

**From Trade Unions as Major Labour
Organisations to Human Resources Departments:
What are the Factors behind this Transition?**

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From Trade Unions as Major Labour Organisations to Human Resources Departments: What are the Factors behind this Transition?

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Abstract:

The aim of this study is to understand the reasons for the changes occurring in labour organisations and workmanship in Turkey through a study based on workers' experiences. The study is based on field research that was conducted during 2004 and 2005 with workers from the electronics and textile sectors in Ankara, Bursa and Istanbul. These sectors were chosen especially for the fact that they have existed in Turkey since before the 1980s and have had significant impacts on the industrialisation and transformation of the three cities. Forty workers who are either still working or are retired from both large and small scale enterprises were interviewed in-depth.

Global and national changes in the labour market and new economic policies after the 1980s have affected workers' organisational capacity in Turkey. In this study, three important responses are determined as an explanation for these changes: i) growing impotence of trade unions as institutions, ii) emergence of human resource management and departments, and iii) increase of small and informal workplaces which have neither trade unions nor human resources departments. Workers' experiences and perceptions and the factors behind their views are discussed in the paper.

Keywords: Trade Unions, Labour market, Labour organisations

Introduction

"An organisation pursuing HRM will almost always prefer a non-union path, emphasising individual rather than collective arrangements" (Guest, 1989:48).

"...according to me, the trade union is old institution and belongs to the primitive past" (woman, 40 years old, university graduate, employed at a five-star hotel).

The decline of trade unionism has been a visible trend in many countries in recent years (Verma et al., 2002) and the subject of a large body of research. Major factors used to explain union decline have included structural changes in the economy, changes in worker attitudes or values, government provision of benefits once obtained largely from unions, internal union problems, and union suppression and union substitution by employers (Fiorito & Maranto, 1987; Lipset & Katehanski, 2001; Crouch, 2000). All of these phenomena have probably played at least some role in union decline, although there is often substantial disagreement about their relative importance (Fiorito, 2001:335).

Crouch (2000) discuss the problems and advantages of trade unions in the twenty-first century in his paper, "The Snakes and Ladders of Twenty-First-Century Trade Unionism". According to him, trade unions in the twenty-first century seem to carry more problems than advantages. The problems can be summarized as follows: i) the decline of trade unionism's core membership reserves, ii) the collapse of Keynesian demand management, iii) the shift of most industrial relations activity to the enterprise level, and iv) the collapse of the standard employment model. The industrial working class, rates of public service employment and government commitment to maintaining full employment have all been decreasing. With these changes, standard employment, with which unionism has always been linked, has been declining. In the current global economic and political context, no state or regional

grouping of states has the ability or the political will to set in motion the macroeconomic changes that would create universal full employment under regulated conditions (Gallin, 2001:536).

The deregulation of the labour market is also a strategy for eliminating the trade union movement. Subcontracting is a well-travelled road to evading legal responsibilities and obligations. The fragmentation and dispersion of the labour force; its constant destabilisation by the introduction of new components such as women, youth and migrants of different origins into sectors without trade union tradition; the pressure for maximum profits together with management intimidation: all of these are obstacles to trade union organisation (Gallin, 2001:535). The decline of trade union density in most industrialised countries in the 1980s and 1990s is due less to transfers of production and relocations to the South and to the East than has often been assumed, although such transfers have, of course, played a significant part in the changes. More important have been the deconstruction of the formal sector and the deregulation of the labour market in the heartland of industrial trade unionism (Gallin, 2001:535). For example, Japan and the US have lost half of their trade union members over a period of 40 years; New Zealand and Portugal have lost half of their trade union members in only 10 years; and Israel has lost three-quarters of its trade union membership in the same 10 years.

Coinciding with the decline in trade unionism, there has been an increase in the use of human relations practices and new forms of work organisation. These are often subsumed under labels such as "high-involvement", "high-commitment" and "high-performance management", or simply "human resource management" or "HRM" (Machin & Wood, 2005:201). Guest notes that building worker commitment to the employer ("organizational commitment") is at the very core of HRM. "It is assumed that a worker who is committed to the organiza-

tion is unlikely to become involved in industrial relations or any type of collective activity" (Guest, 1995: 112-13).

Guest and Conway (1999) present a broadly focused, large-sample study of workers in UK organisations. The HR practices they examine include training and development, formal appraisal, job enrichment/enlargement, internal promotions, learning opportunities, bonus or merit pay and employee involvement programs. They find that workers in "high-HRM" organisations report higher job satisfaction, higher organisational commitment and better worker-management relations than those in firms that have adopted fewer positive HR practices. Also, workers in "high-HRM" organisations without unions are no more likely to express intentions to leave their jobs than workers represented by unions, but workers in "low-HRM" firms without unions report dramatically higher intentions of leaving. In their paper, Machin and Wood have considered one of the key hypotheses of modern industrial relations, namely that unionism has been replaced by alternative non-union forms of voice and communication through the adoption of HRM practices. At the end of their analysis they reach the conclusion that, "Overall, one can only conclude that HRM substitution does not seem to be a very important factor in explaining trade union decline in Britain" (Machin & Wood, 2005:214).

"Whether motivated by ideology or fad, by economic necessity or by a desire to keep unions out, companies are increasingly experimenting with what have become known as human resource policies which are designed to increase employee motivation and job commitment. . . Taken together, these new company human resource policies, plus new legal regulations ... have given many workers most of the benefits and protections commonly provided by unionization . . . their net impact has been to make union organizing more difficult" (Strauss, 1984: 4-5).

The argument is that unions may become redundant in the eyes of workers (and employers) because of "the effects that positive employer practices ... have in reducing the causes of unionism, i.e., worker dissatisfaction" (Fiorito 2001:335; italics in original). The increased adoption of HRM practices has been presented, particularly in the prescriptive management literature, as providing the basis for a new win-win relationship between workers and managers. It is argued that such practices offer management the prospect of improved performance while improving workers' job satisfaction, security, and perhaps pay and benefits (Machin & Wood 2005:202).

According to Guest, HRM could not exist alongside high levels of unionisation. Moreover, the importance of organising informal sector workers is not recognised equally in all sections of the trade union movement. It is still a widely accepted assumption that the informal sector is a transitory phenomenon and that it will be absorbed by the formal sector in time, without the need for action by trade unions or the state. The experience of the last two decades, however, shows that this assumption of gradual formalisation is unrealistic and only fosters dangerous complacency (Gallin, 2001:531). The informal sector is an integral part of global production and marketing chains. What is particular to the informal sector is the absence of rights and social protection for the workers involved in it (Gallin, 2001:535).

When we look at the Turkey, the effects of the changes described above can be seen after the 1980s. Until the 1980s, Turkey's economy was identified with a type of capital accumulation known as import-substitution industrialisation. Its basic characteristics were protectionism, state involvement, and regulated markets. Towards the end of the 1970s, crises emerged both in the economic and political realms in Turkey. The end of the 1970s was a difficult time, not only for Turkey but also for other countries, due to globalisation and technological changes. As discussed earlier, this led to changes in the

mode of production and then in society as a whole, shifting from the production society to the service society. Thus, both national and global crises led to the radical changes of the 1980s, which shifted the trajectory of Turkish economic policies from import substitution to export-oriented growth. There was a widespread restructuring of economic policy, and neo-liberalism became the new order of this period. This new order brought increasing foreign trade, interest rate liberalisation, deregulation, privatisation, decreases in state expenditures on social services and a liberal foreign exchange regime instead of the state interventionism of the previous period (Balkan & Savran, 2002). 'Free market economy', 'opening to the outside' and 'removing bureaucratic barriers' became the popular notions in Turkey in the 1980s. It was claimed that market forces had their own adjusting capacities and this replaced the idea of a state providing welfare and justice to the people. Instead of a state considering the distribution of income, a free market that brings productivity and efficiency was promoted. A powerful bureaucracy was not seen as the precondition of development; it was rather an obstacle for the operation of the free market (Öncü & Gökçe, 1991).

Parallel to this shift, some deregulation and privatisation efforts began. It was believed that lower wages would not, by themselves, fully ensure lower costs of production; to make production sustainable, it was also necessary to place some control on the rights of unionisation and collective bargaining. Such restriction could be managed rather easily under the military regime. Trade union activities were suspended while collective bargaining was replaced by compulsory arbitration. The new Constitution of 1982 introduced new arrangements relating to industrial relations and put some limitations on the exercise of right to strike, which are still disputed today. In addition to the Labour Act (No 1475) of 1971, the Unions Law (No 2821) and the Law on Collective Bargaining Agreement, Strike, and Lockout (No 2822) were enacted in 1983 within this atmosphere. Furthermore, the firm stand of

governments to maintain the 'stability package' led to a steadily falling trend in real wages in the period between 1980 and 1988 (Cihangir, 1996:145).

At present, Turkey is in a historical process of transformation in which employment shifts from agriculture to industry and services still continue. Linked to this process, the country has experienced increasing unemployment in the last two decades. Leaving aside marginal drops in the early 1980s and 1990s, the rate of unemployment in Turkey was on a continuous rise throughout the planned period. Specific factors contributing to this situation can be listed as rapid population growth, poor arrangements regarding labour markets, weakness of vocational training, high rates of urbanisation observable as early as the 1950s, obstacles to investment that could have generated employment and low levels of productivity and economic growth. The working age population is increasing more rapidly than natural population growth due to a demographic transformation process which first began in the 1950s and continued through the 1980s, despite some significant regional variations. In addition to this demographic factor, the structure of land proprietorship explains the existence of a large but unproductive agricultural employment base. The structure dominant in the Turkish rural sector is that of small proprietorship. Since this structure is not conducive to economies of scale and full mechanisation, labour productivity could increase only marginally and wage labour remained extremely limited. State protection and agricultural subsidies also played their role in keeping the decrease in the percentage of rural population at slow rates. Recent withdrawal of the state from its traditional role as a 'sponge' absorbing surplus labour in the labour market leads to further shrinkage in government employment and therefore aggravates the problem of unemployment.

Roughly speaking, Turkey's labour market is characterised by low employment rates, reflecting a large rate of non-participation, relatively high unemployment and declining

labour force participation rates (WB 2006: 61). The relatively young and dynamic population of Turkey is quite large, around 70 million and still growing. Another important Turkish labour market characteristic is related to the informal sector. While the employment share of agriculture is around 35%, which is significant, its contribution to the GNP is around 12%. This means that productivity is very low in Turkish agriculture. This low productivity and the nation's large population constitute the main reasons for the size of the informal sector (Bulutay & Taştı, 2004). Numerous studies attempt to estimate the size of the informal sector in Turkey. Since there is neither a common definition for 'informal sector' nor a common approach for measuring it, there are sizeable differences among the estimates. Studies conducted in the early 1990s suggest that the size of the informal economy was in the range of 7-23% of the GDP. Recent studies seem to indicate that the informal sector has expanded. For example, a study by the IMF conducted in 2003 estimates the size of the informal (or unrecorded) economy to be between 25 and 33% of the GDP (EC, 2006:17). The public sector (including state administration and public economic enterprises) has been an important source of employment generation, but its role in the labour market has gradually diminished over time. As a result of substantial labour adjustment and the process of privatisation of state economic enterprises, the public sector employed around 2.5 million persons overall in 2004, or roughly 12% of Turkey's total employment.

Method of the Study

The study is based on field research conducted in 2004 and 2005 in Ankara, Bursa and Istanbul, where the electronics and textile sectors developed before the 1980s and significantly influenced the industrialisation and transformation of these cities. Forty workers who are either still working or have retired from both large and small scale enterprises were interviewed in-depth. Equal numbers of men and women were included in the sample and the oral history technique

was applied during the interviews.

Findings and Discussion

The processes of the 1980s, as mentioned above, led to changes in the understanding of workers' organisation and related structures. These processes include: i) the gradual increase in the impotence of trade unions as institutions, ii) the emergence of human resource management and departments and iii) the increase of small and informal workplaces which have neither trade unions nor human resources departments. These developments were supported by many factors related to the everyday work experiences of employees. In fact, emerging needs of new work conditions made the age, sex and marital status of workers significant variables in lowering the need for trade unions. Also, increasing levels of education and skills and the changing levels of the social and cultural capital of the workers are additional supporting factors in the development of HRD at the expense of unions. After the 1980s, an increasing number of modern enterprises established human resources departments with a new management style. These departments gave workers the impression that the interests of employers and employees in the workplace were the same and that the well-being of the workplace was equally gainful for both parties.

The first development refers to the changes in the perceptions of the functions of trade unions among the workers themselves. Trade unions have gradually become an impotent institution in relation to the real experiences of workers and their perceptions about unions' functions. A basic explanation lies with the 1980 military intervention and suspension of union rights, which was considered a turning point for workers and the unionisation movement in Turkey. The old workers have real experience with this event and its consequences; the young workers, on the other hand, have transmitted memories about that experience.

The trade union is losing ground within unionised labour. Some factors can be high-

lighted for this decrease: the political climate of the country has changed, the informal economy expanded and unemployment has increased.

"Now, I think that trade unions do not work anymore. I think the September 12 coup in 1980 was what killed the trade union in Turkey. After that time, the trade union couldn't orient itself to the labour and workers' demands. Today, is it possible for trade unions to be alive again? I do not think so. If Turkey's membership is accepted by the European Union, then unions will have a chance to be a worker's institution. However, when I am looking at the labour market and its employment, I think there is no chance" (man, 52 years old, university graduate, retired accounting manager from the private sector).

"...today there is a system in which the worker works so hard, then earns more money. But the trade union prevents this possibility. The trade union says 'give the same set amount of money to everyone'. If you give the same money to everyone, then there is no chance to create competition for performance. This is especially true for blue collar workers. Blue collar workers think as if 'no matter what happens, I get this money'. If one of them wants to earn more money, then they don't have a chance for this. Actually, I think the trade union could not be updated itself. The trade union is following the same conflict which was current in the 1970s. That conflict is based on employer-employee polarisation. I admit that at that time, the trade union gained important achievements. But today a lot has changed. Now employer and employee are not enemies, but the two parties complete each other now" (woman, 50 years old, university graduate, retired engineer from the automotive sector).

The experiences of workers with unemployment, whether working in the formal or informal sectors, in public or private sectors, have also had a significant impact on the workers' perception of trade unions. The decreasing share of industrial production,

which had once made unionisation possible by bringing many regular workers into large workplaces, also created more difficulties in unionisation. Workers in the newly expanding service sector experienced heterogeneity in terms of wage, education and skill levels as well as different and more flexible work contracts, which led to more individualisation. Hence, service workers' interest in unionisation decreased, and instead of collective action, individualisation of conflicts in industrial relations started to become more widespread.

"...there is no job. No one could be unionized. Who would do that? Wages are low, the boss knows this reality. Life is really hard and we could not manage with this wage. We could not get our wages for two months. The boss says, 'Next month I will give it to you'. But we could not quit our job, because we know that finding a new job is very difficult. How can we organize?" (man, 48 years old, primary school graduate, employed in the private sector).

"...to be unified, it is so strange for us. Do you know why? People are working but earn very little money. And everyday some people lose their jobs. It doesn't matter whether you are unionized or not. The employer gives compensation and fires the worker" (man, 32 years old, vocational school graduate, employed in sea transportation).

The second development was the gradual emergence of human resources departments in large scale workplaces. After the 1980s, an increasing number of modern enterprises established human resources departments with a new management style. These departments gave workers the impression that the interests of employers and employees in the workplace were the same and that the well-being of the workplace was equally gainful for both parties. When this policy is relatively successful, a majority of workers think that there is no longer a need for trade unions to represent or defend their interests. Increasingly deferential and privatised worker perspectives dominate the experiences of

new workers, bringing an instrumental understanding of the functions of and reasons for the existence of unions.

Human resources departments are more effective in large scale workplaces and can be an alternative to the trade union, making unions seem to be an unnecessary institution in the eyes of workers. If the workplace is institutionalised and large scale, the workers are happy with their wages and the workplace has a human resource department, then workers believe that a trade union is not a necessary institution in their workplace. If a workplace was established after the 1980s and then became larger over time, it does not have the trade union tradition and the workers in such workplaces do not have experiences of the meaning of being union members. Under these conditions, workers make comparisons with other workplaces in the labour market. A majority of those workplaces are small scale, with poor work conditions. Employees there face long working hours, low wages and difficult conditions. After such a comparison, the large scale workplaces clearly appear to be more successful from the workers' perspective. This way of thinking has been encouraged as long as the employees receive their salaries regularly; have transportation facilities and social security, including health and retirement rights; and even enjoy some social activities organized for workers, such as picnics and concerts. This all leads the workers, with an instrumental viewpoint, to believe that the trade union is no longer an essential organisation of labour. Thus, such a development is also effective in reducing the motivation for unionisation, allowing HRD to replace the perceived functions of unions.

"I think if the employer values their worker, there is no necessity for trade unions. For example, in my workplace, we have a tea hour in the morning, we eat our bagel. Our lunch is perfect. We have some social activities organized by the workplace; we have tennis, basketball, volleyball and football courts. It means we have many kinds of social activities. Besides, our

workplace is organizing some cultural activities such as concerts, conferences, and other things. We have private health insurance; we and the employer are paying together for health insurance. We are really comfortable, actually. Because of this, we never feel the lack of the trade union in our workplace. We are working and earning our wages. Sometimes I look around at other workplaces, and there are really poor workplaces in which people are working but they could not get their wages. Sometimes they are working additional hours, but again, they could not get extra money for their additional hours. If we work additional hours, our firm gives us our extra money. For example, I have a brother and he is working as a security officer; he leaves home at 9AM and goes home at 11PM. And he earns only minimum wage and he never earn extra money for overtime hours. If we work one hour extra, we receive overtime pay" (woman, 36 years old, high school graduate, employed in the private sector).

For people who are working in the service sector, having entered the labour market after 1990, if they have a high level of self-confidence, then their interest in trade unions is found to be low. Moreover, if a person has had a long education, then his or her belief in the value of trade unions is also low.

"I think the trade union is good as an idea, like any other ideas. It is good because the trade union defends and protects the workers' rights. But the trade union is similar to a forbidden casino. What I want to say is that if you forbid the casino in one place then people go to other places where the casino is not forbidden. Today employers realise that service quality is very important in the service sector and with this aim in mind it is important for employees to feel happy. If employees give service with a bad attitude, the sustainability of the business is not possible. For example, if you serve the best coffee, but with a bad manner, then the customer will never come again. Thus employee's happiness is a very im-

portant issue and employers know this fact. If employees are happy with their job, then their service quality improves. If employees only think about when they can go to home, what their family will eat this evening, how they can pay the rent and so on, then they could not provide quality service. If they feel and think like this, then they will leave, and therefore employers know this reality and they try to do much better to keep employees happy. Under these conditions the trade union is not necessary, because employers know the secret of success, which is based on employee's satisfaction" (woman, 40 years old, employed as a white collar worker in a five-star hotel).

The third development is the huge increase of small and informal workplaces which have neither trade unions nor human resources departments. These workplaces are micro- or small-sized firms created within the informal economy, and the sustainability of such workplaces is very limited. Workers find their jobs via informal channels and they accept poor or difficult work conditions, a lack of job contracts and social security, and the possibility of being fired at any time and for any reason. These workers have limited education and skills and are mostly women. Newly migrated, unskilled or semiskilled labourers can often find employment opportunities in these workplaces and their expectations of the work are very low. With the heavy pressures felt in the labour market due to increased unemployment, a large informal economy and widespread precarious employment, these kinds of workplaces are the only options for many disadvantaged workers who have neither organisational capacity nor the intention to be organised through a trade union.

In terms of employer-employee relations, there are significant and obvious differences between relatively well-paid skilled employees working in established workplaces and low-paid unskilled, uninsured workers. The second category of workers is very silent, believing that if they deserve something, their employer will realise it and give their rights

to them. They believe that the employer knows best, even where workers' needs are concerned.

"If an employer respects the rights of his employees, then there is no need for the trade union in the workplace. If you allow the rights of the worker, the trade union becomes useless. If you do not give the rights of workers, then someone emerges to search for his or her rights. The history of the trade union started for this reason, actually. First, you have to give the rights of workers, and then you wait for your workers to work at full capacity. I am thinking like this: one worker sells his labour power to you and he works 8 hours for you a day. If someone sells his labour power then he has to work to deserve his wages. Within these hours, workers have to work, but you have to pay for his labour power. If both parties obey this rule then there is no need for the trade union anymore" (man, 68 years old, primary school graduate, retired state employee).

Under these conditions, a consciousness of trade unions is absent. Moreover, the meaning of work is very limited and an instrumental meaning of work, only wages, develops. Employees think that it would be immoral and ungrateful to organize under the union umbrella, because the employers pay their wages, giving them their daily bread, in a sense. 'If someone gives you bread and work', the workers believe that they should remain docile. Any kind of struggle against the employer is not accepted and not found to be ethical by these workers.

"Here [in the workplace] everybody knows each other very well. We are relatives, friends...we know the boss, as well. What do you do, to whom, how? It is not acceptable. The boss gives us work. He gives us money. He does not persecute us. What you want... Do you want to revolt against the boss? This is not good, because he gives us work and money, so it is not suitable for us to turn against him" (man, 52 years old, illiterate, employed as a night watch-

man).

There is no trade union in small workplaces, but even if employees there have a consciousness about trade unions, this can be discouraged. Even if employees have relatives who are members of a trade union, the employee's enthusiasm for unions can be dissolved.

"One day the employer said that there was not enough work for us and thus he would dismiss some of us. Then he declared that my brother was dismissed. I understood why he dismissed my brother, because my brother was interested in the trade union. But he said that he dismissed me, as well. I could not understand why he dismissed me and I asked him: 'Why are you dismissing me?' He said that actually he was very happy with my work and he knew I was not interested in trade unions, but in time maybe my mind would be mixed up because of my brother. In time I might get used to my brother's thinking, he added" (man, 45 years old, employed at a small workplace).

With a lack of trade union consciousness, workers' demands and forms of struggle become more traditional and conservative. Employees in small workplaces in the informal labour market know that they work without social insurance, facing long hours and poor workplace conditions. Because of the work shortages in the labour market, they have to accept those conditions. The trade union is nothing to those workers; the trade union is only a heard-of institution but it does not touch their lives.

"...no, no, we never did revolt, never ... the boss has given us money, and he gives us meals, as well. At first he said that he could not offer social insurance to us. He said he will give us only money. I need money. We came to this city one year ago, I didn't know anything, I did not know where I went. I am an illiterate woman, and therefore I accepted this work" (woman, 50 years old, illiterate, employed at a small textile industry).

"I do not know what the trade union is. Sometimes people are talking about the trade union. People who are living in cities know something about it. When they want extra payment, social insurance and some other needs, they organise themselves under the trade union. But I do not know. At this age, I could not find any job which gives social security; actually, I could not do anything else with this education" (woman, 50 years old, employed at a small textile industry).

In small workplaces, the boss can be reached directly by workers; face to face relationships between employee and employers are common. This kind of relationship creates a different employer-employee interaction; employees feel that the boss is like a father, a protector and a helpful person.

Conclusion

The first conclusion of this study would be that the trade union can learn some strategies and tactics from HRM: unions are experimenting with and implementing new organising philosophies, strategies and tactics. They are dramatically increasing the resources devoted to organising, at least according to union leaders' pronouncements. Furthermore, unions learn and adapt, although many would say that the union scorecard on this is not impressive to date. But just as employers have learned over time to use the legal system to their advantage, unions can learn how to counter possible 'union-proofing' advantages of HR practices or in other ways regain the initiative. Fiorito et al. (1987) suggest, and Guest (1995) develops more fully, some pro-HRM strategies for unions. In essence, they suggest that unions should accept that workers value many positive HR practices, and thus should focus their efforts on becoming advocates for such practices.

The second conclusion would be that the trade union should give more attention to the informal sector and try to find any possibility for unionisation there: Gallin argues (2001:532) that organising workers in infor-

mal employment needs to be a priority of the trade union movement at both national and international levels, because: i) informal employment is here to stay; ii) it is growing, while the formal sector is declining in terms of organisational potential; iii) these two trends are linked and are irreversible in the short and medium terms; and iv) consequently, the stabilisation of formal sector organisations and the building of trade union strength internationally depend on the organisation of the informal sector.

The expanded informal sector, limited state-public works, unemployment and poor work conditions are the main reasons for these developments. However, the primary factor behind these changes is related to the paradigmatic shift from industry to the service sector. Global and national changes are affecting the structure of the labour market radically and small workplaces are trying to remain alive in Turkey. Global and national competitions lead to informality and with these changes atypical employment, or work conditions radically different from standard employment, increase in the informal sector. Under these conditions, the standard organisational tool, the trade union, has lost its ground.

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