

BEYOND TIER ONE: SUPPORTING WORKERS' RIGHTS AND MITIGATING CHILD LABOR RISKS IN SMES IN THE GARMENT AND TEXTILE SECTORS IN TÜRKİYE

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Lessons Learned

This summary is based on the project's third-party monitoring and evaluation report and analysis by the Fair Labor Association (FLA).

I. INTRODUCTION

In Türkiye, textile, garment, and leather production account for 15% of the manufacturing industry, employing about 1.3 million registered workers.¹ During the COVID-19 pandemic, these sectors faced challenges due to the movement restrictions both globally and in Türkiye. Challenges reported by the Turkish Ministry of Industry and Technology and the United Nations Development Fund included:

- Production suspension;
- Exchange rate fluctuations;
- Supply chain delays;
- Demand fluctuations;
- Lack of e-commerce capabilities;
- Departure of key personnel due to long quarantine periods;
- Low productivity;
- Increased costs due to inflation; and
- Logistics disruptions.²

¹ Social Security Institution. (September 2022). *Monthly Statistics Bulletin*. <https://www.sgk.gov.tr/Istatistik/Aylik/42919466-593f-4600-937d-1f95c9e252e6/>

² Sanayi ve Teknoloji Bakanlığı. [The Turkish Ministry of Industry and Technology]. (May 2021). *Tekstil Sektörü Analiz Raporu ve Kılavuzu* [Textile Sector Analysis Report and Guidelines]. 10. <https://www.kalkinmakutuphanesi.gov.tr/assets/upload/dosyalar/tekstil-tr32-.pdf>



IMAGE 1: A TIER TWO FACILITY IN IZMIR, TÜRKIYE.

Courtesy of Zümrüt Aydın.

The challenges resulted in an export reduction. According to data from the Istanbul Apparel Exporters Association, exports dropped by 60% from March to April 2020, but recovered to greater than the February level in June 2020. Overall, exports dropped by 3% from 2019 to 2020 but increased by 18% from 2020 to 2021. However, during project implementation, both Tier One suppliers as well as upper tiers of the textiles and garments supply chains felt the short-term effects of the pandemic.

Due to industry-specific characteristics such as production seasonality, low unit prices, tight deadlines, labor intensiveness, and low-skilled workers, maintaining decent working conditions can be more challenging compared to other manufacturing areas, such as the automotive and electronics sectors. These low-skill seasonal jobs are no longer popular among young people. Poor labor conditions are also persistent among the companies that produce for domestic markets and/or operate in countries with low social compliance expectations.

II. PROJECT OBJECTIVES

With funding from the United States Department of State Bureau of Democracy, Human Rights, and Labor, the Fair Labor Association (FLA) began a project titled “Beyond Tier One: Supporting Workers’ Rights and Mitigating Child Labor Risks in SMEs in the Garment and Textile Sectors in Türkiye.” The project aimed to increase awareness about labor issues, prevent labor standards violations, and provide alternatives to protect vulnerable workers (such as migrant, youth, pregnant, lactating, and/or disabled workers, and children) in small and medium-sized enterprises (SMEs). To achieve this, FLA partnered with local stakeholders (including industry associations, brands, suppliers, workers’ unions, and the Turkish government) and expanded ongoing efforts to ensure decent working conditions, elimination of child labor, and responsible recruitment in sectors from which FLA affiliates are actively sourcing. This project was one of the few efforts to improve labor issues among companies beyond the Tier One level, and had the following objectives:

- Engage stakeholders and disseminate information to promote decent work and eliminate child labor and workers’ rights violations among companies beyond Tier One;
- Create visibility into the supply chain beyond Tier One to pilot remediation and prevention of worker exploitation; and
- Develop or strengthen existing programs by building the capacity of key stakeholders in garment and textile supply chains to promote decent workplace conditions and eliminate child labor risks.

III. PROJECT ACTIVITIES

FLA collaborated with three Turkish trade unions, four international brands, five Tier One suppliers, and seven Tier Two suppliers. Among these suppliers, one Tier One supplier and two Tier Two suppliers participated in the piloting of Worker Insights, Smart Engagement (WISE) application – a worker voice tool available through FLA’s mobile app. The main interventions included:

- Stakeholder engagement and information dissemination through a project steering committee, reports, and a lessons-learned event;
- Regulatory framework analysis;
- Outreach to upstream suppliers local SME-focused programs; and
- Baseline assessments and capacity-building at Tier Two suppliers, including execution of a worker's voice engagement pilot through WISE.

Project activities supported three expected outcomes:

- Create a network among stakeholders to promote decent work, as well as eliminate child labor risk and address workers’ rights violations among the companies beyond Tier One;
- Identify challenges and opportunities to enhance the visibility of and engagement with the supply chain beyond Tier One; and
- Strengthen the existing capacity of key stakeholders in the garment and textile supply chain to promote a decent workplace and eliminate the risk of child labor.

TABLE 1: SUMMARY OF PROJECT ACTIVITIES AND RESULTS

Activities	Target groups	Results
Project kick-off meeting	<ul style="list-style-type: none"> • Brands; • Trade unions; and • Governments. 	Eleven organizations represented by 20 participants
Regulatory practices study	All project partners	One report
Baseline assessments	Tier Two suppliers	<ul style="list-style-type: none"> • Seven baseline assessment reports for Tier Two suppliers; and • One aggregated report.
Project steering committee meetings	Multi-stakeholders	Five meetings

Activities	Target groups	Results
Training and capacity-building sessions	<ul style="list-style-type: none"> • Brands; • Trade unions; • Tier One suppliers; and • Tier Two suppliers. 	<ul style="list-style-type: none"> • Nine sessions organized on five key topics: <ul style="list-style-type: none"> ◦ Better supply chain management; ◦ Grievance mechanisms; ◦ Decent work principles; ◦ Occupational health and safety; and ◦ Training of trainers. • Represented by the 73 training participants were one brand, five project-partner Tier One suppliers, two non-project-partner Tier One suppliers, six project-partner Tier Two suppliers, and three unions. • Additional trainings on energy efficiency, lean production, fire and structural safety, mediation, and COVID-19 (attended by a total of 333 participants).³
Development of guidance document	<ul style="list-style-type: none"> • Training participants; • Tier Two suppliers (WISE participants); • Tier Two suppliers (partner and non-partner); and • Brands 	<ul style="list-style-type: none"> • Official Turkish translation of the International Labour Organization's "Safety and health in textiles, clothing, leather, and footwear";⁴ • Informational videos (15) via WISE; • Two guidance documents for workers on access to social welfare support, and support for domestic violence; and • One FLA guidance document ("10 Steps to Better Subcontracting Management") disseminated to FLA-affiliated brands.
Development and adaptation of FLA data collection tools	Tier One suppliers and Tier Two suppliers	<p>Developed the following tools:</p> <ul style="list-style-type: none"> • Worker demographic profiling tool; • In-depth questions for companies/brands; • In-depth questions for Tier One suppliers; • Supplier details form; • Supply chain mapping tool; • Tier One information form; • Tier Two subcontractor supplier profiling form; • Tier Two factory assessment tool; • Tier Two management interview questions; and • WISE.
External evaluation report	US State Department	One report
Lessons learned report	All stakeholders and interested parties	One report

³ "Lean production" is a manufacturing practice, system, or method to increase productivity and efficiency and minimize time and resource waste.

⁴ International Labor Organization. (2022, April 26). *Tekstil, Giyim Deri ve Ayakkabı Sektöründe İş Sağlığı ve Güvenliği Uygulama Kodu [Safety and health in textiles, clothing, leather, and footwear]* (FLA, Trans.). https://www.ilo.org/sector/activities/sectoral-meetings/WCMS_828429/lang--en/index.htm and https://www.fairlabor.org/app/uploads/2022/11/FLA_Rapor1.pdf

Activities	Target groups	Results
Project end webinar	<ul style="list-style-type: none"> • Project partners • All stakeholders; and • Interested parties. 	One webinar

IV. LESSONS LEARNED

This project was one of the first in Türkiye to reach beyond Tier One suppliers. Based on the participants' testimonies, the project successfully engaged with Tier Two suppliers and affected change in their operations, despite pandemic-related challenges. The following are key lessons from the project that can guide other industry partners as they embark on their work beyond Tier One.

1. Collective action from brands and Tier One suppliers drives action in the supply chains beyond Tier One.

Reaching beyond Tier One suppliers requires alignment of interests and collaboration throughout the supply chain. Approaching Tier One and Tier Two suppliers starts with an engagement from international brands. They must work with their direct Tier One suppliers with whom they have leverage, long-term agreements, and written contracts. In turn, the Tier One suppliers must engage in dialogue with their suppliers (called Tier Two for either production-related activities or the supply of components and raw materials). The joint discussions between the brands and Tier One suppliers proved helpful in convincing the suppliers beyond Tier One to apply international standards in their operations.

Zero-tolerance issues established by brands were addressed immediately, reflecting the strong influence of the brands. When a business relationship is strong (in terms of volume, long-term or strategic suppliers) brands have a greater influence throughout the supply chain. As the business relationship weakens, the interest of upstream suppliers to address issues in their facilities also weakens. Thus, it is clear that brands can inspire positive change among upstream supply chain actors by having stronger relations with their Tier One suppliers and working collaboratively with them.

2. Nurturing interest among suppliers requires consistent and ongoing engagement.

Some project activities had to be deferred due to the pandemic. There was a period of supplier uncertainty about resuming business operations and in-person activities. During that time, attention to undertaking project actions declined as businesses and individuals focused on their health and the future of their economic activities. Furthermore, business relationships between brands and suppliers changed during the pandemic. As a result, when the project resumed its normal course of action, the supplier had to be reminded of the project's purpose, roles, activities, and expected results.

Brands and Tier One suppliers planning to engage upstream suppliers on human and labor rights and establishing traceability should establish stable and long-term relationships that can aid continued engagement as part of their ongoing core activities (like the focus on quality, production, etc.). With that continuity, requirements around improving working conditions will become standard operating procedure, as opposed to being project-focused and time-limited.

3. Tools and training are useful in supporting and strengthening Tier One suppliers' capacity to work with Tier Two suppliers.

Following the nomination of Tier One suppliers for the project by the brands, Tier One suppliers took lead in project implementation, and they strengthened their role as a buyer and better structured their asks from upstream suppliers. Tier One suppliers enhanced their activities with Tier Two suppliers and with access to additional tools and guidance provided by the project, the approach became more refined and structured. With additional technical capacity building, and support with standards, tools, guidance, and training materials, over time brands could entrust Tier One suppliers to play an important role in cascading standards and working with Tier Two suppliers.

4. Engaging upstream suppliers in mandatory human rights due diligence (MHRDD) is crucial.

The project offered a way to create positive change at Tier Two. An important change reflected in the organizational culture was that Tier Two facilities learned how to manage and respond to requests to improve labor rights. The project started to impart a sense of responsibility among the Tier Two suppliers and ownership to ensure decent working conditions in their operations. The occupational health and safety at Tier Two facilities also improved. One of the suppliers provided positive feedback on the deployment of WISE.

Tier Two suppliers were open about double bookkeeping (where suppliers keep two separate financial records to lower the income tax rate and social security premiums). During the project, they started to progress to single bookkeeping, but some of them reverted to old practices due to the pandemic-related economic downturn. The project goals could have been better communicated by Tier One suppliers to help maintain the focus and recognize the independence of improvements from business relationships or changes from the pandemic (improvements should be seen as changes in behavior and enterprise-level culture).

With the emergence of several MHRDD regulations globally, the full supply chain will be in scope.⁵ The project helped identify that beyond Tier One, suppliers still view compliance as a short-term requirement to be worked on as part of a time-bound project and not as a constant practice. There is an urgent need to involve Tier Two suppliers in the dialogue around MHRDD.

⁵ MHRDD laws are the regulations imposed on businesses by countries or regions to identify human rights risks in their operations and value chains and prevent the realization of such risks. For more information and examples, please see:

The United Nations Human Rights Office of the High Commissioner. (February 2012). *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*. https://www.ohchr.org/sites/default/files/Documents/publications/hr.puB.12.2_en.pdf

Germany's Federal Ministry of Labour and Social Affairs. (2021, August 18). Act on Corporate Due Diligence Obligations in Supply Chains. https://www.csr-in-deutschland.de/SharedDocs/Downloads/EN/act-corporate-due-diligence-obligations-supply-chains.pdf;jsessionid=F4D1E6DAFE28467005161E3D35D5DAF1?__blob=publicationFile&v=4

European Commission. (2022, February 22). *Just and sustainable economy: Commission lays down rules for companies to respect human rights and environment in global value chains* [Press release]. https://ec.europa.eu/commission/presscorner/detail/en/ip_22_1145

5. Engagement of other stakeholders in the process is critical.

The project involved other stakeholders such as the Ministry of Labor and Social Security, trade unions, and employers' associations. These key actors are instrumental to bring about scalable changes at the sectoral level by enacting widespread regulations, guidance, and communications. Tier Two suppliers benefited from the bilateral technical discussions with the Ministry of Labor. The pandemic disrupted in-person meetings, which are crucial to establishing trust and understanding other points of view and collectively discussing ways forward.

A lesson moving forward is that it is important to involve local associations, government organizations, and trade unions and facilitate discussions with the beyond Tier One suppliers. Beyond Tier One, suppliers seldom engage in dialogue at industry platforms, and their challenges and needs are not well-understood or addressed. In parallel, the capacity of Tier Two suppliers could be improved so that they can provide structured and collective feedback. At present, they mainly approach issues from an individual perspective and not as a collective. It is more difficult to organize Tier Two facilities than Tier One facilities, and continued support and engagement with stakeholders are critical.

V. REFERENCES

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ABOUT THE FAIR LABOR ASSOCIATION

The Fair Labor Association (FLA) promotes human rights at work. We are an international network of companies, universities, and civil society organizations collaborating to ensure that millions of people working at the world's factories and farms are paid fairly and protected from risks to their health, safety, and well-being.