

Does the Adoption of Codes of Conduct Marginalize Labor Unions?

The

Case of Turkey's Garment Industry

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Summary and Conclusions

Codes are meant to apply to companies as a supplement not as a replacement of state laws and regulations. The ILO standards which provide the normative basis for the contents of the CoC put obligations on signatory governments to include the conventions in the legal framework. Transposing the government responsibility to the business with respect to elimination of forced labor, minimum age, child labor, discrimination and equal remuneration seem to be less of an issue since observation of these rights can be easily monitored, observed and brought to the spotlight with the support of existing laws.

In case of freedom of association and the right to collective bargaining, this transposition seems to be problematic. As explained before, the judicial framework for industrial relations in Turkey is prohibitive and restrictive with respect to freedom of association and collective bargaining. Both of these issues go beyond improving the working conditions at the work place to the heart of power relations. The legal barriers for exercising the freedom of association and collective bargaining makes it easier for employers to avoid unionization. As we summarize below, the CoC are ineffective in these areas:

- a) Suppliers implement codes selectively; use various tactics to avoid unionization; make explicit or implicit threats to workers who seek union affiliation; and exploit workers' feelings of loyalty.
- b) Independent audit systems are not effective in auditing the implementation of standards related with freedom of association and collective bargaining.
- c) In the presence of a CoC, convincing the workers to give up their association rights is easier since CoC improves workers' conditions and decreases the utility of unions.
- d) Owners'/management's long-held assumptions and beliefs about unions also play a role in opting for avoidance or acceptance. The cultural values and institutional background of the developing country seem to be important in the adoption and implementation of the CoC. When directly contradict the values underlying the CoC, as in the case of Turkey, diffusion and internalization of these Codes become harder.
- e) When unionization can not be avoided, some suppliers increase the level of subcontracting and turn to informality. Government's reluctance to eliminate informality and the lack of transparency in the supply chain makes it difficult to reverse this trend and root the standards firmly in the sector.
- f) CoC does shift the power to the management in setting and enforcing social standards, further marginalizing the scope and depth of issues that trade unions can influence. The unions still play a positive role in the presence of CoC, but the benefits accrue to employers more than the workers except for resolving minor employee problems.

Although implementation of CoC improves the quality of life of the workers, the sustainability of these improvements may be questioned when the standards are not legally protected with a collective agreement. As such, in the Turkish context, despite its positive role in improving the quality of life of workers CoC have two unintended consequences; increased informality and marginalization of unions. The second one is particularly important since the development of a complete industrial relations framework which would effectively include the freedom of association and the right to collective bargaining can not be achieved without unions.

We believe promotion of corporate social responsibility and “voluntarism” may undermine the need to complete the legal framework that governs the industrial relations.

This outlook confirms Hiâ’s (2004) skepticism expressed in her case study of the BSCI initiative in which she drew attention to the fact that social standards were less a part of the wider societal rules, values and norms of the societies in developing countries making it difficult for initiatives like Round Tables to reduce the gap between the structural power of workers and their employers.

Despite the difficulties, we believe multi-stakeholder initiatives such as the Social Standards Round Table has the potential to play a crucial role in overcoming the shortcomings of private regulations. As such we find the Round Table concept to be innovative and credible. The Turkish experience could have had more successful if the focus shifted to (i) pressurizing the government to be actively involved and (ii) building trust between the member e institutions and (iii) building societal support to tripartite dialog. A Round Table project to improve the effectiveness of audit methodology in addressing the implementation of the standards related with freedom of association and collective bargaining could be the starting point to build trust. We do not take the absolutist position that labor rights should be applied without attention to their economics, but argue that for fast-growing developing countries, the effect of higher labor standards are easily exceeded by increase in productivity and competitiveness as demonstrated in the experience of Asian countries during the past 20 years. Although we do not have any statistical evidence, our limited observations indicated that all parties; government, workers and employers, seem to benefit from an institutional dialog at the workplace. Round Table can undertake further research in analyzing the economic impact of unionization on the firms and the competitiveness of the sector, disseminate case studies of successful social dialog examples, facilitate management education, organize panels, conferences, workshops, and most importantly engage the thought leaders and decision makers of social parties in the debate.

Why do the employers of firms that accept to implement CoC fear unions if the benefit from unions presence is a possibility? The answer maybe found in the following words of a unionised worker:

We feel much more confident and strong now. We know that the union will back us up if needed. We are not alone; we have a sounding board, we can consult with our leaders. ... We meet with union representatives from other factories in the union. We help each other to find solutions and learn from each other. This is a completely different feeling of belonging.

We believe at the core of the fear lies the potential role unions can play in representing the aggregate interests of workers at the national level as an economic and political agent and redressing the power imbalance between workers and corporations

built during the last 25 years thanks to the neo-liberal policies and stand-by agreements.

Turkey's economic recovery and the prospects of EU accession more than justifies a view of the workplace as a key locus for a more participatory form of democracy to emerge.