

IPC-MERCATOR POLICY BRIEF

May 2020

SYRIAN WORKERS AND INFORMALITY IN THE TEXTILE SECTOR IN ISTANBUL

Gökçe Uysal and Engin Volkan



IPC

ISTANBUL POLICY CENTER

SABANCI UNIVERSITY

STIFTUNG MERCATOR INITIATIVE

About the Istanbul Policy Center-Sabancı University-Stiftung Mercator Initiative

The Istanbul Policy Center–Sabancı University–Stiftung Mercator Initiative aims to strengthen the academic, political, and social ties between Turkey and Germany as well as Turkey and Europe. The Initiative is based on the premise that the acquisition of knowledge and the exchange of people and ideas are preconditions for meeting the challenges of an increasingly globalized world in the 21st century. The Initiative focuses on two areas of cooperation, EU/German-Turkish relations and climate change, which are of essential importance for the future of Turkey and Germany within a larger European and global context.

Introduction

In Istanbul, Syrians are employed informally in the textile, apparel, and leather industries, i.e., subsectors of the textile industry, and work under precarious conditions. Turkish firms' strong demand for labor in these industries remains unsatiated as Turkish workers are constantly shifting toward jobs in the service sector, where the working conditions are considered to be better. Our data indicates that the vacancies in the textile industry are being filled by Syrian workers partially due to the common practice of informal employment, which is often imposed upon both Turkish and Syrian workers in this sector.¹

Why is informality so widespread in the textile sector? Interviews with firms and business associations in this sector reveal that there are different sources at play: (a) A brutal global price competition; (b) Short production horizons imposed by international companies; (c) Insufficient monitoring by Turkish authorities; (d) The ability of firms in this sector to avoid punishment from Turkish authorities or international clothing companies.

In this policy brief, we first introduce the data used in our analysis. After analyzing labor demand in the textile industry, we document the dire working conditions that are pushing Turkish workers out of this industry into services and argue that the conditions are even worse for Syrians who fill the gaps. Clearly, informality is one of the main explanations for the dire working conditions in this sector. Therefore, we delve deeper into the causes behind high rates of informal employment in this industry. We conclude by proposing some policies that will help ameliorate the working conditions of all workers in one of the most important industries in the Turkish economy. Such policies will serve the dual purpose of fighting informality, which has detrimental effects on Turkish and Syrian workers alike and making more efficient use of the Syrian labor force in a trench of the labor market where supply remains scant. Ultimately, these policies aim to support the textile industry, one of the most prominent exporting industries of the economy.

Information on Data

The labor market analysis is based on information collected from various data sources. These data sources are: (1) Labor Market Research Reports produced by The Turkish Employment Agency (Türkiye İş Kurumu, İŞKUR) in Istanbul, (2) Kariyer.net, (3) In-depth interviews conducted with stakeholders, business associations, and companies, (4) International Youth Foundation (IYF) Labor Market Assessment Survey conducted with 1,003 young Syrians, (5) Household Labor Force Survey data provided by TurkStat, and (6) In-depth interviews conducted with young Syrians.

Labor Market Research Reports (*İşgücü Piyasası Araştırma Raporu*, IPA), produced by İŞKUR in Istanbul, provide monthly data on the number of unemployed individuals who apply to İŞKUR to find jobs and the number of vacancies posted by both public and private companies. It also provides some data on the number of unemployment claims. Workers who register at İŞKUR are usually at the lower end of the skill distribution, and in parallel, the vacancies posted there are usually vacancies for low-skilled workers.

As of now, the data collected by İŞKUR is the only firm-level data with a representative sample that contains direct questions on companies' current and expected labor demand. The 2018 survey² has been weighted to represent 35,485 companies in Istanbul that employ 20 employees or more. Data on smaller companies are outside the scope of the report. The fact that the survey only represents relatively larger companies is a major drawback. If smaller companies are more likely to hire Syrians, this drawback becomes an even larger concern. Nevertheless, IPA data indicates that manufacturing, wholesale and retail trade (including repair of motor vehicles and motorcycles), and construction make up the largest three sectors in Istanbul as measured by the number of companies (with more than 20 employees), and together they represent more than half of the businesses in Istanbul. Consequently, despite the aforementioned constraints we came across, IPA provides credible and valid information on labor demand.

Kariyer.net³ is one of the leading online employment agencies in Turkey. It releases the data it collects through its website. Some data is available

publicly, some on demand. Kariyer.net is a widely used job search website in Istanbul. Its data is more likely to represent vacancies in Istanbul requiring a higher skill set. Thus, it complements the information provided by İŞKUR in Istanbul.

In-depth interviews with nine companies and two business associations were conducted in order to provide more extensive and representative information concerning the textile and apparel subsectors. Interviews were conducted in areas where textile firms are common, with firms that accepted to be interviewed. Among the nine companies, three had Syrian employees, and two had Syrian owners. To respect the anonymity of the companies interviewed, a handle was assigned to each company, containing a unique number and information on their ownership structure. That is, a company with a Syrian owner is quoted as (F#, Syrian), for example. The business associations interviewed are the Turkish Clothing Manufacturers Association (TGSD) and Istanbul Textile and Apparel Exporters' Association (İTKİB).

The International Youth Foundation (IYF) Labor Market Assessment Survey (IYF-LMAS) was conducted with 1,003 young Syrians living in Istanbul between the ages of 18 and 29. The survey was given in the form of a questionnaire developed to analyze the labor market for Syrians. The sample was restricted to individuals who were active in the labor market, i.e., employed (formally or informally) and unemployed.

Household Labor Force Survey (HLFS) is conducted by TurkStat.⁴ The data allows for an assessment of the supply side of the labor market, i.e., working age population and the labor force. In the data, there is also useful information concerning employment and unemployment patterns. The HLFS collects data on the Turkish population and, hence, does not sample the Syrian population in Turkey.⁵

In-depth interviews with 32 young Syrians were conducted to further investigate the preliminary survey results and to deepen the analysis on working conditions in Istanbul. The in-depth interviews were conducted with both men and women, employed and unemployed, with the goals of identifying issues that the survey may have missed, and to shed light on some issues that may be underexplored in the survey. Each interviewee is assigned a number to ensure anonymity and is quoted as (#, gender, labor market status), e.g., (4, female, unemployed).

Strong Labor Demand in the Textile Industry

Turkey ranks as the seventh largest apparel supplier in the textile sector globally and the third biggest apparel supplier to the EU following China and Bangladesh.⁶ In other words, the textile and apparel sectors in Turkey contribute substantially to the Turkish economy by exporting extensively to the rest of the world. Data sources on labor demand in Istanbul indicate that the firms in the textile and apparel sectors are suffering from a persistent shortage of labor supply. Starting from the largest labor demand data available, we will establish the insufficiency of labor supply in the industry.

According to IPA 2018, Istanbul has the highest number of vacancies, accounting for 31.1 percent of the total vacancies in the private sector in Turkey. Of the vacancies in Istanbul, 95.5 percent are labeled as “hard to fill” by the firms posting them. Almost half of these positions are in the manufacturing sector (42.1%), and almost one-third of them are classified under “plant, machine operator and assemblers” (27.6%).⁷

As to the type of machine operators, IPA reveals that, in 2018, there were 5,778 vacancies (10 percent of the total) in sewing machine operators that top this list (Table 1). Together with garment workers (855) and handlers (771), the demand for labor is even stronger in the textile industry.⁸ A bird's eye view of the IPAs from 2013 to 2018, establishes that sewing machine operators as well as handlers in textiles have persistently been in the list of top ten hard-to-fill occupational vacancies. This finding is further supported by the data provided by Kariyer.net for 2017,⁹ which demonstrates that although the vacancies are highest in the textile industry, applications per vacancy in the textile industry remain relatively weak.¹⁰

Interviews with business associations and companies who operate in this industry also confirm the insufficient labor supply in the industry. The interviews with textile firms dismantled the broad occupational classification that İŞKUR uses. Companies commonly stated that they are constantly searching for machinist, pressers and steamers, and quality control workers (ISO; F1, Turkish, F2, Turkish, F3,

Table 1 – “Hard to Fill” Vacancies and Requirements, Istanbul, 2018

	Number	%	Requirements	Insufficient number of applications
Machine operator: sewing	5,778	10.0	A,B	88.0
Quality Controller (textile sector)*	3,972	6.9	-	97.4
Extras	2,025	3.5	A,B	100.0
Security personnel	1,956	3.4	B,C	18.0
Handyperson (general)	1,452	2.5	B,F	77.3
Waiter/waitress (service personnel)	1,365	2.4	B,C	64.1
Cleaning personnel	1,264	2.2	B,A	45.8
Sales demonstrator, consultant, representative	959	1.7	D,C	36.9
Garment Worker	855	1.5	B,E	88.4
Handler (textile)	771	1.3	B,A	81.8
Other	37,411	64.7		
TOTAL	57,808	100		

A: Sufficient professional, technical knowledge and experience, **B:** Physical competence, **C:** Ability to communicate and express, **D:** Marketing and sales skills, **E:** Ability to work in a team, **F:** Problemsolving skills and taking initiative

* Quality controller in textile sector was not listed in Occupations Hard to Fill and Skill and Educational Requirements table in IPA 2018 report. The reason why the vacancy is hard to fill is reported in IPA 2018 Report. The vacancy number is collected from IPA 2018 data tables.

Source: İŞKUR Labor Market Research (IPA) 2018

Turkish; F4, Turkish; F8, Syrian). One company was looking for knitting machine operators (F1, Turkish); another company that recently started production stated that they need machinists, cutting staff, packaging staff, and quality control staff (F6, Turkish). Yet another company said that there are vacancies in sweater and tricot knitting as well as round knitting machines (F5, Turkish):

We constantly need machine operators who would keep the machinery up and running. So, we will hire a machine operator immediately when we find one. (F3, Turkish)

Emphasizing the urgent need to fill these vacancies, some companies stated that they apply to İŞKUR to find workers, but either there is no response from the employee, or those who do come do not stay for long (F1, Turkish; F2, Turkish; F6, Turkish; F4, Turkish). Data pertaining to labor demand, collected by various employment agencies, implies that the labor market seems to be suffering

from a potential mismatch between demand and supply, particularly given that the unemployment rate in Istanbul is higher than the average, 12.5 percent vs. 11 percent.¹¹ Why do the textile and apparel sectors need workers and yet fail to find enough? Representatives believe that the working conditions in the textile sector may be the culprit:

The reason we have vacancies is not because we don't have people to work but because those people do not work under those conditions. (İTKİB Representative)

They stated that the Turkish workers transition to service sector jobs, which, in their opinion, provide better working conditions (İTKİB Representative; F1, Turkish; F3, Turkish; F4 Turkish; F6, Turkish):

In particular, with the development of organized retail and the abundance of shopping malls in Turkey, the labor force we make use of has shifted to the service sector. From part-time salesperson to the security personnel,

most people working in the shopping malls are either our potential or previous workers. The salaries paid in both of these sectors are approximately the same, but because the working conditions in our sector are considered to be strenuous, there is a transition to the other (sector). (TGSD Representative)

The data from IPA confirms this statement from the TGSD representative. When asked about the reason why they are finding these positions hard to fill, more than 80 percent of firms that search for machine operators, garment workers, and handlers as well as almost all firms that search for quality controllers complained about the insufficient number of applications. All these numbers are in sharp contrast to a mere 18 percent of firms that are looking for security personnel and that complained about their difficulties in filling these positions.

How do the firms in this industry cope with a persistent labor supply shortage? Even though data from official sources, such as the Household Labor Force Survey by TurkStat, do not contain information on Syrians in the labor market, data from the labor demand side indicates that this gap is at least partially filled by Syrian workers (TGSD Representative; F1, Turkish; F2, Turkish; F5 Turkish; F6, Turkish):

There are companies in our sector that hire Syrians. (...) They work as machine operators. They also work as porters in the storage. (...) They possibly employ (Syrians) because they can't find (Turkish) workers. (F1, Turkish)

It is easy to envisage that, given the vulnerabilities caused by their status in Turkey, Syrians are more likely to accept working conditions in the textile industry that Turkish workers are trying to avoid. Furthermore, firms also mentioned that the textile industry was booming in Syria prior to the war, and that some Syrians transitioned easily into jobs in Turkey. According to some firm representatives, there are some Syrians who have previous job experience in the textile industry (TGSD Representative; F2, Turkish; F5, Turkish; F6, Turkish), increasing their chances of finding employment here. Firms with Syrian owners also stated that they used to operate in this industry in Syria as well (F7, Syrian; F8, Syrian). One representative explained that when they were coming from Syria, they brought with them their own workers (F7, Syrian).

Working Conditions in the Textile Industry

To understand the working conditions in the textile industry in Istanbul, we used data collected by the HLFS¹² and the IYF-LMAS.¹³ Combining the two data sets allowed us to determine the contribution of Syrian workers to the textile industry in Istanbul and elaborate on the working conditions of both Turkish and Syrian workers.

The data confirms that both Turkish and Syrian workers suffer from the low wages and long working hours for which the textile sector is infamous. The average net wage was 1,473 TL for Turkish workers and 1,426 TL for Syrian workers in 2017. Note that the median wage, a preferred measure of central tendency for wages, was 1,400 TL among Syrians and 1,404 TL among Turkish workers, which was the minimum wage at the time.

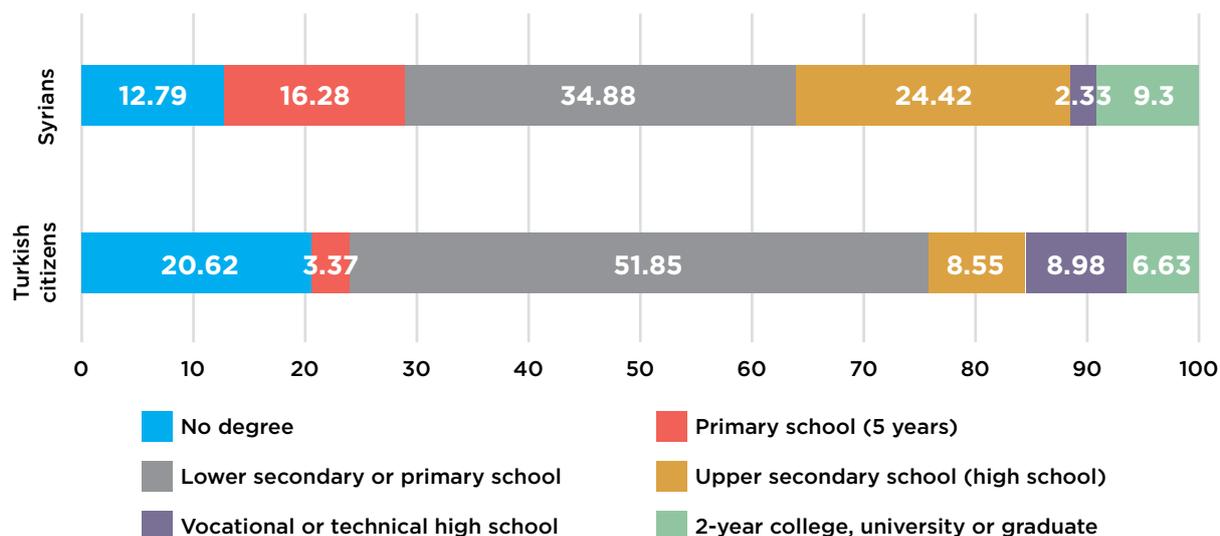
Table 2 - Monthly Earnings (TL)

	Syrians	Turkish
Median	1,400	1,404
Mean	1,426	1,473
Standard Deviation	474.7	392.3

Source: HLFS (2017), IYF Labor Market Assessment Survey (2017)

Given that the mean wage is higher among Turkish workers than Syrians while the median wages are almost the same, we conclude that, among all the workers who earn above the median, Turkish workers are more likely to earn higher wages than Syrians.

This tendency is exacerbated by the fact that the Syrians employed in the textile industry have higher education levels than their counterparts, even though Syrians in Turkey have lower education levels on average compared to Turkish citizens.¹⁴ Why do the Syrians in the textile sector have higher education levels than their Turkish counterparts? (a) Among Syrians, those with higher education levels may be more likely to find employment, regardless of the industry. (b) Turkish workers with higher

Figure 1 - Educational Composition

Source: HLFS (2017), IYF Labor Market Assessment Survey (2017)

education levels may transition to other sectors where employment conditions such as pay and hours are better, whereas Syrians with higher education degrees may not be able to establish degree equivalence and thus may not be able to reap the benefits and stay in an industry that pays less.

Interviews on the labor demand side confirmed that Syrians accept lower wages (F1, Turkish; F2, Turkish; F4, Turkish; F5, Turkish), given their lower bargaining power caused by the dire conditions that they face:

(Syrians) don't have jobs or accommodation. Turkish citizens can be (...) more selective (...) Syrians are not selective at all, they are willing to work no matter what, even the wage policy is not an important issue. (İŞKUR)

Young Syrians also talked about discrimination in the labor market, claiming that Turkish workers always get paid more (1, male, employed; 5, male, employed; 11, male, unemployed; 15, female, employed; 17, male, employed; 19, male, employed; 22, male, unemployed; 25, female, unemployed; 32, male, employed):

Their [Turkish citizen workers'] wages are around 2,000 TL. They were having lunch. They had everything. While they were resting

for an hour, we had half an hour to rest. (22, male, unemployed)

The interviews revealed that partial or total non-payment as well as late payment of wages are common practices (1, male, employed; 5, male, unemployed; 3, male, employed; 9, male, employed; 16, male, employed; 18, male, employed; 22, male, unemployed; 23, female, unemployed). Some Syrians complain that the firms sometimes do not pay accruing wages before firing workers (9, male, employed; 13, male, unemployed).

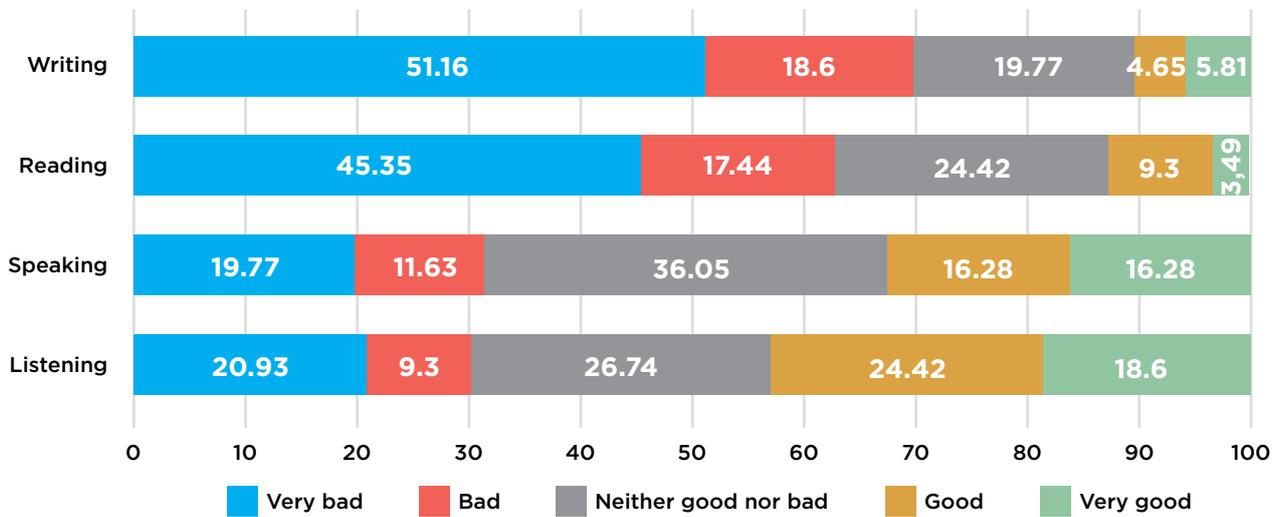
Table 3 - Weekly Working Hours

	Syrians	Turkish
Median	72.0	55.0
Mean	66.3	51.8

Source: HLFS (2017), IYF Labor Market Assessment Survey (2017)

Data from the in-depth interviews also implies that working conditions may deteriorate because of the language barrier. Both firm representatives and Syrians that were interviewed bring up the importance of being proficient in Turkish in sustaining healthy working relations with coworkers and bosses alike (F1, Turkish; F4, Turkish; F5, Turkish; F7, Syrian; F8, Syrian; 1, male, employed):

Figure 2 - Language Proficiency in Turkish



Source: IYF Labor Market Assessment Survey (2017)

If I had known Turkish, I would have felt more secure at work. I would have understood what the boss was telling me to do. (13, male, unemployed)

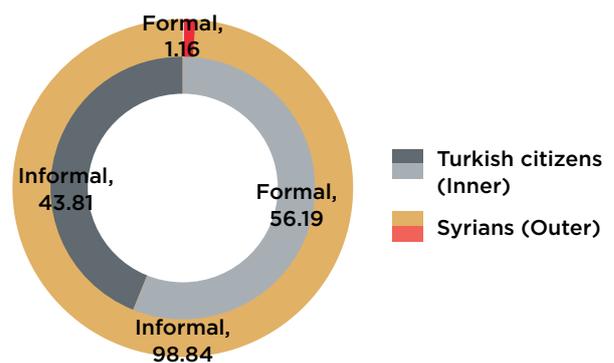
The data presented in Figure 2 confirms that Syrians’ language skills are generally weak, even among young Syrians. Note that the self-reported speaking skills are better than all others, i.e., listening, reading, and writing. Yet, one out of three Syrians says that they are bad to very bad at speaking. Only 16.3 percent say that they are very good. Clearly, a lack of language skills instigates poor communication between the firm owners or managers and Syrian workers, and thus this may further weaken the bargaining power of the Syrian workers.

Data on hours worked shows clearly that Syrians are working for longer hours than is allowed by Turkey’s Labor Law.¹⁵ Firms commonly report that Syrians work 12 hours a day (F1, Turkish; F2, Turkish; F6, Turkish; F8, Syrian). The median Syrian worker in the textile industry reports working for 72 hours a week, whereas the median Turkish worker reports 55 hours. Given that there is rarely any overtime pay, it is evident that the hourly wages of Syrian workers are considerably lower than their Turkish counterparts in the textile industry.

Clearly, wages below the minimum wage and hours longer than that dictated by the Labor Law indi-

cate that informality is widespread in the textile industry. The data shows that informal employment exists in both samples, yet there is a vast difference in prevalence.¹⁶ Among the wage earners in the textile sector, 43.8 percent of the Turkish workers and a whopping 98.8 percent of the Syrian workers have no social security.¹⁷

Figure 3 - Formal vs. Informal Employment



Source: HLFS (2017), IYF Labor Market Assessment Survey (2017)

Informality is a multi-faceted problem in the textile industry. The fact that it is so widespread suggests that the underlying causes are not trivial. In other words, to paint a complete picture of informality in this sector, we need to understand both why firms are more likely to create informal jobs and why workers are more likely to accept them.

Why is Informal Employment so Widespread in the Textile Industry?

As stated above, firms in the textile industry in Turkey face fierce competition from countries such as India and Bangladesh. Given that labor costs are much lower in these countries than in Turkey, they can secure larger “regular” orders. The comparative advantage of companies in Turkey stems from their proximity to Europe. When regular orders are insufficient to meet demand in the product markets, importing companies turn to Turkey for “repeat” orders where fast and timely delivery is key (İTKİB Representative).

In this setting, companies that operate in these sectors face two major challenges: (1) Price competition: Since the price elasticity is high, companies try hard to keep all production costs and particularly labor costs as low as possible (İTKİB Representative). Data shows that informal employment and lower wages are more common in these two subsectors than in any other in Istanbul. (2) Production horizons: Given that companies produce repeat orders, which have smaller sizes by nature, the production horizons are shortened, in some cases even down to six weeks (İTKİB Representative). Shorter horizons imply that firms would like to keep their production units more flexible, and this has direct implications for the labor force that firms use. In line with this conjecture, companies in this sector say that they have been downsizing, and thus production is shifting from larger to smaller producers (TGSD Representative). Smaller companies are more likely to create informal employment, which is both cheaper and more flexible, allowing companies that employ informal workers to make more attractive bids. In one example, a company representative recounts an incident in which a British client approached them. Their bid was cut by 30 percent by another firm. The representative stated that such a low price is attainable only if the firm “steals,” and then explained that such a low price was only feasible by employing Syrians exclusively (TGSD Representative).

In sum, firms state that the industry relies heavily on informal employment to be competitive in the global textile and apparel markets. Data shows that the firms have turned to Syrians who are pre-

dominantly employed informally with lower wages and no social security costs, including severance pay.¹⁸ Over time, the major companies in the global textile and apparel industries have taken steps to prevent the exploitation of Syrian workers in their global supply chains.¹⁹

Clearly, these measures have proven useful as some exporting companies state that the job contracts that they offer are solely formal,²⁰ because they are subject to strict auditing procedures by their European and American clients that impose sanctions against informal employment, including but not restricted to Syrians. One firm clearly states that any atelier that gets caught employing Syrians informally will be banned from production (F6, Turkish). Nevertheless, the measures taken are far from sufficient. The interviews also offered a glimpse into the tactics that companies use to avoid being caught and fined for generating informal employment. One of the most common strategies is hiding Syrian workers during inspections by authorities:

When [I was working] in textile, the boss would take all the Syrians out when the inspectors arrived. (15, female, employed)

Sometimes inspectors come. The firm owner fired us until the inspection is over, and then they call us back to say, ‘come and continue working.’ (16, male, employed)

Another strategy is to differentiate the shifts. Below is a quote that emphasizes the dual nature of employment created by some firms in the textile industry:

When the atelier finishes its shift with 50 workers at 6:30 pm, and all the machinery is idle, 50 Syrians arrive to work until morning. In the morning, everything is in place, everyone is registered, minimum wage is respected, (their social security premiums) are being paid. However, in the afternoon, after 6:30 or 7:00 pm a new group of 50 workers arrives. (TGSD Representative)

Another strategy that is used by the firms in the industry is again based on differentiating production units. Firms may have different units, one in Istanbul that is completely formal, and another one in a city in where employment is informal and thus costs are lower (TGSD Representative; F6, Turkish).

In other cases, subcontracting the order may provide flexibility in this regard. Firms that have to operate under strict guidelines imposed upon them may choose to work with smaller subcontracted companies that hire informal workers, including Syrians. In other words, a company that caters to global brands may subcontract their own order, and the subcontracting firm may also choose to subcontract it again. The interviews indicate that the firm that is lower down the chain may even be unaware that it is producing for the global brand (İTKİB Representative).

Companies also cited the temporary status of Syrians in Turkey as to why they do not want to get a work permit for them. The view that they will eventually go back to Syria hinders formal job creation by shortening the time horizon over which the company hopes to reap the benefits of a formal job contract (F2, Turkish; F3, Turkish; F5, Turkish; F6, Turkish):

Let's say Syrians' circumstances get better in two years. We really don't need to work with people whose conditions may change in 2-3 years or who are not willing to work for 25 years for their retirement. How would you know that after training for so long, these workers will not leave in 3 years at a point where you finally expect an efficient return from them? (F2, Turkish)

Clearly, all the discussion above pertains to why and how firms may create informal employment. On the other side of the same coin, Syrians are willing to accept informal employment opportunities. According to interviews with the firms and business associations in this industry, one of the reasons why informality is more pervasive among Syrians is that the Syrians themselves do not wish to be employed formally, stating that Syrians under Temporary Protection status²¹ already have access to free healthcare. By seeking work permits and changing their legal status, they could lose their eligibility for aids/transfers (İTKİB Representative; TGSD Representative; F9, Turkish):

When a Syrian gets sick today, they can go to the hospital for treatment, they do not need social security (...) they do not need retirement. (TGSD Representative)

Yet, interviews with firms only reveal one side of the story. Many of the young Syrians who participated in the in-depth interviews accused their employers of not sponsoring their work permits. They claimed that Turkish employers are unwilling to employ Syrians as registered workers mainly due to the higher costs of obtaining work permits (5, male, unemployed; 12, male, employed; 13, male, unemployed; 16, male, employed; 19, male, employed; 29, female, employed). Some of the interviewees pointed out that their employers threatened to deduct the increased labor costs from workers' wages (16, male, employed; 28, female, unemployed):

They will be paying additional taxes for me. They will pay a certain amount each month. That amount will be deducted from my wage. Or we will split the costs. In any case, it is going to lower my wage. (29, female, employed)

Some Syrians added that they would prefer to work under formal contracts. They argued that working without a contract puts them in a precarious situation as formal work is associated with higher wages, shorter hours, and job security (3, male, employed; 5, male, unemployed; 6, female, employed; 10, male, employed; 11, male, unemployed; 15, female, employed; 16, male, employed; 17, male, employed). One of the women who was interviewed also mentioned that formal employment also covers maternity leave (28, female, unemployed).

Discrimination

Even though it is not directly within the scope of the research presented here, discrimination came up in many of the interviews, both on the labor demand and on the labor supply side. Some firm representatives clearly stated that they would not hire Syrians when there are Turkish people who are searching for jobs (F1, Turkish; F2, Turkish; F4, Turkish). In the strong words of one representative:

I'd rather close up shop than to employ a Syrian. (F1, Turkish)

Young Syrians in Istanbul also feel that they are being discriminated against. They recounted that most firms simply say that they do not employ Syrians (11, male unemployed; 12, male, employed; 19,

male, employed; 25, female, unemployed; 32, male, employed):

We are considered to be of an inferior class. We feel this way at work, and everywhere else. (1, male, employed)

I think if there is a problem with the Turkish workers, they will get together and beat up the Syrian worker. (17, male, employed)

Note that these concerns are raised on top of complaints about the lower wages that Syrians receive and the longer hours that they put in, as discussed in detail above.

Yet, as demonstrated through the words of another representative, cost remains an important factor in employment, which may help weaken the detrimental effects of discrimination. Even though some firm owners say that “Syrians are lazy,” they also state that they would consider hiring Syrian workers if they have lower labor costs (F6, Turkish). A similar point was made by a young Syrian who was interviewed:

Some firm owners are racist against Syrians; they do not hire Syrians. Others are not racist, they are stingy; they hire Syrians because they accept lower wages. (2, male, employed)

In sum, while there may be firms that are vehemently against hiring Syrians, others may find it acceptable if Syrian labor costs are relatively lower. There are also firms that are currently employing Syrian workers formally and find it profitable to do so (F5, Turkish). Therefore, providing subsidies to firms that employ Syrians may encourage formal employment opportunities and help foster better working relations.

Policy Recommendations

The textile industry in Turkey presents both opportunities and challenges in terms of employment. On the one hand, there is strong labor demand as firms struggle to find workers with the relevant skills. Skilled workers are in such demand that most firms indicate that they are willing to hire the next person that walks into their shop as long as they know how to operate the machines. On the other

hand, the shortage in labor supply prevails in the textile industry because of the precarious working conditions, such as low pay and long hours.

Young Syrian workers have partially addressed the labor supply shortage in Istanbul. Firms state that Syrians are more likely to work informally for lower wages and for longer hours. Syrians emphasize that their already grim job market prospects are further aggravated under the current regulations in Turkey that hinder formal employment opportunities for Syrians. Therefore, the policy recommendations herein are two-fold: (a) those aimed at decreasing the labor costs of employment for all workers in general and for Syrian workers in particular, (b) those aimed at documenting the existing skills of Syrians workers and reskilling these workers.

Policies to Fight Informal Employment in the Textile Industry

Firms complain that there is harsh competition within the global markets of the textile industry, and that some firms resort to informal employment to keep their production costs low and their production processes more flexible. Yet, they also confirm that they would benefit greatly from longer job contracts where they would find the opportunity to reap the benefits of skills training. To facilitate Syrians’ formal employment in the textile industry:

- 1 | The worker registration fees should be lowered.
- 2 | The worker registration fees should be paid monthly, rather than annually.
- 3 | Tax subsidies for formal wage employment should be provided. These subsidies may also help keep prices in the textile industry competitive in global markets.
- 4 | The six-month residency requirement to apply for a work permit should be lifted. Realistically, Syrians who have arrived under dire circumstances should not have to wait for six months to be able to look for formal jobs. Even though this regulation is probably aimed at restricting mobility, it has the unintended consequence of hindering formal employment.

- 5 | Firms with Syrian ownership structures should be exempt from the ten percent quota of Syrian employment. Even though government institutions state that firms can apply for an exemption, this application has a relatively high time cost in the textile industry.
- 6 | In the textile sector, most of the occupations are classified as hazardous jobs. Employees working in these jobs are required to hold a Certificate of Competency from the Vocational Qualifications Authority (*Mesleki Yeterlilik Kurumu, VQA*), otherwise employers are subject to penalties.²² VQA's Certificate of Competency is given only when the examinee passes a theoretical and practical exam prepared by VQA and the Textile Industry Employers' Association (*Tekstil Sanayii İşverenleri Sendikası, TIEA*). While the exam fees are subsidized for Turkish citizens by the Unemployment Insurance Fund (*İşsizlik Sigorta Fonu*), there are no such incentives offered for Syrian citizens.²³ Waiving the fee for Syrians may prove useful in obtaining certification, which can serve the dual purpose of lowering labor costs and reskilling Syrians.

Policies to Facilitate Syrians' Access to Jobs in the Textile Industry

In a labor market where Syrian workers find it difficult to establish their educational degrees, one obvious route to obtaining relevant qualifications would be via attending vocational training courses. Given that machine operating skills are not firm-specific, and that turnover is high in the industry, firms refrain from providing training. Therefore, training through İŞKUR's vocational courses will facilitate access to jobs in this sector with two caveats. First of all, long working hours would inhibit workers from participating in any type of course. Secondly, poor Turkish language skills weaken the efficiency of any training course.

In sum, to establish degree equivalence and to reskill Syrians in the labor market, (1) Vocational training programs in the textile industry should be designed in collaboration with firms and busi-

ness associations. (2) Vocational training programs should certify the participants so that skills are transferable across firms. (3) Language training programs are essential in the textile industry as they are crucial not only for benefiting from vocational training programs but also for building healthy working relations and facilitating integration in the firm. (4) Policies that address discrimination against Syrians are needed to ameliorate working conditions and work relations.

Endnotes

- 1 | Our data comes from two different data sets: vacancy data of İŞKUR, which is verified by the firm interviews, and Syrians that we interviewed who state they are currently filling these vacancies.
- 2 | The survey was conducted in April, and hence may be biased in terms of seasonal job opportunities. Even though the agriculture sector is less of a concern in Istanbul, sectors such as accommodation and food services and construction may imply larger biases. The share of employment in the latter two sectors amounts to 5.6 percent and 7.2 percent of total employment in Istanbul, respectively. Therefore, the underrepresentation of possible vacancies in these sectors could be an obstacle in determining potential opportunities in Istanbul for young Syrians. Nevertheless, given that the focus of this article is on potential opportunities in the textile industry in Istanbul, the underrepresentation of the aforementioned two sectors does not affect our results.
- 3 | Kariyer.net does not use the international NACE codes for sectors. Therefore, their definition of the textile industry may not align exactly with those provided by HLFS or İŞKUR. It is highly probable that it includes the apparel subsector as well.
- 4 | The HLFS in Turkey is conducted with the coordination of EuroStat, and hence produces data that is directly comparable to similar HLFS in EU countries.
- 5 | Foreigners who hold residence permits are also included in the sample. However, it is not possible to identify them in the data. In 2017, there were approximately 65 thousand Syrians who had a residence permit in Turkey.
- 6 | See Istanbul Apparel Exporters' Association (ITKIB), "The Role of Turkey in European Union's Apparel Import," 2016, <https://www.ihkib.org.tr/fp-icerik/ia/d/2016/09/29/the-role-of-turkey-in-eu-s-apparel-and-textile-import-between-january-june-2016-201609291653160667-66D5C.pdf>.
- 7 | See Table 2 in G. Uysal-Kolaşın, Y. Genç, and F. Kavuncu, "Suriyelilerin İşgücü Piyasasına Uyumu: İstanbul, Bursa ve İzmir'de İstihdam Olanakları," BETAM Araştırma Notu 19/239, 2019.
- 8 | Reminder: "the textile industry" is used as shorthand for the textile, apparel, and leather industries in Istanbul.
- 9 | Kariyer.net does not use the international NACE codes for sectors. Therefore, their definition of the textile industry may not align exactly with those provided by HLFS or İŞKUR. It is highly probable that it includes the apparel subsector as well.
- 10 | See Table 16 in: International Youth Foundation, "Opportunities for Syrian Youth in Istanbul: A Labor Market Assessment," 2018, accessed November 25, 2019, https://www.iyfnet.org/sites/default/files/library/SREP_LaborMarketAssessment-EN.pdf.
- 11 | See TUIK labor force statistics. Available at http://www.tuik.gov.tr/PreTablo.do?alt_id=1007.
- 12 | According to the HLFS data, within Istanbul's working age population of approximately 11.4 million (about 19 percent of the working age population in Turkey), 3 million are between the ages of 18 and 29, 1.4 million of which are in wage employment. Among them the number of wage earners in the textile industry is approximately 167,000.
- 13 | According to the IYF data, 8.6% of the survey sample, between the ages of 18 and 29, work in the textile industry. According to the Ministry of Interior, Directorate General of Migration Management's data, 2,022,034 Syrians under Temporary Protection (SuTP) are of working age (+ 15 years) out of a total population of 3,285,533 SuTP currently

residing in Turkey. The data also indicates that there are 522,406 SuTP currently in Istanbul. Assuming that the share of the working age population of Syrians in Istanbul is similar to that of working age Turkish citizens in all of Turkey, it is estimated that there are 321,507 SuTP of working age currently in Istanbul. The size of the entire population of SuTP in Turkey between the ages of 19 to 29 is 799,311. There is no data on the number of 18-year-olds. However, under the assumption that the distribution is uniform across ages, increasing 799,311 by 10 percent would yield 879,242. Then, the share of the 18–29 age group is estimated to be 26.8 percent in the SuTP population. Assuming that the share of the youth in Istanbul is equal to the share in all of Turkey, i.e., 26.8 percent, it is further estimated that there are approximately 140,000 SuTP between the ages of 18 and 29 in Istanbul. Note that the official statistics represent the Syrian refugees who were able to get temporary protection status, i.e., SuTP. The state institutions declare that all Syrians in Turkey are registered. Nevertheless, the survey conducted as a part of this labor market assessment demonstrates that this may not be the case. Twenty-six percent of the survey participants (260 out of 1,003) do not have temporary protection status.

- 14 | International Youth Foundation, “Opportunities for Syrian Youth.”
- 15 | The official working hours in the textile industry in Istanbul is ten and a half hours between Monday and Friday, in addition to half days on Saturdays.
- 16 | The Ministry of Labor and Social Security provided data upon request on the number of working permits issued to Syrians in Turkey from January 2016 until April 2017. For the age group of interest, i.e., 18 to 29, 3,484 permits were issued during this period.
- 17 | Note that the data used here comes from the HLF5 and the survey instrument of the IYF-LMAS.
- 18 | The severance pay system in Turkey dictates that the workers receive their last month’s salary for each year of tenure in that firm in case of dismissal. Workers qualify for severance pay after their first year of employment. Given that there is no cap on the number of years a worker can be employed, the longer the tenure, the higher the severance pay. As such, the severance pay system in Turkey is one of the most generous systems in the OECD. Needless to say, this system only applies to formal employment contracts.
- 19 | See, <https://cleanclothes.org/file-repository/resources-national-cccs-invisible-workers-syrian-refugees-in-turkish-garment-factories/view>.
- 20 | Exporting companies are under a lot of pressure from the consumer and retailer. Brands outline the working conditions of production under the umbrella of sustainability and of corporate social responsibility (ITKİB Representative). For example, companies in the European Union only buy from producers (in the apparel sector) registered with the Bangladesh Accord (TGSD). Exporting companies are subject to audit by their American and European clients who hire independent auditors to assess working conditions. Therefore, it is very risky for exporting companies to hire Syrians informally (TGSD, İTKİB Representative; F6, textile, Turkish). The auditors visit the production sites and talk to the workers about their working conditions. Some companies even hire auditors who speak Arabic (İTKİB Representative). In short, first-tier suppliers need to abide by the rules as they are directly subject to audits. The independent auditors may even visit some of the second-tier suppliers. However, second- and third-tier suppliers are often micro companies and very difficult to monitor.
- 21 | The survey data indicates that only 4 percent (42 out of 1,003) of the respondents report ever applying for a work permit (or their

companies applying for them), and only 2.2 percent (22 respondents) obtained a work permit. The application for the other workers is either still in process (1.2 percent) or was rejected (0.8 percent).

- 22 | Certain VQA regulations are determined in Annex 1 added to Law No. 5544 on April 23, 2015.
- 23 | See, <https://www.myk.gov.tr/index.php/en/myk-meslek-yeterlik-belges-zorunluluk-sayfasi>.

Gökçe Uysal is a 2019/20 Mercator-IPC Fellow at IPC.

Engin Volkan is an independent researcher.

The interpretations and conclusions made in this policy brief belong solely to the authors and do not reflect IPC's official position.

Syrian Workers and Informality in the Textile Sector in Istanbul

16 p.; 30 cm. - (Istanbul Policy Center-Sabancı University-Stiftung Mercator Initiative)

ISBN 978-605-2095-87-4

Cover Design and Page Layout: MYRA

1st Edition: 2020

Istanbul Policy Center

Bankalar Caddesi Minerva Han No: 2 Kat: 4

34420 Karaköy-Istanbul

T +90 212 292 49 39

ipc@sabanciuniv.edu - ipc.sabanciuniv.edu

IPC

ISTANBUL POLICY CENTER

SABANCI UNIVERSITY

STIFTUNG MERCATOR INITIATIVE