informal labour market, is not covered by such activities at all. Against the background of a very low educational attainment standard in general, this results in a “vicious circle” of low skills and informal sector support as the following quote illustrates:

*“Given the lack of marketable skills (in particular low levels of education) of most Turkish workers, the work environment is conducive to unregistered work. Non-compliance with the rules allows for flexibility (minimal hiring and firing costs) for unskilled workers in low added value, low productivity activities (...)”*  
(Ercan 2008, p. 20)

## Conclusion

The trends and developments as described above illustrate that with regard to the economic and social context, Turkey is characterised by a strong dualism of a high degree of flexibility with a low coverage by social and labour market security due to the large informal economic sector on the one hand and other economic segments (i.e. the “formal” sectors consisting mainly of large companies and the public sector) which are characterised by quite the opposite situation.

Against the background of more than half of the Turkish workforce not covered by the social security system and the lack of reliable information on most aspects of flexicurity in the labour market (e.g. lifelong learning, further training, active labour market policy, access to flexitime) the question arises whether or not the flexicurity concept as a strategic approach makes any sense from the Turkish point of view since certain preconditions for applying this approach properly still not yet exist.

## 2 Flexibility and security in recent labour market and social policy reforms

### Introduction and overview

As a recent analysis (Eurofound 2009, p. 4) states, the concept of flexicurity has received increased attention from the social partners and government organisations in recent years and as a result, flexicurity related issues – such as job creation, job security and social inclusion – are now emerging in social partner discussions.

### Lifelong learning and the mobility of workers

International comparative figures such as from the OECD reveal striking difference in terms of educational attainment between Turkey and the EU Member States and other OECD member countries (see above the figures on educational attainment) with Turkey being characterized by low levels of secondary or third-level education.

As reported elsewhere (see Gundogan 2009), the system of vocational education and training is characterised by structural weaknesses and vocational schools in Turkey have not been successful in providing the labour market with a sufficient number of technicians and individuals with skills. As a result, in 2006, the Ministry of National Education introduced the ‘Secondary Education Project’ to address this issue and introduce curriculum changes in vocational and technical schools to better serve the needs of industry.

Participation in non-formal education and training remains extremely low in Turkey. In 2005–2006, only 8.6% of people aged 15 years and over participated in this type of education and training (Eurofound 2009). Non-formal training and education activities are more common in those parts of the formal sector with low staff turnover.

Continuing education and training in Turkey is provided by government bodies, private establishments, non-governmental organisations (NGOs) and universities. For example, the Ministry of National Education provides non-formal education and training either in its own capacity or in cooperation with other institutions.

According to information provided by the trade union confederation HAK- İŞ, currently Turkey has created the system and institution of vocational qualifications (MYK in Turkish, VQA in English). VQA has been developing the occupational standards, qualifications and providing certifications. These certifications are linked to employment. At the moment four ministries are acting together to value these certificates with some economic incentives within the plan of Vocational Education and Employment Relation Plan. This could be taken into account in the report.

Training programmes for workers in the informal sector are limited and carried out by only a few organisations like the Small and Medium-sized Industry Development Organisation (*Küçük ve Orta Ölçekli Sanayi Geliştirme ve Destekleme İdaresi Başkanlığı*, KOSGEB) and the Turkish Confederation of Tradesman and Craftsmen (*Türkiye Esnaf ve Sanatkarları Konfederasyonu*, TESK) (see Eurofound 2009, p. 14).

### External/internal flexicurity and contractual arrangements

While the informal labour market is characterised by high flexibility, the government in recent years has implemented reforms which have aimed to increase flexibility in the labour market; in particular the Turkish Labour Act No. 4857 of 2003 introduced flexible working forms in the labour market.

According to the trade union confederation TÜRK-İŞ in its response to the questionnaire survey, the new Labour Code of 2003 has brought internal and external flexibility practices into the labour market. But this legislation responded to the demands of employers about working hours, wages, etc. The most important problem is that there is not a connection between the social security systems.

The Turkish Industry and Business Association TÜSİAD commented the following on the revised Labour law act of 2003:

*“Flexible working methods which were included in the revised Labour Law in 2003 are not common in practice. Restricted services of private employment agencies could be an example of the limited scope of external flexicurity in Turkey since they are not allowed to provide temporary employment services according to the current legislation.”*

Also the *Turkish Confederation of Employer Associations* TISK in a position paper prepared in the context of this study<sup>4</sup> has raised concerns about the right balance between flexibility and security in the Act but from a significant different perspective:

*“Turkish Labour Act No. 4857 that entered into force on 10 June 2003 introduced flexible working forms to Turkish legislation with provisions protecting workers. However, the right balance between flexibility and security could not be found. The flexibility arrangements that were introduced were made subject to the consent of the worker and no space as provided for arrangements on the initiative of the employer.”*

<sup>4</sup> The position paper that covers two sections on „Turkish labour legislation and flexicurity” and “Ensuring flexibility in Turkish labour legislation” comprises a detailed assessment of the Turkish Labour Act No. 4857. It covers the position of TISK in particular on external as well as internal flexibility in the Turkish labour market and documents the main positions and demands of TISK. While only general conclusions are summarized here, the full document is available at the European Social Partners resource centre.

The 2003 Labour Act regulated atypical types of work, including part time work, on call work and temporary employment contracts and by recognising atypical and flexible forms of employment, enabled employment contracts to be legally arranged in more flexible ways. Not only does the law recognise fixed-term contracts, it also imposes no restrictions on successive fixed-term contracts or renewal criteria, thus facilitates extensive flexibility in temporary employment.

However, as TÜSIAD has stressed, in a comment to this fiche,

*“It would be incorrect to say that there is no restriction on successive fixed-term contracts or renewal criteria. According to the Labour Law, fixed-termed work depends on objective conditions such as completion of a certain work or occurrence of a certain phenomenon. Fixed-termed contracts cannot be made successively more than once (in chain) without any founded reason. Otherwise, the labour contract is considered as indefinite-termed from the beginning.”*

Greater flexibility in working time is also recognised under the new labour law: While the weekly working hours normally should not exceed 45 hours. The normal weekly working period may be differently assigned to working days of the week without exceeding eleven hours a day, upon agreement of the parties. In this case, the average weekly working period of the worker may not exceed normal weekly working period during a period of two months. The compensation period may be increased by up to four months by collective labour contracts. The maximum overtime limit in normal circumstances is 270 hours per year.

In the position paper mentioned above, the employer organisation TISK is summarizing the following problems in the context of implementing more flexible forms of work:

*“There are serious problems in the implementation of the provisions of labour Act. No. 4857 pertaining to subcontracting relationship, establishment of definite period contracts, on call work, short term work, reference period and compensatory work. Moreover, the fact that there is an absolute requirement of the consent of the worker for the introduction of flexibility arrangements and that the employer has no power of initiative augments the problems, particularly at periods of economic difficulties.”*

### Active labour market policy

Within the adaptation process to European Employment Strategy, then Turkish authorities have been coordinating some active labour market programs. Their results however need to be analysed closely.

Compared to other EU countries and many nations in transformation, Turkey has very limited experience and capacity in the area of active labour market programs and measures. Starting in the mid-1990s, some initiatives were introduced, funded largely by the World Bank. A fresh impetus then came with the adaptation process towards the European Employment Strategy – here, an important institutional development took place in 2000 with the establishment of İŞKUR, the “Turkish Employment Organisation” has coordinated active labour market programmes in Turkey since then. İSKUR’s activities include capacity building and the funding of smaller active measures, largely co-financed by European funds.

Active labour market policy measures actually carried out so far are quite modest. Prior to the year 2005 it was reported (Gundogan 2009, p. 7) that around 11,400 participants received training. According to the trade union confederation TÜRK-İŞ, the results and effects of ALMP in Turkey need to be seriously evaluated and analysed.

### Supportive social security systems

A major challenge is the “dichotomous structure” of the Turkish labour market. A primary segment, consisting of large private sector companies and public services sits alongside a secondary segment of the labour market, characterised by a lack of any social security. Since much of Turkey’s formal social

protection system (pensions, health insurance, and unemployment insurance) is based on membership in the social security institutions, this means that informal workers do not receive these protections.

A study of the European Training Foundation in this context stated in 2006:

*“The segmented nature of the Turkish labour market results in considerable differentials in terms of working conditions, earnings and protection between those employed in the formal sector and those working in the informal sector and, within the formal sector, between the workers organised in trade unions and those not organised. Unemployment insurance was introduced recently and addresses a small part of jobless people, but improving the safety net and in particular unemployment insurance is the next step in increasing workers’ security and moving from job protection to workers’ protection.” (quoted in Eurofound 2009, p. 6)*

The European Commission, in its latest report on the progress of Turkey with regard to EU membership, comes to a somewhat depressing conclusion:

*There has been no progress in the field of social protection. The percentage of people covered by social security is slightly below 80% and has been declining. Efficient planning, coordination and provision of social protection, social assistance and social services are still lacking. Often this results in arbitrary delivery of services and benefits, without objective and transparent criteria. (European Commission 2009, p. 64)*

However, there have also been changes in the social security system implemented over the last years that are – according to a study of the European Training Foundation:

*“aiming to extend the social security coverage of non-traditional workers – e.g. part-timers and on-call workers are now able to register with the SSI and those who work less than normal working hours can benefit from the full rights of social insurance if they pay the excess premium.”<sup>5</sup>*

## High quality and productive workplaces

Turkey faces a number of problems and challenges in creating more high quality and productive workplaces. The size of the informal sector which is characterised by exactly the opposite attributes of low quality and productivity presents a major problem but not the only one. Further barriers towards quality and productivity improvements are the lack of skills and the deficits of education, training and learning institutions and practices.

A further problem in this context also is the low standard of basic health and safety at work conditions in Turkey. This has been reported also by the EU Commission in the progress report on the adaptation of the European *acquis communautaire*:

*Some progress has been made in the area of health and safety at work. Expertise on the acquis improved as a result of training and awareness-raising activities. However, the lack of legislation to transpose Framework Directive on the safety and health of workers at work is a major shortcoming. Amongst other issues, employees in the public sector are still not covered by the health and safety legislation. (EU Commission 2009, p. 63)*

However, against the persisting and recently increasing problem of high unemployment, the objective of creating more high quality and productive workplaces, in the view of the Turkish trade union confederation TÜRK-İŞ, can only be regarded as a “secondary challenge” (quote from the questionnaire survey reply): the priority has to be to concentrate on job creation.

## Gender equality

Available figures on female labour market participation indicate that the situation with regard to gender equality has not improved in recent years. According to European figures, the strikingly low female employment rate in 2009 was 24.2%.

<sup>5</sup> European Training Foundation: Flexicurity Analysis of the Turkish Labour Market, Turin, 2011.

At the same time it is notable that the position of women with regard to skills and educational attainment, at least in urban areas, is better than the male one (Eurofound 2009, p. 10): While in urban areas nearly 60% of male workers had only less than a secondary school or no education at all in 2007, the respective figure of women was only 42%. In the same year, 29% of urban female workers had a higher education, compared with only 15% of urban male workers.

A further figure in this context is indicating a significant gender inequality with regard to further education and career perspectives: The proportion of men with an upper secondary or third-level education in 2005 was 10 percentage points higher than that of women.

### Financial sustainability

In its reply to the questionnaire survey the trade union confederation TÜRK-İŞ also states that the Turkish social security system not only has the problem of a lack of coverage but also has serious financing problems and runs deficits for years.

### Conclusion: Strengths, weaknesses and challenges

The debate on flexibility in Turkey has largely focused on certain flexibility categories – such as labour cost flexibility or wage flexibility, and numerical flexibility or quantitative flexibility. As a recent study found (Eurofound 2009, p. 6) a missing element in this debate has been the quantitative aspect of internal flexibility, or functional flexibility. This form of flexibility also requires the development of skilled employees through different means. In turn, skills development, continuous and lifelong learning enhances workers’ employability, thus providing additional practical security for workers.

In its response to the flexicurity survey, the Turkish Confederation of Trade unions TÜRK-İŞ stresses in particular that the informal sector and the large part of the workforce not covered by social protection and labour relations is the main obstacle of modernisation and progress:

*“The major problem in labour market of Turkey is related to the fact that 42% of total employment is “informal” and out of any system of social protection. This unregistered work has become the major form of flexibility in Turkey. Flexibility shows itself mostly in the informal forms of employment. Thus, the balance between flexibility and security cannot be possible in the informal sector. (...)”*

The Turkish employer organization TISK highlights the following challenges in the context of implementing flexicurity in Turkey:

*“Turkey can ensure real employment protection not through a rigid labour legislation but by giving the labour force skills needed in the labour market, by emphasizing active labour market policies and by improving flexible working arrangements. Turkey must make best use of flexicurity arrangements in order to*

- *fight structural unemployment and create new job opportunities,*
- *to ensure enterprises can rapidly adapt to changing production and competitiveness conditions in international markets,*
- *to fight unregistered economy and unregistered employment problems,*
- *to improve employment prospects of such disadvantaged groups as women, youth, and the disabled.*

*To ensure the practicality of flexible working arrangements in our legislation, conditions restricting the use of definite contracts should be flexed; compensatory work should be made practicable, excessive impediments to sub-contracting arrangements and restrictions on annual paid leave should be removed; use of unpaid leaves should be made easier; conditions for the use of short work should be extended, reference periods should be extended and temporary agency work should be introduced.”*

*(Source: TISK position paper on Labour legislation and flexicurity).*

In comments to the study made by the trade union confederation HAK-İŞ the following proposals and demands were stressed:

- There should be Regular Income Support System to be created in Turkey covering every individual;
- Turkey should develop a national employment strategy. In the absence of such a strategy, the claims for the improvement mainly based on more flexibility are resulting in rather negative effects – currently the increase in flexibility not increasing the employment but replacing regular, permanent jobs.

However, it has also to be mentioned here, that in response to the labour market effects of the 2008 global economic and financial crisis also in Turkey a number of measures have been implemented during the crisis that were aiming at increasing internal flexibility, in particular by short-term work schemes. According to the Turkish employer organisation TÜSIAD a report of the European Training Foundation on flexicurity in Turkey stated:

*“In an effort to alleviate the effects of global economic crisis in 2008, 2009 and 2010, the maximum payment period of 3-months was increased to 6-months, and the amount of payment was increased by 50%. This mechanism helped approximately 192,000 people to remain in employment in 2009.”*

### 3 The role of the social partners

#### General remarks on the role of social partners

As stated in the main principles of flexicurity, “active involvement of social partners is key to ensure that flexicurity delivers benefits for all” (European Commission 2007, p. 8).

Although the situation, in particular in regard to the respect of basic labour rights and trade unions, has improved in recent years in the context of EU convergence process, there are still a number of challenges and barriers to social partnership and social dialogue is facing in Turkey.

The most important problem here is that Turkey still hesitates to accept fundamental EU standards and ILO conventions on minimum labour standards as the EU Commission repeatedly stated in the latest progress report in 2009:

*“As regards labour rights and trade unions, the reinstatement of 1 May as ‘Labour and Solidarity Day’ and a public holiday and the decision to allow trade unions to demonstrate (in small numbers) on Taksim Square in Istanbul were two symbolic steps, as trade union rights had been curtailed in Turkey after the 1980 military coup. However, the efforts to reform trade union legislation did not bear fruit. The current legal framework – including the constitutional provisions on trade union rights – is not in line with EU standards and ILO Conventions, in particular as regards the right to organise, the right to strike and the right to bargain collectively, for either the private or public sectors.”* (European Commission 2009, p. 26)

In many cases, the fact that existing rights (*Union Law No. 2821, Law on Collective Bargaining Agreement, Strike and Lockout No. 2822*), are not respected in real life has been documented in recent surveys (see Turkey-EU Trade Union Coordination Commission 2004).

Almost a half of all Turkish workers are, by definition, not covered by the official industrial relations system since they belong to the informal sector. This results in quite a distinctive contrast between official figures on trade union membership and reality. According to official statistics the unionisation rate in Turkey is quite high – in 2007 it stood at about 58%. However, if the informal sector is taken into account and the approximately 10 million informal workers are added to the 25 million registered workers, the unionisation rate would be less than 9%.

There are currently around 90 trade union organisations in Turkey, which are either affiliated to one of the country's three trade union confederations or independent (Eurofound 2009, p. 15) According to figures of July 2009 the *Confederation of Trade Unions of Turkey (Türkiye İşçi Sendikaları Konfederasyonu, Türk-İş)* with more than 30 affiliated trade union organisations is reported to represent around 72% of unionised employees. The *Confederation of Turkish Real Trade Unions (Türkiye Hak İşçi Sendikaları Konfederasyonu, Hak-İş)* represented around 14% of unionised employees while the *Confederation of Revolutionary Trade Unions (Devrimci İşçi Sendikaları Konfederasyonu, DiSK)* represents 13.7% of unionised workers. According to comments received from HAK- İş the number of members have grown since 2009 quite significantly due to some unions the organisation now is organising that previously have been members of DiSK. All three trade union confederations are affiliated to the International Trade Union Confederation (ITUC) and the European Trade Union Confederation (ETUC). The remainder of Turkey's unionised employees are organised in more than thirty independent unions that have no affiliation to any confederation.

Only since 2001, when the Law on Civil Servants' trade unions was passed, civil servants have the right to organize in trade unions. Membership is not open however, to all categories of civil servants, and certain categories of civil servants such as judges, members of the high court, military personnel, members of the police force, and civil servants and public employees working in the military and national defence ministry do not benefit from this right. Nearly all of the civil service trade unions (the most important are: *Turkish Confederation of Public Labour Unions, Türkiye Kamu Çalışanları Sendikaları Konfederasyonu, Türkiye Kamu-Sen*; *Confederation of Public Workers' Unions, Kamu Emekçileri Sendikaları Konfederasyonu, KESK* and *Confederation of Civil Servants' Unions, Memur Sendikaları Konfederasyonu, Memur-Sen*) are a member of one of the three main trade union confederations.

On the employer side, there are a total of 52 employers' organisations in Turkey. Nearly half of them are members of the *Turkish Confederation of Employer Associations (Türkiye İşveren Sendikaları Konfederasyonu, TiSK)* while the remaining 31 are independent organisations. TiSK is the only employer confederation in Turkey and the sole national organisation representing Turkish employers in industrial relations.

The *Confederation of Turkish Tradesmen and Craftsmen (Türkiye Esnaf ve Sanatkarları Konfederasyonu, TESK)* is the most important employer organisation of small enterprises in Turkey and also an associated member of UEAPME.

Public sector enterprises in Turkey are organised under the umbrella of the *Union of Turkish Public Enterprises T.B.İ.K.* which also serves as the Turkish section of CEEP. The T.B.İ.K. is a confederation of around 25 employers' organisations in various economic fields such as mining, coal, energy, electricity, defence, railways or agriculture.

## Main instruments and levels of influence

There are a number of difficulties and barriers to the application of the main instruments of social partners' involvement in economic and social life in Turkey. Against this it is not surprising that the collective bargaining coverage even of unionised employees is rather low.

The most common form of collective bargaining in Turkey is enterprise-level collective bargaining with normal agreements signed for a period of two years (it is not allowed to have agreements for more than three years). According to official statistics, in 2007 only 26.5% of all registered workers were covered by a collective bargaining agreement. In terms of unionized workers the rate was 45.6%. Although comparisons with earlier years indicate a slight increase in collective bargaining coverage the figures are very low when compared to EU countries. If all workers are taken into account, the collective bargaining coverage is much smaller and below 10%.

Given the particularities of the Turkish industrial and labour relations system and the lack of a social partnership tradition it is little surprise that social dialogue at the cross-industry, sector and corporate level, is weak. From the point of view of the EU Commission, the tripartite social dialogue within the Economic and Social Council (established formally 2001) needs to be improved and strengthened. Against this the most recent assessment of the state of social dialogue in Turkey made by the EU Commission is short and simple: “*Turkey is not yet sufficiently prepared*” (EU Commission 2009, p. 63).

### Recent changes and challenges

According to the survey reply of the trade union confederation TÜRK-İŞ the most important challenge for social partners playing a more important role in industrial and labour relations as well as in regard to the implementation of flexicurity in Turkey is the lack of a sufficient coverage of workers by collective agreements.

As the trade union confederation HAK- İŞ is claiming in their response to the study, flexicurity should be more developed between employee and employer organisations through dialogue. HAK-İŞ has signed an agreement with TİSK in 2007 that is regarded as a model agreement: “*This kind of initiatives and outcomes of social dialogue should be developed further in order to reach more effective results.*”

### Cases of good practice in the field of labour market flexibility and security

The trade union confederation TÜRK-İŞ has suggested two cases of good practice in its response to the questionnaire survey:

- *Collective agreement in the metal sector:* A trade union and an employer organization in metal sector have reached an agreement to reconstitute working conditions during the economic crisis for 18 months.
- *Short working benefits:* During the economic crisis, short time work benefits have been paid to employees in order to prevent layoffs and to provide suspension of works and the persistence of employment contracts.

## 4 Key points arising

From the point of view of the author of this report the following key points are arising in regard to flexicurity in Turkey:

- *The development of the labour market in Turkey is characterised by a high degree of segregation and informal employment as well as limited resources/capacities of active labour market policy. Against this background, the question arises whether or not the concept of “flexicurity” the right approach to address the major challenges described in this report?*
- *As a candidate country, Turkey has adopted a number of instruments and policies (e.g. active labour market programmes in view of the European Employment Strategy). Given the quite diverging assessments made by the Turkish social partners on progress in this field, it would be extremely useful to evaluate the progress and results of these reforms in more depth.*
- *The flexicurity concept as well as the European social model in general are build on an active involvement of social partners and social dialogue in economic, labour market and social policy reform processes. Also here an evaluation of progress and trends with regard to this aspect would be very useful.*

## Sources and references

### Replies to the questionnaire survey, interviews and other contributions

A reply to the European Social Partners’ questionnaire survey was received by the ETUC member organisation Confederation of Turkish Trade Unions TÜRK-İŞ.

Though no reply to the questionnaire survey was received from the BUSINESSEUROPE member organisation TISK (*Turkish Confederation of Employer Associations*) prepared a comprehensive written statement on “Turkish Labour Legislation and Flexicurity” for this study that is available on the European social partners’ resource centre.

Furthermore the ETUC member organisation HAK-İŞ as well as the BUSINESSEUROPE member TÜSIAD commented on the draft report and provided the author with additional information and comments.

### Further resources

1. European Commission 2007: Turkey 2007 Progress Report, Brussels, 6.11.2007 (SEC/2007/1436).
2. European Commission 2007: Towards Common Principles of Flexicurity: More and better jobs through flexibility and security, Brussels, 27.6.2007, COM(2007)359final.
3. European Commission 2009: Turkey 2009 Progress Report, Brussels, 14.10.2009 (SEC/2009/1334).
4. Gundogan, Naci 2009: Can Denmark's Flexicurity System Be Replicated In Developing Countries? The Case Of Turkey, Anadolu University, MPRA Paper No. 17470.
5. Turkey-EU Trade Union Coordination Commission 2004: Industrial Relations in Turkey and Trade Union Organizing: Evaluation report, ETUC, Brussels.
6. Eurofound 2009: Quality of work and employment, industrial relations and restructuring in Turkey, Dublin.
7. Ercan Hakan 2006: Contribution to the EEO Autumn Review 2006 ‘Flexicurity’ Turkey, European Employment Observatory
8. Ercan, Hakan 2008: “Flexicurity in the Southern Rim: Turkey in Comparative Perspective”, Presentation, prepared for the Flexicurity Conference Bucharest, Romania.