

# Chapter 5

## The case of Foxconn in Turkey: benefiting from free labour and anti-union policy

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### 1. Introduction

Starting from the 2000s Foxconn invested in Czechia, Slovakia, Hungary, Russia and Turkey, implementing a territorial diversification strategy aimed at getting nearer to its end markets. This chapter investigates the development of Foxconn in Turkey where the multinational owns a plant with about 400 workers. A few kilometres from the city of Çorlu and close to highways, ports and international airports, the plant enables Foxconn to implement an efficient global supply chain. We illustrate this process by examining the company's localisation within a special economic zone, underlining the economic advantages derived from such a tax regime, bringing labour costs down to the Chinese level and obtaining proximity to European, North African and Middle East customers, thus lowering logistic costs. We also analyse the roles of labour flexibility and trade unions. In order to impose far-reaching flexibility on its workers Foxconn put in place a range of strategies, including an hours bank system, multi-task operators and the recruitment of apprentices thanks a special programme funded by the state. We show how these have been crucial for Foxconn's just-in-time production contrasting its labour turnover problem. Finally, we highlight how the company has been able to implement a flexible working pattern, weaken the trade unions and undercut workers' opposition, thanks to favourable labour laws approved by successive governments in the past thirty years.

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1. The data and reflections presented here are part of a larger research project investigating Foxconn's production in Europe. We conducted ethnographic fieldwork in Turkey in September 2013, performing 29 interviews in the area of Çorlu. We would like to thank Guran Nulenc, who assisted us in conducting most of the interviews. All interviewees were aware that they were talking to university researchers, were informed about the scope of the research and gave their consent to be interviewed. Interviews with workers were conducted outside the workplace environment. Additionally, all workers' names have been replaced by pseudonyms and any other information distinctive enough to lead to identification has been removed.

## 2. Looking for a hub

Foxconn's factory is located within the European Free Zone (EFZ) in western Turkey close to the city of Çorlu. The Taiwanese multinational manufactures desktop computers exclusively for Hewlett & Packard (HP), which played a considerable role on the location process. Location within the EFZ was crucial for both Foxconn and HP, for several reasons, including low costs, government support, a wide pool of trained workers, the difficulty of unionising the workers and proximity to the markets. The EFZ was opened in 1999 and houses 150 companies with a total labour force of around 3,500; it is located within a large, enclosed and closely monitored area.<sup>2</sup> In 2011 the total trade volume of EFZ was 2.06 billion USD, of which 55 per cent was for export and 45 per cent for the domestic market (Ministry of Economy 2012; Kavlak 2012: 13). FDI flow was 18.5 million USD, the second highest among Turkey's Free Zones.

Foxconn, by locating its plant within the EFZ, benefits from various tax breaks, including complete exemption from VAT and from taxes on profits and wages, provided that it exports at least 85 per cent of the Free on Board (FOB) value of the goods produced. Moreover, since the establishment of the EC–Turkey Customs Union in 1996, exports to the EU from domestic businesses in Turkey have been free from customs duties. These advantages are very important, as Esen, a former manager, explains, 'If they don't pay tax on wages, their labour costs are pretty much the same as in China' (Interview no. 1, ex-manager, male, 40 years old, Çorlu, 7 September 2013).<sup>3</sup>

Foxconn, like other multinationals, was looking not only to lower manufacturing – and particularly labour – costs but also to reduce its tax. As Geyikdağı and Karaman (2013) underline, some FDI by multinationals in Turkey are also for the purpose of modifying their costs and profits, using transfer pricing techniques to avoid or evade payment of taxes. Locating in different countries enables multinationals to create an artificial price structure, shifting some costs and profits where it is more advantageous for them. The manipulation of prices can be done for various aims, such as to show low profits or losses in one country or to send funds

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2. There are three models of FZs in Turkey: public/public, build/operate/transfer and build/operate. The European FZ at Çorlu is a build/operate model founded by private actors and established on private land (Kavlak 2012: 22).

3. According to our calculations, Foxconn could save at least around 300,000 euros per year on wages.

abroad (Milberg and Amengual 2008). Foxconn factories in Czechia could, for example, sell semi-finished products to Foxconn's Turkish subsidiaries for assembly in Turkey at very low cost to obtain a high profit in Turkey, where there is complete tax exemption. In fact, to increase exports, the government adopted the Law on Free Zones (FZ) in January 2010 and established new incentives for investors. Thus for multinationals, FZs offer a good opportunity to allocate production and profits and to avoid high taxation in other countries. Consequently, in 2011 exports rose by almost 60 per cent and exceeded domestic sales for the first time since the establishment of the FZs (Ministry of Economy 2012; Kavlak 2012: 37).

Foxconn has also benefited from government support during the process of carrying out feasibility studies and the initial recruitment of the workforce. Foxconn obtained permission to operate in the EFZ from the Ministry of the Economy in 2009 and started to recruit people at the end of 2010, after an analysis involving consultations with members of the government as well as directors of local schools. HP and Foxconn managers met with the Investment Support and Promotion Agency of Turkey (ISPAT), a government organisation reporting directly to the Prime Minister and responsible for foreign investments, and later signed an agreement with the Ministry. The initial recruitment of workers was through advertisements and the media. At public presentations with local government participation Foxconn claimed that there would be expansion up to 2,000 employees in a few years. Many workers were attracted by Foxconn's factory, seeing it as technologically advanced and with a better working environment than the textile and mechanical sectors. The rapid industrial development in the area around Çorlu gave Foxconn a chance to draw on a labour force that has already been trained to do industrial work.

From a white-collar perspective, people speak relatively good English; from an educational perspective there are many technical universities in Turkey. When we look at blue-collar workers on the production line we see that, in this region, although they didn't have specific electronics experience, there is a big automotive and textile workforce, so they are used to working with processes, they are used to following instructions. So we were confident that there was a big enough labour-pool with enough factories in the region to ensure that workers understand the discipline of factory working and the type of shift patterns that factories operate. (Interview no. 28, manager, male, 45 years old, Istanbul, 17 September 2013).

The choice of manufacturing goods in Turkey is linked not only to labour but also to logistics issues, as a manager explained further: ‘When you compare factory cost with supply chain cost it is actually a fraction of the number. Actually the biggest cost today is logistics and how you transport the materials backward and forward’ (Interview no. 1, ex-manager, male, 40 years old, Çorlu, 7 September 2013). The European Free Zone where Foxconn’s plant is located is just a few kilometres from Pan-European Corridor 4, the main arterial road linking Istanbul with Bulgaria, Greece and central Europe. Such positioning puts Foxconn near its customers, as well as its other manufacturing sites. The Turkish factory is a stage in the company’s strategy of moving closer to its end markets, along with Foxconn’s manufacturing sites in Europe: two in Czechia, two in Hungary, one in Slovakia and one in Russia.<sup>4</sup> The Pardubice factory in Czechia is the central base for Europe and sets the pace for production in the other European plants (Andrijasevic and Sacchetto 2014). In fact, the first employees recruited for the Turkish plant were sent for several months’ training in Pardubice.

### **3. Labour force composition**

In 2014 Foxconn employed about 400 workers and achieved a trade volume of 208 million USD. Unlike Czechia, where the workforce is split between local core workers (60 per cent) and EU migrant agency workers (40 per cent), the labour force in Turkey is made up of Turkish women and men aged between 25 and 45 who are hired directly on open-ended contracts. Assembly line workers earn just above the minimum wage level fixed by the government, 300–350 euros, which is periodically revised. The wages of group leaders are not much higher than those of the workers, at around 380–420 euros per month, and the earnings of the white-collar employees rise gradually as they move up the pecking order. Foxconn hires workers beyond the local labour market, targeting people living in villagers and cities from the surrounding areas and recruits women for factory work. In fact, on top of the long day in the factory there is also 20–60 minutes of travelling time in the dozen or so buses provided by the company. While the labour force is relatively homogenous, we consider here two groups in particular, Muhacir Bulgarians and women

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4. In 2015 Foxconn closed the St Petersburg plant: <http://appleapple.top/hp-closed-the-plant-near-st-petersburg-and-moved-production-to-the-czech-republic/> [20 December 2015].

workers, to show the relevance of the workforce composition to the production process.

Foxconn employs a high percentage of Bulgarian Turks known as Muhacir Bulgarians, most of whom came to Turkey in 1989 to escape ethnic cleansing during the final months of the communist regime in Bulgaria. In the twentieth century ethnic Turks from Bulgaria immigrated to Turkey in several waves: 1921–28, 1950–51 and 1989. In the summer of 1989, about 300–400 thousand Muhacir Bulgarians were forced by the Bulgarian government to move to Turkey in order to escape discrimination and forced assimilation (Elchinova 2005: 87; Vasileva 1992). They settled in various towns, depending on their networks, and formed large communities in the cities of Ankara, Bursa, Çorlu, Edirne, Istanbul and Izmir (Nichols et al. 2003):

I was born in 1983 in Silistre, Bulgaria. I'm 30 years old. My family migrated here in 1989. First, the [Bulgarian] government forbade our religious practices. Then they banned our language and education in Turkish was forbidden, so we had to leave. We came here because some relatives of ours had already moved here in 1979 and we decided to join them ... I remember the day the Bulgarian and Romanian army came to our village: they closed down our schools, they beat us with clubs; I had my ribs broken, my grandfather was beaten while he was praying. After I recovered my family decided to sell everything and come here ... I have both Turkish and Bulgarian [citizenship] ... If you had asked me five years ago I would have replied that I would never go back to Bulgaria, but now it's different, I'm seriously considering moving there. Because five years ago Bulgaria was a poor country but now with all the aid from the EU, the financial situation has changed and even though workers' conditions have not improved too much, it's possible to live a comfortable life there ... The EU is good! I've been to Germany in 2001, my father worked there for one year. (Interview no. 3, male, 32 years old, Çorlu, 8 September 2013)

In contrast to local Turkish workers, many Muhacir Bulgarians have dual citizenship – Bulgarian and Turkish – and are therefore more mobile and consider looking for work in the EU, as Bulgarian citizens. Muhacir have a different attitude to life and work than locals: they have a more secular worldview and live a 'modern' lifestyle, are better educated, the women are generally more free and do not wear headscarves, and husbands and

wives have less unequal relationships (Nichols et al. 2001: 9–10). Muhacir women study longer and have a higher participation in the labor market than local Turks (Cesur-Kılıçaslan and Terzioğlu 2010). Managers prefer Muhacir Bulgarian men and women to local Turkish workers as the former are more qualified and are seen, as expressed by the manager of the EFZ we interviewed, more disciplined at work (Interview no. 8, male, 55 years old, Manager European Free Zone, Çorlu September 2013). Moreover, Muhacir women are more likely to get hired for factory work than local Turkish women as they are also willing to work the night shift (Nichols et al. 2001: 15).

In Turkey, although in the gendered division of labour inside the household women are held to be responsible for care work, they are able to play an active role in the labour market. FZs offer new employment opportunities, particularly to women, who account for 82 per cent of workers there (Kıvılcım 2008: 2). Data from 2007 show that women are mainly employed in the agricultural and fishery sectors (37 per cent), where their participation surpasses that of men (17 per cent), as well as in so-called elementary occupations, where their presence is again higher than that of men (17.8 per cent for women and 12.7 per cent for men) (Ince 2010: 61). The most important difference with regard to the conditions of women in Turkey is the division between rural and urban areas and between the west of the country, which is most industrialised and the east of Turkey, where patriarchal gender roles and values are widespread (Ince 2010; Gündüz-Hoşgör and Smits 2008). In the cities and in the western regions women have higher labor force participation rates and are often employed in the industrial sector. Traditional gender roles and values strongly limit women's position in the labour market, in particular in rural areas. But employers regard rural women as more passive and harder working and, therefore, more reliable. Critiques of stereotypical representations of women concentrate on women's resistance, as demonstrated by the strike in the Antalya FZ in 2006. Fougner and Kurtoğlu's (2011: 366) account of women's mobilisation concerns broader forms of resistance to exploitation and patriarchy. In fact, women workers are daily creating alternative forms of relations inside and outside the workplace, which is leading to strong tensions in Turkish society.

In the case of Foxconn, women workers can suffer from patriarchal power relations, but their behaviour, whether inside or outside the workplace, is not passive. Nevertheless, as already mentioned, in the gendered division of labour inside the household women are considered respon-

sible for care, they are able to play an autonomous and active role. We can note this behavior in the high divorce rate among women at Foxconn and in the more general presence of women in the local labour market. As for the rest of the labour force, managers prefer to take on young women and are often prejudiced against women in their 30s or older, considering them too slow to work on the assembly line:

Because this work requires manual skills, I asked the HR office to hire young people, between 20 and 28 years old, because they learn faster and also because this job is not appropriate for older people. My team was a young one. The other group was held back because older women worked in it. I used to make fun of them, calling it 'the seniors' line'. (Interview no. 4, male, 34 years old, Çorlu, 8 September 2013)

Inside the Foxconn plant there is a clear division of labour between men and women: pre-testing is fully staffed with women, while the assembly line is mixed. This is because production is seen as physically more demanding and hence less suited to women:

It's simple work, that's why they prefer to send women to pre-testing. Men are mostly in production where the work requires using tools like screwdrivers, or in packing where there are heavy weights to carry. For some specific work in production they send women because they have small hands. (Interview no. 11, women, 43 years old, Çorlu, 10 September 2013)

Gender therefore plays a large part in the company hierarchy and men hold the majority of managerial positions. During our fieldwork there was only one woman group-leader working in production, although in the past there were three of them, one in the warehouse and another in packing. As explained by a female employee, managers prefer men in this position, but at the same time, not all workers want to become group-leaders because one needs to juggle the pressure from managers and the needs of workers:

At the moment all group-leaders are men. One of the reasons might be that the general manager is quite tough and strict and not everyone has the nerve to deal with him, especially women. Another thing that makes the work of group-leaders more difficult is turnover, because new workers need training. Even if you know

your job well no one acknowledges it. The wage is low, too. I don't want to be a group-leader. It's a difficult job, you have to deal with workers and implement management orders. (Interview no. 11, women, 43 years old, Çorlu, 10 September 2013)

The large presence of women at the Foxconn plant, as well as their relegation to the lower end of the company's hierarchy, resembles the position of women in the Turkish labour market more broadly. These data highlight the difficulties women face escaping from certain sectors of the economy and also in achieving career development due to cultural values and gender roles that still determine, independent of their qualifications, women's position in the labour market (Ince 2010: 56).

#### **4. Labour process flexibility**

Foxconn operates just-in-time production based on specific customer orders so as to cut costs by reducing storage or warehouse time. Each manufacturing site usually serves different markets. The factories within the EU supply European clients and the Turkish one supplies Middle Eastern and North African customers, as well as local ones. This system reduces waste and requires less investment. Just-in-time production is based on a form of neo-Taylorism in which operations are broken down into micro-movements (Lüthje et al. 2013; Peña 1997) and managed through the control of the workers' time and space. At the Foxconn plant, these often trivialised and repetitive operations are regulated through a high-speed computerised assembly line. The relevant data are stored on the computers that control the assembly line. Thanks to the barcode system, computers make it possible to record step by step the pace of production and to identify at which work station and which workers are responsible for faults: 'The shop floor control system is a live system. You put each part in the computer; there is a barcode and the reader reads the part. When it reads it and it shows green then it is working. If not, you know the part has a problem' (Interview no. 1, male, 40 years old, Çorlu, 7 September 2013).

Production targets are demanding and are constantly monitored. The two assembly lines produce about 5,000 computers in 24 hours at a rate of 110–115 computers per hour. Management resorts to different methods to ensure high production targets, such as competition between the two assembly lines and among workers in general and bonuses equal to 10

per cent of the wage for the assembly line that achieves the targets. Control of the space and workers' movements is realised through CCTV cameras: 'There are CCTVs everywhere and the management is watching people. It is called a shop-floor control system. It is a standard system at Foxconn' (Interview no. 1, Çorlu, male, 40 years old, ex-manager, 7 September 2013). The computer systems used on the assembly lines, as well as the CCTV cameras, mean that department heads can constantly manage and monitor production and often identify in real time any errors or sabotage that may occur.

To fulfil customers' orders, just-in-time production demands several forms of flexibility inside the plant. These are, first, multi-task operators; second, an apprenticeship scheme; and third, variable working hours (hours bank system). Multi-task operators are workers who are trained to take up different positions and perform several production tasks. The figure of a multi-task operator, who is moved between jobs and departments, is pivotal to meeting immediate production needs. At the same time, however, this type of worker might undermine the efforts of other workers and facilitate the management's strategy of cutting costs. As multi-task operators are moved between different departments, they might be more expert in completing one task than another and hence inadvertently hinder other workers in reaching their production targets and earning monthly bonuses.

The management avails itself of two government-run programmes to recruit temporary workforce and cut labour costs. The first provides internships for high school students and the second, funded by the government through local employment centres (IŞKUR), involves apprenticeships geared towards unemployed people. Both groups have a fairly similar experience: the training period is shortened to a few hours and then trainees are placed on production lines alongside regular workers. While each year Foxconn staff selects a considerable number of apprentices directly at the Işkur offices, it only takes a handful of students. Foxconn visited vocational and technical schools in order to set up students' internships as early as the feasibility study stage to select the location of the plant. Students from these schools have to complete compulsory practical training either as a summer traineeship or as training for three days a week for the duration of their last year of school. Through traineeships Foxconn avails itself of a temporary workforce that works alongside the regular workers, meaning they work the same hours and do the same tasks, but are paid only one-third of the minimum wage.

The Işkur scheme for the unemployed is based on the 264-hour apprenticeship and lasts for about nine weeks. In June 2012 alone the company took on 50 apprentices, or about 12–15 per cent of all Foxconn employees, who were paid between 7.5 and 9.3 euros per day by the government for eight hours' work. However, the work placement scheme often does not correspond to the reality of factory work:

The basic training was only for one week and that took place in the school; after that we worked like a Foxconn employee, but I got my wages from İŞKUR. Let me give you an example – when you apply for a job the first thing they tell you is this: 'İŞKUR may tell you that the working hours are 8 per day, but our working hours are 10 per day and you have to abide by this.' In other words, Foxconn management gives out the message that 'whatever İŞKUR says, they can say what they want, I get my way.' (Interview no. 18, male, 48 years old, Çorlu, 11 September 2013)

The Işkur scheme allows Foxconn to operate a selection processes through which it can recruit in a more cautious way and reduce labour costs, as one of these apprentices explains: 'I had an interview with the managers and they said they'd hire me but I had to do an apprenticeship course first. So I did these two months where I was paid 20 Turkish lire (7.5 euros) a day for ten hours' work' (Interview no. 18, male, 48 years old, Çorlu, 11 September 2013). At the end of this period apprentices and interns are supposed to be hired, but quite a few of them leave before then. So far, the apprentice system has been a success, so much so that Foxconn received an official award from the government unemployment agency Işkur.

A third and final aspect of just-in-time production is working hours flexibility, which is achieved through overtime and the so-called working hours bank system. Workers, whether male or female, alternate on a weekly basis between day and night shifts in a roster system like the ones in the company's other factories in Europe and China. Employees work between 10 and 12 hours a day for five or six days a week, but sometimes less if they're not needed. In Turkey, legally stipulated working hours are 45 per week and a maximum of 11 hours per day. Currently, the 2003 Labour Act allows Foxconn to average out an individual's working hours to 45 a week over a two-month period, which can be extended up to four months by collective agreements. In unionised plants workers are able to control this flexibility but in non-union firms, such as Foxconn, the

organisation of overtime and the hours bank system are managed by employers (Dereli 2013: 22-3). At Foxconn, working hours are much more variable than in other local factories and can range from 30 to 60 per week. This flexible working pattern permits workers to earn the minimum working wage (i.e. 45 hours per week), regardless of the amount of hours they work. On the other hand, overtime rates are rarely paid because the company manages working-time in such a way that workers do not exceed the average of 45 hours a week in two months. Crucially, as a result of this averaging, the extra time worked in any particular week is not paid as overtime, but carried over to subsequent weeks, so that the average weekly amount of hours worked is always 45. This creates conflict in the workplace, also because Foxconn changes the shifts for the express purpose of not paying overtime at the end of the period:

Everyone talks about lean manufacturing – that means zero waste in packaging, zero waste in labour hours. It can also mean that everybody in the factory is encouraged to come up with ideas on how to work more efficiently: why do you bring that pallet from here to here every day – why don't you just get it delivered here? They are always trying to take the waste out of a process. So when the customer has high fluctuation in demand, we are always looking to match this demand in the least wasteful way and be as competitive on price as we can. Labour agencies [in Czechia] help us to do that – they work with multiple companies and say – OK this month Foxconn needs 100, next month they only need 50, but company B and company C need people so they shift people between companies – and this is a good model when it works. In Turkey we have not found that solution. We found that demand can still go up and down but within the flexible working conditions we have with our employees we are balancing the workload over a two-month period, right. So in one month we will work up to the maximum 60 hours per week, next month they may work 30 hours per week so the average is 45 hours. I would say that today we still have some time wastage. I am sure when you interview the employees they will tell you that some days we send them home because there is no work and because they are all permanent employees and there is 0 per cent flexibility, I am paying wasted hours at the end of the month. And that is the reason why they leave my company. Because they see that their friend works over 45 hours and gets their wages – I work on average 47 hours and only get salary for 45 so it could be a

factor. (Interview no. 28, manager, male, 45 years old, Istanbul, 17 September 2013)

As the manager put it, Foxconn frequently changes employees' working hours by sending them text messages a few hours before their shifts are due to start. The effect on workers is pretty clear, as a worker explains: 'They send a text at six every afternoon to say whether we'll be starting work at eight or at ten that evening. The unpredictability of my shifts is a constant bone of contention between my husband and me' (Interview no. 15, woman, 39 years old, Çorlu, 11 September 2013).

Harsh working conditions provoke a high turnover of employees inside the factory, about 20-30 per cent a year, particularly among manual workers, who stay at Foxconn a few weeks or months and then leave. Labour turnover is often supported by workers, who prefer to resign because they can easily find another job. At the same time, Foxconn can fire workers also for small matters, such as refusing to do overtime. There are many reasons for firing people, but for workers losing their job is not a major blow, because of the wide availability of manufacturing work in the area.

I was fired. During a meeting with managers, we discussed something that happened on the night shift. The manager decided to fire a friend of mine without compensation because he was chewing gum and I objected to his decision. I was accused of protecting this worker and two days later I was fired. But my friend got to stay. (Interview no. 4, male, 34 years old, Çorlu, 8 September 2013)

## **5. For and against trade unions**

The key issue for Foxconn workers, and for workers in other factories in the EFZ, is the question of trade unions, who face strong opposition from the state. In fact, labour unions in Turkey have a very precarious existence and operate within an extremely strict legal environment (Adaman et al. 2009). In 1980 with the aim of attracting foreign capital, the military government implemented an economic shift from import substitution to a market-oriented strategy and put in place subsidies for exporters, a programme of privatisation and restrictions on trade union activities by banning the right to strike in the FZs for the first ten years of their activity (Arnold 2010: 620). After less than two decades of freedom (1962–1980),

this new economic policy heralded by the military restricted union activities. Within the framework of EU negotiations the latter was amended and the government abolished restrictions on labour mobilisation and trade union activities, although provisions on FZs remain in force (Ustubici 2009). It is the state authorities' intolerance of union activities that enables and sustains these anti-union practices and has led to a decline in union membership from 27 per cent in the 1970s to 10 per cent in the 2000s (Cam, 2002; Fougner and Kurtoğlu 2011: 358).

The only real kind of negotiating that exists in Turkey takes place within unionised factories (Fougner and Kurtoğlu 2011; Çelik 2013). Collective bargaining can take place only in relation to individual establishments or all establishments belonging to the same employer. The competency mechanism is considered the biggest obstacle to collective bargaining as the union needs to demonstrate it has unionised 50 per cent plus one in the plant and 10 per cent of the workers in the industry to bargain (Nichols et al. 2002: 39; Fougner and Kurtoğlu 2011: 358). This long and complex competency mechanism destroys the essence of unionisation and the right to collective bargaining, as shown by the fact that in 2011, only 370,000 workers or 3.5 per cent had collective bargaining coverage in the private sector, the lowest level in Turkey's multiparty era (Çelik 2013: 44).

Until 2012 workers had to make an appointment with a notary in order to get a certificate to join a trade union, but now they can register their membership online. Act No. 6356 on collective bargaining, passed at the end of 2012, has only partly improved the situation because now workers who want to join a union have to register themselves on a government-run website and are therefore exposed to direct scrutiny by the state. The government can also defer any kind of strike action for reasons of national security or public health.

The most important and traditional union in Turkey is Turk-Is, that was long considered 'a bastion against communism and militant class unionism in the context of the Cold War' (Yildirim et al. 2008: 371). While Disk, the Revolutionary Workers' Trade Union Confederation, was closed down by the military in 1980 and its leaders imprisoned, Türk-iş was able to survive and gain significant advantages over other unions thanks to a tradition of lobbying and negotiation. In fact, Türk-iş has pursued a policy of 'class compromise', avoiding active engagements in workers struggles as it is proved by the recent attack that workers in the automotive sector

launched against Turk Metal (Korkmaz 2015). Disk was established in 1967 by a group of leftist unions from Türk-İs and in the 1970s took a militant road, which was one of the reasons it was closed down by the military in 1980. Disk was able to resume its activities only in 1992, and it is still considered a left-wing Confederation, although it appears to be less radical than it once was. Finally, Hak-İs was set up in 1976 and is the unions of Muslim workers, with a strong belief in the cohesion of employers' and employees' interests.

In Çorlu, trade unions inside factories face difficulties, as in other areas of Turkey. Since 2002 it has been possible to organise workers in the FZs, but unions can enter only if they have members inside factories. At the Foxconn plant, a number of workers used to be members of the Turkish Metal Union (TMU), which is active in the automotive, white goods, electronics, iron and steel sectors. As union membership in Turkey is industry-based, the workers automatically retained their membership when they moved from the factory they previously worked at, such as Volkswagen, to Foxconn. TMU is a member of the biggest Turkish union, Türk-İş, and the links between the two are close as the president of the TMU is also the General Secretary for Organisation of Türk-İş. The representatives of TMU in Çorlu explained that they do not have a particularly active recruitment process: 'We'd rather wait for workers to approach the union. We don't put pressure on workers to enrol.'

Foxconn does not underestimate the influence of unions or the impact that workers' mobilisation can have on factory labour. Indeed, the experience of the Korean Daiyang factory in the Free Zone<sup>5</sup> where workers attempted to unionise in 2013, which led to a fierce confrontation between the workers and the police, is still fresh in Foxconn workers' minds. Foxconn hired a number of unionised workers during its first few months in Turkey, but management soon remedied this oversight and made these workers give up their union membership:

When I changed my job I thought my union membership would end automatically. But actually it's not like that. When I started at Foxconn managers learned somehow that some of us were members of the union. A group-leader came to us, to each of us who were trade union members, and told us we had to resign from the union.

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5. <http://www.industrial-union.org/industrial-outraged-by-savage-union-busting-in-turkey> [20 December 2015].

Then they sent us to the HR office. At the office there was a public notary, called and paid by Foxconn, who made us sign a letter saying that we are resigning from the union. He told us that they will fire us if we do not sign. (Interview no. 10, male, 27 years old, Çorlu, 9 September 2013)

At Foxconn, as elsewhere in the private sector, anti-union practices are so common that Turkey was recently identified as guilty of significant labour violations, including restrictions on freedom of association, a difficult collective bargaining process, limitations on the right to strike, discrimination against workers because of union membership and imprisonment of union leaders (ITUC 2012: 209).

## **6. Conclusion**

In this chapter we have provided an overview of the Foxconn factory in Turkey, which enjoys a tax-free regime and benefits strongly from its proximity to customers. Foxconn's reasons for locating the factory here include a state willing to support international investment, opportunities to sell products in a sub-continental market thus avoiding customs duties and limits on importing finished products, proximity to the customer base, favourable labour policies, availability of a semi-skilled, low-cost workforce and weak union presence. Multinationals invest in different areas characterised by a considerable range of social and legal regimes to organise their supply chains (Mezzadra and Neilson 2013).

Having a plant in a Free Zone in Turkey enables Foxconn to obtain economic and labour benefits and, at the same time, to reach customers in European, North African and Middle Eastern countries.

In addition, the workforce composition and the labour process indicate the basis of Foxconn's location strategy. Comparing the plants in Turkey with others in Europe (Sacchetto and Andrijasevic 2015) and in China (Pun and Chan 2012; Chan, Pun and Selden in this volume), we can note a relative homogenisation of machinery, operations in assembly lines and organisation of production. But there is considerable variance in the composition and management of the workforce from both a social and a legal perspective. Recruitment policies, labour management methods, wage levels and scheduling systems are devised differently for each area. The firm's ways of dealing with employees in different countries to

prevent them from getting organised and developing strategies of resistance are another important factor.

Moreover, the state plays a crucial role in lowering labour costs and limiting trade union activities in general and within the FZs in particular. The state therefore enables Foxconn to achieve manufacturing flexibility and, at the same time, hinders workers from developing strategies of resistance. However, as labour is not a passive entity (Smith 2006), both the company and the state are forced to keep on inventing additional forms of exploitation and control. Facing difficulties in organising themselves and fending off management pressure, workers in Foxconn factories have developed a classic strategy of exit, as indicated by the high labour turnover. Workers' mobility is an instrument of self-defence against the severe working conditions, also because trade union power is weak inside and outside the European Free Zone.

Our research highlights that Foxconn, like other multinationals, has established a worldwide supply chain, taking into consideration different national legislations when deciding where to invest and weighing up opportunities to obtain a reliable workforce without the presence of strong and conflictual trade unions.

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