

SOCIO- TECHNICAL ISSUES IN YOUTH EMPLOYMENT:
CASE OF THE FURNITURE SECTOR IN ANKARA

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ABSTRACT

SOCIO-TECHNICAL ISSUES IN YOUTH EMPLOYMENT: CASE OF THE FURNITURE SECTOR IN ANKARA

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The aim of this dissertation is to investigate how the technological developments implemented in the production processes and organizational structures of small and medium sized enterprises affect the skilling and thus the employment process of youth in these enterprises. The furniture sector of Turkey is chosen as a specific industrial sector for this research.

Keywords: Technology, globalization, youth employment

ÖZ

GENÇ İSTİHDAMINDA SOSYO- TEKNİK İLİŞKİLER: ANKARA MOBİLYA SANAYİ ÖRNEĞİ

Kepek, Emek Barış

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Bu çalışmanın amacı küçük ve orta ölçekli işletmelerdeki üretim süreçlerinde yapılan teknolojik değişimlerin ya da organizasyonel yapılarındaki yeniliklerin, o firmalarda istihdam edilen genç işçiler üzerindeki etkilerini araştırmaktır. Mobilya sektörü çalışma için özel örneklem olarak seçilmiştir.

Anahtar Kelimeler: Teknoloji, küreselleşme, genç istihdamı

To My Family

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TABLE OF CONTENTS

PLAGIARISM.....	iii
ABSTRACT.....	iv
ÖZ.....	v
DEDICATION.....	vi
ACKNOWLEDGMENTS.....	vii
TABLE OF CONTENTS.....	viii
CHAPTER	
I. INTRODUCTION.....	1
II. METHODOLOGICAL FRAMEWORK.....	15
II.1- Introduction.....	15
II.2- Research Question and Hypothesis.....	16
II.3- The Research Site and the Sample.....	19
II.4- Research Process.....	21
II.5- Basic Conceptualizations.....	23
III- IMPACTS OF GLOBAL RESTRUCTURING PERIOD.....	25
III.1- The Idea of Neoliberalism.....	25
III.2- The Effects of Globalization.....	28
III.3- Globalization and the Small Firms.....	32
III.3.1- Introduction.....	32
III.3.2- The Impacts of Globalization on Small Firms.....	33
III.3.3- ICT Adoption and Small Firms.....	37
III.4- New Technologies, Work Organization and the Formation of Skill...39	
III.4.1- Introduction.....	39

III.4.2- The Role of Technology.....	40
III.4.3- Changes in Work Organization.....	42
III.4.3.1- Post-Fordism.....	42
III.4.3.2- New Labor Relations.....	44
III.5- Skill in the New Age.....	46
III.5.1- Introduction.....	46
III.5.2- Skill.....	47
III.5.3- The Contested Theories on Skill.....	48
III.5.3.1- The Up-skilling Thesis.....	48
III.5.3.2- The Deskillng Process.....	49
III.5.3.3- The Social Construction of Skill.....	51
III.5.3.4- Human Capital Theory.....	52
III.5.3.5- Skill Biased Technical Change.....	54
III.6 - Concluding Remarks.....	57
IV- TURKEY AND GLOBAL RESTRUCTURING PROCESS.....	59
IV.1- Turkey: An Important Actor in the Global World.....	59
IV.2- Small Firms in Turkey.....	62
IV.3- The Furniture Industry and Global Markets.....	64
IV.3.1- The Furniture Sector in the World.....	66
IV.3.2- Furniture Sector in Turkey.....	68
IV.3.3 – Siteler.....	72
IV.4- Youth Employment: A Brief Survey.....	74
IV.4.1- Introduction.....	74
IV.4.2- The Youth Employment.....	76

IV.4.2.1-	Youth Employment in Global Processes.....	76
IV.4.3-	Challenges of Youth in the Labor Market.....	82
IV.4.4-	The Youth Employment in Turkey.....	84
IV.5-	Vocational Training in Turkey.....	91
IV.6-	Concluding Remarks.....	93
V.	EMPIRICAL FINDINGS OF THE STUDY.....	95
V.1-	Introduction	95
V.2-	Profile of Sample Firms.....	95
V.2.1-	Work Force.....	96
V.2.2-	Infrastructural Profile of Firms.....	98
V.2.3-	Employment of Young Workers.....	101
V.2.4-	Problem of Skill in the Firms.....	105
V.2.5-	Relation with Other Firms.....	106
V.2.6-	Technical Changes and Their Impacts on Youth Employment.....	107
V.2.6.1-	Product and Process Innovation of the Firms.....	107
V.2.6.2-	Technology Transfer.....	108
V.2.6.3-	Changes in Organizational Structure.....	111
V.2.6.4-	Condition of the Labor Force.....	111
V.2.6.5-	Problems of the Firms.....	113
V.3-	Young Workers.....	118
V.3.1-	The Socio-Economic Profile of the Young Workers.....	118
V.3.1.1-	Schooling.....	118
V.3.1.2-	Place of Origin.....	119
V.3.1.3-	Parental Work and Living Conditions of the	

Young Workers.....	120
V.3.1.4- Why Do They Work?.....	123
V.3.2- Young Workers in the Production Process.....	124
V.3.2.1- Status of Working Young Workers.....	124
V.3.2.2- The Use of Technology and Young Workers.....	128
V.3.3- The Conditions of Young Workers in the Firm.....	129
V.4- Concluding Remarks.....	134
VI. CONCLUSION.....	140
REFERENCES.....	153
APPENDICES	
1- A New Step in Vocational Education in Turkey.....	162
2- Questionnaire for firms.....	163
3- Questionnaire for young workers.....	172
4- Türkçe Özet.....	178
5- Curriculum Vitae.....	181

LIST OF TABLES

TABLES

Table- 1 Global Labor Market Indicators for Youth, 1997 and 2007.....	77
Table-2 Unemployment-Underemployment Rates	89
Table- 3 Labor Force Participation.....	90

LIST OF FIGURES

FIGURES

Figure 1: Number and composition of work force.....	97
Figure 2: Reasons to employ young workers	104
Figure 3: Types of technology transfer.....	110
Figure 4: Main problems of the firms.....	113
Figure 5: Parental Work	120
Figure 6: Reasons to work	124
Figure 7: Status in the workplace	125
Figure 8: Current Duty	127
Figure 9: Problems in the Firm	132

I.INTRODUCTION

In the late 20th century, there have been massive developments in the information and communication technologies (ICTs); and this in turn has led to major transformations in the economic, social and cultural structures of the societies. The rise of the technological infrastructure, or the so-called technological revolution, has significantly increased the amount and speed of communication services and flow of information and capital around the globe and even within the countries.

Along with technology, the globalization of markets, especially since the 1980s, the neoliberal policies and other social and economic changes have all affected the structure of the firms. New management systems and new work organizations emerged. All of these changes have affected the conditions of the work force in the enterprises.

Hence, the aim of this dissertation is to investigate how the technological developments implemented in the production processes and organizational structures of small and medium sized enterprises affect the skilling and thus the employment process of youth in these enterprises. The furniture sector of Turkey is chosen as a specific industrial sector for this research.

In this regard, it is assumed that the transformations that have occurred along the lines of flexible production processes in the manufacturing industry have taken place as a response to the tremendous technological developments and economic globalization during the recent decades. However, the thorough analysis in this study only covers the changes and the impacts thereof that have influenced the production processes and the organizational set-up of the small enterprises.

Here, the basic question is: “What are the impacts of the technological changes on youth employment in small scale manufacturing firms?” Within this framework, the problem of skilling, which has both economic and sociological dimensions, will be given a special emphasis.

It is assumed that the adoption of new technologies is realized to stimulate the competitiveness of the firm. It either changes the production process or, the quality or design of the product. The success of these changes is closely interrelated with the technical and cognitive skills of the workers of the firm. Only then can the changes be easily adopted. The skilled work force has an advantageous status over the low skilled ones in the firms. Thus, the low skilled workforce has been negatively influenced from these changes (in this dissertation, young workers are accepted as low skilled work force).

According to this framework, the main hypothesis can simply be put forth as follows: The transformations of production processes and changes in the organizational structure in small firms have significantly impacted the work situations of the young workers. As a result of these changes, the skilling process became a real problem for the small firms and the working youth/apprentices became faced with intense exploitation. The youth are either removed or alienated from the production processes and employed in very simple tasks or they are totally dismissed from the firm.

The first objective of this research is to discuss the developments that lead the small firms to make technological and organizational transformations; such as the impacts of globalization and neoliberal economic policies on the local markets and small and medium sized enterprises.

Then, as the second objective, the transformation (or the reorganization) of work due to the global restructuring period along with the technological developments, which comprises the theoretical basis of this study, is comprehensively discussed. This transformation is the increasing flexibility of work relations creates growing polarization between high skilled and low skilled jobs. It can be stated that the changing nature of production processes due to technological developments and new economic relations have significantly transformed the labor relations, especially since 1980. This new period is mainly characterized by the emergence of greater flexibility and multi-task or multi-skilled jobs. At that time, there was an uneven tendency for an increasing segregation between secure, permanent and full-time workers and temporary, part-time and low-paid workers (Edgell, 2006).

The discussions on the above two initial objectives open the ways to investigate the situation of the youth employment and the furniture sector of Turkey, both of which were chosen as the cases of this study since the young workers are considered as the low skilled work force and the furniture sector of Turkey has a growing role in global markets. In this part, special priority is placed on the Turkish case in SME formation and youth employment.

One of the main objectives of this dissertation is to make a contribution to the Turkish social science agenda on the subject of working children and youth employment. Although there are some former studies on child and youth employment, *the notion of technology, that is socio-technical issues, and its impact on the youth employment is a quite neglected subject.*

This research deals with the working conditions of youth in the face of technical changes in a specific sector. In this respect, some sociological aspects of technological changes are also underlined.

How did all these changes happen?

The world economic crisis of mid 70s of the last century, which seemed as a mere oil crisis at first sight, was the main indication of the problems in the long Fordist era which is characterized by mass production of standardized goods that were essentially based on the division of labor and the corresponding organizational structure. The highly standardized markets, that had reached their limits and the developed economies, had entered into a deep recession. The rate of profits had fallen steeply and unemployment had become one of the most crucial socio-economic problems. For the reproduction of the capitalist system, new goods, markets and new production processes to produce them were needed. Consequently, the capitalists began to find out different sources and markets in different parts of the world. The big-scale firms of developed countries started to move their labor-intensive manufacturing operations to the third world countries, even to the places where they could also avoid the pressures of organized labor or where they could find cheap labor and permissive regulations such as no taxation. A clear and intensified competition on the world markets was initiated and as a result, the

domestic goods and finance markets also found themselves in a more competitive atmosphere.

The competitive pressure associated with globalization or neoliberal economic policies caused shifts in the workforce characteristics and labor demand. “We are entering a new phase of capitalist development qualitatively different from the past, which brings with it a new and progressive paradigm of work.” (Lloyd and Payne, 2002: 367). The basic feature of this new paradigm is flexibility. Such a shift in the composition of work force gave rise to polarization between high skilled and low skilled work forces. In other words, due to changing technology and consumer demands, there was an increasing uncertainty in the product markets, which inescapably gave rise to the need for flexible organizations and patterns of work. The new flexibly specialized firm was able to respond quickly to sudden changes in costs, market opportunities and new technologies, through adopting flexible, multipurpose equipment and creation of a flexible and skilled workforce. However, these developments do not mean the total destruction of manufacturing productions which require less skill. The rise of two diverse aspects of labor market relations results in a clear polarization in the market.

Since the 1970s, there have also been considerable changes in the geographical composition and institutional framework of the world economy. There have been intensive relocations of offices and factories to low cost areas, away from the homelands. In other words, the organization of firms and the structure of production processes started to change. Concurrently, differentiated and specialized sub-markets have developed worldwide and they became the arena of increased competition. The transnational companies came to be decisive actors in many of these markets.

Neoliberal economic policies have become major tools that have opened the ways to these capital and financial flows. In addition to the existing international financial organizations, the developed countries established supra-national institutions to control and secure such flows. The international financial organizations with strong backing from the developed countries have forced other countries to open their borders for reaching out to new resources and especially new markets.

The governments of developing countries have tried to attract all of these flows to their countries since these flows also brought about accompanying opportunities such as jobs, knowledge and capital. As these types of flows always seek for the best, that is, the most profitable places to settle, and since these inflows have their own locational patterns; they have a tendency towards cities having high level of agglomeration with the needed resources and talent pool. However, such transactions have definitely challenged the condition and work processes of the local markets. The entrance of multinational corporations or the emergence of firms using high-tech has spillover effects in the country, which means that these activities mainly affect the small and medium-sized firms.

The process of integration of countries into the global market also had “country-specific” aspects. In the case of Turkey, the implementation of the integration policies was commenced after a very severe economic and political crisis at the beginning of 1980 which had been accompanied by the military coup in the same year. The coup, which played a key role in laying the foundation for the development of the neoliberal policies, suppressed all types of oppositions, including the possible dissent of the organized labor. The new policies were characterized by a full play of market forces in the pricing processes, including wages, interest and exchange rates; reducing the role of the state in economic affairs; furthermore limiting the already limited labor and social rights, making exports a primary base for economic growth and opening up the economy to imports fully were strongly supported, in fact even formulated by the IMF and World Bank (World Bank 1980; Kepenek and Yentürk, 2008). With the privatization initiatives; and the changes in the labor laws for further limiting the labor rights and the full liberalization of the money markets, including foreign currency, these policies were quickly intensified with the Customs Union Treaty signed with the European Union.

As a result, the world economic and social relations have become more knowledge-based, or in other words, as our social relations have become more “information” based (Castells, 2001), the notion of skill has become crucial in social sciences.

The Concept of Skill...

Combined with the rapid pace of the scientific and technological developments, the intensifying 'global' competition is said to require an organizational restructuring aiming at improvement in product quality, design and innovation and thereby keeping a good place in the market. "This in turn calls for a more adaptable, better educated workforce than was the case in the past. Such a workforce requires a raft of new core skills, competencies or personal qualities to function effectively, such as 'problem-solving', 'teamwork', 'communicative ability', 'creativity', 'initiative', and, above all, the 'capacity for (lifelong) learning'" (Lloyd and Payne, 2002: p. 367).

Obviously, the competitive capitalist relations do not only encompass the professionals or high skilled work force. There have been massive increases in the low-paid jobs of which the work force was met by immigrants or minoritized citizens (Sassen, 2006: p.2). Processes of economic globalization are thus reconstituted as concrete production complexes situated in specific places containing a multiplicity of activities and interests; the organization of labor markets, their new gendering new inequalities and local politics can all become a part of it. The creation of free zones; outsourcing of production activities into countries where labor costs are lower also have some other benefits, such as lower taxes; limited or no rules and regulations. Such kind of polarization lies at the heart of the global capitalist transactions.

The other issue is that: the newly growing sectors and specialized services and finance contain capabilities for profit making that is superior to those of more traditional economic sectors. However, many of traditional sectors remain essential for the operation of the urban economy though their survival is threatened by the situation in which where the large corporations can dominate on both international and domestic markets. This sharp polarization in the profit making capabilities of different sectors of the economy has always existed, however within the globalization framework, the polarization is extremely intensified owing to the technological changes which have created a controversial skill profile or skilling processes within the small firms.

It is also assumed that the technical progress favors the employment of skilled workers (Piore and Sabel, 1984; Zuboff, 1988) and there would be an inevitable displacement of low skilled ones within the firms (Rifkin, 1996; Robinson, 2004). There have also been shifts in the work organization or the production processes which definitely affect the conditions of low skilled work force. This condition of the low skilled work force has become dependent on the firms' strategies and for the most part, they are removed from the core of the production process and employed in very simple tasks. They tend to be kept deskilled and become an ordinary component in the management process of the firms (Braverman, 1974). In other words, the workers are kept control and knowledge.

What is the role of technology in these processes?

More than ever before, the new technology is affecting critical changes in traditional institutional arrangements, including those influencing the division of labor, organizational structures and skill requirements at all levels of the occupational hierarchy. There have been great transformations in socio-technical aspects of societies. Through its impacts on the markets, communication and production processes, new technology is changing the roles of firms, industries, regions and even countries, and the interactions and social relations among them. They are leading to new and more flexible institutional arrangements that meet the demands of the new era of flexible production and consumption which totally alter the labor relations. The share of the service sector in the economic activities becomes higher than the manufacturing sector.

It is generally agreed that, as a combination of several factors and with the role of technology in production process, emerged completely new type of economic and social relations. This implies that technology was and still is the motor of the economic and social changes (Marx, 1978; Schumpeter, 1962).

Where does Turkey stand?

Due to the worldwide economic crises before the 1980s, the widespread adoption of export-led growth strategies and neoliberal policies prescribing open market and

privatization programs were witnessed in the developing world. Turkey can be considered as a major example in that sense.

After Turkey fell into a very deep economic crisis and experienced political upheavals during the late 1970's, once again the IMF, with the backing of the USA and the transnational corporations, took a great role in shaping up the economic pathways of the country.

During the early 1980's, the protective policies were abolished and the gates for foreign trade were opened. The democratic, social and economic rights of workers and unions were cut down by the coup d'état and neoliberal policies were implemented. Successive steps of liberalization of trade and capital movements have resulted in the integration of the economy with the world markets. The exports have been supported by using all types of incentives, and many regulations and limitations on imports were removed.

Even after the full liberalization of the financial markets with exchange and interest in 1989, economic crises with their serious social consequences occurred in 1991, 1994, 1999 and 2001. As always, the Turkish economy was left under the surveillance of IMF. With the new millennium, the neoliberal integration of Turkey with the world markets has been intensified. As the exports increased and became more dependent on the imported materials; the financial liberalization, privatization and the increase of the Foreign Direct Investment (FDI) foreign direct investments) have changed not only the economic but also the social structure of the country.

One important observation is the continued presence of small-scale production units in manufacturing. As the *Census of Industry and Businesses 2002* illustrates, more than 95 percent of enterprises are employing less than 9 employees (www.tuik.gov.tr).

The furniture sector is one of the fastest growing sectors in the country during the implementation of the export-led growth policies while the economy was endeavoring to articulate with the global markets. The share of the furniture sector in Turkey was about 4 percent in the manufacturing industry in 2000s. In 2005, Turkey

realized 953 million US Dollars of furniture exports and ranked as the 25th among 106 exporting countries. The export of Turkey, which was 232 million US Dollars in 2000, showed a 310 percent increase within five years. These figures indicate that Turkey has an important place and has become a growingly powerful actor in the world's furniture market.

Although, as mentioned, the sector has been one of the fast growing industrial sectors in the country, most of these small enterprises are still operating via traditional ways; that is to say, the technical capacity of the firms are extremely limited; mainly low skilled work force is employed. They are not institutionalized properly since the production facility and management sections are located in the same building. In addition, these firms are mostly family-run enterprises and use old technology. But this does not mean that there are no changes.

Theoretically, it can be stated that capitalism, by its very nature, is a form of economic change and can never be static. The main drive for change is coming from the pressures of the market such as new consumers, new goods, new production techniques or technologies. All kinds of such changes are inherited in the nature of capitalism (Schumpeter, 1964). The changing nature of capitalist relations have mainly destroyed the old relations and created new ones. Without evolving themselves, the old structures cannot live longer and they can only survive in a narrower area. This is what confirms the creative destruction characteristic of capitalist relations (Schumpeter, 1964).

In other words, since the sector is growing rapidly, these small enterprises have tried to adjust to the new market conditions. With the increasing need for new machinery and skilled work force, they are trying to improve themselves. However, the production and marketing activities are characterized by the dominance of low skilled work force. It can be stated that in Siteler furniture cluster, the paradox of capitalist relations are highly evident. On one hand, there is the fast development of firms and articulation in big markets and on the other hand, there is the remarkable share of domestic market which can be attributed as the main and only reason of the survival of the small firms that stand against change.

Thus, it can be expressed that despite some attempts for adapting themselves to the changing market conditions at the organization, production and marketing levels, the furniture firms of Siteler are squeezed between the old and the new. This is the real dilemma or the problem that the furniture firms in Siteler do face.

In the furniture sector, which operates at low technological capacity, the ratio of skilled labor to unskilled labor is very low. However, due to the strong official regulations, the current labor intensive capacity of the firms calls for the unofficial applications such as employment of young workers to some extent. For example, high amount of labor costs, i.e. high taxes, push the employers to resort to unofficial applications.

The new competitive market conditions have forced the small enterprises to implement new changes in their own firms. It is assumed that the developments of new technologies in small firms are closely interconnected with the neoliberal transformations that have occurred in the world economies. The polarization of labor market relations can be best observed in youth employment situation in the furniture sector of Turkey.

As it is expressed above, the main theme of this dissertation is to discuss and figure out how the development of new technologies in small firms have mainly affected the situation of youth workers, which are deemed as the low skilled work force. It is assumed that the skilling process of young workers in the furniture sector, especially in Siteler cluster, is closely related with the introduction of new technologies. In association with this, the concept of youth employment should be elaborated.

Youth Employment...

Turkey has demonstrated a remarkable economic growth performance after the crisis of 2001 and the share of the furniture sector is gaining an important role in that sense (although its current share is quite small -1 percent in 2008- it has been in an increasing trend since the last decade: more than 300 percent since 2000). However, this growth does not create an employment rate, especially among the youth generation. The unemployment rate of youth generation has an increasing trend

(Ercan, 2007). The position of the youth in Turkey regarding the employment issues seems quite problematic. This paradoxical situation is more evident in the furniture sector. On one hand, there are many firms making technological investments and their needs for skilled work force are increasing. On the other hand, the existing young worker profile cannot meet the demand of the market. Consequently, youth employment in the furniture sector is chosen to discuss such a dilemma and develop possible solutions.

In this dissertation, the concept of youth employment was first discussed in general terms and then Turkey was investigated as a specific case.

The concept of youth employment is one of the crucial socio-economic issues in social sciences and also on the political agenda. Since the concept contains sociological, psychological, demographic and obviously economic aspects, it is not surprising that defining the concept of “youth” is not very easy.

The world is facing a growing youth unemployment crisis. The global youth unemployment elevated from 62,8 million in 1997 to about 71 million in 2007 accounting for 40,2 percent of total unemployment (ILO, 2008). In many economies, the possibility of dismissal of young people is more than three times as likely as compared to the adults. Today, both industrialized and developing countries are failing to increase the employment opportunities for their young people.

It can be stated that the inefficient and unsustainable education and employment level of the youth is definitely detrimental to the future of our societies. Therefore, studying or making research on that issue is crucial. “In developing and transition countries, the challenge is more fundamental – not only creating jobs, but finding decent jobs for young people who are often underemployed and working in the agricultural fields or city alleyways of the informal economy” (ILO, 2005).

One of the most crucial obstacles standing in the way of youth employment is that the working youth have mostly been unable or had inadequate chances to get proper education, which cause them to lack the necessary education and training that would otherwise stimulate their opportunities to have a decent work in the future and

improve their human capital (Higgins, 1997; ILO, 2006). Most of these young workers may have to become a part of the unemployment pool. Inadequate education and skill development led have driven economies to underdevelopment and people may be caught in a vicious cycle of low productivity and low income.

In relation with these considerations, youth employment question in a specific sector of Turkey is chosen as the main research subject for this dissertation and this specific sector is the furniture sector.

In the process of integration of such a traditional sector, i.e., the furniture sector, into the global movements, some important transformations have occurred. The changing composition of consumers has created substantial shifts in the product range of firms. The new market conditions require the inevitable maturation of older industries along with the inescapable change in the worker composition. In other words, the main challenge for the enterprises is to find out the best way to respond to the changing conditions of the market. The main target for innovation strategies of the firms is to find out how to leverage the profits through introducing better and new products into the market.

Some of the furniture enterprises that cannot respond properly to these changes have downgraded their production process, closed down the enterprise completely or they became mere subcontractors. The firms are in need of skilled work force but they have economic and/or organizational problems. Economically, these firms may not find the ways to improve the production capacity. Organizationally, the head of enterprises may prefer not to absorb the new technologies. As a result, they will end up use subcontracting processes and cheap labor to produce for more restricted markets with limited demand instead of competing in big markets. This downgrading process increases the use of unregistered employment and probably the use of young workers.

Obviously, not all firms respond to international competitive pressures in this way. Some firms, if they are able to do so, may decide to invest in new technological systems to provide input maximization at first, or to increase their productivity level or to establish new organizational structure in the enterprise in order to compete in

the global and domestic markets. As a consequence of these technological investments, the labor profile of the enterprise also changes. It should be emphasized that these changes constitute the basic content of this dissertation.

Besides, these changes can be best gathered via the entrepreneurial ability of the enterprise to absorb the technical changes. This ability determines the position of the low skilled work force, especially young workers in the enterprise. The workers, whether adult, young or child, are mainly restricted within the technical capacities implemented or organizational restructuring in the enterprise. The main factor that may help them to stand out is their skill profile. That means, the skill level which has a social aspect in itself results in the people being able to take their own decisions in their working life.

Outline of the dissertation

In the next chapter, methodological discussions are presented which includes the research procedure. In this part, the methods of the research are elaborated.

In the third chapter of the dissertation, the theoretical framework is provided. Notably, the developments of new technologies and their impacts on the work life and skill formation of the workers are discussed. The starting point of these discussions is centered on the concept of neoliberal policies and globalization processes and their impacts on small firms only from the point of the youth employment. The neoliberal policies which have dominated the world have also extremely influenced not only the economic but also the social relations. Very strong competitive market conditions have emerged and thus small enterprises have become faced with major problems (such as low technological and production capacities or lack of skilled work force) during the process of articulation to the market.

The fourth chapter includes special discussions about Turkey. First, the place of Turkey within the global competitive networks is argued and then the youth employment problem; the determinants and situation of youth employment in Turkey are given and the situation of vocational training in Turkey is analyzed. Here, the furniture sector is reviewed; developments in the world and in Turkey are argued

along with the situation in Siteler –Ankara which is one of the most important and big production centers of furniture in the country.

The fifth chapter of the research covers the findings of the field study. The tables and cross tabulations are used for these analyzes. The last part of that chapter also includes concluding remarks; i.e. the outcomes are discussed in relation with the theoretical points of this research.

The last chapter is the conclusion part of this study. Along with the crucial outcomes, some policy ideas are also given here. Those proposals are deduced from the findings about skill shortages that are related not only with educational attainment but also with more complex sociological factors.

II. RESEARCH PROCEDURE

II.1. INTRODUCTION

The main purpose of this chapter is to discuss the research methods and procedures of this study.

In order to establish the theoretical basis, the first issue to address should be the general debates on neoliberalism and its impacts on the markets and SMEs. Then, the changes in work organization and the concept of skill are also analyzed. The obvious role of technology in these processes is also revealed. Only by establishing the links between the global transformations and their impacts on small firms, can we understand the employment situation of young workers. The concept of skill was our main tool.

In this respect, the cases addressed are the deskilling theory of Braverman; post-Fordism; flexible specialization debates, the human capital theory of Chicago School¹ and skill-biased technical change (SBTC). The impacts of technological progress in a work place on the skill profiles of workers were studied. The deskilling thesis explores the disadvantageous situation of low-skilled or blue collar workers in the process of technological changes within firms. The decision of technological improvements is mainly made by the management. The low-skilled work force will inevitably lose their ability to access the production process and the skill-related functions within the production, since they are incompatible with the new technological apparatuses. When the production process becomes more automated, the workers will become residual if their skills are not adapted to the new techniques.

The human capital theory (Schultz, 1961; Becker, 1964, 2002; Mincer, 1974; Hietala, 2005) argues that developed countries are in a period of post-industrial society which signifies a shift from manufacturing sector to services sector, a shift from manual to non-manual production and also the expansion of learning processes

¹ The theory of human capital was first used in 1958 by the researchers of Chicago School and one of the first proponents of that theory, Gary Becker wrote his book "Human Capital" in 1964.

such as educational facilities. The central theme of this theory is the eradication of physical or manual work, particularly in manufacturing industry by technical change as a result of the need for enhanced levels of training and specialized expertise².

In addition to the human capital theory, the debate of the global economic restructuring period after the 1980s will also give a clear understanding to the dissertation. In other words, it is assumed that the debates around post-Fordism and flexible specialization can explain the impacts of technical change and economic transformations on the work organization and changes in the employment processes, including skill formation.

II.2- RESEARCH QUESTION and HYPOTHESIS

As stated before this dissertation aims at studying the employment impact of the technological changes on low skilled work force in general and on youth employment in particular. These innovative changes may either be realized in the production process or in the organizational setup of the firm.

As a theoretical standpoint, the relationship between technical changes – and accordingly, changes in the work organization – and the skill formation of labor power is analyzed. It should be stated that technical changes have great impacts over work organization and thus labor power, which has to be understood properly. All of these discussions will open the way for further discussions related with the concept of *skill*. After that, the conditions of the low-skilled work force and youth employment as a case study are implemented to the research.

In order to have a proper theoretical background, the dissertation explored the real causes that drive the employers to implement technical changes or organizational restructuring. That is to say, the starting point is set at understanding the reasons that lie behind the development of new technologies and accordingly, the development of the work organization. Namely, the neoliberal policies which have dominated the world's economic and social relations have also closely affected the conditions of

² ref: <http://cepa.newschool.edu/het/schools/chicago.htm> ; http://en.wikipedia.org/wiki/Human_capital ; Becker, Gary (1993) Human Capital, The University of Chicago Press

small enterprises. This is the main variable (independent variable) of this research. In that sense, the small firms will be the intermediate level variable: Very strong competitive market conditions have emerged and thus small enterprises have become faced with crucial problems (such as low technological capacity and lack of skilled work force) during the articulation process to the market.

To establish such a link is very important because only by figuring out the condition of small firms and changes in the furniture sector, can the situation of youth employment be discussed properly, since the furniture sector is chosen as the case where the incidence of youth employment is relatively at higher levels. As a result, the youth employment in Siteler furniture cluster is the dependent variable.

In relation with the ideas given above, the central assumption is that: the changing market conditions due to increased global competition have forced small enterprises to invest in their production capacities. In other words, firms need to become more information-based or automated in order to compete in the growing global market.

The second assumption is that: these changes (made in the enterprises) do influence the skill formation of workers in these enterprises. To state in a more concrete manner, it is presumed that the technological developments and organizational changes make the low skilled youth to be alienated from the production process.

Establishing these links between the above assumptions and actual practice necessitates studying both the theoretical aspects of the issue and its empirical relevance. In this regard, the impact of these processes on small firms is discussed where mostly young workers exist. Thus, the main relationship between global restructuring, small firms and young workers will be determined.

Accordingly, the main hypothesis is set as follows: The transformations of production process and changes in organizational structure in small firms have profoundly influenced the work situations of youth deeply. As a result of these changes, the skilling process has become the real problem for the working youth/apprentices that may be faced with extensive mistreatment and exploitation as

well. In most cases they are removed or alienated from the production processes and employed in very simple tasks or they are totally dismissed.

Here, the technological developments in the firms are set as independent variables and the employment of youth employment is set as the dependent variable. The working situation and employment process of youth workers are mainly determined by technological developments and organizational restructuring.

It is also assumed that the dismissal of youth from employment does not directly lead them to go to school or does not mean that they will have leisure times for playing. Unemployed youth may be involved in some harmful activities. This shows another very complex side structure of the notion of youth unemployment. Unemployed youth has many social and economic dimensions. Therefore, just excluding them from the work life does not necessarily provide the desired impact such as increase in school enrollment rates. Some of these important socio-economic aspects are the results of the economic and social conditions of the household. If the family is poor in relative and especially in absolute terms, the probability or incidence of youngsters going to work is higher. That means, if they are dismissed and removed from the work life in one place, they will continue to look for other opportunities to earn money. Therefore, the dissertation tries to find out what will happen to these workers: *'Do they become the reserve army of labor?'* or *'do they change sector in order to continue to work?'*

Another point that is raised is that the how the traditional structure of Siteler region and changing work environment incorporate in the region? Siteler is historically important production site of furniture industry of Turkey. The informal social relations are very influential in the region. Most of firms have close relations with religious sects or close familial relations. That is to say, this dissertation tries to discuss the social mechanisms that are challenged by the changing structure of the sector. It is assumed that the changing structure of furniture industry, the huge technological advancements create deep transformations in informal social relations. They have not only economic outcomes but also have strong socio-technical effects in the region.

II.3- THE RESEARCH SITE AND THE SAMPLE

The Siteler cluster of the capital city of Ankara / Turkey is taken as the research site. Siteler is one of the most important production centers of furniture in Turkey. It is the second biggest site (the first site is Modoko located in Istanbul) in which almost 30.000 enterprises currently operate.

The sampling methods that are used are the “quota” and the “snowball” sampling methods; which are also known as network or chain referral method (Blaikie, 2000). As there are more than ten thousand enterprises in Siteler (notes of an interview), the main set of the research is gigantic and it is obvious that it is too hard to define the sample as the firms in Siteler as a whole. Therefore, it was decided for 100 firms to be the sample size. At the beginning, few small enterprises were selected via personal references. After that, these references were asked to give names and addresses of other references. The basic criterion of choosing the sample is the enterprises which employ less than 50 people in total; these are specifically called as micro and small sized enterprises. Totally 70 firms could be gathered via direct personal references.

Then, as the second step to find the remaining 30 firms for interview, internet was used. As a result, out of 100, 70 firms were determined through personal and social networks and the rest, being 30 firms, were randomly chosen from the internet. All interviews were conducted face-to-face for all 100 participants. The firms that were not convenient for the targets of the research were excluded from the analysis. As a result, 91 out of the 100 firms were included in the analysis. Structured interview technique, which includes free interaction between the researcher and the interviewee, was used. There were both fixed and open-ended questions. The open-ended questions explored the views of the firms’ owner about their problems and the problems of the furniture sector in general.

The other sample of the dissertation was the young workers studying in the furniture departments of a vocational school located in the region. There were about 150 students studying in the furniture and related departments of the same school. Including the young workers in the firms, 171 respondents were taken into

consideration. 115 of the interviews were made in schools and 56 were conducted in the firms.

The self-administered questionnaires were given in the school day which is only one day per week; on all the other days of the week; they were mainly working in small enterprises. In schools, they are taught the theoretical and applied aspects of furniture production and they are working in firms and they can practice what they learned in schools. So, it was crucial to make interviews with these young workers since they can easily observe what is in theory and what is in practice. Besides, they also can easily observe the impacts of changes in production process and/or in firm's organization.

All the questions were verbally presented to the respondents to make them understand the questions properly. In addition to that, the interviews were also conducted with the managers and teachers of the vocational school located in the region. They were asked open-ended questions about the conditions of the working youth and both the pros and cons of vocational training.

The small firms were asked about the changes, technological or organizational, that they have implemented, during the last ten years. The primary reasons for and the main impacts of these changes were also asked. It was expected that responses about reasons and impacts would clarify whether they are related with the global economic movements and its impacts on the furniture market. The impacts would give the content of the changes for the workers. The changes on the worker type and skill level were asked to see whether or not it fits the hypothesis. It was accepted that the technological developments or innovation in the enterprise would also require the use of high skill and knowledge.

The questions do not contain any kind of statement that can humiliate young people and disturb the owner. They were never forced to answer all the questions. Before the interview, the aim and scope of the study was clearly explained to the respondents and their every question was answered.

There were some problems faced during the field research. For example, it was not easy to collect the necessary information about the youth working unofficially, even

though they existed. Sometimes the employers and even the responding youth did not want to answer. To cope with such important problems, the anxiety of the employers and young workers was attempted to be abated as much as possible and even removed completely by clearly explaining the scope and aim of the research and by giving the guarantee that none of their personal information would be used in the research. It was also stated even more convincingly that the policy proposals being formulated at the end of the study might be beneficial in solving their chronic and continuing problems. The approach used is in line with the ILO recommendation which indicates that a good facilitator or leader should create the kind of atmosphere that encourages people to speak out with confidence just like in a focus group setting where many of the individuals would be more comfortable than they would be at individual interviews (ILO, 2004).

The basic motive of this dissertation is to increase our knowledge and thus contribute to the literature about youth employment and technological change in Turkey. It must be pointed out that the “socio-technical” dimension of youth employment problem has been almost completely neglected in general and in the world of Turkish social sciences in particular.

Another important aim of this dissertation is to make contribution to the policy formulations for improving the existing working conditions of youth. That is to say, it is accepted in general that under the existing economic, social and political conditions, the total elimination of the youth employment problem is almost impossible. Of course, such a target could be aimed but is very difficult to achieve this today. Therefore, this dissertation aims at creating a theoretical basis concerning the optimum ways for not eliminating but “improving the existing situation of the young workers”.

II.4- RESEARCH PROCESS

The field work of the dissertation had two main parts; interviews with firms and interviews with young workers. It was finished in a period of two and half months; being June-August, 2008.

In the first part, the interviews were conducted in 100 furniture enterprises operating in the Siteler region of Ankara. All interviews were carried out face to face, and for all of them, an appointment was arranged beforehand. One of the main aspects for choosing these enterprises was their number of employees. The enterprises that employ more than 50 individuals, including owners, were excluded from the research because, the dissertation deals only with the micro and small sized enterprises which are “assumed” to have more problems in adjusting themselves to the technological and organizational changes vis-à-vis large companies. Moreover, the firms that do not make any kind of production or any kind of business (for example one of the firms that were interviewed were going to close down in a month) were also excluded.

The other factor is that the incidence of young workers is more likely in such enterprises than the larger ones. Most of the enterprises were determined via the snowball technique. For implementing the method, first of all, few enterprises were visited beforehand and the other firms were determined according to the references that were taken during those interviews. In this way, a comfortable interview environment was provided. Having a reference is quite important before visiting small firms, at least in Siteler. In addition, to overcome the problem of suspicion, the aim of the interview and the expected outcomes were explained clearly and a promise or verbal guarantee that their identities would not be revealed whatsoever was also given. Despite all this, a few of the enterprises did not want to participate to the interviews or some of them did not allow us to talk with their apprentices.

All of the participants were so keen on answering the questions; except the ones about their youth employment practices. Probably because of the “legality” problems of employing youngsters, they were unwilling to answer these questions. On the other hand, these businessmen seemed very serious when their problems were discussed.

Another problem was that, it was not easy to determine the sample size that can statistically be considered as significant, for the enterprises to be interviewed since there are abundant small firms operating in Siteler and the exact number cannot be known, even by the State and the regional NGOs.

In the second part of the field work, two different methods were applied for the interviews of young workers. In the first method, self-administered questionnaires were given to the respondents in the vocational schools. The second method was to interview them in the firms face to face. A total of 185 questionnaires were distributed, but because of some improprieties, the sample size was decreased to 171 for the evaluation. As a result, 115 interviews were conducted in schools and only 56 of them were made in firms.

To talk with students in schools was more comfortable than the work place interviews because, they answered all the sheets without any surveillance of their bosses. In some work places, the bosses preferred to participate to the interviews and even they replied some of the questions instead of the young workers. At the beginning of the interviews, all respondents were made assured that their identities would not be revealed under any circumstance. In the vocational school, all respondents were interviewed in the class because they went to school one day in a week. The other days, they went to their workplaces.

However, it should be admitted that most of the directors of firms were happy that someone came to visit them and listen to their problems. Almost all interviews took lasted around thirty minutes.

II.5- BASIC CONCEPTUALIZATIONS

Some of the basic concepts used in this study are as follows:

YOUNG WORKER: In this dissertation, the TUIK definition is adopted: The young workers who are aged between 15 and 24 years are selected for the sample.

INNOVATION: An **innovation** is creating new or significantly improved products (good or service) or processes; finding new marketing methods; or implementing a new organizational restructuring in business practices, in workplace organization or external relations (OECD, 2005). Innovations are the byproducts of investing in new machinery, improving the existing ones, providing ways of technology transfer, etc.

TECHNICAL CHANGE: Technical/technological change has a broader meaning than innovation. It can be taken as a collection of innovations within a specific place and time that creates a shift in the production function of the firm, i.e. producing more with the same amount of inputs within a specific time span. It means the change in techniques by which the economic resources of the firm are transformed into goods and services needed to fulfill the firm's projections. The change means not only the change in machinery or devices that are used in production process but also the way of handling them and the structural organization of the firm.

SMEs: The firms that can be considered as Small and Medium Enterprises (SMEs) are chosen as the places where the interviews will be conducted. As briefly discussed above, SMEs are generally located within the same geographical areas called as Industrial Regions or Industrial Districts.

Firms employing less than 10 workers are considered as small industrial enterprises. Recently, three main definitions were devised to distinguish the SMEs (www.kosgeb.gov.tr):

- Micro enterprises: the very small scale enterprises which employ at most 10 people.

- Small enterprises: the enterprises which employ at most 50 people.

- Medium enterprises: the enterprises which employ at most 250 people.

This dissertation only covers the so-called micro and small enterprises located in the Siteler Region.

SKILL: The notion of skill is the central concept of this research. It is defined as the mental and physical capacity to carry out necessary tasks. It also contains mental proficiency and physical dexterity. It does not only mean the ability to do something but also the ability to increase the competence.

III- IMPACTS OF THE GLOBAL RESTRUCTURING PERIOD

III.1- THE IDEA OF NEOLIBERALISM

Neoliberalism is an economic and social policy tool, especially applied by some politicians such as Margaret Thatcher in the UK and Ronald Reagan in the US during the 1980s. After the dissolution of the Soviet Union in the early 1990s, neoliberalism has spread out almost all over the world. The basic principles of neoliberalism are the diminishing role of the state in the economic and social affairs; as the state intervention over economic policies becomes reduced, free markets become dominant and the market relations are mainly conducted by private business practices. It is argued that we live in the age of neoliberalism which strongly influences the lives of billions of people in every continent in very diverse areas such as economics, politics, international relations, ideology, culture (Saad-Filho and Johnston, 2005).

After the Second World War, the developed capitalist economies entered a period of higher rate of growth which was based on reconstruction after the incredibly destructive results of the War. Nations were able to practice Keynesian welfare policies, and from the approaches of that policy, a “golden age” for capitalist world dawned. State interventions were mainly observed in the economic policies and the redistribution of wealth was mainly conducted again by the state. People acquired very important social rights in terms of social security, health services, employment, housing and education. Since a process of democratization was realized, human rights in general and children’s rights in particular were expanded and deepened in the developed world during those years (Saad-Filho and Johnston, 2005). Workers succeeded in getting high wage increases and social rights in order to keep the economy alive. And Fordist type of production, i.e. mass production, was the basis of the economic and social dynamism. Standardization was implemented. In this way, the economies continued to expand until 1970s.

When petroleum prices severely increased and the energy costs exploded, the economic development slowed down and the markets became saturated. The standardization did not work anymore. The existing technical capacity became unable to meet the demand of the new and rich world. Moreover, the expenditures of social welfare policies reached to high levels. The advanced countries entered into an economic crisis and serious social problems such as significant unemployment rates emerged.

To solve the crisis, a new economic and social policy tool was implemented; the neoliberals advocated that the main reason of this economic crisis was the intensified role of the state in the economic and social policies (Martinez and Garcia, 2007). In order to reduce what is called the social burden on capitalists, neoliberals argued that the social expenditures should definitely be decreased and market relations should get rid of the shadows of the nation states. Neoliberal policies have often been described as the ideology of the market and private interests as opposed to state intervention that had social aspects (Dumenil and Levy in Saad-Filho and Johnston, 2005). The main characteristics of neoliberalism can be summarized as follows: a new discipline of labor and management to the benefit of the stakeholders; the diminished intervention of state concerning economic development and welfare; the dramatic growth of financial institutions, the determination in finding new sources of profit, such as new markets; cheap labor, including child labor; and cheap raw materials that could be drained from the periphery to the center (Dumenil and Levy in Saad-Filho and Johnston, 2005). The process of economic globalization is driven by this ideology removing the borders and barriers between nations so that market forces can drive the global economy. The policies were readily taken up by governments and still continue to pervade classical economic opinion, allowing corporations and affluent countries to secure their financial advantage within the world economy (Makwana, 2006).

Neoliberalism has considerably transformed the world of business. Along with the restructuring of the capitalist accumulation regime, labor markets have also been restructured in the name of flexibility. Indeed, the international financial organizations which play a significant role in giving effect to the neoliberal policies, such as the World Bank, attach great importance to making labor markets more

flexible; arguing that the success of reforms geared towards making neoliberal policies more effective depends mainly on the further flexibilization of the labor market (Martinez and Garcia, 2007). It even mandates the elimination of all regulations concerning the geographical mobility of the labor force, wages, employment-related non-wage benefits and other social rights, which are the main mechanisms which coordinate the economic relations. According to that view, any intervention to the market relations, such as trade unions or more workers' rights, can lower the real productivity.

The question of “what is the main tool which resulted in the great expansion of neoliberal ideals” has one main answer: technological development: “Neoliberalism is also an outcome of technological changes, especially cheaper international transportation and communication, the internet, the emergence of flexible production or post-Fordist type of production process, greater international integration between production chains and the financial markets” (Saad-Filho and Johnston, 2005). The flexible characteristic of neoliberal tendencies led to the expansion of small and medium sized enterprises in national economic transactions and in the articulation process to the global markets. They have become one of the main mechanisms that have brought the local aspects to a global level.

It should be admitted that the main aim of such a massive capitalist development was to find new sources to exploit and new markets to sell. In that way, the internationalization mechanisms were implemented. The so-called process of globalization can be labeled as the international face of neoliberal policies; a world-wide strategy of accumulation and providing a social and cultural discipline which guarantees the functioning of the system (Saad-Filho and Johnston, 2005). Such kind of a capitalist organization includes the coalition of financial and political interests of developed countries; the financial interest of leading corporations and more crucially, it also uses cultural and social tools to disseminate the ideal type of life. Furthermore, the expansion of such an internationalization movement has led to significant changes in the power relations of the countries as well, especially after the demise of the socialist bloc; new markets were opened and the world politics entered a new phase of international relations. The polarization between local and global has

become evident in the new millennium. In that sense, it is worth to briefly discuss the concept of globalization and its impacts on the SMEs.

III.2- THE EFFECTS OF GLOBALIZATION

Although it is the driving force, the revolutionary technological changes cannot be the sole cause behind the transformations that have happened in the recent decades. Due to the internationalization of economies; especially of money capital, many grave social, economic and political changes occurred. The “Globalization” as a process should be seen as a sum of all these changes.

It is accepted that globalization has different impacts on different societies. The growing integration of world economies has sharpened the global competition between the nations and even more, between their large companies. Due to the neoliberal economic applications, the nations have opened their borders more to the international investments. In this regard, globalization also means the growing integration of all types of markets, including labor markets. Global changes over the 25 years – in communications, transportation, technology and most importantly, corporate strategies and government policies – have greatly changed the terrain on which industrialization occurs (Milberg, 2004).

Globalization period is highlighted technologically by the microchip and the computer, and the collapse of the twentieth-century attempts at socialism. This turbulence was the transition from the nation-state phase of world capitalism, with its distinct institutional, organizational, political and regulatory structures, to a transnational phase (Robinson, 2004). For Castells (2001), it is the profound restructuring of the world capitalism. Hardt and Negri (2001) expressed the birth of the “Empire” which means the formation of the new global order that is “dominated” by the global market and global relations of production. Hirst and Zeitlin (1991) argued that there is a widespread agreement that something dramatic has been happening to the international economy over the past two decades: rapid and radical changes in production technology and industrial organization; mergers and acquisitions among of all kinds of firms across the borders; a major restructuring of world markets, and consequent large-scale changes in the policies of economic

management at the international, national and regional levels. Stiglitz (2002) points out at the emergence of new institutions and the growing importance of internationally active corporations' moving capital, goods and technology across borders. Globalization is governed by economic and financial world institutions such as IMF, World Bank and WTO (Stiglitz, 2002). Globalization is the name of the domination of transnational corporations, with curtailment of the power of states (Hirst and Thompson, 1996).

According to Sassen, global economy is commonly conceptualized in terms of the new technical capacities for instantaneous transmission of information output over any distance (Sassen, 1997 in "Globalization" ed. by Mittleman). She found out two distinct sets of dynamics: the first aspect was the formation of explicitly global institutions and processes such as World Trade Organization. In that sense, she also noticed as to how the transnational firms operated globally. All of these formations were provided for the best practices of the mechanisms. Globalization can also be labeled as the new way of domination of transnational corporations and institutions. This can be associated with the diminishing role of the nation state. The rise of information technologies has increased the mobility and liquidity of capital and also the movements of transnational corporations. In this way they can easily escape from the state's regulations and resort to other possible preventions.

International trade has become a must for nations in the global system. The trend has shifted to more liberalized movements of trade and finance. "But trade relies largely on far-flung corporate networks which control 'global factories' and commodity chains that shift goods and components from country to country" (Malecki, 1997). "The tendency of liberalization of international transactions has gone hand in hand with a gradual liberalization of the internal markets of many countries, compelling business to improve competitiveness..." (Molle, 2003).

The strong trends in the world's economic and social order have definitely given rise to the expansion of economic and social networks within the global arena. Not only the organizational set-up of the big corporations have changed, but their geographical and institutional frameworks have also transformed: "The transnational mobility of capital has brought about specific forms of articulation among different geographic

areas and transformations in the role played by these areas in the world economy (Sassen, 2006: 5). Through these networks, capital has moved and more particularly, the geographical composition of manufacturing industries has enormously changed and newly emerged financial markets have become important actors in these global networks.

It is argued that the main duty of the governments is obviously to develop their economic levels. But, the notion of development includes two interrelated processes: structural change within the country and productivity improvement (Malecki, 1997). The former means the large-scale sectoral shifts or structural changes from agriculture to manufacturing or services, which are more appropriate for the current technological world. New, products, new production techniques and new capabilities are developed just for the increase of productivity in the economies as well as for the new social and cultural policies to be able to adjust people for these new transformations.

The main outcomes of such global transformations on national or local level are that such transformations; particularly the ones at the big corporations brought technology and knowledge. The new cities emerged which have become an attractive center for firms and institutions. So to say, many places have emerged and gained importance in the newly globalized world: “the well-documented spatial dispersal of economic activities and the increased digitizing of the sphere of consumption and entertainment are the growing spatial concentration of a wide range of highly specialized professional activities, top-level management and control operations, as well as, perhaps most unexpectedly, a multiplication of low-wage jobs and low-profit economic sectors” (Sassen, 2006: 2). Besides, Sassen added that at local level there is also the minimization of the importance of infrastructure and work processes necessary for the operation of global economic systems and the role of state (Sassen, 1997 in “Globalization” ed by. Mittleman). On the other hand, Sassen (2003) discussed the processes that have taken place inside the territories which have largely been constructed in national terms in relation to globalization processes and how they were embedded into the global relations.

The other major points of the newly emerged global economy are the increased capital flows, which have manifested itself in the shape of changing geographic organization of manufacturing production and the rapidly expanding the number of financial markets. The countries have tried to attract all of these flows into their countries since they also brought opportunities with them like jobs, knowledge and capital. These types of flows always seek for the best that is the most profitable places to settle. These types of service production have their own location patterns; they tend toward high level of agglomeration in cities with the needed resources and talent pool. Such transactions have definitely challenged the condition and work processes of the local markets.

The newly growing sectors and specialized services have more capability to provide more profits than the traditional economic sectors. However, many of those traditional sectors remain essential for the urban economy. But, their survival is threatened in a situation where finance and specialized services can earn more profits.

Furaker (2005) dealt with the possible consequences on reorganization of the division of labor, restructuring of industries, changes in levels and composition of employment in countries, new labor laws and new forms of immigration movements. Transnational corporations (TNCs) are improving themselves via the increasing knowledge on production, product quality; production processes, managerial skills and the capacity for technological innovations which will definitely provide an implication on their competitiveness. As a result, even in the host countries, the productivity of TNCs tends to be higher than that of local firms which are not as powerful as the big ones.

This gap has important implications for developing countries. While TNCs can serve as important channels for the transfer of technologies, marketing and managerial skills to local SMEs there is always the possibility for TNCs to crowd out local firms (UNCTAD, 2005).

More particularly, the growth of new sectors or the coming of highly specialized manufacturing applications or services and also the financial strength contain

obviously special aspects that will inevitably create profits more than those of traditional economic sectors (Sassen, 2006). However, many of these traditional sectors remain essential for the urban economy. But, their survival is threatened with a situation in which the foreign firms bring superior human and financial capital. It is obvious that knowledge has become a crucial component of economic and social strength for anybody who wants to survive in the wild capitalist world. Such kind of polarization that has appeared in the domestic markets is not observed only in profit making capacities but also in the newly emerged labor profile. For these reasons, the situation of small firms in this new era becomes more crucial for the developing countries.

III.3- GLOBALIZATION AND THE SMALL FIRMS

III.3.1- INTRODUCTION

In order to understand the youth employment process more clearly, it will be useful to discuss the impacts of neoliberal policies and technological changes on small and medium enterprises in which young workers can mostly be observed. In doing so, the primary trends and relationships between technical changes and young apprentices, which are considered as “low skilled”, will be established.

In this part of the dissertation, how the small and medium enterprises respond to the changing global economic relations and how they absorb these changes is discussed. Without questioning the relationship between small firms and globalization, the expected theoretical links will remain vague. In addition, the changes that have occurred in the furniture sector, which is chosen as the case sector, are also discussed since in Turkey, the profile of the furniture enterprises comprise mostly of small and medium enterprises.

In most economies, smaller enterprises are much greater in number. In the EU, SMEs comprise approximately 99% of all firms and employ in total about 65 million people. In many sectors, SMEs are also responsible for driving innovation and competition. Globally, SMEs account for 99% of business figures and 40% to 50%

of GDP. It is obvious that SMEs have greater role in both national and global economies (UNCTAD, 2004).

III.3.2- THE IMPACTS OF GLOBALIZATION ON SMALL FIRMS

It is well known that globalization is a process that comprises many different phenomena such as the instant flow of finance and capital across the globe, the increase of neoliberal policies in the world economy or the proliferation of new technologies like internet. This buzzword definitely refers to the fundamental changes in the social, political and cultural life of people. Not only finance or capital but also firms and individuals are moving around the globe as well much more than ever before. In other words, international finance and economic relations as well as the type of production and social relations related to that have been changing dramatically over the last two decades: “The new economy is in part breaking its links with territorially and politically constituted entities and creating functional and agglomeration spaces of its own” (Messner in Schmitz, 2004:20).

Small and medium enterprises have become one of the major economic and social actors in the process of globalization. According to Özcan (1995: 9), one of the main consequences of these trends has been that the growth rate of SMEs has been higher than that of the large firms. There are many diverse theoretical works about the concept of SME. In some places, SME is considered as the sign of the promotion of the bottom-up development policies, namely the increasing role of local development in recent decades (Stöhr, 1990). Whereas in other places, the growth of SMEs is deemed as a result of new economic and social trends in advanced economies in which it is the main solution for the unemployment problem and also a new type of firm that is most compatible with the flexible -type production systems (Karlson et. al., 1993, Amin et. al., 1986). These entities are the main actors for local development. They contain both economic and social aspects. Along with the economic relations in a market, such firms located in certain geographical regions also contain social structures, community values and also political cultures that are specific to people working there (Özcan, 1995). There are many unwritten norms among the people in that region. Along with the business relations, the entrepreneurial networks or social contacts are crucial aspects for them. Therefore,

the cultural and social aspects are also very important to understand the market relations of small firms.

Irrespective of the specific meaning, it is obvious that the role of the SMEs has grown in the international, national and also local economies, especially in the new forms of economic and technological transformations in the world economy right after the crisis of the 1970s (Piore and Sabel, 1984, Wood, 1989, Harvey, 1989, Hirst and Zeitlin, 1991). More specifically, in the preliminary study of Piore and Sabel (1984), as it is discussed in the third part of this study, flexibility was the only solution of the recession period of the 1970s and only way to survive for national economies. It also shows the artisanal capacity to respond to new design requirements and new market signals with fragmented and flexible use of labor in small firms (Özcan, 1995: 14). They are important protagonist in structural changes in regions, sectors and even at international levels and occupy market niches with great success often as a world market leader (Drenk, 2005: 4).

It is obvious that the multinational corporations are the main corporations that can benefit most from the advantages of globalization since they can easily move from one place to another. Beyond that, as being the new rulers of the global economy, the global companies set the terms under which local firms are operating. The core competence of these global companies seems to lie in their ability to research and design, brand management and the coordination of suppliers in different parts of the world (Schmitz et. al., 2004:2).

International production – production under the common governance of transnational corporations (TNCs) – is growing faster than other economic aggregates. Both the output and sales by the foreign affiliates of TNCs grew faster than the world GDP and exports (UNCTAD, 2005).

Foreign Direct Investment inflows are an important source of capital in most developing countries. Obviously, FDI not only involves flows of capital but also brings technology and know-how, which are crucial for development. That is to say, TNCs, through their investment activities, can disseminate technologies, technical capabilities and skills, and organizational and managerial practices to their business

partners and other firms in host countries, enhancing the competitiveness of these firms (UNCTAD, 2005).

However, there is also the other side of the coin: the local markets and industries or even the small firms in the countries are influenced exponentially from the global market relations. The entrance of multinational corporations or the incidence of firms using high-tech has spillover effects in the country which means the highest impact from these activities hits the small and medium-sized firms. Multinational corporations are looking for investment opportunities in developing and emerging markets and for opportunities for outsourcing production and/or retail operations (Vasilescu, Popa, Mitu, 2006:2). The relationships established between these firms and the local firms have also resulted in elevated flows of information, know-how and skill exchanges. Unless small firms are able to create their own designs, innovations or technologies, the new opportunities are essentially profitable for the big corporations because they mainly do business at the expense of local enterprises. The globalization may pose significant threats to the local producers in developing or underdeveloped countries, where very low research and innovation capacity and weak supply chains or production capacities cannot compete with more capitalized and efficient international chains (Vasilescu, Popa, Mitu, 2006:3).

In continuing economic competition in markets, the SMEs face with both opportunity and challenge. The opportunity comes from their flexible structure; that means that they can sell more products to end- users either by their own sales force or through contracted distributors. The main challenge for SMEs is their limited capacity of human and financial resources, especially in the area of technological improvements, to take advantage in the market and it is difficult to compete on price at both home and abroad against large enterprises (Susman, 2007).

It is clear that the entrance of new actors creates a competitive condition for the already established firms. The new ones bring their new technologies, know-how and skill capacities to the market. There are two options for the older firms: they may either compete with the new ones by improving their capacities or they may prefer not to make investment and to disappear in a period of time. The capacity of the firm may comprise of not only physical machinery but also their skill and knowledge

levels. That is to say, the increasing competitive market conditions have both negative and positive impacts on the production and marketing capacities of the older firms and also labor profile of these firms.

It is well known that liberalization of global markets is mostly the result of trade agreements which mainly provide the removal and restrictions of protective barriers of national or local markets. This also shows the decline of these markets since all the doors have been opened for more efficient industrial companies from other countries. This is one of the aspects that lower the market share of small firms. However, the coming of large corporations also calls for the short-term opportunity for small firms especially in labor intensive industries since the large ones are looking for small partners to decrease the production cost in local market and also to reach the local markets more easily. According to UNCTAD report; “Trade liberalization increases the ability of well-established foreign manufacturers and retailers to penetrate remote and underdeveloped markets and makes it increasingly difficult for SMEs to survive or maintain their business position in the local and, if applicable, the global market” UNCTAD, 2004).

In addition to this, the entrance of large companies also means product differentiation, new service strategies and efficient brand policies. In order to compete in the markets, the small firms should develop new strategies on these subjects. Their inefficient capacities inevitably reduce their share in the market. All kinds of such new relations also require a new labor profile which comprises high skill.

The existence of small firms is also important to build a local capacity to cope with new market changes and newly emerging large enterprises. Their strong relations with local actors and flexible structure provide small firms a central role in that sense. Besides, they can create job opportunities for local people; especially in wide regions in which thousands of small firms are located.

Notably, the industries dominated by the small firms have been both threatened and bestowed with advantages as a result of the dynamic trends associated with globalization. Liberalization of economic relations or internationalization of markets

has created benefits to the firms which were able to use their capacity more efficiently. This capacity may be financial, technological or skill level-related. One of the main problems of the small firms is the inefficiencies of such capacities. They cannot easily absorb the changes occurring in the market and remain weak in such a rapidly changing competitive environment.

On the other hand, the small firms have crucial roles in terms of local development of the regions. They can be used especially for job creation and economic revitalization in declining industrial regions (Özcan, 1995: 23).

III.3.3- ICT ADOPTION AND SMALL FIRMS

SMEs are often considered as the main driver for a country's economic growth. However, it is obvious that since the number of firms, even large corporations or SMEs, increases, the competition becomes more intense, which in turn lower the profits. In order to get over such problems, firms can lower prices, improve the quality of their products, add new distribution channels, and/or improve their internal processes to enable such production process to become more productive. Therefore, if the firm will not do anything for itself, it will no longer have resources to counter the competition and will have to leave the market. Thus, there are many aspects which are important in the adoption of technology for the small firms. It is often stressed that there is no single reason for technology investment (Ritchie and Brindley, 2005). Some of the main factors are the existing competitive situation in the market, the availability of resources for the adoption and also maybe the most important one is the vision of the decision-makers for such a change.

The main actors of such competition is the foreign firms which can surely increase the pressure over the SMEs since they react faster to improve their product, process, promotion, or distribution channels. This may lead the firms in developing countries to lose out in the competition.

In this regard, it can be stated that ICT can play a very important role because it can help the SMEs to create market opportunities, business activities and provide necessary tools to become more competitive. The appropriate technology can help

the firms to decrease the costs by improving the quality of production process and thus productivity within the firm. Moreover, it grants the firm the ability to adequately enter into the market.

Information and communication technologies can significantly impact the market-oriented dimensions of products and services as well as manufacturing processes, working practices and management practices (Ritchie and Brindley, 2005). The investment of any kind of technology would generate the knowledge source of a firm, skill profile and roles and by that, the relationships in SMEs. Obviously, all SMEs may not respond in the same way owing to their size and structures. A key component of SME operation in today's competitive environment is definitely the application of information technology. It is generally assumed that the adoption of IT can solve the problems of small firms in production process and marketing and enables small businesses to grow and flourish.

SMEs are in a disadvantaged position in the global market as compared to larger ones. This belief is associated mainly to the disadvantages of “being small”, *inter alia*, the high relative costs of learning about foreign markets and adopting new technologies, and few possibilities of taking advantage of scale economies (Alvarez and Vergara, 2006). However, since they are more flexible than the big corporations, they can easily respond to such changes and absorb them.

On the other hand, SMEs have crucial problems in the adoption process of ICTs. That is to say, there are many reasons why all SMEs are not fully successful in adoption of ICT. On the supply side, the main problem is the limited technological infrastructure of the countries which doubtlessly will increase the cost of technological improvements. On the demand side, the limited capacity of the owner as the decision maker and also the employees for the adoption will definitely make the firm unsuccessful in the process, because, they may be skeptical about the results of such change. In addition to that, the financial situation of the firms may lower the ability to make investment. In other words, the scale of the required set-up costs, including financial and human capital, combined with the lack of professional advice, delays adoption (Ritchie and Brindley, 2005).

In other words, ICT adoption is a complicated process for the firms. It has clearly affected the organizational set-up and labor relations in the enterprises. The existing level of skill and knowledge is very influential in that sense. Moreover, the adoption of ICTs impacts the skilling situation as well.

III.4- NEW TECHNOLOGIES, WORK ORGANIZATION AND THE FORMATION OF SKILL

III.4.1- INTRODUCTION

In this chapter, theoretical developments about the work organization and change in labor profile will be summarized briefly from a historical perspective.

It is generally agreed upon that the capitalist social and economic relations started as a result of a period in which major political, social and also technological transformations occurred; namely the First IR (Industrial Revolution). The technological developments at those times, created factory production processes which led the small artisans and people working in agriculture to be employed in factories with long hours. Instead of owning their own labor, they had to sell it. Besides, since the transportation facilities were improved, trade around the world became easier which meant new sources for capitalist countries, especially Europe. The fast development of information and communication technologies gave birth to the Third IR in which we are living now. In addition, the dissolution of the Soviet socialist system around the same time has created a “world system” of capitalism that is called globalization. Neo-liberalism may be considered as the name of the type of economic social policy regarding these times. The main outcomes of the development of neoliberal economic relations and also the rise of new information and communication technologies can be identified as the changes in production processes and labor relations (post-Fordism), changes in the relation of consumers and producers, the contested role of state in the last decades, and the increasing movement of people at the international (and also the domestic) level.

After providing some basis about the technological changes vis-à-vis the work processes from the sociological points, a more detailed analysis will be elaborated

from the point of “skill”. That is to say, theories and analysis about “technical changes and skill” will provide the main socio-economic aspects of the processes of the technological change and the use of youth employment.

III.4.2- THE ROLE OF TECHNOLOGY

Obviously, technology is one of the basic concepts that lie behind the globalization process. Together with technology, we can see the global emergence of economic markets, groups and networks. The so-called technological revolution after the 1980s has given rise to transnational transactions. It has been so embedded to the lives of people and societies that Castells labeled the new emerging society as the “Network Society” since most of the social and economic relations and networks have become information-based (Castells, 2001).

Sassen (2003) also clearly describes the effects of digital technologies in the social and economic lives of people. For her, “technological reading of technical capabilities inevitably neutralizes or renders invisible the material conditions and practice, place-boundedness, and thick social environments within and through which these technologies operate” (Sassen, 2003: 366). It is obvious that there is no society or economy that can become purely digital. That is to say, the power, contestation, inequality are still effective in shaping both hardware and software production (Sassen, 2003). We are living in a world in which financial markets operate largely through digital networks. These networks are so powerful and there is no place that they cannot reach (of course, if the technical infrastructure is available). The borders do not mean anything in front of this hyper mobile financial access. For Sassen, there are three main characteristics of these digital networks: decentralized access, simultaneity and interconnectivity. They all have profound outcomes in private digital space of global finance (Sassen, 2003). All of these financial movements will stimulate the market interactions in everywhere; even in local markets. The digitalization also becomes a tool for local produces in order to articulate to global markets; whereas they have faced with low technical capacities in that sense: “The digitizing of services and trade shifts many economic transactions to electronic networks, where they can move instantaneously around the globe or within a country” (Sassen, 2006: 1).

Information and communication technologies facilitate the transfer of production sites from one country to another as long as requisite qualification is available, because work increasingly becomes independent from a fixed locale. A consequence may be the upgrading of incomes in low income countries and growing unemployment in others (Aranowitz and DiFazio, 1994).

The disintegration of production processes along with the changes in work organization can be closely associated with the development of information technologies. Information technologies make it possible to broaden the use of new production methods and create new applications based on networking of complex production units, within and outside the firm (ILO, 2006: 124).

More than ever before, the new technological improvements is used to influence critical changes in traditional institutional arrangements, including those affecting the division of labor, labor and social relations organizational structures and skill requirements at all levels of occupational hierarchy. Through its effects on markets, communication and production processes, the newly invested technology is changing the roles of firms, industries, regions and even countries, and the interactions among them. They are leading to new, more flexible, institutional arrangements that meet the demands of the new era of flexible production and consumption which totally alter the labor relations: the share of service sector in economic activities has become higher than the manufacturing (OECD, 1998, Grinith, 2005).

The new period showed “the consequents reorganization of production involving machine technology, which results in the establishment of large-scale specialized workplaces such as factories and the increased time synchronization of labor and technology in an economy based primarily on manufacturing rather than agriculture” (Edgell, 2006:7). Technology was the engine of the changes as it is today.

III.4.3- CHANGES IN WORK ORGANIZATION

III.4.3.1- POST-FORDISM

To solve the economic crisis of the 1970s, a tendency towards more flexible production systems appeared. New methods for capital accumulation process were introduced as a result of implementation of new technologies and automation techniques. New technologies such as microelectronics were implemented. New neoliberal economic policies which decreased the role of state were provided: “In these crisis conditions, firms made some adaptations to survive, such as technological changes, automation, representing new products, making flexible labor market, firm combinations and using of new geographies in which labor is controlled easily. A new organization and production systems appeared which is called as “Post- Fordism” (Erdil and Arslan, 2003). “We are witnessing the new flexibly specialized firm which can quickly respond to sudden changes in costs, market opportunities and new technologies, through adopting flexible, multipurpose equipment and creating a flexible, re- integrated and cooperative workforce free of the shackles of rigid job specifications, narrow job orientations and excessive regulation and control” (Wood, 1989).

With the flexible production systems, new automation technologies were brought into practice. As a consequence, new and different designs of products emerged; new managerial techniques³, control of stock, marketing, finance became available. More importantly, subcontracting relations and management appeared. According to Taymaz (1995) flexible production system depends on the work organization model which is a combination of computer aided production, design, finance activities and employment of skilled labor.

³ Some of the famous managerial systems are as follows: “**Total quality management**” is a strategy aimed at providing quality in the whole organizational process. In manufacturing, it is a kind of technique which enables to have zero defects in manufacturing. Each worker is responsible for the quality of his work. Another one is “**Just- in time production**”: It is an inventory strategy implemented to improve the return on investment of a business by reducing in-process inventory and its associated costs. Production is based on demand. In the **quality control circles**, workers voluntarily join to the production process to remove defections, thereby increasing productivity.

Another important feature of that new era is that in the old models, mass production used to be accepted as a model that was convenient for capitalist rationality. For this reason, management was important and workers were like obstacles in front of the productivity. The old systems were organized to diminish the role of workers and increase the importance of management. The skill of workers was made extremely limited since they were employed in simple tasks; just like Braverman (1974) called “deskilling”. Work was viewed only from the perspective of control and regulation and the solution was the most restrictive organization that one can ever imagine (Kern and Schumann, 1987). But in the new period, management and organization of work was redefined: labor could no longer be seen as exposable (Kern and Schumann, 1987; Piore and Sabel 1984; Wood, 1989). The quality of human capital in the work process was reinvented. This kind of awareness was another reason behind the new management strategies. The demands in the market increased the demands for new technologies and new and skilled work force that can use them effectively. Skilled work force has since been more integrated in the production process.

Another difference between the new system and the old one is the new production units. In post-Fordist period, instead of huge factories using mass production processes, the small and medium batch production became dominant. Not only the production scale but the firms also became small and medium sized because the organization was more flexible in these firms and they could adapt themselves more adequately in the face of the changing demands of the market. The new period also called for more regional economies which led to the concentration of many small and medium firms in a geographically specific area in order to provide synergy and increase the productivity and competitive level of the firms.

To sum up, in this period, small business firms and production units became widespread. Decreasing scales of firms stemmed from the increasing demand for the flexible firms that can be easily adapted to unregulated demand fluctuating in markets (Price, 1994 in Erdil and Arslan 2003); social security system collapsed and due to the neoliberal policies, the economies of nations became more internationalized. The role of state was diminished and market forces became more

flexible. The union movement was less effective. Due to the increasing international movement, new capitalist and labor relations developed.

III.4.3.2- NEW LABOR RELATIONS

Undeniably, all the societies in the world have experienced significant changes of the new age labeled as the age of information (Castells, 2001, Lundvall, 1992). The main aspects of these changes in terms of industrial sociological debates are considered to be about the changing roles of labor. In this new era, the role of the large industrial sectors tended to decrease in the economies and the role of service sectors have tended to increase (Bell, 1976, Castells, 2001, Hirst and Thompson, 1999, Petit and Soete, 2001, Furake, 2005). Thus, the employment has relatively tended to decline in large industries and increase in the services sectors.

Within a globalized world, most manufacturing production sites have mainly been reallocated in poorer countries which are distant places from the centers and in which both the input costs and employment costs are relatively cheap. As well as the wages, the regulations on social security and environmental regulations are also relatively weak or non-existing at all. One of the main outcomes of such development is the decline of the size of traditional/local working class (Furake, 2005). The big corporations absorb the existing labor capacity of the local industries by providing them more wages. This is what also weakens the collective labor movement in the country.

Moreover, with the growth of services sector, an occupational group of managers and professionals have emerged. These are also paid workers as blue collars but they have the power of execution in the firm. They are functionally flexible; multi-skilled and have more responsibility in production process.

The new period created a loss of solidarity among workers. Nevertheless, these flexible relations can be mutually beneficial to the worker and employer (Harvey, 1989). The work relations lead to higher job enrichment; especially in high value-added sectors. However, it is clear that the new relations resulted in the deterioration

of the general position of workers in society. Most of them lost their jobs and thus, their position in the society (Lipietz, 1997; Harvey, 1989; Arrighi, 1991).

Technical improvements have obviously favored the employment of more qualified workers. Replacement of unskilled labor has taken place within manufacturing and services. Labor has been displaced mainly in tasks which can be routinized (Rifkin, 2001; Glyn, 2006). There is no doubt concerning the high demand for skilled workers as compared to the jobs for unskilled workers. This includes many unskilled assembly line jobs, which are repetitive and can easily be replaced by computerized technology.

These recent changes also caused the emergence of more women workers on the market. The emergence of service sectors such as healthcare, childcare, part-time jobs, home working has led many women to participate to the labor markets.

But, it should be admitted that manufacturing is still the engine of economies. Production is still an important component of the economic policies. Although the demand for low skilled work force is decreasing, they cannot be diminished totally.

There are many important theoretical works on skill prior to the globalization; Blauner (1964) worked on upgrading of skills in workplaces. His study emphasized the potential of advanced forms of automation for upgrading the skills and occupational status of those who work with it. It is also discussed that the coming of automation promises to free workers from the constraints of machine-paced work, enlarging their control over the immediate work environment (Vallas, 1990). Moreover, employment in technologically advanced firms enables workers to form closer ties with supervisors resulting in more cooperative relations between management and workers (Adler, 1992; Zuboff, 1988) (The theory of “flexible specialization” of Piore and Sabel (1984) was also concerned with these kinds of new managerial issues).

Nevertheless, the most striking theory on occupational skills was developed by Harry Braverman; Labor Process Theory or “Deskilling” (Braverman, 1974). This theory deals with the reverse impacts of technological developments in the workplace on the

skills of the workforce. It is somehow related with the managerial concerns in the workplace.

III.5- SKILL IN THE NEW AGE

III.5.1- INTRODUCTION

There are obviously contested ideas on the subjects of flexible production and skill requirements. For example, post-industrial period or post-Fordist period was marked with more flexible production processes, decentralization and reduction in hierarchy, up-skilling of work force and relatively more demand for “knowledge workers” (Bell 1973, Attewell 1992; Piore and Sabel 1984; Zuboff, 1988). Contrarily, it is also argued that the recent technological changes have created more managerial control, reduced worker autonomy and caused the deskilling of the labor (Braverman, 1974, Zimbalist, 1979, Rifkin, 1996).

There are two facets of technical change for the labor: it both destroys old jobs and creates new ones. It is obvious that such kind of change would not be automatic and has double edge impacts. The decision of changing technology is given by the managers according to the market conditions, economic and social environment and also the strategy of the enterprises.

The direct effects of ICT include the creation of new jobs for producing and delivering new products and services. On the other hand, competitive restructuring of the old monopolistic networks has also resulted in a reduction in the number of employees, and even the number of firms. However, at the same time, the new telecommunication infrastructure provides the basis for many new information-service industries and equipment, such as e-mail, fax or data banks; which is a process increasing the demand for labor.

One may think that skilled workers are more able in analyzing and synthesizing new pieces of knowledge so that the benefits of the local information processing are enhanced when the labor force is more highly skilled. Beyond that, the cost of training them for multitasking is also reduced which strengthen the firm’s reactions

to market changes. Workers who are better educated may be more likely to enjoy job enrichment, partly because they expect more from their job in terms of satisfaction and partly because they may be less subject to work injuries due to a lower rate of mistakes (Caroli and Van Reenen, 1999).

In that context, skill becomes the central issue in the debates of work and organization.

III.5.2- THE SKILL

“Skill” is a much contested notion in the debates about work, employment and management. Especially, in the transformation period of the Fordist system of production during the 1970s and 1980s, the post-Fordist debates owing to the increasing technological developments, the economic and political changes have all affected the importance of the notion of skill and notably put it somehow at the center of new employment and economic policies and debates. Does capitalism lower the value of skill? Do the technological developments tend to decrease the value or use of skill in production processes? These questions are recently the main research topics of social sciences.

It is argued that skill is a sign of social stratification in a workplace (Vallas, 1990) or “a necessary input to the production process” (More, 1989). It is also a very important subject in the recent debates on management. Human capital theory gives a special emphasis on the notion of skill in terms of increasing productivity in work places (Foray and Lundvall, 1996). In recent years, many scientific researchers were welcomed that intended to measure the content of skills. The empirical literature has increased substantially. Human capital theory has seen “skill” as an independent variable, because the properties of the worker are much more important than the properties of the work.

In this dissertation, the notion of skill is defined as the mental and physical capacity to carry out the necessary tasks. It also contains mental proficiency and physical dexterity. It does not only mean the ability to do something but also the ability to increase the competence.

III.5.3- THE CONTESTED THEORIES ON SKILL

III.5.3.1- THE UP-SKILLING THESIS

Zuboff (1998) in her preliminary study on technology and work, “In the age of Smart Machine”, discussed the informationalization of work processes on production and labor relations including management. Contrary to Braverman (1974) and Rifkin (1996), she admitted the positive impact of technological developments on job creation and upgrading of skill requirements. According to her, the effective use of the new information technologies demanded important changes in the workers’ functions (in Vallas, 1990). The new developments tended to diminish the importance of manual power rather than intellectual skills. The information technologies have called the workers to improve their skill levels related to the level of technology used in the enterprise. All these aspects are also very much related with the managerial concerns and organizational interests. Zuboff also reminded that the upgrading in the skill level of the workers might cause a growing threat to the managerial authority (Zuboff, 1988).

Although Zuboff admitted that all kinds of skills are not compatible with stimulating technology and they are more apt to be abolished during the process, she explored two main principles at skill requirements (in Vallas, 1990):

- The logic of technique: This is related with how much an employee can access the knowledge of the work process

- The logic of managerial authority: This is related with the firm’s knowledge capacity.

Both of these principles are influential in the formation of skill level in an enterprise. Beyond that, generally, it is also related with whether the market is competitive or not. The enterprises are more likely to adjust to technological innovations in a more competitive market. So, the importance of skill level can be grasped more in terms of productivity of enterprises.

On the other hand, Best (1973) advocates that although knowledge becomes the basic aspect of the new age, it does not have a detrimental effect on skill. In fact, knowledge is more bound to skill. It makes more people to acquire advanced levels of skill. However it should not be forgotten that skill needs knowledge as well. Otherwise, it cannot be productive (Best, 1973).

III.5.3.2- DESKILLING PROCESS

The deskilling thesis underlines that the objective conditions of the work will inevitably separate workers from the process and will make them as if a part in the machine by the deskilling process. This idea was mainly explored by Harry Braverman in his best-known book “Labor and Monopoly Capital” published in 1974.

Braverman dealt with the transformation of work and class formation in the post-war period because the post-war capitalist development had created significantly new conditions for the nature of work. He mainly revitalized the Marxian conception on labor relations according to the recent changes in labor process that have occurred after the World War II (Thompson, 1989).

For Braverman (1974), management and labor are in an irreconcilable conflict. Management uses mechanization and automation to provide control over labor. Mechanization simplifies work processes and results in the division of complex craft tasks into separate routinized steps; filled by cheaper and less-skilled labor.

For Braverman, capitalist relations of production contains the necessity for capital to realize the potential of purchased labor power by transforming it into labor under its own control, thereby creating the basis for alienation. He mentioned two important aspects:

- The origins of management lay in the struggle to devise the most effective means of imposing employers' will within a new social relation of production different in kind and scope to what had existed before.

- A division of labor based on a systematic subdivision of work, rather than simple distribution of crafts, is generalized only within the capitalist mode of production. The separation of work into constituent elements reflects the necessary principle for capital of dividing the craft to cheapen the parts, providing the basis for the subsequent destruction of all-round skills.

Braverman made a critique of capitalist labor relations by giving reference to Taylorist applications. Braverman has argued that the labor process has been affected by technical transformations and the reorganization of work associated with scientific management. Management is a crucial tool for the capitalist and he based his thoughts on Taylor's idea on management.

The management creates classification in the work place as well as reinforcement to the work process: More intensive and sophisticated mechanization brought about faster and more efficient machinery, which was incorporated "within a management effort to dissolve the labor process as a process conducted by the worker and reconstitute as a process conducted by the management" (Braverman, 1974). New forms of machinery offer capital the opportunity to extend by mechanical means what had previously been attempted by means of organization and discipline.

Braverman defined the concept of skill as follows: "the concept of skill is traditionally bound up with craft mastery – that is to say, the combination of knowledge of materials and processes with practiced dexterities required to carry on a specific branch of production."

Machinery offers to management the opportunity to exercise control by completely mechanical means as compared to its previous attempts to do so by organizational and disciplinary means (Braverman, 1974). Another additional effect of the new mode of control, for Braverman, is the growth of the white collar staff to maintain and analyze the increased level of data produced by the fragmentation of the labor process.

Braverman rejected the imputation of skill levels based on occupational classifications, noting that the characterization of various machine operative jobs as

semi-skilled was an essentially administrative decision. Education cannot tell very much about the skill demands of the work itself.

III.5.3.3- THE SOCIAL CONSTRUCTION OF SKILL

In more sociological context, it is often discussed that the notion of skill is mainly constructed in social relations (Wood, 1989). Especially, the tendencies on discussions on the concept of skill has varied from technical dimension to managerial dimensions or from more economic contents, such as the source of productivity in production process, to social relations between the employer and the employee. That is to say, the construction of skill is not the only result of objective processes; but also the result of social relations between the managers/capitalists and laborers who are dependent on them in terms of living (Rigby and Sanchis, 2006).

Although the concept of skill can be considered as the combination of knowledge and experience, it is not just a matter that can be constructed through some processes such as education or training. It is somehow related with the laborer him/herself; with his/her intention, values or other humane aspects. But, what is interesting for us is how it creates a relationship with capitalists/ managers and the laborer him/herself. It is admitted that that the social construction of skill can be best seen in the debates of women employment. Generally, men's jobs are more characterized as better paid and highly valuable than the women who are in the same position (Rigby and Sanchis, 2006). The value of the latter is more underestimated as it is a gender problem that can be easily observed in every aspect of the society⁴.

The skill debates have more different content when the condition in small firms is taken into consideration. That means, the social relations about job content are more subject to domination of the employer. Employers are more effective in the construction process of skill because the small firms are less systematically organized than the large firms. In small firms, the relations are more personal and more dependent to the employer. It is well known that the collectivity is less strong

⁴ Although it is mentioned here, the women's role as workers is not the main subject of this study. However there are some similarities between women and young workers in terms of their situation in the workplace. This is what forms the basis of the discrimination debates.

and laborers can be subjected to more informal applications in the market which means less social and economic rights for them. In such a situation, the social construction of skill is more likely provided by the employers.

It can be expressed that the development of skill level of employees are decided by the employer him/herself; and not by the system, as it is the case in large firms. The needs or targets of small firms are more flexible than the large ones. The laborers are more vulnerable to market requirements. The changing of jobs is much more encountered in small firms.

It is accepted that young workers are considered as the labor power that has limited and low level of skill. They can be easily managed. They have little or no voice in job organization. They can be easily employed in very simple tasks and their skill level can be easily undervalued and degraded by that way. They are more vulnerable in terms of ability of increasing their skill.

To sum up, the problem of skill formation in an enterprise cannot be solely reduced to technical dimensions. The social condition of the employees – as it is in the women discussion – and also the political and economic relation in a society in general are also effective (Rigby and Sanchis, 2006).

III.5.3.4- HUMAN CAPITAL THEORY

Human Capital Theory (HCT) is an economic theory that enhances the importance of education as an economic growth and development device. Education and training are considered as the key factors for the workers and nations to participate in the new global economy more effectively. Since the power of knowledge has been acknowledged in recent years in the policy issues, the importance of education and thus, the skill in workplaces has gained special importance. It is emphasized that the overall economic performance of societies is more directly based on their knowledge stock and learning capabilities (Foray and Lundvall, 1996). HCT looks for the ways to raise the skill levels by additional investment in education, training and employment schemes and so on. The first contribution was made by Adam Smith

who defined four types of fixed capital in an economy; 1- machinery 2- buildings 3- improvements of lands 4- human capital.

The human capital theory was also proposed mainly in the second half of the 20th century by some of today's well-known economists. Theodore Shultz emphasized in his presidential address to the American Economic Association that human capital could solve many problems (Shultz, 1961, 1-17). In addition to that, Gary Becker's book "Human Capital" (1964) became the school's main piece of work.

The basis of the human capital theory is the analogy between physical capital and human capital. The individual can invest in human capital, his or her skills, by means of education and training. The returns come in the future, perhaps rising up until the retirement age, in the form of higher salaries and better employability (Hietala, 2006).

Human capital can be labeled as the stock of knowledge, skills and abilities, which can help increase productivity and performance at life in general; especially in work. According to this definition, human capital can be at the same time a goal/target for individual well-being and a means of achieving more fundamental and more long-term goals at work or in the lifetime career. In the human capital theory, it is a means of achieving higher productivity and thereby higher wages (Hietala, 2006). Human capital does not automatically increase productivity. There must be enough demand for the knowledge, skills and abilities in the labor market and, in addition, there must be enough motivation to utilize them.

Learning is more effective; there is more prior knowledge to which new knowledge can be proportioned. The innovative milieu, of which the human capital stock is a part, even has a decisive role in the generation of innovations. Learning by doing is more effective, work is more challenging and challenges correlate positively with the human capital stock. The more human capital stock there is at the work place, the bigger the probability is to receive tacit knowledge. The increase of human capital is thus accumulative with regard to all components in the flow of human capital.

In relation with the concept of human capital, social capital is a famous concept in sociology, economics and even organizational psychology. It refers to the resources available in personal and business networks and it is created through these networks. These networks include information, ideas, values, relations, emotions and so on. But, it should be admitted that such kind of capital is not created by human itself. The only source is the network among people. That is to say, through the relations with other people, human beings are inclined to create value, achieve goals, and earn subsistence. If people meet many other people and establish relations with them, it means that they are very rich in terms of social capital. It can be associated with better and higher educational achievement, better employment outcomes, and strong position within the community.

Social capital is anything that facilitates individual or collective action, generated by networks of relationships, reciprocity, trust, and social norms. The networks may be treated as the personal relationships which are accumulated when people interact with each other in families, workplaces, neighborhoods, local associations and a range of informal and formal meeting places.

III.5.3.5 - SKILL-BIASED TECHNICAL CHANGE

The debates on increasing inequality on wages, rights and status in the workplace has often been attributed to the theory of skill-biased technical change (hereafter, SBTC) after 1990s. This theory defends that SBTC is a shift in the production technology that favors skilled labor over the unskilled labor by increasing its relative productivity and therefore its relative demand. Particularly, the theory deals with the changes that have occurred with the advancements in ICTs (Violante, 2007; Siegel, 1999). This bias occurs when the implementation of new technology increases for workers whose skills are complementary to technology. This bias can be seen mainly in wages; in case of increase in skill level, the ratio of wages of skilled labor rises more than the unskilled work force.

The recent changes in labor relations and work organization have often been characterized by more flexibility and less hierarchy in firms' organization and production process. These changes have caused changes in the profiles of workers.

The workers have been given more in production process in terms of responsibility, as compared to how it was in mass production with assembly line technique. With the growing of internationalization activities in the world, the work places/enterprises begun decentralize. This has required new management strategies. It is generally believed that these changes require a higher level of human capital from individual workers since they need to deal effectively with increased uncertainty and responsibility (Caroli and Van Reenen, 2001).

According to Acemoğlu (2002), technical change favors more skilled workers, replaces tasks previously performed by the unskilled, and exacerbates inequality. This view has resulted largely from the experience of the past several decades, which witnessed both major changes in technology, including the rapid spread of computers in workplaces and in our lives, and a sharp increase in wage inequality. In the US, for example, the wages of college premium – the wages of college graduates relative to the wages of high school graduates – increased by 25 percent between 1979 and 1995.

SBTC argues that technical change stimulated the skill with high capacity; whereas it has also abolished the obsolete ones. According to Lester (2005), the net effect of the change on the workers depends highly on the extent of the investment.

As it is mentioned by SBTC, the notion of knowledge is the core aspect of economic and social developments in the world. The inborn talents or better education are not enough to be successful in the work life. Beyond the special talents of the worker, the ones who can best adapt themselves to the developments are successful. For that reason, the content of technological developments is very important in determination of the skill.

Another aspect of that change is related with organizational transformations: According to Caroli and Van Reenen (1999) a higher skill level of the workforce tends to reduce the costs and increase the benefits of decentralization. In other words, skills appear to complement organizational change. This has two main implications that characterize “skill-biased” organizational change:

- 1- Organizational changes lead to skill upgrading within firms. This is due to the fact that the return to new work practices is greater when the skill level of the workforce is higher.
- 2- Skill-intensive firms will experience greater productivity growth when introducing organizational changes.

SBTC also claims that if the rate of technical change is low, there is little chance that any particular set of skills will become obsolete. But, if the rate is high, the effects of change will be more detrimental over the skills.

Skill bias has caused the unemployment of unskilled workers in continental European countries (Machin and Van Reenen, 1998) and led to stronger effects on the wage dispersion between the skilled and unskilled in the US and to a lesser extent in the UK.

SBTC has usually worked at the industrial level. So, there is no adequate definition concerning the skill biased issues. According to Siegel (1999), technological change is associated with the downsizing and a shift in labor composition in favor of workers with higher levels of education. New technologies create many opportunities for workers in terms of training, increasing responsibilities or creating new jobs. If it is assumed technological change is essentially a “skill biased” process, the question to be asked within the context of this work is this: if this assumption is valid, what happens to the practice of youth employment?

In answering this question there are several points that need to be raised. First, by definition, the “skill of the young” has not developed yet. Since youngsters are unskilled, the introduction of new technologies will inevitably push them out of the work that uses new technology. These workers either may go to work where skill requirements are lower than their previous job or may leave the work for good for the time being. Second, this general trend will differ both qualitatively and quantitatively from one sector to the other. Third, there may be some cases, however rare, where the use of new technologies provide a base for the utilization of youth or keep them in the work where their skill will improve relatively in a shorter period. Since the use of new technologies necessitates an “adaptation period” for the “older workers” and

since the young workers learn more quickly, employing youth with the new technologies might prove to be advantageous.

III.6 - CONCLUDING REMARKS

The growth of global transactions has altered the socio-economic conditions in places where they are located. They have changed the material conditions. The newly growing sectors and specialized services and finance contain capabilities for profit making which is superior to those of more traditional economic sectors. The survival of local industries and firms are threatened in a situation where finance and specialized industries can gain higher profits. This sharp polarization in the profit making capabilities of different sectors of the economy has always existed.

The introduction of new technologies and the concomitant increase of automation in work followed the rationale of making the production process more controllable and more independent of human action.

It can be clearly understood that technological advances have two-sided impacts over the labor force, especially when the notion of skill is taken into consideration. On one hand, it might increase the demand for highly skilled work force and on the other hand, it might have detrimental effects on the low skilled work force. It is obvious that technical progress requires knowledge and qualification, which totally favors the employment of the skilled worker.

However, it is obvious that the low skilled jobs are on the verge of eradication. But, there is no doubt that, in the end, the demand for skilled work has risen rapidly relative to the jobs for unskilled workers. The loss of manufacturing jobs through trade is substantial, but it should be remembered that manufacturing accounts for one-quarter or less of the total employment.

All the theories discussed above brought clear insights on the challenge between technological improvements and low skilled work force. There is a strongly biased effect of technical changes on the low skilled work force. Increasing the level of skill and human capital of the low skilled work force is the best tool to improve their

working conditions. That is to say, understanding the basis of such challenge opens the ways to between comprehend the condition of youth employment. Before discussing the youth employment case, it is better to investigate the conditions of the change of Turkey. Through this manner, its impacts at the local level and on the youth employment can be clearly understood.

IV- TURKEY AND GLOBAL RESTRUCTURING PROCESS

IV.1- TURKEY: AN IMPORTANT ACTOR IN THE GLOBAL WORLD

As mentioned in connection with the worldwide economic crises before the 1980s, the period witnessed a widespread adoption of export-led growth strategies and neoliberal policies prescribing open market and privatization programs in the developing world. Turkey is one of the main examples of the process. The country has lived through major political, economic and social changes since 1980. While both the existing political and social structures were dismantled and repressed on one side, there was a major policy shift from the import-substituting industrialization to export-led growth path in the economic side. By dissolving political and social opposition, the military coup of September 12th 1980⁵ provided the necessary political environment for the shift from the import substitution industrialization that framed the economic policy since the 1960s to an export-oriented economics (Coşar and Yeğenoğlu, 2009).

After Turkey became faced with a very deep economic crisis and political upheavals during the late 1970's, once again the IMF, with the backing of the USA and transnational corporations, took a great role in shaping the economic pathways of the country. After about twenty years of import substituting industrialization drive, Turkey had to change that policy at the beginning of 1980. The main reasons for this sharp change were the economic, political and social crises. Primarily because of the foreign exchange difficulties, the economy had become faced with the inflationary pressures and market shortages. Political system was unable to properly manage the economic and social crises. Weak governments and political anarchy and terror, which had destroyed the society, had created a basis for the economic policy change. That policy change was essentially initiated by the IMF and the World Bank which were pressing for the drop of the import substituting industrialization policy for years (Krueger, 1974, WB, 1980). These policies eliminated the multiple exchange rates and price inspection, reduced the provision of basic goods and services, increased

⁵ The word coup, here, is used for the military coup of 1980.

interest rates, provided incentives for exports and foreign investment, and liberalized rules for imports (Coşar and Yeğenoğlu, 2009).

The protective policies were removed and the gates for foreign trade were opened basically in the early 1980's. The democratic, social and economic rights of workers and unions were abolished by the coup d'état and neoliberal policies were implemented. Successive steps of liberalization of trade and capital movements have resulted in integrating the economy with the world markets. The exports were supported by using all types of incentives and many regulations and limitations on imports were removed. Namely, there were huge shifts from public policy choices towards greater privatization and integration with the world markets (Ertürk and Dayıoğlu, 2004: 44.)

Even after the full liberalization of the financial markets with exchange and interest in 1989, economic crises with their profound social consequences occurred in 1991, 1994, 1999 and 2001. As always, the Turkish economy was left under the surveillance of IMF. With the new millennium, the neoliberal integration of Turkey with the world markets has been intensified. Turkey's effort to join the European Union and the various reforms it is undertaking in this regard can be perceived as a part of the overall effort to articulate in the emerging new world order (Ertürk and Dayıoğlu, 2004: 44). As exports were increased and have become more depending on the imported materials and financial liberalization, privatization and the increased FDI have changed not only the economic but also the social structure of the country. The export-led type of economic growth policies and the implementation of those structural reforms had immensely affected the labor process. There are several points that should be raised here:

Within this framework, the need for high quality work force is increased. Increased skill requirements are stemming from two developments. First is the quality requirement of exports. A high quality production requires, *ceteris paribus*, high quality work force. Secondly, with the renewal of the machinery and equipment that are needed for making exports possible and also for the utilization of the new production methods that are created by the developments of the new technologies,

including the ICT, the skill requirements of labor have to be taken a new dimension, both qualitatively and quantitatively.

From the quality point of view, it can be argued in general that a more skilled work force is required. It can also be verified from this point of view that the implementation of what is termed as the post-Fordist production methods quantitatively requires less labor.

Through the choices Turkey has made in the recent years to begin a process of international integration geared towards Europe, it has embarked upon a variety of economic policies and medium- and long-term economic strategies that affect SMEs either directly or indirectly because of their prominent position in the economy. This process began in the 1960s and was reinforced by the general opening of the Turkish economy in the 1980s (OECD, 2004). One important observation is the continued presence of small-scale production units in manufacturing. As the Census of Industry and Businesses 2002, which currently is the most recent publication, shows that more than 95 percent of the enterprises are employing less than 9 employees.

Moreover, the entry of large numbers of young people into the labor market, a huge shift of jobs from the farm sector to the industry and services, and the swelling ranks of women in the labor market (women accounted for only 27% of the formal labor force in 2000) will require creation of substantial new jobs in the industry and services over the years ahead (OECD, 2004).

It is assumed that the bulk of this job creation will be in SMEs. The development of SMEs will spawn conditions more conducive to the job creation that Turkey needs for stability and growth in the per capita income (OECD, 2004).

As a necessity of the existing size structure of the manufacturing, the Turkish SMEs has a growing role in the Turkish economy during the current globalization period. Consequently, it is necessary to focus on the situation of small firms in Turkey in order to understand the impacts of the neoliberal market transactions which are assumed to be effective in the technological improvements of the small firms.

IV.2- SMALL FIRMS IN TURKEY

The SMEs – small and medium sized enterprises – play a particular role in the Turkish economy because their shares in the total number of enterprises and in total employment is very large. Before indulging into details, very brief information about the SMEs is provided.

Traditionally, the artisanal type of production systems, namely the Ahilik, was the widespread type of not only economic and but also a social and cultural unit of life in the Ottoman times. Based on very strict hierarchical structures and solidarity, the system is of course a pre capitalist; not only in terms of work relations such as rules and regulations about being apprentice and master but also rules about the product quality and pricing. During the field work, it was witnessed that, even today, there were such relations still effective to a limited extent. This is especially true in the employment procedures where there is consulting among the heads of firms and also where helping one another occurs in times of financial difficulties. Trust among the firm owners is so strong that they are lending each other at amounts up to ten thousand dollars without using a check or any written document.

Despite industrialization efforts after the establishment of the Republic, especially with the etatist industrialization drive during the 1930s, the country was unable to become fully industrialized. Thus, small scale enterprises remained dominant. With the process of rapid urbanization starting in 1950s, i.e., with the enlargement of the domestic market and concurrent import difficulties SMEs expanded both quantitatively and qualitatively. Urbanization means increasing the labor supply and also the demand for housing, thus, furniture. Siteler is the outcome of this process. During the 1960s and even 1970s, when import substituting industrialization policy is implemented with the planned efforts, the SMEs were utilized for supplying intermediate inputs to the manufacturing.

The growth of SMEs speeded up with the liberalization policies after 1980 and Turkish government developed a specific SME policy which had been aimed at protecting the existing small scale industrial production units against the destructive assaults of the MNC-(multi national corporations) which were able to sell their

products in Turkey freely and also to utilize their strength in earning more capital; better organization; superior innovation capabilities; being able to utilize more flexible production techniques plus utilizing cheap labor wherever it can be found.

The Turkish government created SEGEM (Industrial Training and Development Centre) and KÜSGET (Small Industry Development Organization), which, later on, were united under the umbrella of KOSGEB (Small and Medium Industry Development Organization) in 1990, as a major instrument for the execution of these policies. The Turkish government signed the European Charter for Small Enterprises in 2002 and agreed to take concrete steps to develop policies and programs for SMEs (OECD, 2004: 10).

A range of policy initiatives in the 9th Five-Year Development Plan (2007-13) aims to improve the productivity of Turkish SMEs and enhance their international competitiveness (DPT, 2007). Based on international best practices, the plan calls for raising product quality and enhancing the innovation and technological capabilities of small businesses through collaboration with universities; introduction of new financing instruments, such as risk capital; and modern management techniques.

According to the most recent statistics, all SMEs except agriculture, amounted to 99,8 percent of the total number of enterprises, 76,7 percent of total employment and 38,0 percent of gross capital formation according to the Census 2002. Therefore, it can be concluded that SMEs dominate the nonagricultural part of the economy in terms of their sheer numbers and their share in the total employment. Moreover, according to the same Census, the number of enterprises that employed 1-9 persons was 1.633.509 (94,4% of all enterprises). In manufacturing industry, the number of enterprises operating in the furniture sector is 31.695 which comprise 12,8% of the total. The number of working people in the furniture manufacturing is 115.200, corresponding to 5,6% of all workers in whole manufacturing industry (TÜİK, 2003).

Although, economic stabilization programs have been implemented under the control of the IMF, the traditional problems associated with underdevelopment still exist for SMEs. It must be pointed out that some additional or new types of problems that are

related to the process of globalization are emerging, and these problems can be summarized as follows: “They (SMEs) also lag well behind in terms of know-how and technological capacity, skill levels – low level of education and training – , capital investment to support their activities, and access and ability to take advantage of modern technologies, especially in the information and communications fields”. (OECD, 2004: 32-34).

The economic relations are mainly conducted by small firms so that they provide economic development opportunities for both national and local markets. Here, the concept of development includes both the economic and social aspects. The SMEs do also create job opportunities. On the other hand, the SMEs, especially operating in the manufacturing industry, have faced problems in terms of competing with large enterprises that are working on an international basis. Since markets have become globalized, their low technological capabilities and skill profile do not permit them to compete with the big firms. In the process the SMEs begin to lose their market shares. The low technological capacity implies the existence of low skilled workforce.

Related with these developments, one of the industrial sectors that is mostly affected is definitely the furniture sector.

IV.3- THE FURNITURE INDUSTRY AND GLOBAL MARKETS

The main aspect of what led the furniture sector to grow is the increasing income levels and changing structure of the population, such as migration to cities. These are crucial factors that affect the demand for furniture; the changing consumer habits and demands of that population. It would not be misleading to say that the globalization period has affected these aspects – consumer habits and demands – substantially. So to say, the furniture sector has a great capacity to grow.

It can be stated that furniture-making by nature is one of the very basic and labor-intensive manufacturing segments that have existed in all societies as a domestic and household craft. But as the global economic relations have expanded, the technical and organizational innovation resources have been stimulated. The developed

countries are able to handle these changes easily, because historically the manufacturing of furniture for exports had remained firmly in the hands of the industrialized nations. For example, Italy, USA, Spain and Sweden are the leading countries in furniture exports.

More recently, many developing or emerging market economies have followed the previous paths and phases of the more developed economies in developing their furniture for exports. Countries like Turkey, China, Vietnam, Mexico and Brazil have gradually become industrialized and expanded their furniture industry's operational scales that better suited for the main markets, like the US, the EU and Russia.

Within the process of neoliberal restructuring, the competitiveness in the furniture sector has increased. The majority of furniture enterprises is small sized and uses labor-intensive production methods. The competitive edge that causes problems for the small producers is the internationalization of the domestic furniture market, that is, the appearance of the foreign furniture sellers. Obviously, the big enterprises have more easy access to international and national markets than the small ones because they have bigger production capacity, which make them able to meet the demand fast and with high capacity. In some cases, joint ventures for production as well as marketing are utilized. This process increases the role of the new and big enterprises in international furniture market.

Especially, the changing aspects of demand and more particularly the introduction of the foreign retailer firms in domestic markets have created some heavy problems for SMEs. If the SMEs want to survive; they should restructure their production processes, organizational structures and formalize a new small and medium enterprises networking culture that will challenge the novel designs; product composition in terms of quality and styles; combine different types, such as traditional and modern; to make their technologies more flexible and advanced and production and marketing processes in the both national and international markets.

In addition to the above mentioned points, there are some additional or more specific problems of the furniture firms in developing economies like Turkey. Among these

are the fluctuating demand for their products; the lack of stable supply of their raw materials, strong governmental tax and labor regulations, low use of technological capacity, the need for skilled work force and so on (Yeniçeri, 2006).

The production structure of the furniture industry has recently experienced significant changes. Many enterprises now participate in different stages of global furniture market relations; either as a supplier or buyer or as subcontractors for production and or simple marketing.

It can be stated that the industry of developing countries is showing an increasing awareness of its limits and works out a broader vision to reinvent its strength in the global furniture trade. The potential gains are realized by the leading companies of the Turkish furniture industry and the sector has grown incredibly during the early 2000s.

The relative importance of SMEs is high in the sector, and they play a key role in satisfying the domestic demand. Since they are labor-intensive, they make a positive contribution to the employment and thus the general socio-economic development.

On the other hand, SMEs are the entities in which labor relations are mostly observed; such as informal employment, inefficient application labor regulations, existing high production costs that results from other inefficiencies and the desire for more profit forces the owners to employ workers unofficially; i.e. without social security. These general points are more severely practiced in the case of children and youth employment cases.

IV.3.1- THE FURNITURE SECTOR IN THE WORLD

The furniture market in the world has a growing trend. The reasons of the increasing demand for furniture are manifold. The main reason of that trend is the availability of new markets that led to the growth of production capacities; even in the times of economic crisis. The other reason is obviously the impact of changing consumer habits with increasing incomes and to some extent their locations. In addition, the increasing flexibility in production processes has created great advantage for the

employers. Another reason is the process of urbanization especially in the developing economies that goes parallel with the population growth. Planning of residential areas will make the industry grow enormously in the future. Globalization process has led to a never ending growth of new markets in the world. In other words, the process of development directly brings about the development of furniture sector due to the inevitable growth of demand for it. Especially, the developing regions such as Russia, South America and obviously East Asia are the fastest developing regions in the world's furniture market.

In 2007, the total production of furniture was around 270 billion dollars in the world. The biggest share, i.e., 78 percent of the production came from developed countries (The share of G7 is 63 percent of the total production) (OAİB-Orta Anadolu İhracatçı Birlikleri (Unions of Central Anatolian Exporters), 2008). In 2003, the European Union (EU) was accounted for about 38 percent of the whole production. It is one of the biggest producers in the world with the NAFTA -North American Free Trade Agreement. The EU is also considered as the best user of quality, design and technology in the furniture production. The biggest producers are Germany and Italy. The biggest importer is the US. The EU is the second biggest furniture market in the world (OAİB, 2008; DPT, 2007).

In the last five years, the export trend of furniture in the world has been in an increasing mode. In 2004, the total amount of furniture exports in the world was 88 billion USD whereas in 2005, it was around 95 billion USD and 101 billion USD in 2007 (OAİB, 2008). In the recent years, as is well known, the fastest developing country is China. Italy, Germany, USA and Canada have been the other biggest exporter countries (OAİB, 2008).

It can be concluded that the international trade on furniture sector has increased exponentially in the last five years and the production was mainly done for export (DPT, 2007). So, the furniture sector has gained importance internationally and this dynamism clearly shows that the sector has a great potential of growth in future.

The figures show that the future of furniture sector is very bright. The demand in the future will increase continuously. Diversity in the demand will increase as well. So

the firms have to adjust themselves continuously to the possible requirements in the future.

IV.3.2- FURNITURE SECTOR IN TURKEY

The share of furniture sector in Turkey is also in an increasing trend in the manufacturing industry. In 2005, with 8 percent of growth rate, the furniture sector was the fastest growing sector in the Turkish manufacturing industry. The trend is still on the rise (DPT, 2007a). As indicated, the most part of the production is done by the SMEs. Most of the enterprises are still working with traditional way of production methods such as small workshop production. In the recent years, the number of middle and big enterprises working with high technology and who are more innovative is growing. But, the change is not so fast. The domestic demand for the furniture sector is still very high, despite the narrowing down in the demand, and many small firms prefer to produce with the existing production processes instead of making investment.

The furniture sector in Turkey has a double-sided sectoral profile: on one side, there are the SMEs with low capability to compete internationally and work mainly for domestic market. On the other side, there are large companies where some of them are foreign firms that have high technological capacity and are active in the international markets.

In 2008, Turkey's export of furniture reached 1,332 billion USD and got more than 1 percent of share from the world furniture export. In 2001, this was 0,34 percent. In 2005, it had 0,8 percent of share corresponding to 953 million USD. In 2007, this was 1 percent with 986 million USD of export. The export of Turkey, which was 232 million dollars in 2000, showed a 310 percent of increase in five years. It can be stated that the Turkish furniture exports are increasing faster than the world total; thus, the sector is making some important inroads in the global market (OAİB, 2008; DPT, 2007; İGEME, 2009). These figures indicate that Turkey is gaining an important place and become a growing powerful actor in world's furniture market.

The main reason behind the high level of furniture demand in Turkey is the expansion of the construction sector. Since the domestic demand is much more effective on the furniture output, the market has highly been affected from the fluctuations in the Turkish economy (OAİB, 2006). According to TÜİK's "Census of General Industry and Enterprises 2002", the number of registered enterprises in the furniture sector was 29.346 and the number of employed personnel was 91.567. When the share of underground economy, which was around fifty percent, is taken into consideration as well, these numbers should rise accordingly. The most crowded cities are, in decreasing order, Istanbul, Ankara, Izmir and Bursa.

The most striking feature of the sector is the low capacity utilization⁶ rate of the companies. According to the same census, the capacity utilization rate of the small companies was around 40 percent whereas this figure for the medium enterprises was around 55 percent. The capacity utilization rate of the large firms was 80 percent. There are obviously several reasons behind these low rates:

The furniture production of Turkey is realized mostly by small and medium enterprises working as a family enterprise. Their production style is very much dependent on handicraft and the production is organized such that it is based on the traditional master-apprentice relationship. The owner works alongside the workers and is therefore subject to the same conditions (MLSS, 2007). Their technological capability looks very limited when it is compared with the medium or big enterprises. The big companies had the main share of export but interestingly their share in total production is less than the SME's. In other words, generally in Turkey, in small-scale workshops, especially the ones that employ less than 10 people, furniture production, painting, varnishing, lacquering and upholstering are the main activities. As it was mentioned earlier, their production capabilities and thus capacities are limited. Even the work places are cramped. In the workplace building, while the showroom is in the entrance floor, the production place is founded on the second or basement floors. The conditions for the workers are not well established. For example "Ventilation consists of a wall-mounted exhaust fan; however, due to

⁶ **Capacity utilization** is an economic concept which means the extent to which an enterprise actually uses its installed productive capacity. In other words, it refers to the relationship between actual output that is produced with the installed equipment and the potential output which 'could' be produced if the capacity were to be fully used.

the lack of local ventilation at workstations where dust accumulates, a high amount of dust persists throughout the workplace environment” (MLSS, 2007).

Other main problems can be summarized as follows:

- the inefficient supply of raw materials
- the lack of inventory information
- the high costs of inputs
- inefficient brand management
- the lack of design knowledge
- the lack of qualified work force
- the capital level of the firms being limited

It is obvious from this list that the furniture sector has several and crucial problems. Unfortunately, it is not considered as a high-valued sector, which means that it is not given prior importance by the policy makers. In other words, the furniture sector is often neglected by the governmental bodies⁷. Even for the children and youth, the furniture sector is no more a preferable sector to work according to the notes from the interviews. Most of them preferred to work in trade and service sectors because of high income and better future there.

In order to be powerful in the world’s furniture sector, the experts⁸ told us that the most crucial thing to do are as follows: the collaboration of small enterprises in terms of production process and organizational structure; establishing production centers or regions. Otherwise, it would be almost impossible to survive in the near future because while the market has expanded, the competition has become wilder.

In addition to that, the lack of qualified work force should be immediately eliminated. The education system, both formal and vocational, should be definitely

⁷ In 2001, Turkish government and TÜBİTAK established a national policy trajectory document for Turkey called as “Vision 2023”. The main aim is to improve scientific and technological capacity of Turkey and thus to catch up with the social and economic levels of developed countries. In that document some crucial sectors were identified as priority sectors for which technological trajectory planning would be made. Some of these sectors are; energy, defense industry, transportation, textile, health, aerospace and so on. The industrial sectors such as furniture, are often neglected in that document. That means the problems of the sector would also be neglected in terms of policy.

⁸ The meaning of experts, as used in here, is the heads of the chambers and managers of the firms.

compatible with the requirements of the sector. The future condition of the sector should be projected from now and the necessities should be determined.

Due to its geographical position, Turkey has great advantage in terms of reaching to new foreign markets. Turkey has transformed itself to a center of excellence and attractiveness for every country. As Italy did, Turkey should establish its own style and quality in the furniture sector.

The place of furniture regions varies in Turkey. Ankara, Izmir, Istanbul, Bursa and Kayseri have been the biggest regions in terms of production capacity and the number of enterprises. For example, the eleven of the biggest twenty enterprises that have the biggest production capacity are founded in Kayseri. But Istanbul Modoko and Ankara Siteler are the biggest and most crowded clusters. Siteler was chosen as the place for the field study.

The most crucial tool regarding the solutions is at the hands of the state. The government should establish necessary policies for the furniture sector. The Head of Carpentry Chamber told that “Siteler region needs a special law otherwise the small enterprises will close their doors in the near future”. This proposition shows that the small firms cannot compete with the big enterprises if left by themselves with their existing economic situation and technological capacity. In order to improve their competitive capabilities, the furniture firms really need the support from outside, namely the state. As owners and managers argue, this problem looks very trenchant for small enterprises. According to the desires and demands of the owners and managers of the furniture manufacturers, the state should definitely establish necessary incentive mechanisms for these firms; such as tax or export incentives. Besides, the ways to increase the productivity in production by supporting in terms of providing training facilities; financing; design, marketing and other services should definitely be explored. It must be added that the furniture manufacturers, as they formulate, are not in demand of direct “special” treatment; all they want is equality with other exporters in having incentives of the government.

IV.3.3 - SİTELER*

The Siteler cluster of Ankara has a special place in the furniture sector of Turkey. Siteler was established about forty years ago by a small group of furniture workers. The region has developed so fast and today, it contains around 20.000 firms⁹ and employs 100 thousand workers. In interviews, the managers said that the number of workers increases to 15 thousand in summer times. This may show the magnitude of the unregistered workforce.

The main feature of Siteler is that most of the firms use traditional methods of production; i.e. low technological capacity and labor intensive production processes. In the region, there rate of factory production is very low. Notably, the small firms without complex production processes establish the dominant type of production. The big corporations decide to move to outer places of Ankara to settle their factories. But, they have showrooms in Siteler.

The increase of firms that have high technological capacity and the ability to make productions on big scale has negatively affected these small firms. The small ones have very limited access to the international and even to the national markets.

In Siteler, the enterprises are faced with the traditional problem of being very small, i.e. very limited physical capital resources, buildings and especially machinery; the existing machine tools being mostly outdated; even these facilities being kept idle; that is, the capacity utilization is too high, and there is no systematic knowledge accumulation process. Moreover, the furniture enterprises of Siteler are unable to specialize in the production practice. In other words, they are trying to produce all kinds of furniture. The enterprises do not seek to specialize themselves in a single type of furniture. All these problems cause more major problems such as high production cost and especially problems of quality in products.

⁹ Most of the views that were written in this section are gathered from the interviews with the Head of Carpentry Chamber and managers of enterprises. For that reason, these numbers are obviously estimates. They include also the figures of unregistered production places. I should add that there is no proper study about the number of enterprises and number of workers. The exact number is unknown.

But, besides all of these problems, there is a special problem that should be expressed clearly: the most important is the use of unregistered methods or ways of doing businesses. More than half of the furniture firms apply this practice. This is because the enterprises in the region cannot benefit from incentives or financial supports¹⁰ from the public authorities. As the region is not legally accepted as a formal industrial district, firms cannot benefit from special policies such as paying less for services such as electricity or water or paying lesser taxes. The deficiency of policies regarding these furniture enterprises have forced them to use unofficial practices; such as employing unregistered workers or employing workers without providing social security rights. Since obviously workers do not want to work without basic rights, this situation creates also the removal of high qualified work force from the region. This situation also leads to the employment of low skilled work force without paying regard to the age.

The entry of foreign retailer enterprises into the domestic market, such as Ikea or Bauhaus create an unequal market condition for small producers; just like the competition between big shopping malls and small groceries. The big companies or retailers can easily meet the high level and also differentiated consumer demands. The small firms in Siteler are unable to meet the high demand due their inadequate production places. They cannot compete with factory production system.

Moreover, the changing demand conditions for the furniture in terms of quantity and quality are also influencing the marketing strategies. That is to say, today, shopping malls are providing very different services to the furniture consumers. Consumers choose to buy their needs from these malls instead of going to the direct producers; since in shopping malls, the furniture buyers are able to find various types of goods with various colors options. Furthermore, in malls, people feel comfortable and secure when they come with their families. However, in Siteler, due to the inefficient

¹⁰ The problem mentioned here is that according to the laws, the firms in formal industrial districts are given special rights incentives while making their business. For example, firms located in industrial districts are paying less for their energy consumption, for both electricity and natural gas; besides, they can also get special incentives regarding taxes. Although Siteler is a historically important cluster in Ankara and thousands of enterprises located there, this cluster is not accepted formally as the industrial region. That is to say, this cluster does not have special priorities formally. They have no special incentives as given to industrial districts.

infrastructure, crowdedness and traffic noise, people feel a bit reserved to come to Siteler (notes from interviews with the managers of the firms).

In Siteler, it is not easy to produce furniture that is compatible with the vision and expectation of buyers. This deficiency brings us to another special problem for small producers. The small producers in Siteler, are unable to produce under the systematized and computerized methods that are easily adjustable to the flexible conditions of production processes, design and marketing, which make them less powerful in the market.

The enterprises in the region also feel the deficiency in the supply of skilled work force. The current policy of vocational schools is not compatible with the needs of the sector. The lack of apprenticeship is met with young relatives who do not take education in vocational schools and thus have low skills.

The main advantage of Siteler is that the name is identified with furniture at least at the national level. Even the big enterprises which are not producers in Siteler have established branch offices or showrooms in the same district.

IV.4- YOUTH EMPLOYMENT: A BRIEF SURVEY

IV.4.1- INTRODUCTION

In this sub section, the notion of youth employment, including some aspects of youth employment in Turkey, will be analyzed.

Youth employment is a sub topic of the labor market analysis in both theory and practice. Instead of putting the youth employment processes into a full-scale labor market work, specific features, peculiarities and characteristics of youth employment will be elaborated.

The concept of skill must be analyzed within a dynamic framework from both social and economic points. Within this framework, continuing formal education, starting to

work and later lifelong learning will be the underlining elements that will bring an all-inclusive way of full transition to adulthood and job market.

As indicated for the UN (UN, 2003), youth is comprised of young people aged between 15 and 24. This definition is usually used for statistical and political discourse. In general terms, youth can be defined as the stage in the life cycle before adult life begins. Obviously, this definition can be widened according to the social aspects of the communities such as the age of which the youth are expected to become adult is different almost in every society.

It is a well known fact that the most important “transition period” of human life is the period of being young. This period with its opportunities and risks for individuals and their societies is extremely important and must be elaborated accordingly. In addition, skills are “nurtured” very early in life and some of the most important “gains” from education “accrue” to society rather than to individuals and thus it has social dimensions. The public or “social” involvement into the process of obtaining skill is needed.

Social and economic conditions of childhood as well as the period of being young are determined objectively; that is to say they are already existing or “given” for them. On the other hand, children and youth do have special or subjective characteristics. These two are determined primarily, if not completely, by different factors. As being a period that underlines the “transition” from childhood to adulthood, being young will determine the “quality” of not only the person but also the society as a whole. This “experience” will determine the social aspect of the transition and the future of the society as well.

Starting in the early 1990’s, the international “awareness” about the youth employment has been increasing relatively well and with an increasing pace. This so called period of globalization has witnessed several surveys, researches and publications by the ILO, the UN, the WB and other international institutions such as the OECD, who recommends specific programs and policies to the member states. In addition to these, Turkey has a supplementary international obligation within the

context of EU accession process. Those recommendations directly influence the employment process of the youth of the country.

IV.4.2- THE YOUTH EMPLOYMENT

Youth employment can be considered as a process of social and economic integration of youngsters within the society. Before that, there is a period of schooling and/or training; then comes finding a job which ends this transition period of life. Starting with this phase, the individual carries out duties and responsibilities of being a citizen and a member of the community.

In this process, the determination of a proper path for young people is very important. Economic, social and cultural conditions, including the gender, determine continuing in education and the timing to enter the labor force. Within this framework “developing, safeguarding and deploying” the youth is a multi dimensional process and a very important subject (ILO, 2008).

IV.4.2.1- YOUTH EMPLOYMENT WITHIN A GLOBAL FRAMEWORK

It is well known that with the rise of globalization and neoliberal economic policies, the economic and social structure of the societies has changed profoundly. The revolutionary developments in technology, especially in ICT (information and communication technologies), have created tremendous changes in the labor relations. For example, the structure of the employment process has shifted from manufacturing to service sectors. The flexible work applications have appeared. This new “network society” (Castells, 2001) requires highly skilled workers who also are more flexible and open (adaptive) to the new developments. The economy demands for more technical and behavioral skills which in turn creates a demand for higher order skills which can be created by improving education and training. The lack of highly educated and skilled work force is one of the main concerns of the economic development in the long run. In this era, finding a job in such a wildly competitive market becomes a major challenge for people; especially for the youth.

Young workers are facing many challenges in making the transition from school to work. For some people, the integration of national economies with international competition through trade or investment generated income and improved welfare, for others the process of globalization has created persistent inequality and social exclusion. Globalization is changing the distribution of power and gains, and has raised questions about legitimacy and sustainability (Morris, 2006). Inadequate attention to the human side of globalization has created a gap in understanding its impact on life and work.

While the economic and social transformations are occurring, the employment creation for the youth has become a critical component of the long-term economic stability and growth. Especially, the qualitative developments of youth also show the quality of education, social and economic systems of the countries. It can be said that the young people have become the major actors of socio-economic system of the societies in the recent decades.

Table- 1 Global Labor Market Indicators for Youth, 1997 and 2007

	Total		Male		Female	
	1997	2007	1997	2007	1997	2007
Labor force (millions)	576,9	602,2	339,0	354,7	237,8	247,5
Employment (millions)	514,0	530,8	302,9	313,5	211,1	217,3
Unemployment (millions)	62,8	71,4	36,1	41,2	26,7	30,1
Labor force participation rate (%)	55,2	50,5	63,5	58,0	46,5	42,6
Employment-to-population ratio (%)	49,2	44,5	56,7	51,3	41,3	37,4
Unemployment rate (%)	10,9	11,9	10,7	11,6	11,2	12,2

ILO 2008- Global Employment Trends for Youth (2008)

Notes: 1. The labor force here is the total number of youngsters in the labor markets, both employed and unemployed. Although they should be 50-50, males comprise about 59 percent of the total; thus, the rate of participation of females is comparatively lower.

2. As defined above; the total labor force is the ratio of the employed plus unemployed to the total age population, and the labor force participation rate has a decreasing trend.

3. The same decreasing trend is witnessed in the ratio of youth employment to the youth population.

Youth employment is a major problem for all societies in the world, including the developed countries. According to ILO, youth unemployment is currently at an all-time high. The youth unemployment rate increased as well from 10,9 to 11,9 percent over the period from 1997 to 2007 (See Table 1). Youth make up as much as 40,2 percent of the world's total unemployed; although they make up only 24,7 per cent of the total working-age population (age 15 and over). That is to say, the rate of unemployment of the youth is relatively very high.

The share of the youth labor force in the youth population (the youth labor force participation rate) decreased globally from 55,2 to 50,5 percent between 1997 and 2007, which means that in 2007, only one out of every two young persons was actively participating in the labor markets around the world. Conversely, the youth inactivity rate (as a measure of the share of young people who are outside of the labor force in the youth population) rose from 44,8 to 49,5 percent over the same period. As will be discussed further throughout the report, the main “driver” of both trends is the increase in the number of young people participating in the education system.

The youth unemployment statistics presented here, and the decreasing trends in the rate participation and employment as well, unambiguously demonstrate the negative side of globalization for youth; of course in terms of work life.

It can be stated that in such a global market in which the capitalist market relations become so competitive, many risks as well as opportunities have emerged for the young generation. The newly growing ICTs requires highly skilled and flexible work force meaning the adaptability to the changes. And only, very well educated young people can meet such a demand properly. On the other hand, if the youth cannot find a decent job, they may be trapped in worse aspects of social life such as social exclusion or unofficial jobs (Godfrey, 2003, UN, 2003).

The less skilled working youth or the youngsters who cannot find a decent job are often forced to work under the worst work conditions, for less wage and they become trapped with the challenges of informal economy. Even if an unskilled youngster could find a job, it would not be easy for him/her to improve his/her abilities while

working. Or to put it differently the unskilled youth, although employed, may still be trapped within the limitations of unfavorable working conditions.

It can be definitely expressed that young people have clear ideas about fulfilling their aspirations at work and in the society and seek opportunities for personal autonomy and active citizenship. Youth bring energy, talent and creativity to economies and create the foundations for future development.

The trend for teenagers in most European countries has been towards decreasing labor force participation largely as a result of increased participation in full-time education although it will also reflect, to some extent withdrawal from the labor market in the face of poor labor market prospects (Higgins, 1997). This trend also shows that fostering the participation of young people to education is a partial response to the unemployment problem.

There are many reasons why youth employment is more sensitive than adult employment to changes in demand prospects of the labor market. On the one side, namely at the supply side, it is often argued that young people are more likely to voluntarily quit their jobs than older workers if the job is not suitable for them. If they are educated, they consider themselves as being intimidated in looking for a job. In other words, they may spend more time until finding a decent job. The opportunity cost of doing so is lower for young people. They will tend to have fewer skills and lower wages, and are less likely to “need” a job to support a family (Higgins, 1997).

On the other hand, namely at the demand side, young people are less likely to be subject to employment protection legislation as compared to the adults. Almost invariably, such legislation requires a qualifying period before it can be invoked and typically compensation for redundancy increases with tenure. Thus, also for this reason, the more recently hired employees will be cheaper to fire. Obviously, this will disproportionately affect young people (Higgins, 1997). The firms are more likely to fire young workers than adult workers. If youth are less skilled, they mean little loss of time and money when they are fired. They may require more time to adapt to working conditions or work processes when they are less skilled, which

definitely means loss of time and capital for the firms. So to speak, the young workers are a more vulnerable group than the adults for the case of dismissal.

More specifically, according to the “job search theory”, the skilled youth have longer education life than the low skilled ones and they are more selective in job search. They may prefer to spend more time as being unemployed until finding a decent job (Gündoğan, 2002).

On the other hand the “selective redundancy theory” argues that, the young workers are less likely to be subjected to social rights in the labor market. The adult workers may want more rights and money from the firms’ managers. The qualified work force may be able to increase their voice more within the firms (Gündoğan, 2002).

In summary, these generalizations do provide a base for the better understanding of the youth employment which must be complemented with more specific points as stated below.

Why are the young people unable to find decent and productive jobs?

- ***Working at early ages:*** Youngsters can be exploited if they start full-time working prematurely. Starting too early also prevents them from acquiring enough basic skills in the school — skills that would make them more marketable to more types of employers.

- ***Social norms:*** Across all societies, starting an independent livelihood is not easy; there are many limitations in that sense. There may be some a prejudice against them since youth are deemed as inexperienced. They are at the first stage of their working life.

- ***Working limitations:*** Especially in many countries, young people are working very hard but earning very little. Changing jobs to earn higher wages or getting into the formal sector is one way to move up the skill ladder. For too many, however, where they began working is where they end up.

Some of the challenges to form human capital during youth's transitions have to do with the "supply side"—a shortage of opportunities to access services and work experiences that build human capital. Others have to do with the "demand side" because of behaviors that reflect a lack of information, resources, or experienced decision making. Both can be addressed by the right policies.

Even as countries struggle with basic needs, the global economy demands more technical and behavioral skills, especially those formed during the ages of 15–24. Competition has leveled up the demand for skill-intensive technological innovation in Asia and Latin America, much of it in export industries, which tend to use the young people in a more disproportionate manner.

Practical training that combines occupational and behavioral skills can make young people more mobile. But the track record of schools and even large public national training institutions in providing such skills has, at best been inconclusive. Are there alternatives? An alternative can be the advanced countries' experiences with formal apprenticeships and internships, which provide a "structured work experience": this can be a lesson for the middle-income countries that are rapidly developing a modern wage sector. In other countries, traditional apprenticeships in the informal sector firms are more common, and incentives can be used to improve quality and encourage innovation; not the employment. Probably the best thing is to mix them both

Why is youth employment so important?

As the UN puts it "a full and effective participation of youth in the life of society and decision making is the unique perspective" that is to be followed by all societies (www.un.org/esa/socdev/unin/wpayparticipation.htm).

It is interesting that, in those regions with an ageing population and a rising dependency rate, young people who are vital to the future prosperity encounter disproportionate difficulties in finding and maintaining a decent job. A generation without hope for stable employment is a burden and a responsibility for the society.

A poor employment record in the early stages of a young person's career can harm job prospects for life (ILO, 2007).

Underemployed or unemployed youth are less able to contribute effectively to the national development, and have fewer opportunities to exercise their rights. The lack of decent employment for youth also limits the capacity of companies and countries to innovate and develop competitive advantages based on investments in human capital.

Given the fact that youth employment is highly dependent on overall employment, any strategy to improve employment prospects for youth should be embedded in the overall employment policies. This should be combined with the interventions addressing the specific disadvantages faced by many young people in entering and remaining in the labor market.

It is usually accepted that, the opportunities for developing human capital can be provided by expanding access to and improving the quality of education. This will definitely facilitate the entrance of the young people to a working life. To succeed in today's competitive global economy; youth must be equipped with advanced skills beyond literacy. The reason is that, labor (and skill in that sense) is the only and main asset of the youngsters which make them productive. This requires stimulating the opportunities to earn money and developing the human capital to take advantage of those opportunities.

IV.4.3- CHALLENGES OF YOUTH IN LABOR MARKET

In the *World Development Report 2007*, the World Bank noted that for 74 developing countries, only one quarter of working youth in the low-income countries were in paid work, with the proportion rising to around three quarters in the high-income countries. They also found that youth who are paid are less likely to have access to social security compared with the older workers. In other words, youth may easily be relegated to unpaid or low paid work, or to jobs otherwise falling short of decent work. Even though some will succeed in securing better jobs along their

career path, too many get stuck, constrained by limited education and skills and without opportunities to improve their human capital.

The agriculture sector continues to be the primary sector for employment in most developing regions. Young people in poor rural areas will either engage in precarious, low-paid work in the agricultural sector or migrate to already crowded urban areas where they will try to find work within the informal sector.

Lower educational attainment or low quality of education: Although great improvements have been made in terms of the number of educational facilities and enrolment numbers in developing economies, complaints still exist concerning the quality of education and the fact that many graduates lack critical work skills needed by the employers. There is an obvious mismatch between the education system and the needs of firms in the market.

There is a situation in many developing economies where gains in education are outpacing economic development and the demands of the labor market. Economies struggle to absorb the growing number of highly educated, highly skilled graduates that emerge in increasing number from education systems each year simply because the high-skilled industries and services do not exist nationally in sufficient numbers. As a result, many educated job seekers face long unemployment terms and might eventually migrate to developed countries or take up work that is below their skill range (ILO, 2008).

Increasing incidence of temporary jobs: Temporary contracts offer young people a chance to “try out” jobs and gain working experience and are for the most part entered into voluntarily. However, a danger exists in this case where the temporary work becomes involuntary and long term due to the lack of conversion to permanent possibilities and lack of demand elsewhere (ILO, 2008).

Low experience of youth in market: Despite strong gains in levels of educational attainment, young people still face lower chances of finding employment because of their relatively lesser generic and job-specific work experience vis-à-vis older applicants. As a means of lessening the gap, young people move in and out of

employment in search of a best fit and may become unemployed, underemployed in terms of hours or inactive while the “best match” job search continues (ILO, 2008).

Demand for highly-educated youth remains fairly robust in most developed economies but unskilled, early school leavers tend to face longer job searches, stagnant wages and higher risk of social exclusion.

With declining economic growth, employment creation will probably slow down and more people, especially the poor who are most susceptible to the increased costs of living, will take up whatever work they can find regardless of working conditions. Vulnerable employment shares is likely to increase as a consequence of mothers, fathers, the young and old, and even children, including those who might otherwise go to school, joining in the effort to contribute to household incomes through their labor (Higgins, 1997; ILO, 2008).

Governments and the international community are organizing responses to lessen the impacts, particularly the impact of rising food prices on the poor and the impact of rising fuel prices on businesses. The danger is that the new economic pressures will distract governments away from efforts toward promoting youth employment, when it is exactly at such times of economic downturns that youth become most vulnerable.

IV.4.4- THE YOUTH EMPLOYMENT IN TURKEY

There are two recent surveys on the youth employment in Turkey. First one is prepared by Ercan (2007) for the ILO-Ankara Office, which is more general and includes all related aspects such as the profile of the general population and other aspects of the socio-economic framework; broad labor market analysis; programs, institutional set up and policies and recommendations. The second one which is much more limited compared to Ercan’s work is worked out by the World Bank (2008) which is titled as “Investing in Turkey’s Next Generation: The School-to-Work Transition and Turkey’s Development.” Main points and findings of these two studies will be summarized first. Following that, some additional material will be elaborated.

Ercan's research "**The Youth Employment in Turkey**" takes the overall demographic trends into account and then works out employment and economic growth performances of the country during the recent years. Elaborating on the poverty and regional income and development differentials and social exclusions that are related to these, Ercan found the solution of these problems in higher employment. Specifying statistically that the higher economic rate of growth did not bring an increase in the rate of employment in general and the employment of the youth in particular, he puts forth the prospects of the youth employment. Emphasizing that employment of the youth and women is vital for the economic development of the country, he proposes some policies.

The policy proposals of Ercan are essentially related to the reforming of education from both quantitative and qualitative aspects and also the reforming of legal and institutional set up and these issues are elaborated within the proposals of international organizations. In this connection, recommendations and programs of the EU, the UN and the ILO are combined within the Turkish framework. Indicating that being a candidate for the full membership of the EU, the country is benefiting – and can benefit more – from the EU funds for the youth employment. In addition to being a member of the Youth Employment Network of the UN General Secretariat, Turkey should prepare more specific programs that aim at youth employment. Moreover, the ILO proposals, which were formulated with the usual three parties being the ILO, the UN and the EU, underline how to achieve more employment of youth, especially women and poor youngsters. After summarizing the institutional elements which are extremely diversified and generally insufficient, Ercan argues that Turkey should follow the Ireland example which emphasizes investing in human capital which is the backbone of the World Bank Report.

WB report "Investing in Turkey's Next Generation: The School-to-Work Transition and Turkey's Development" (WB, 2008), gives the primary characteristic of youth generation in Turkey. The WB, naturally researches the issue from the developmental point where the solution is nested in the investment in human beings. The WB study assumes that Turkey's "productive population" will grow until 2020 where the working population will expand by more than 800 thousand every year and the demographic window will close"; then, this so called "demographic dividend" will

come to an end; thus, the country will need to invest in its young people to capture this return (WB, 2008). It means that the country is at “a critical moment on its development path”. It must strengthen education system and improve the functioning of the labor market. Otherwise this large “cohort will be the source of social and economic pressures and tensions” (WB, 2008, p:2). Furthermore, as stated, the current generation of young people will enter adulthood in the context that is changing rapidly and Turkey “cannot base its economic strategy on low costs if it wants to continue on the path of convergence with higher income countries in Europe and the OECD. It must compete on the basis of knowledge, skills, and innovation and this requires not only universal basic education but also advanced skills and an open labor market that allows people to deploy their human capital”.

Although some efforts are made there are many difficult challenges that young people are experiencing while entering the labor market. It is stated that only about 30 percent of youth are employed; the unemployment rate in this group is more than two-fold of the national average. Also, about “40 percent” of youngsters are “neither working nor in school” which brings the “inactivity rate” to high levels and makes Turkey’s youth participation and employment rates much lower than the EU. These figures are worsened when only young women are considered, where only 20 percent are employed. It is even argued without any scientific work that women are not working because they do not participate in the labor force. “Although women participation rate is increasing with the period of schooling it is indicated that well-educated Turkish women are actually less likely to be in the workforce than they were a generation ago”. There must be some noneconomic reasons, such as the rise of traditional values that be worked out.

It is well known that the “employment prospects” for youth are dependent on two factors, a skill and creativity improving educational system and a labor market that, what the Report says, creates good jobs. In Turkey, eight-year primary school which was initiated about a decade ago is still not fully implemented. The secondary education graduates are close to 50 percent but well lower than the level of the OECD which is 80 percent on the average. There are additional important issues; the most important one is the low level of quality which varies extensively with gender, region and income of the family and even worse in the case of the combination of

some or all. Thus, an extensive and intensive reform of the educational system for improving quality and eliminating big disparities; plus breaking the barriers between general and vocational secondary education and expanding higher education is recommended. These recommendations are detailed in the following web page: <http://www.worldbank.org/tr>.

This Report goes on to say that, by reducing social contributions and removing restrictions on the flexible work arrangements, the opportunities and capabilities of youngsters to find jobs will improve. In addition, it is stated that “better access to information on educational options, on skills needed for different careers, and job opportunities would improve capabilities of youth to make informed decisions on their educational carriers.” For achieving this, the student should be provided with career counseling which must be based on “active career planning”, where emphasis on personal and career developments as individuals move through educational system and into labor market would be carried out. Offering job search assistance is also recommended.

In addition, for those youngsters who are less educated, more vulnerable and disadvantaged, effective second chance programs ought to be implemented.

Finally the Bank concludes that this is the time to act for a faster development; in both improving and strengthening the education system and facilitating the labor market because after ten years this opportunity will be gone owing to the demographic transition.

It is accepted that Turkey owns a major young population. In the beginning of the new millennium, the rate of people who are under 15 was about 34 percent. This number was about 14 percent in the EU countries. However, Turkey has been faced with youth unemployment problem more seriously than the EU. Although Turkey has a strong economic performance between 2002 and 2008, the economy has failed in terms of generating employment opportunities; especially for the young generation. Actually, after the economic crisis of 2000 and with the implementation of the IMF backed stabilization program, the economy has shown an impressive growth performance. The rate of economic growth was almost seven percent per year

on the average during the five-year period of 2003-2007. However, during the same period, the rate of growth of employment was a mere 0,4 percent per year on the average (SPO, Yearly Program 2009, p.5). The high unemployment rate of young population is still a serious problem for the Turkish society.

However, the labor participation rate also decreased in the same period. In 2000, the labor participation rate was 49,9 percent; whereas, it was 48,3 in 2005. Along with the employment problem, the employment of young and educated population has continued to be a major problem for Turkey. Necessary mechanisms which can contribute to the employability of young population in relation with the needs of the Turkish economy have to be provided.

According to TÜİK data, in 2008, the population of Turkey is about 70 million. 50 million of them is aged 15 and above and the rate of growth of the working age population is 1,9 percent per annum.

According to the OECD statistics among the OECD countries, Turkey has the highest rank in terms of the proportion of young people who do not go to any school or are not employed or have never sought a job, to the general young population with 35,1 percent. The same rate was about 9 percent in whole the OECD and 7 percent in the EU (Belen, 2008).

On the other hand, these figures are much worse for the young population. Officially, the people who are aged between 15-24 are accepted as young and the rate of unemployment is 25,7 percent for the young people. This rate was about 20 percent in 2007.

One of the main reasons behind the unemployment problem is that the policies are not successful in creating jobs for all the young people. Nevertheless, the young are also not aware of the content of the jobs that are available in the market and the type of qualifications needed for them. In other words, the youth cannot find or know the suitable ways in order to reach to the labor market.

Table-2 Unemployment-Underemployment Rates ¹¹

Unemployment	2004	2005	2006	2007	2008
Total	10,3	10,3	9,9	10,3	11,0
Youth	19,7	19,3	18,7	20,0	20,5
Underemployment					
Total	4,1	3,4	3,6	3,0	3,3
Youth	5,1	4,5	4,0	3,0	3,6

Source: TÜİK Press Releases (2009)

Interestingly it is also stated that when unemployment is evaluated according to gender, the rate of unemployment is higher in Western Anatolia and the Mediterranean with 15,6 percent each.

There can be several points to be raised on the unemployment figures. First of all, having the highest unemployment rates in some provinces of the Southeast can be explained with economic backwardness and other relevant reasons. However, this cannot explain the lowest unemployment rate of the Northeastern provinces which have quite similar socio-economic conditions with the Southeast. Thus, this big difference should be scrutinized and reasons behind it need to be explained. It can be said at the outset that probably Northeastern provinces are relatively giving out more immigration.

Secondly, the highest employment rate of women in the West and South is most likely due to the higher level of women participation rates in these regions which can be considered a result of social conditions. It can be argued that traditional family

¹¹ Notes: Although all demographic and related statistics, including the labor market are provided according to regional situation which is prepared in two levels, one being “first level” that comprises of 12 regions or provinces; and the “second level” being comprised of 26 regions, youth unemployment figures are not available or cannot be found. On the other hand, “ironically” it is stated that the total rate of unemployment is the highest in the Southeastern Region as expected. For example, in 2008 the unemployment rate of the country is 11 percent as a national average, while in the Southeast it is about 5 percentage points higher than this, being 15,8 percent. Moreover the unemployment rate is the highest in the provinces of Mardin, Batman, Şırnak and Siirt with 17,4 per cent and again “ironically enough” the unemployment rate is the lowest in Ağrı, Kars, Iğdır, and Ardahan provinces with 5,6 percent that is just half of the national average. (Tuik, Press Release, May 8th, 2009).

ties are relatively weak compared to the Southeastern, Eastern and even the Central Anatolian regions. Women can find more opportunities in terms of social inclusion through the labor market relations.

Third, if it is assumed that youth unemployment rate, though higher, is a part of the total, then, the rate of unemployment for young men is the highest in the Southeast while the highest unemployment rate of women is the case in the Western and Southern Anatolia.

Table- 3 Labor Force Participation

	TURKEY		URBAN		RURAL	
	2008	2009	2008	2009	2008	2009
Population	69 416	70 236	48 197	48 598	21 219	21 638
15+	50 500	51 360	35 570	36 017	14 929	15 343
Labor Force	22 541	23 582	15 531	16 160	7 010	7 421
Employed	19 864	19 779	13 448	13 240	6 415	6 540
Unemployed	2 677	3 802	2 082	2 921	595	882
Labor Force Participation Rate (%)	44,6	45,9	43,7	44,9	47,0	48,4
Employment Rate	39,3	38,5	37,8	36,8	43,0	42,6
Rate Of Unemployment	11,9	16,1	13,4	18,1	8,5	11,9
Rate of Youth Unemployment	21,5	28,6	22,8	30,1	18,1	24,9

Source: www.tuik.gov.tr (2009)

The rate of youth unemployment increased from 13,1 percent in 2000 to 19,2 in 2002 and to 19,7 in 2007 (www.tuik.gov.tr). These numbers show an indisputable problem for the young generation. As it was discussed above, starting to work for the young people is a major and crucial step in their life. As a major source of human capital, it is an economic and social loss that many young people do not work.

One of the main tools to fight with these high rates is definitely the vocational training for the young people.

In unofficial employment, the young workers are the most vulnerable group. In 2006, 65 percent of the employed young people were employed at the informal sector

(Belen, 2008). In non-agricultural part of the labor market, this rate was about 53 percent. Especially, the young workers who lack adequate qualifications and vocational skills in the labor market were faced with informality when they first entered into the market.

One of the most striking features of the youth employment is the rate of participation of women. The rate of participation of women is always lower when compared with the EU or OECD countries and stable around a total of 25 percent in Turkey. It is somehow higher in the rural areas. However, as figures indicate, the most definitive trend in the LFPR (Labor Force Participation Rate) of women is directly related to schooling. Those women that have schooling below high school participating in the labor force correspond to about more than 20 percent. The rate increases about ten percentage points if high school and its equivalent technical high schools are taken into account (World Bank, 2008).

However a big jump in the participation rate is realized when women have higher education. In fact, the LFPR of women increases more than two-fold with higher education. Although this rate is still lower about ten points than the rate of men; it provides a very important social and economic dimension to the discussion.

These figures do strengthen the idea that education is the key for solving the issue of the lower participation rates of women.

IV.5- VOCATIONAL TRAINING IN TURKEY

With the establishment of the Turkish Republic, crucial policy steps were taken concerning vocational training. The vocational and technical knowledge was paid special attention and important policies were established in order to develop a national agenda. New principles and policies were generated. For example, in the first Economic Congress of Izmir, it was decided to establish schools and courses in order to educate apprentices and masters (İSTESOB, 2008).

In 1930, with the Law of Municipalities (no. 1580), the municipalities obtained the right to open schools for apprentices. In 1938, the firms were forced to organize

occupational courses in their fields. In 1942, The National Railways opened the first vocational school in Eskişehir.

Nevertheless, the most proper step was taken in 1986 with the Law of Vocational Education (No. 3308). The main aim of that law was to educate the youngsters who were unable to go to schools for whatsoever reasons after the compulsory schooling. In 2001, this law was amended with the Law no. 4702. Moreover, with the law, some special courses were brought about for the youngsters that cannot continue to any vocational school and the ones that want to develop their skill level. The Law also contributed to the development of human capital and the education of the young workers with the recent production processes and technologies. The government also provided financial support for the students. In this way, they were able to earn their living while they were going to school.

So, what are the benefits of vocational training? Thanks to such an initiative, the need of skill workers in the industry would be met in Turkey, which is a country that has experienced a fast industrialization process. With the provision of social security rights for students, the informal labor relations that have a negative impact on them will be eliminated. They can earn money while working. Such an initiative also creates benefits for the enterprises as well. The firm does not pay taxes for the apprentices who go to vocational schools.

According to the law, the firms who employ more than 20 workers, should provide working conditions for the students and employ them.

Although, the government implemented crucial policies in terms of vocational training¹², the unemployment rate of young people graduating from vocational schools is still high. In 2000, the unemployment rate was about 10,9 percent, whereas in 2005, it increased to 13,3 percent.(ISTESOB, 2008). Some of the reasons behind this picture are: the low rate of students deciding to take vocational education, the low quality of vocational training (which means it does not meet the demands of the

¹² See App. 1 for the latest policy initiative of Turkish government

labor market and it has low quality of infrastructure and personnel). As a result of these reasons, the attractiveness of vocational training remains very low.

As of 2009, there are 311 vocational training centers¹³ in all over Turkey. In these centers, the education contains 16 different vocational subjects (such as electricity, textile, food, processing, architecture, catering, hotel management...etc) and more particularly, 139 different professions are taught. The number of teachers is around 4500. Approximately 80 per cent of these students, accounting to 150.673, successfully obtained a certificate in the 2008-2009 period.

IV.6- CONCLUDING REMARKS

It is obvious that Turkey has become an important economic agent in the global market network. Since 1980, the neoliberal policies have been applied intensely, exports have increased and the financial liberalization, privatization and the FDI have changed not only the economic but also social structure of the country.

The new neoliberal era has also transformed the industrial structure and the working life profoundly. The rise of small and medium sized enterprises started in this period and nowadays, SMEs get the majority in the Turkish economy. Their role is very important for the Turkish socio-economic development. However, in such intense neoliberal market conditions, their statuses have been threatened by the introduction of the trans-national corporations. The TNCs (trans-national corporations) have brought their knowledge and capacity with them which definitely impacted the formation of the Turkish SMEs. The structural transformation of the Turkish SMEs is strongly related with the neoliberal transactions.

This is also evident in the furniture sector of Turkey. The Turkish furniture sector, which has taken important steps in the integration process with the world markets, has mainly been governed by SMEs. And SMEs have been faced with major

¹³ The Ministry of Education of Turkey changed the name of the vocational schools and transformed them into centers. All of them are bound to the Turkish government and governed by the official curriculum.

problems in the market such as low technical capacity, unfair financial situation, and lack of skilled workers...etc.

Young workers are facing many challenges in the new global era. The inadequate integration of young people with the labor market would definitely prevent full utilization of their individual creativity and productive potential. It is understood that the youth generation is undervalued in terms of their socio-economic creative potentials. This low status of young workers is obvious in the Siteler region. The young workers in the region have been faced with skill mismatching problem. That is to say, according to the managers of the firms, although there is need for skilled work force in the region, the skill level of existing youth work force does never meet the demand (This became clearly evident in the field study). They were faced with low quality of education, temporary job experiences (which would definitely affect the hope and desire of youth adversely and lower their trust) and their undervalued status has prevented the opportunity to increase the experience in the market. The trust to the young workers has decreased immensely.

V. EMPIRICAL FINDINGS OF THE STUDY

V.1- INTRODUCTION

In this part of the dissertation, the results of the empirical study that was conducted in Siteler region are discussed. To be more systematic, the findings will be discussed in two main parts; in the first part, the profile of the firms is given. In the second part, the profile and findings about young workers working in the region is given¹⁴. The last part of the chapter contains the concluding remarks and ideas about the results of the research.

As it is mentioned above, the sample size of the research is comprised of 91 respondents in the firms' survey and 171 respondents in the young workers' survey.

V.2- PROFILE OF SAMPLE FIRMS

The oldest enterprise in the sample has been in the business for about 40 years. It is almost contemporary with the Siteler furniture cluster. The youngest enterprise is about three years old. 78,9 percent of them are family businesses. The number of associated enterprises is 19 which make up 21,1 percent of the total.

As a **sub branch** of the furniture sector, 47 enterprises (52,2 percent)¹⁵ produce kitchen furniture. 27,7 percent of them produce office furniture and 40 percent produce furniture for bedrooms and dining rooms. Most of the managers told that the fashion in furniture sector has changed so fast and now the office furniture is one step ahead of the other types. Thus, the demand for comfortable and trendy office furniture led the firms to implement new structural changes in order to effectively manufacture office furniture. It can be assumed that the rise of demand for office furniture can be attributed to the expansion of service sector enterprises of the economy. Besides, the number of SMEs working in the service sector and which

¹⁴ The questions of interview of both sides are given in App.2 and App.3 respectively.

¹⁵ It should be noted that many firms do not produce only one type of furniture. For that reason, there are overlapping answers in that question.

work in offices rather than huge factories has increased in the recent decades, which in turn created more demand for office furniture.

In addition to that, it should be admitted that the firms in Siteler region tried to articulate to the market more than ever before. They monitor the fashion closely and they built new shopping malls only for furniture goods in the city. That means, they are aware that only the Siteler region is not enough to reach to the customers; they should find out new ways in that sense. So to speak, new ways of marketing have been created.

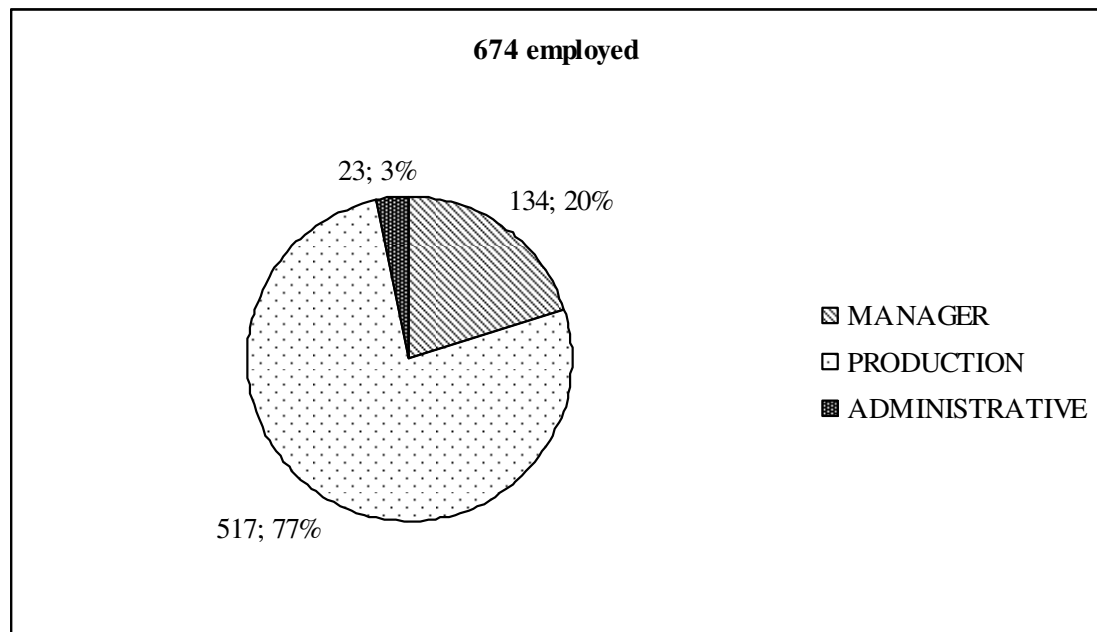
This is also a sign of impact of the big corporations coming to the city. The large foreign companies brought their facilities to the big malls located in Ankara and this has totally changed the people's choices. People began to go to big malls, instead of Siteler, to consume furniture goods. So to say, the large corporations brought new management techniques with them. Moreover, by selling new types of goods, they have also shown their technological capacities. The local firm started to monitor these firms improving the quality and the alternatives of their goods. Such kind of spillover is quite obvious when the network of small firms is examined closely.

V.2.1- WORK FORCE

In 90 enterprises, there are totally 674 people employed (see Figure 1). 76,7 percent of them (517 people) are employed in the production unit and 134 people, 19,9 percent, are working in managerial positions. The most interesting point about these enterprises is the low number of administrative staff¹⁶. There are only 23 workers, 3,4 percent, employed as administrative staff.

¹⁶ In this dissertation administrative staff is defined as the people working in jobs such as secretariat, accounting or even simple office duties – cleaning, kitchen duties and so on. The manager is accepted as the person who is responsible from production, design, marketing and so on.

Figure 1: Number and composition of work force



The distribution of the workers in the production unit is as follows: out of a total of 517, 287 (55,5 percent) are working as “masters¹⁷”. The number of “foremen” is 129 which make approximately 25 percent. The number of working young workers is 95 (18,4 percent).

Due to gender inequalities, female workers are more engaged in administrative duties while men perform mostly visible tasks such as production, design or selling. Most of the small firms do not even employ women. Siteler looks like a furniture cluster in which male dominance exists especially in the production process.

81, 1 percent of the managers also participate into the production processes. That means they are carrying out managerial duties as well, while working in the production units. There are two faces of such a picture. On one hand, the small enterprise has such a flexible structure that the managers can easily join production process and control it totally. They also have master’s ability. This may be attributed

¹⁷ In this dissertation, the classification of workers is made according to four criteria: master, foreman, apprentice and unskilled worker. Master is the most accomplished and competent man in the firm and responsible from the production and other workers. To officially become a master, he has to take a four year course which is different from the formal education and these courses should be taken after graduation from the vocational school. The foreman is at the second level after master. He/she helps the master in every kind of duty and has more responsibility than the apprentice. After graduating from vocational school, he/she has to be taken more courses for two years.

to the fact that they have learned how to produce while working. This means they were apprentice or master sometime in the past and now they are managers of the firm. They do not quit working in production and they run their own family enterprise.

The organizational structure of small firms is quite complex – even when they are small --. Thus, one or two men, manager or master, are trying to deal with all kinds of things at the same time. He tries to find customers, design the furniture and also to produce it. Obviously, it is not easy to deal with all of these functions at the same time. When it is asked how they could handle with that, most of them answered as “we manage it somehow”. All of these enterprises lack institutionalized corporate structures which seem necessary in today’s competitive environment. They do not have a well defined vision or organizational chart within the firms. In other words, such kind of production structure shows that these enterprises cannot easily improve their organizational structure in the face of the rapid changes occurring in the market conditions.

V.2.2- INFRASTRUCTURAL PROFILE OF FIRMS

In almost all enterprises, in fact in about 93,3 percent of them, the production and managerial units were located in the same place. Only six firms (6,7 percent) uses different places for these two activities. This has created some problems for these enterprises. Obviously, in a very crowded cluster such as Siteler, all firms cannot use a single large flat for both production and management. 54 of the sample firms, which make 60 percent of the total, have a place bigger than 300 square meters. The sizes of the places of all others are in the range of 100-300 square meters.

Most of them use two- or three-floor buildings. On the first floor, managerial unit and/or showroom, if any, are located. On the second and the third floors, production is made thus production is divided into two different floors. This division of production does affect the productivity in a very adverse manner. Probably because of this, the capacity utilization rate in the furniture sector is around 70 percent which is well below the average of the Turkish manufacturing industry where the rate is around 82 percent in the recent years (See also Yeniçeri, 2006).

Only 38 enterprises or 42,2 percent of them have showrooms and the rest, being 52 enterprises, i.e., 57.8 percent, do not use a showroom facility. They just produce the furniture and transport to the buyer right after finishing the production because, they do not have a proper place to keep them safely. This is also a negative factor for these firms.

It can be stated that all of these small enterprises, actually 93, 3 percent (84 out of total 90), are totally “flexible” or “bounded with the customer desires. That is to say, they are able to “design” and produce according to the demands of the customers¹⁸. Only six enterprises (6,7 percent) produce and sell their own designs. They do not prefer to make special production according to different demands. This high percentage shows clearly that how flexible the small firms are in terms of production. Another important point that should be taken into consideration is the concept of imitation. The small firms can easily imitate the designs of the big enterprises and sell them like their own products. For this reason, “intellectual property rights” is a very important notion in furniture sector. The firms should learn how to protect their own products from imitation. It is very normal to find the catalogues of famous enterprises in these small firms.

In addition to that, there is a problem for these enterprises in terms of marketing. On one hand, they have an advantage when compared with big-scale companies which have factory type production since these small ones have such a flexible organization that they can make production when there is a sudden demand for special goods. As it is argued, the new post- Fordist era and the flexible type of production process require new types of capital accumulation and organizational structure. The structure of SMEs is the most suitable one for this (Özcan 1995; Susman, 2007; Buğra, 1997; Thompson and Warhurst, 1998). “New technologies such as the use of informatics in service and production activities have increased small firms’ ability to compete and survive in the market.” (Özcan, 1995:4).

¹⁸ Customer, here, is used as people who come to the firm and want to produce their own design. The customer discusses the design and the material according to their own will with the owner of the firm. The production process is shaped according to the demands of customer.

The big corporations cannot produce the goods that are special for customers as the factory type of production requires mass production in order to provide logical input costs. If they continuously re-structure their production processes according to the demand of every customer, they cannot bear with the financial load. Their flexibility occurs in terms of design, marketing and organizational structure. This flexibility can also be considered as a high potential and competence in this regard. Nevertheless, in such a competitive market, in case of drop in demands, small ones cannot earn money for their subsistence.

Another interesting point is that none of these enterprises have a research and development unit. However, only 17 of them (18,9 percent) have a special design unit within the enterprise. All others are making their designs either by themselves or getting consultancy service or asking their friends to help them. This point is quite interesting because it is understood that the informal social relations have great influence in the business of these firms. The managers cannot (or do not prefer to) pay more money for such a special task (the design) and so they handle it with some friends or close relatives. Besides, most of the managers expressed that such kind of relations are very helpful when their level of knowledge is not enough to solve the current problems at the time. This shows that how social relations are important as is the case for almost every part of the Turkish society.

Moreover, the notion of “design” is one of the major components in the production process of the furniture industry and these figures show that the owners cannot establish institutionalized framework within their firms. In other words, they have no specialization in design process which lower the productivity and decrease the competitive advantage in the market. In addition, making design requires proper knowledge about material, creativity and so on. The big corporations have a special vision about the design policy, employ specialized professionals for this purpose and this is what gives them a great advantage in the market. But, these small firms remain unproductive and powerless during the design process.

Another point that should be taken into account is that employing such a special professional means also extra load in firms’ expenditures. In other words, the input costs of the firms will be increased. They will need to pay a high salary and also the

taxes for them. The inability to solve such kind of financial burdens can be seen as one of the main problems of the small firms in Siteler region.

V.2.3- EMPLOYMENT OF YOUNG WORKERS

It should be pointed out that only 65 firms (72,2 percent) are employing youngsters. The total number of the young workers that are employed is 95, thus, the average number of employed young workers per enterprise corresponds to less than 1,5. It can be said that the use of youth employment does not seem like a dominant practice in this case, but it should be noted that the average employment rate in these firms (total number of workers in an enterprise) is 7,5. Thus, the incidence of youth labor is at a high level.

Almost all of the managers or masters of the firms expressed that having an apprentice or employing young workers in the furniture production is very important. That means such an additional work force is helpful to them in terms of doing simple tasks. Masters never deal with every kind of duty, especially simple ones such as carrying the woods in the production area or bringing the simple apparatuses (screwdriver) or going to grocery to buy something or going to the bank to pay the electricity bill. All of these are the duties of the apprentices in the firms. Young workers have a social role¹⁹ in that sense. Their role is not at a high position or important like the masters in the firms but their position can be considered as an important component. Furthermore, masters have a special role because the success of production process is intimately related with the capacity and ability of the masters. Masters should feel content and comfortable when they come to work. In other words, the managers should establish the necessary conditions to keep the job satisfaction of masters at a high level. In this regard, the young workers are not taken too much into consideration. Masters can demand more rights than the young workers because their role is much more crucial for the firm. Instead of firing the masters, all the managers prefer firing young workers firstly because the master can also take the secrets of the ex-firms with himself. In addition to this, there is another

¹⁹ The role of young workers in the firms is often undermined and they are mostly employed for very easy tasks. They are not allowed to participate to all kinds of duties such as management and production. The masters or foremen are considered more important for the firms' owners.

interesting underlying reason: the managers prefer not fire masters because the master can easily create rumors and dispraise the ex-firm.

Among the total employment of 95, only 61 young workers (64,2 percent) are registered officially and have social security records. Therefore the rate of informal employment is 35,8 percent (29 young workers).

As it is known, the rate of informal work which is defined as “not registered to any social security institution” has been around 45-48 percent in Turkey according to the Labor Force Surveys conducted during the recent years (www.tuik.gov.tr). It means that for the economy as a whole almost one out of two economic activities is unofficial or unregistered. This situation does create many problems. Although it is less than the national average, around 35 percent unregistered work among young workers should be considered high.

Almost all of these managers told that nearly all firms always try to employ unregistered workers, either a child or an adult, because the taxes are high and the input cost of production will increase extensively if all kinds of duties are done in official ways.

Some working youngsters are also going to school at the same time. More specifically, 52 out of 95 young workers, that is to say about 55 percent, are going to school. Thus, more than half of the employed young workers are also sent to school. Within this group, 82,7 percent or 43 young workers are going to a vocational school established in Siteler. Only 9 young workers, 17,3 percent are going to regular schools²⁰.

The question of what those working young workers are doing in the workplace is another story. Most of the young workers are actually not employed in the production, but in some auxiliary activities, in duties other than production. In the total of 65 firms that employ 95 young workers, 82 youngsters (86,3 percent) are working elsewhere than production; they are employed for several duties in the

²⁰ These nine young workers are going to school in regular times and going to work in summer time after the end of the school semester.

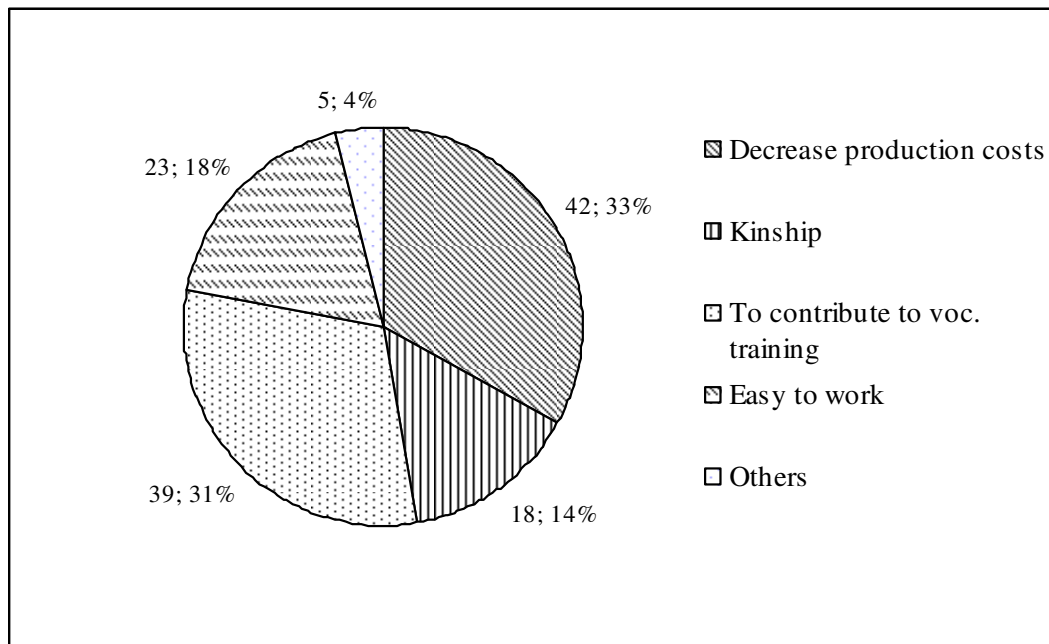
enterprises; like an errand boy. For example, they are sent to banks or to grocery to buy simple things. Only 13 of them (13,7 percent) are employed in the production process.

The main reason of employing young workers in the enterprise is to decrease the production cost (See Figure 2). As can be seen from that figure, 47 percent of the firms responded in that way²¹. On the other hand, 60 percent of these firms employ young workers just to contribute to the vocational education system.

In the Turkish vocational system, all students have to work in an enterprise while going to school at the same time. During the week, the youngsters have classes on only one day and the rest of the week, they go to their firms for work. Those that are lucky enough to go to school while working are registered and have a special contract. But, it is assumed that not all the firms have such a practice and noble aim. In fact, all the taxes and financial costs of these young workers, except the net wages, are paid by the State. That means the youngsters does not bring any economic burden for the firms in which they are working. When a firm employs such young workers, it gets the chance to benefit from free labor; without any extra cost, except, of course a limited amount of wage. Unfortunately, it is obvious that not all young workers have the chance to go to a vocational school and benefit from the state's incentives. For that reason, not all young workers are registered. In addition, most of firms' owners may not prefer to register students of vocational school because, if they do that, the youngster will need to go to school one day in a week which means loss of working hours. This is also another reason that should be investigated in depth.

²¹ The numbers and rates in Figure 5 were provided from 127 answers in total. But, the rate of firms was calculated over 90. That means 90 firms gave 127 answers.

Figure 2: Reasons to employ young workers



23 firms told that it is easy to work with young workers. One of their reasons is that young workers are so naïve bodies that they can be easily managed. They do not argue with the master. They just listen and do whatever they are told.

Within the total, 18 firms (one fifth) employ young workers just because of kinship relations. These young workers work with their relatives. But, during the research only 6 young workers, out of total 95, working as an unpaid family worker, were interviewed. Being employed as a relative has some positive and negative effects on the youth employment issue. Close family ties may provide some protection for the young from mistreatment that can arise otherwise. On the other hand, the same young may not be paid as much and would have limited freedom for other activities. As it is understood, the kinship relations or social norms are also very effective in the employment of young people. Most families prefer to employ their sons or other relatives to pay less money and to employ free labor force.

As it is discussed in the theoretical part, in this arena with such competitive market relations, the power of knowledge and importance of skill in the production and marketing processes have increased too much during the recent decades. The economic and social relations have become so information-based that societies are in

desperately need of skilled and educated work force in order to develop themselves. But, if the education system cannot meet such a demand for quality, some economic, as well as social, problems will definitely occur.

V.2.4- PROBLEM OF SKILL IN THE FIRMS

In this research, the existence of such a problem is so clear. A very high proportion, i.e., 91,1 percent of the firms responded that they are in **need of qualified** or more skilled work force. They all complained about such shortcomings. They stated that the presence of a vocational school in the same region did not mean too much for them in terms of their demand for the qualified work force because the knowledge taught in the school seemed like a “shallow” knowledge as it was not compatible with the needs of the enterprises neither for production nor marketing. It is found that only 8 firms, less than nine percent, have no problem of qualified work force.

When the firms want to hire a worker, whether skilled or not, 84,4 of firms get some kind of help from other firms located in the same region. This means that in Siteler, which is the oldest furniture cluster in Turkey, a very strong social solidarity and close ties exist among the furniture producers. Probably the same socialized and friendly relations are practiced in other activities, such as granting loan credit without interest. In daily and simple relations, small furniture businesses are very keen on helping each other.

In Siteler, the workers frequently change firms. The **turnover rate** among these firms is very high. That means that they can easily leave one firm and be employed by another firm. The main reason behind such dynamism is the low wages and the desire of the workers for being registered to the social security system. As it is mentioned before, the informal employment of workers in that cluster is highly common. *Most of the firms always try to employ workers without any kind of social security.* But, in recent years, most workers began to demand social security rights and if the boss does not provide such a service, they quit the firm.

Most of the firms do not prefer to implement special **training** activities for their employees, including young workers within the firm. Instead, they prefer to teach the

apprentices while they are working. Mostly, that is 92,2 percent of the total firms, do not have a special training activity. Only seven firms, corresponding to 7,8 percent, employ training practice in the firm for all their new workers. In addition to that, 83,3 percent of the firms do not prefer to participate to the training programs that are organized within the region. Only 15 firms, out of 90, prefer to participate to such opportunities. It is obvious that these answers show a dilemma. Almost all firms declare their complaints about the lack of qualified work force; however they do not prefer to send their workers to training activities which actually has no cost for them.

V.2.5- RELATION WITH OTHER FIRMS

Only 17 firms (18,9 percent) had officially made their own products certified or registered. Certification is necessary in terms of preventing design theft. But, interestingly, most of firms do not prefer to get the Design Registration Certificate *from the Turkish Standards Institute*. One of the main reasons is the high cost of obtaining that certificate. In total, only 20 of them, that is more than one-fifth of firms, responded that they can apply for the certificate in case of getting a financial support. It can be concluded that they do not know too much about the advantages of such documents and they apply only when it becomes compulsory.

Monitoring is quite an important issue for the local and small firms. TNCs introduce new, more efficient ways of production and management. They may provide good examples for innovation. Local entrepreneurs may imitate TNC products and management techniques. This may happen as a spontaneous or unconscious process or as a planned and systematic exercise (UNCTAD, 2004). Human capital spillovers occur when TNCs train personnel beyond their own needs or when their experienced personnel move to local firms or form new spin-off companies. TNCs may set new standards and create a healthy competition that stimulates innovations throughout the whole industry. For local SMEs, such kind of spillovers creates a great opportunity to improve themselves.

One of the interesting points about the firms is that 78 firms, which is 86,7 percent, are trying to **monitor** other firms in the region to learn what they do and how they are conducting their business. They prefer to analyze other firms both in Siteler and

in Turkey; very few of them prefer to learn what is done abroad. This shows that the managers do not prefer to deal with the international activities, probably owing to their “small” size. However, they have indicated that the use of internet is important for them. Besides, more than half of the firms, i.e., 50 firms prefer to follow sectoral publications and also exhibitions in Ankara and Turkey.

Currently, totally 79 or 87,7 percent of the firms are not producing for **export**. But, among these 79 firms, 6 are working as sub-contractors of some big exporting corporations. Only 12,3 of them directly export their products.

V.2.6- TECHNICAL CHANGES AND THEIR IMPACTS ON YOUTH EMPLOYMENT

In this section, the firms are asked how they implement technical changes in their firms and what kind of experiences they get.

V.2.6.1- PRODUCT AND PROCESS INNOVATION OF THE FIRMS

It is deduced that 63,3 percent of all firms (57 of them) started to produce new products during the last five years. In other words, they are forced to undertake a process of “product differentiation” that they had never done before. This also shows that these furniture firms have tried to make changes in their policies and carry out innovations in order to get to good places in such a competitive market. New products always require new designs, new structuring in both production and organization levels, which all affect the labor relations within the firm itself. *More specifically, it is worth to understand the restructuring processes of the firms to be able to formulate the necessary economic and social policies.* Whether these firms have a marketing strategy or not, whether the technical capacity of the firms is sufficient in handling the changes in the product development schemes, and whether they can easily absorb these changes or not, are all crucial points that should be given special emphasis. All these points affect the employment relations within the firm.

V.2.6.2- TECHNOLOGY TRANSFER

Changes in the production process show the mechanization and increase the flexibility of the firms. 31,2 percent of these firms implemented new production processes (28 firms) in the last five years (See Figure 3). But, the majority of the firms (62 firms in total, corresponding to 68,8 percent) chose not to make changes in their production processes although they started to produce new goods for the market. These figures show how low the technological level of furniture production remains or how the pace of technical changes is slow especially in the small-sized enterprises. More than half of the managers, particularly the young ones have planned to make some technological changes but their old-aged partners or their fathers were not flexible on this issue. It must be said that although business people of old age may be more conservative, reluctance for innovation is common in almost all small businesses. Somehow, the existing market share seems enough for the elderly. On the other hand, the new managers, most of them being the sons or other close relatives, are struggling for technological improvements. This is what can be called the “gender gap” and it is an important social issue for the small businesses.

About one-third of the firms in this research have tried to increase their technical and knowledge capacity in some sense. But, it is obvious that they are not successful in all sub branches of the sector; because firms are lacking the necessary knowledge pool concerning the ways of handling with changes. The firms have given more emphasis to provide flexible production capacities but they are not very much aware of possible consequences of these changes, e.g., they are not very keen on studying the technical development in the furniture production.. Although they have a large knowledge accumulation coming from the so-called “learning by doing” process; they do not try to develop a production process that is special for the Siteler cluster.

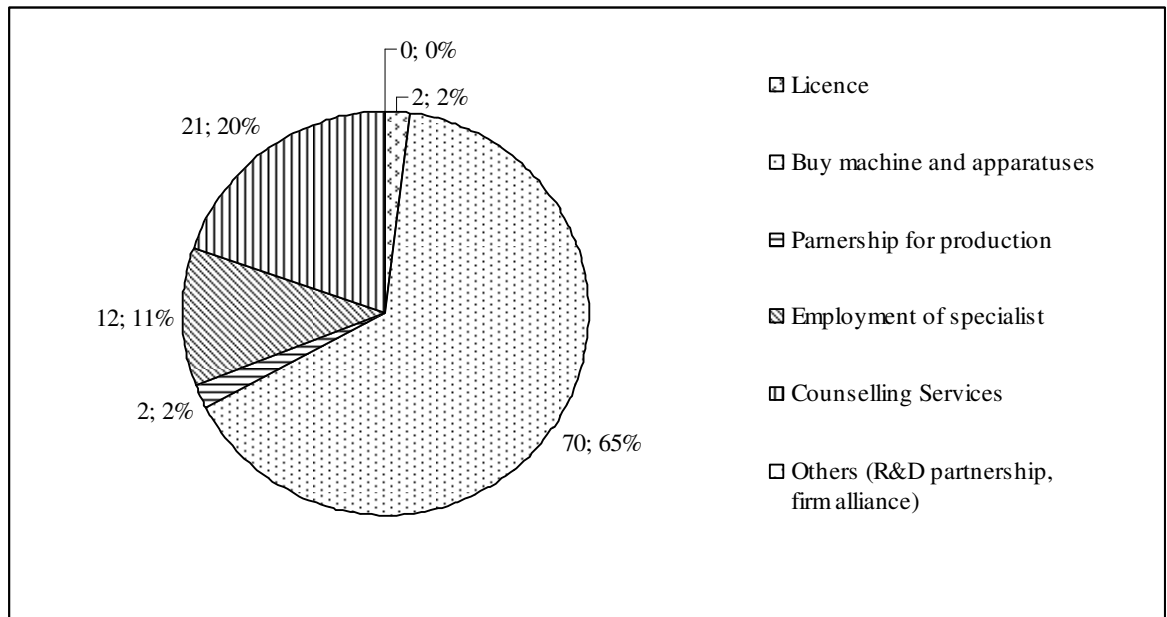
The second biggest way of technology transfer for these firms is via counseling services. This shows that these firms are very much in need of knowledge about production, design and marketing. This indicates the necessity of a knowledge pool in the region. Unlike the very strong solidarity in other areas, the firms do not prefer to share their knowledge about production and marketing among themselves. However, what some of them suggest is that all the firms should develop a “total

model”²² in order to increase their productivity and innovative capacity within the region. This model should also include the education of the skilled work force, even the young workers.

The employment of skilled workforce is a critical element for the well-functioning of firms. It is mentioned that especially skilled workers are needed for design. Most of the managers do the designs by themselves and they just learn it while working. This type of designing practice completely prevents the ability to meet diverse demands coming from the market. The need for new designs is totally a result of changing customer demands and searching of new markets around the world; which is the general result of neoliberal transformations in the world economy. Solving the problem of skilled work force should be one of the main policy targets of the government. Especially vocational training, and the student or graduated working young workers should be the main actors in supplying the skilled work force in the long run. Thereby, the social role of young workers could be improved. Such kind of policy will also improve the physical and mental development of the young workers that may be hampered during the heavy workloads. More skill will better prepare the young workers for the future and increase their position in the society. Vocational schools can act as the source of basic knowledge and, networks among the firms, young workers and teachers should definitely be established.

²² The term “total model” is used to explain a business model for small firms in Siteler region in which the aspects of production, design and marketing are clearly established according to the needs and sources of these firms.

Figure 3: Types of technology transfer



More importantly, the close relation of technology transfer and its impacts on the change in the number of young workers is also examined. That is to say, it was tried to figure out whether the technology transfer increases or decreases the number of young workers in these firms. According to the analyzes, 71 firms, which makes 78 percent, did make at least one type of technology transfer in the last five years and in 93 percent of these firms, there is a decrease in the number of employed young workers.

More interestingly, 95,8 percent of these firms are also in need of skilled work force in their firms. They complain about the lack of skilled work force in their firms and their region.

This is quite a controversial issue since there is a decrease in the number work force but there is a need for skilled work force. This totally shows the mismatch among the needs and the sources. The firms, the government and even the workers do not know how to use the existing sources productively. This also shows that the ICT adoption in the firms does not solve every problem if it cannot be used properly. For that reason, knowledge and ability to use it become the main tools for the social and economic development in the last decades.

It is assumed that these figures show the bias of managers of small firms against their young workers. They have to plan their existing talent pool when they want to invest to the new technology. This low vision makes the technological capacity use of the firms remain at a low level, which makes the firm uncompetitive in the market.

As it understood, there is no single impact of any change. Like a chain reaction, there may be a deep impact of technological developments. The spillover effect of large companies may have positive impact in that sense. The managers of small firms can learn much if they can monitor them properly. This does not mean stealing the ideas. This means working hard and absorbing whatever is going on around their firms.

V.2.6.3- CHANGES IN ORGANIZATIONAL STRUCTURE

Almost 27 percent of the firms (24 firms) also implemented organizational changes within the firm in the last five years. Whereas, 66 firms which means 73,3 percent, did not make any change. These statistics show that the firms, in terms of organizational structure, are not so eager for making changes as they did for their production processes and are conservative in that sense. Somehow, due to the shrinkage in their market share, they have convinced themselves that they can handle with the existing market relations by themselves. Small firms have started to lose their local, national and international market shares since 1990s. The introduction of factory production system and highly automated production facilities replaced the strength of traditional production system and has started to dominate the market. This can also be deduced also from the response where 57,7 percent of these firms (52 firms) felt that these changes did not have a considerable positive impact on their businesses. The growing competition in the market is one of the main reasons behind this but the efficient use of existing technology and marketing strategies should be taken into consideration as a major cause.

V.2.6.4- CONDITION OF THE LABOR FORCE

One of the main questions of the interview was about the quantitative change of labor force in the firms. For 91,1 percent of the firms, equaling to 82 firms, the number of workers has decreased in the last five years. Only 8 firms expressed that

there is no change or an increase has been experienced. Sometimes changes are seasonal. The numbers show that all the firms have experienced important transformations both socially and economically in the last years. On one hand, the fast technical changes and the neoliberal economic atmosphere totally destroyed the existing market relations. On the other hand, due to these changes, many firms, especially small ones became unable to respond to these changes properly and lost their market shares and economic power.

The main reason behind that change is the lack of demand, or with their words, “absence of business”. Most of the managers expressed that if there is nothing to do, there is no need to employ more people.

One of the interesting points is that the master who cannot earn more or demand a social security registration is the first group of workers who leave the firm. Most people have realized the importance of the social security registration. Especially for the masters, it is easy to leave the firm that does not give what he wants. Because he is a master, he has the necessary skill and knowledge level to find another job. He also has the option to start his own business. He has some options in that sense. In addition to that, most of the masters who leave the firm, might also decide to change sector. That means, they could decide working in the service sector or machinery sector. The first drive is the social security registration; the second one is the money for living. Such kind of situation shows that, the furniture sector, especially for small firms, has lost their charm as a working place. It does not attract people to work since these firms cannot earn more and so they cannot give enough wage and social rights to their workers.

Working youngsters are not as lucky as the masters. When business conditions do worsen they are the first group of workers to be fired. Even in case of hiring another worker, especially who has a special skill like a master; the first laborers who have to quit the job are the young workers. About 95,5 percent of the firms expressed that they fired many workers since they became unnecessary for the firm after hiring other people or buying machinery. Besides, the managers also preferred to send young workers in the first place. The reason is that it is much easy to fire young workers since they cause less trouble. They do not prefer to send adults or masters

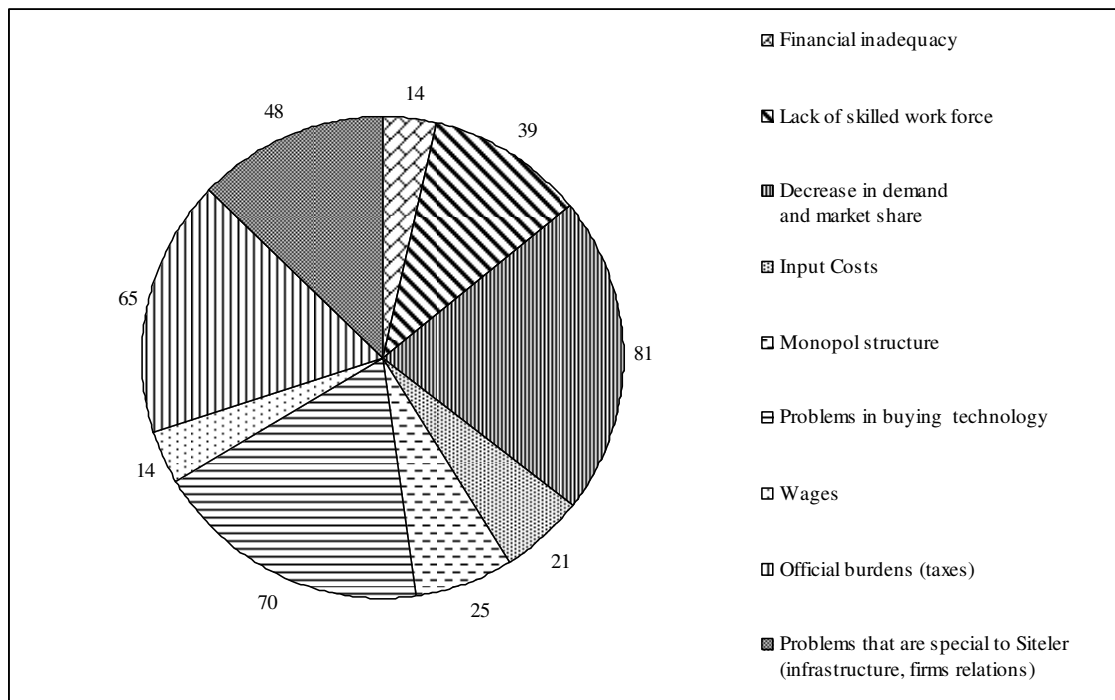
because these people may disseminate gossip or confidential knowledge about the inability of the firms in case of being fired. It is understood that the socially constructed role of young workers looks a little underestimated by the adults.

Another question was whether the number of young workers has increased or decreased. It is found out that 93,3 percent of the firms have experienced a decrease in the number of working youngsters. These 84 firms have somehow had to send the young workers to other places. As they expressed, most of the young workers who left the firm tried to work in another firm located in Siteler. In that sense, the majority of these young workers became “*labor of reserve army*” for the firms in the region. On the other hand, few of them decided to the change sector and worked in the service sectors, like restaurants or cafes...etc.

V.2.6.5- PROBLEMS OF THE FIRMS

The last part of the interviews was about the general problems of small furniture firms in Siteler (See Figure 4). According to the answers the main problems are set out as follows:

Figure 4: Main problems of the firms



*each number in the figure above shows the number of firms that have responded the question

As it understood from Figure 4, the main problem of the firms is related with the furniture market. 81 firms, or 90 percent of the firms, suffer from the decrease in demand or diminishing of market share. They mostly expressed that the market became scanty and the biggest share were taken up by the big corporations which make production with state-of art technology and have a proper organizational structure. The small firms have great difficulty to cope with them. The building of big shopping malls, the supply of diverse products in terms of design and quality and the emergence of wholesaler furniture companies have created big problems for small firms, especially for Siteler. They decrease the importance of Siteler substantially for customers. Nowadays most people prefer to go to shopping malls because they feel comfortable in such places.

In that sense, it can be added that the small firms cannot compete with big corporations one by one because the big fish can easily eat the small ones. So, they should find necessary mechanisms to come together.

Most of the managers told that these aspects are not solely responsible for the pessimistic picture. For example, a man who learns something in a firm thinks that he can do that job easily and leave the firm and then opens his own firm. But, he does this with inadequate knowledge and financial support. Since he has no necessary background in terms of technology and knowledge, he cannot finish the production in required time and in required standards during the time of peak orders. This is one of the main aspects that lower the good reputation of Siteler. The trust in the society has decreased day by day. In other words, the cake is getting smaller and smaller for small firms.

In relation with that, the small firms also face productivity problems in production processes. From the design to production, the small firms have limited capacities in terms of knowledge and skill. Although, most of them are aware what is going on in the world of furniture, they cannot absorb them effectively. They are really in need of technical assistance in every step of production. For example, some firms tried to find assistance in order to make better designs and to learn about latest fashion. Some tried to learn the changing qualities of input materials. Almost all firms need some extra help for their business. But, in the region, even in the country, there is no

special place that may support them in that sense. They never prefer to go to universities because; they always face problems when they tried to establish relation with universities. They complaint about the inhospitable approach of universities. Thus, they are really in need special centers locating in the region.

Another big problem that firms have faced is the difficulty of buying technology or in other words low technological capacity. 70 firms, meaning 77,7 percent, expressed that the notion of technology is very problematic for small firms. The big corporations, by using high-tech systems, can definitely increase the range of product diversity in the market. They can easily produce different things in different color, shape and quality. All the people in a society, although from different economic and social classes, can find something from such corporations. The small firms cannot compete with the pace of supply and diversity of the goods. In that sense, the firms expressed that the small firms have been defeated by the mechanization and high-tech. Especially the power of manual labor, namely the meaning of such an art, is being defeated by the mechanical power. With the existing level of technological capacity, it is quite impossible for the small firms to survive. Although most of the firms are quite aware of such problems, they cannot respond adequately to such developments. In other words, they cannot renovate themselves; they cannot make necessary changes in order to compete with such an emerging market. As a reason of such conditions, many firms argued that they are not financially powerful enough to make such changes and they accuse governmental policies for not providing necessary incentive mechanisms.

Interestingly, it can be said that most of firms solve their financial problems via using the social informal networks. That is to say, Siteler is such a place in which traditionalistic and conservative social norms and relations are very strong. The religious associations are very powerful. Some of firms are members of these associations. So to say, when the firm faces with a problem, financial or other, it goes to the firm which is the member of same religious associations. Instead of going bank, they prefer to find financial support from other firms. In such kind of informal relation, the basic criterion is religion. Besides, when a firm wants to buy something, he first goes to the firm from the same religious group although the prices are higher

than in other places. Namely, such kind of social informal relations are very effective in Siteler and they provide significant support mechanisms.

The firms also told that they are unable to compete with the big firms both on technological and economical terms. The big firms can easily supply many different payment policies for customers such as sales with credit cards. The small firms cannot make sales where the payment will take six or twelve months to be completed. As it is known, most of the Turkish people prefer to buy things with credit cards. Thus, they do not want to come to Siteler and use cash.

Some other firms expressed that some people were highly reluctant to make such changes, especially the old producers. Their main reason is that they do not want to abandon the existing production processes and quite romantically they think that technological improvements will sooner or later diminish in importance and soul of hand made products will rise again.

Another important problem is about the governmental regulations for the sector; namely the taxation policy. According to the firms, they spend too much money for taxes, especially taxes for employment is very high. For example, for a worker who earns minimum wage in the sector (650 Turkish Liras), the tax is about 270 Turkish Liras. The rate changes according to the rate of earning. Almost all them expressed that it is quite impossible to survive in the market without conducting some informal acts; such not registering all the workers.

Another important problem for Siteler firms is related with the infrastructural problems that are peculiar to the region itself and the changing social relations. Most of the firms are making production in multi-floored buildings. Such kind of organization will decrease the production capacity because it is not easy to manually bring all the products from one floor to another. They do not have a technical facility like a lift. Besides, the access roads are very poor in quality. Loading and discharging the products are realized at the same place; just in front of the firms. The region is very crowded. All of these lead to the common belief that Siteler is not such a comfortable region for the customers or families to come and look around. Thus, they do not prefer to come to this region.

One of the most interesting problems is the lack of the skilled work force. 39 firms which make up 43,3 percent, expressed that they cannot find skilled work force in the design and production processes. The vocational school in the region is proved to be inefficient to educate young workers with the necessary skill. Most of the firms told that they have to re-educate the young workers when they start to work. The things that are taught in the school are not compatible with the requirements of the firms. Most of the young workers are not competent with the existing technology and do not know anything about the new developments in the sector. Besides, the managers added that the number of apprentices have been decreasing after the implementation of the eight-year compulsory schooling policy. They are really in need of apprentices but the ones present are so unqualified and low skilled.

In addition to that problem, according to the managers, another reason of decreasing the number of apprentices is that the families do not prefer sending their young workers to work in the furniture sector; especially in Siteler. The main reason is that the work load is so heavy in Siteler and young workers cannot earn a high salary. Besides, most of the firms want to employ the young workers without any social right; unofficially indeed. These aspects show that families and even young workers became aware about the importance of social security and rights in the work life. Moreover, working in the furniture sector is quite harmful for the physical and mental capacity of the young workers.

Some other problems of the firms can be summarized as: for 25 firms (27,7 percent), the monopolistic relation in the region is an important problem. For 21 firms (23,3 percent), the high cost of input is another crucial problem. Wages and financial problems are also important also for 14 firms.

Almost all the firms are complaining about the sectoral chambers operating in Siteler that can be considered as social institutions of the region. Chamber of Carpenters, Chamber of Furniture Firms and Chamber of Upholstery firms are some of the important organizations in the region. For them, all chambers are very useless and do not do anything to solve their problems; they only visit the firms to collect the

monthly fee²³. This is also another important socio-economic problem for the small firms.

V.3- YOUNG WORKERS

V.3.1- THE SOCIO-ECONOMIC PROFILE OF YOUNG WORKERS

In the first part of the interviews of young workers, the questions about their socio-economic background were asked. The main reason behind this is to find out why they are working.

V.3.1.1- SCHOOLING

Out of the total, 68,7 percent of young workers are going to schools. Among those that are able to go to school; 97,3 percent of them are going to vocational schools in the region and less than 3 percent of them are going to normal high schools. However, 52 young workers who make up 31,3 percent do not go to any school.

The reasons as to why the young workers do not attend schools are quite interesting. Almost half of these young workers (48,1 percent) never want to attend school. 44,2 percent expressed that due to the poor financial conditions of the household, the young workers prefer working instead of attending school.

As it is shown and as it is argued in the theoretical part, the financial condition of the household is very influencing in the decision of whether the child will attend school or will go to work. On the other hand, the rate of young workers who do not want to attend any school is also high. This shows the unattractiveness of the educational system. It is more likely that the quality of the system is so low that many young workers do not see any advantage of going to the schools. Instead, they prefer to work and earn money. Among those that are not attending school, about 30,8 percent of young workers expressed that they cannot attend school because of their obligation to work. This shows again the low quality of the educational system. The system should provide necessary conditions for young workers while they are

²³ In order to establish a firm, registration has to be made to one of the chambers in the region. Otherwise, they are not allowed to open an enterprise.

working. In that sense, they can develop themselves both physically and mentally. Only 17,3 percent of the young workers cannot attend schools simply because their families do not allow them to go to school and send them to work. This shows the selfish behavior of parents in the household. They prefer to send the youngsters to work just to relieve the financial burden or just to meet the needs of the family. They cannot see the possibilities that schools provide in terms of class mobility. As it is argued in the quality-quantity tradeoff thesis, parents who choose a large number of young workers are less likely to invest in quality schooling. That is, the number of young workers and investment in the human capital of young workers are substitutes (Brown, Deardoff and Stern, 2001) and besides, all families make their decisions on whether to send youngsters to work or to school based on maximizing the present discounted value of the household's income (Baland and Robinson, 2000; Bhalotra and Tzannatos, 2003).

V.3.1.2- PLACE OF ORIGIN

To determine the socio-economic background, the young workers were asked their place of origin. If the statistics are examined in terms of city origin, the majority of the young workers are from Ankara with 38,7 percent (65 young workers), 13,7 of young workers are from Yozgat and 12,5 of young workers are from Çankırı. But, these numbers also show that 61,3 percent of young workers and their families immigrated to Ankara at different times.

The majority of the young workers migrated from cities located in the Central Anatolian region. Only 8 percent of the young workers migrated from eastern cities like Diyarbakir or Van. When the time of migration was asked 40,8 percent of young workers replied that their families came to Ankara before their birth. On the other hand, 59,2 percent (57 young workers) migrated in the last 15 years.

Among the reasons for migrating to Ankara, 57 percent of the young workers expressed "for a better life." Only 3 young workers, a little more than 3 percent came to Ankara by themselves to work. The rest could not say anything about the reason of migration. It is understood that the economic incentives can be considered as the

main reason for migration. On the other hand, more than half of them still maintain their relations with the place they migrated from.

During the interviews with teachers of the schools and even with the bosses of the firms, it is understood that being from the same city is considered important, and that *hemsehrilik*²⁴ relations are quite strong in Siteler. Many young workers came to work in Siteler after the recommendations or advices of their relatives: “for some cultural values and expectations and familial ties, child labor is a natural and “right way” to introduce a child to the jobs and responsibilities linked to being a member of family (ILO, 2004: 81). These relations are the right way not only for the young workers but also for all adults who are looking for a job. They even prefer to do the same job as their relatives did regardless of their skill.

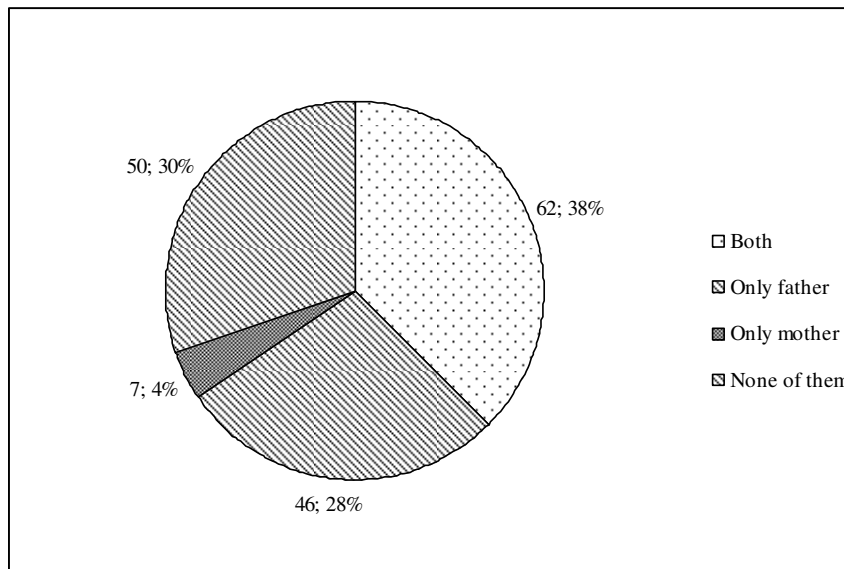
The distribution of employment situations of parents gives a picture that may help to explain the question of “why youngsters are working”. More than 30 percent of the young workers have unemployed parents. This may be the main reason for sending youngsters to work instead of school.

V.3.1.3- PARENTAL WORK and LIVING CONDITIONS OF YOUNG WORKERS

The young workers were also asked some questions about their families. There are also interesting points in that section.

²⁴ The term “Hemsehrilik” expresses the relationships between the people who are from the same place of origin. This notion is often used in cities or places that are different from the origin. It is used also as an expression of solidarity of these people in far lands. Especially, in Turkey such kind of relations are quite important for people and they establish many associations to protect and maintain their local values, cultures and also relations among their own people.

Figure 5: Parental Work



The rate of young workers whose both parents are working is 37,6 percent (62 young workers), whereas, the young workers whose fathers work only comprises 27,9 of the total (46 young workers). Interestingly, the rate of young workers whose mothers work only is 4,3 percent (See Figure 5). One of the most important social and economic issues of the country, which is the minority of the participation of women in the labor force, is reflected in this case.

These figures show that although parent(s) are working at about 70 percent of the total families, they prefer to send their youngsters to work. The main reason for this behavior must be the low level of the total family income. This shows that the families still have real economic problems in the household. In that sense, it can be added that for 31,2 percent of the young workers, their siblings were also working. Only 19 young workers have no siblings.

Out of the total, 143 young workers who make 86,1 percent, live with their parents. Only 23 young workers (13,9 percent) live with someone different from their families. About half of the young workers that are not living with their families, that is 11 of them, live with their relatives; the rest is divided such that five of them live alone, four live with their friends. Only two of them live in places like youth dormitories.

In regards to their living places, 77,3 percent of the young workers (126 young workers) live in is the so-called “gecekondu”²⁵. Only 21,5 of them live in flats. It can be admitted that most of the young workers living in gecekondu houses are engaged in jobs requiring low skill level. They somehow found a job without considering what the conditions are.

Interestingly, 113 young workers (60 percent) live in houses that are close to Sitelir region and 84,8 percent of these prefer to walk when going to work. Only 40 percent of the young workers are living in far areas and almost 90 percent of them prefer to use public transport. Only few of them are able to come to work with a private car for commuting which is owned by their bosses.

In their leisure time, most of the young workers prefer to play football or basketball or some of them prefer to spend their time playing computer games. 36 young workers answered that they are doing nothing in their leisure times and just sightseeing in the city. The interesting point is that 35 young workers who make 20,8 percent prefer to work in another place, mostly service sector to earn extra money. This shows that for most families, the economic problem is so intense and second jobs even for their youngsters are the most viable solution.

When their “expectations” were questioned, 59 young workers (35,1 percent) expressed their desire to have their own business in the future. In other words, they want to manage their own firms (See Figure 6). Almost the same amount, that is 54 young workers (32,1 percent), want to become a master in production. It is more likely that these two categories are interlinked; becoming a master in production can easily be united with the desire of having a production unit at hand. It should be mentioned that almost all firms’ managers told that most of the employees in the region have always thought about having their own production places after a while. Because, after spending some time in production, they think that they learned everything and they can do this job on their own. On the other hand, this shows that most of the young workers are not so happy working with others and they consider

²⁵ The term “gecekondu” means the squatter settlements in the big cities. It refers to the low cost houses that were constructed in a very short time by people migrating from rural areas to the outskirts of the large cities. These constructions are mostly illegal but in time, they were provided legal status by the governments.

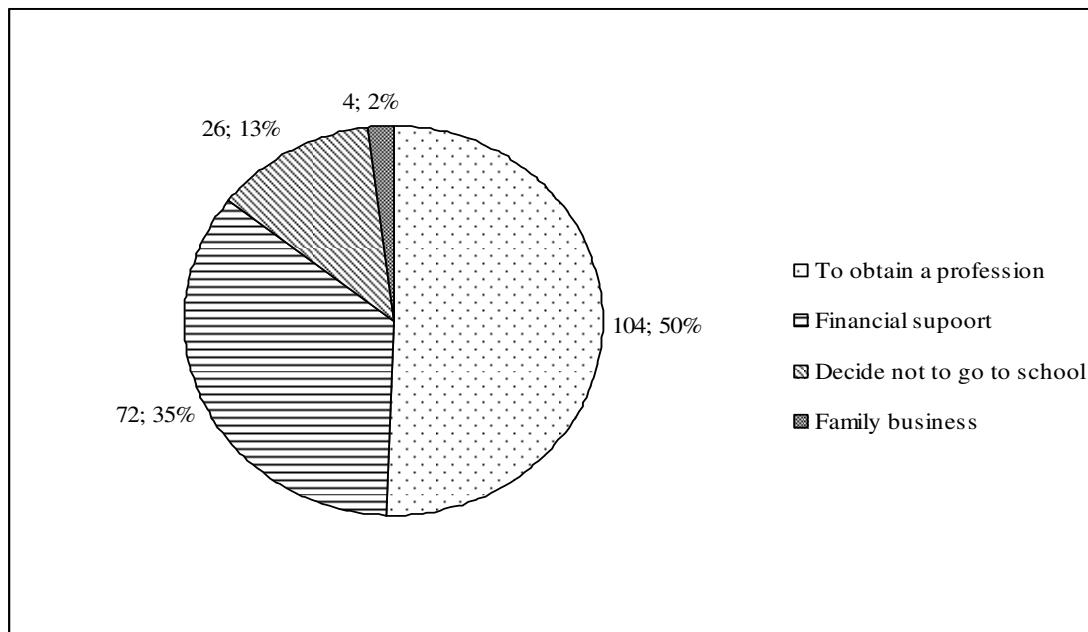
the best thing for their future as to open their own business. Only about 20 percent, that is 19 young workers answered the question about their future by saying that their future will be completely outside of the furniture business; some of them want to become a policemen, model, artist or a football player. One young apprentice wants to be the president of the Republic. It is also a social fact that 36 young workers who make 21,4 of them were unable or reluctant to answer questions about their future; that is to say, they do not think and have a desire for a better future for themselves. This is unfortunate because the ages of these young workers are mostly between 15 and 18 years and they have still no projection or hope about their future. This is one of the main social problems in Turkey. The youth seems to be desperate about their future.

V.3.1.4- WHY DO THEY WORK?

As it is mentioned before, youth employment in Turkey is still a crucial problem which includes both social and economic aspects. The profile in Siteler is not so different than the general profile of Turkey.

50 percent of the working youngsters work because they want to obtain a profession or to learn a job. Next, for 35 percent, or totally 72 youngsters work to provide financial support for their families. Interestingly, 26 young workers are working just because they do not want to go to schools. Only four young workers are working just because their families own the firm. These figures show that the notion of poverty and earning a living are the most powerful mechanisms for the employment of young workers. Strikingly, it is seen here that half of the young workers in this survey contemplated on and felt the need to prepare for their future as well.

Figure 6: Reasons to work



As an indicator of “labor mobility” it must be pointed out that **76 young workers (45 percent)** have worked also in another job before starting to work in the furniture industry. From the point of the location of that other work, Siteler is dominant; 93 young workers (55 percent) did not work at a place outside Siteler. Out of 76 young workers, 74 percent of them worked in the service sector. However, probably because of financial reasons and misbehavior of employers they quitted.

V.3.2. YOUNG WORKERS IN THE PRODUCTION PROCESS

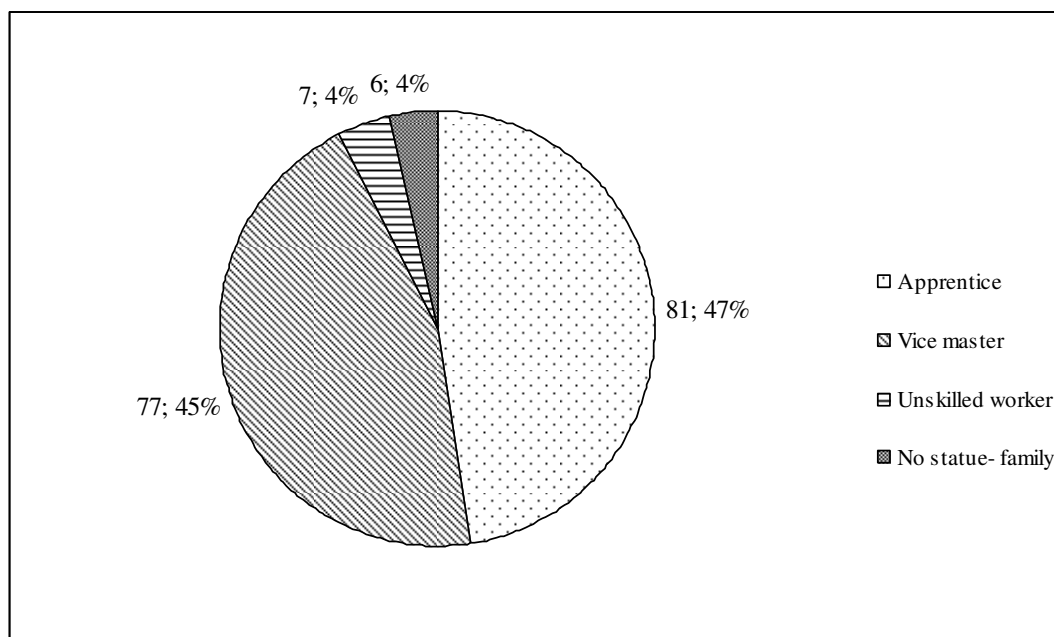
In the second part of the interviews, young workers were asked some questions regarding their roles in and views about their firms and the production processes.

V.3.2.1- STATUS OF THE WORKING YOUNGSTERS

Out of 170, 154 young workers who make 90,6 percent are currently employed in the production process. This does not mean that they are only employed in the production. They are often engaged in other simple duties that are different form production (will be discussed further on). Only 16 young workers (9,4 percent) have never been employed in the production.

When we come to the subdivision of young workers working in the production process, it can be found that 81 young workers are employed as an apprentice in their firms. In these firms, apprentices work in both production and non-production activities; do very simple duties such as bringing goods, going to bank or buying grocery. The social roles and duties are quite clear in these small firms. The managers and masters are responsible from both production and marketing. The vice masters and apprentices are helping them. They do not let other workers to intervene into their duties.

Figure 7: Status in the workplace



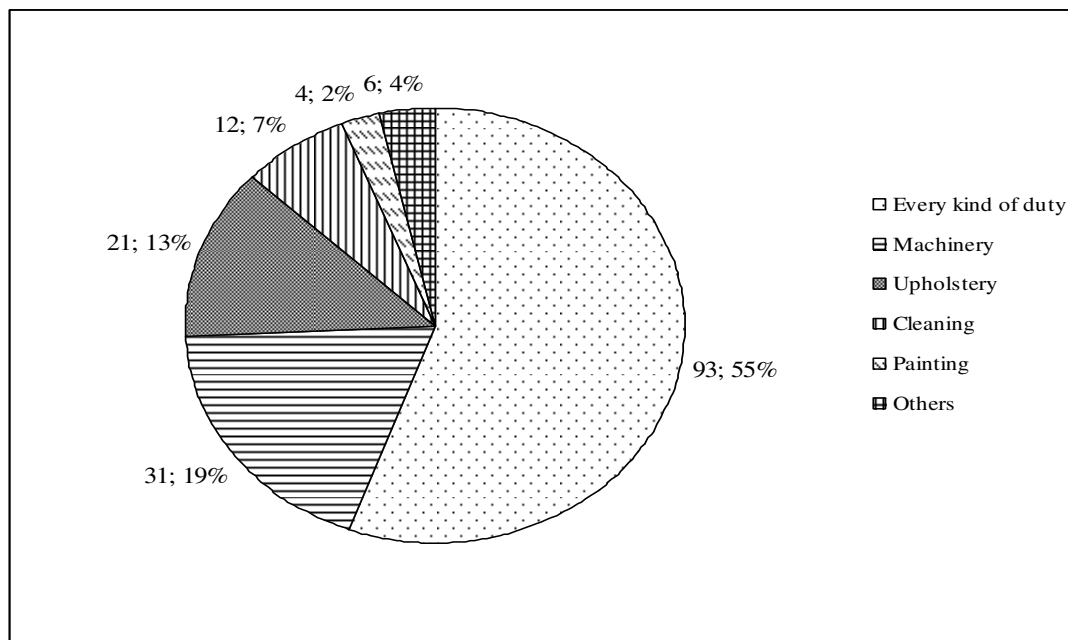
The apprentices have no special role in production and their opinions are never asked during the production. They are only doing what they are ordered to do. There is a category in between masters and apprentices, called vice masters. Vice masters do have greater role in the production process than the apprentices but they are also bound to the management of their masters. They definitely listen to their masters and cannot do anything outside the orders of the master or the manager.

The unskilled workers have quite the same status like apprentices in the work places. Only seven young workers among the interviewed are unskilled. Only six young workers either have no defined status or are working in their family enterprises so they have no clear role in that enterprise. They are even working in production,

selling or other duties. In these firms, the family ties create an advantageous status over the other workers. These young workers are not employed with those simple tasks thanks to the familial ties.

As it is discussed above, most of the young workers are not employed in single/unique duty. Most of them are working in the production and conducting other duties at the same time. As it is understood from Figure 8, 93 young workers who make 56 percent are often employed in every kind of duty in the enterprise. Only 18 percent of them are employed in machine work. As a special duty, 21 young workers are employed in the upholstery duties and four young workers are employed in painting duties which make 13 percent and two percent, respectively. In all of these firms, there is no special kind of precautionary measure employed to protect the workers during these duties. Both in upholstery and painting, employees are often exposed to chemical materials and are not well protected. It can be stated that such kind of working conditions are definitely harmful to the health and physical conditions of the working young workers. The interesting point is that all the inspectors of the Ministry of Labor are aware of such working conditions but they are not so eager and willing on taking necessary measures. In fact, they stated that in case all the regulations were to be implemented in these work places, almost all of them would be closed. This means that most of the firms are in violation of the existing rules and regulations concerning the safety conditions in the workplaces. Furthermore, the main idea of such a behavior is that if they close all these firms, the unemployment rate will definitely increase at incredible rates which may cause much more serious socio-economic problems in Ankara and in the region.

Figure 8: Current Duty



V.3.2.2- THE USE OF TECHNOLOGY AND YOUNG WORKERS

In this section, the young workers were asked some questions about using simple machines and more complex machines which contain advanced technological aspects.

About 100 young workers which make 60 percent can also use high-tech machines under the control of a master or vice masters. 40 percent of them are never allowed to use such kind of machines.

Out of 170 young workers, 75 percent of them are allowed to use simple machinery in work places. However, they are not allowed to use complex machines in the production processes.

In addition to that, in terms of technological machinery, interesting figures come out: out of over 170 young workers only 71 young workers (42 percent) are allowed to use such machinery whereas 31 percent of young workers can never use the technological machinery in the firms. 20 young workers have just started to use them but they were previously not allowed. 26 young workers which make 15 percent can seldom use the machines. The main reason of the prohibition about the machines is

concerning the skill and knowledge level of the young workers. Almost all masters answered the question about the reason of such prohibition as: “they do not have the necessary knowledge” or “they may break it because they do not know how to control it” or “Using the machine is risky for their health”. The risk of accident has always been a threat in these firms. Some of the young workers added also that the masters do not trust them in using the technical apparatuses. More interestingly, most young workers complain about the managers because they are not willing to educate them about the use of these machineries.

These figures definitely show the existence of a technological bias against the young workers. They are not allowed to use the machinery and they are often employed in easier tasks at production and other duties. In this regard, the young workers were also asked what happened when a change occurred such as the employment of new work force or the implementation new technological machinery. 34.3 percent of them replied that there their role had changed and they were employed in simpler tasks in the work places. The 65.7 percent of the young workers did not experience such a change because the newly employed adult workers were mostly engaged in important roles in production process where the young workers were never as apprentices so their role did not change whatsoever. *These figures definitely demonstrate that the deskilling impact of technology is very widespread in the small enterprises of the furniture sector.*

But on the other hand, there is no clear evidence about whether working young workers lose their jobs due to the technological implementation or organizational restructuring processes. According to 125 young workers interviewed, the manager employs skilled workers whenever necessary. It means that instead of educating the available apprentices there, the managers often prefer to employ somebody else for the job. This kind of bias against young workers is widespread in the region. The apprentices are very important for all firms but their roles are often neglected at much important duties like production or design. The only way of overcoming such kind of a bias is to increase the skill level of young workers but most of the managers expressed that they are not so keen on teaching everything to the young workers because when young workers learn something, they can demand more wage and leave the firm easily when they cannot get what they want. This kind of dilemma is

so hard to solve since, the young workers are really in need of skill as they grow up to earn more and to attain a higher status. However with this type of “teaching” process, former young workers will become masters and establish their own production units, thus, it is thought that firms may lose their market shares to the new competitors and their production capacity may decrease.

To have a decent job and thus a good life in the future, the young generation working in this sector should not be alienated from the production process. They have to be forced to increase their skill level. They have to learn how to market the products and the products /materials themselves. They have to learn to use the machines. That is to say, they have to become friendly with the technology. Otherwise, such kind of bias cannot be removed. They have to be pulled into the process, not being pushed out of it. Being pushed creates obviously a deskilling process for the young worker which definitely implies a major problem for him/her.

V.3.3- THE CONDITIONS OF YOUNG WORKERS IN THE FIRM

In this section, some questions about the young workers’ working period, wage and social rights will be discussed.

When the working period is considered, 143 young workers who make 88 percent are full time workers. 12 young workers are working as part timers.

When weekly work is taken into account, 101, about 62 percent, of young workers are working six days a week. Only 56 young workers are working five days. Relatively a very small amount, less than four percent, corresponding to 6 young workers are working all seven days of the week.

However, daily duration of work is rather long. In all categories, young workers are working on the average around 8-9 hours per day. All these figures show that the working young workers are often exposed to long working hours which is a kind of *worst form* of child labor (ILO, 2004).

51 percent of young workers are given monthly wages and 42 percent of them are given weekly wages. The level of wages is not more than the minimum wage level that is defined by government: approximately 380 Turkish Lira. Most of the young workers are taking their wages by cash. The wage level is mainly determined by the owners of the firms. Young workers cannot argue about the amount of the wage. This is obviously related with the low level of social role of young workers in that region. As it is in almost every job, the young workers do not have power in terms of arguing for the rights. Their parents or the masters are the decision-makers in this regard.

Many of them believe that they get a low wage. This also shows the age-bias behavior on the wages in the sector. That means the young workers have always earned low wages as compared to the other workers. The main criteria in determination of wages is their ages not their skill level. In order to earn more, they should spend more time in the firm. The family workers cannot get even any regular wage from their managers. This may be attributed to the notion of unpaid family worker and it is obvious that such kind of familial relation may not have an official basis in which all the regulations, rules and rights are clearly defined.

Within the total 171 working young workers, 117 of them or 68 percent are often employed in duties that are different from their ordinary or assigned work. These are often simple tasks that do not require a skill profile.

Another question was about the education process in the firm: 147 young workers who make 87,5 percent cannot get special education in the firm. Most of the managers or masters prefer to train the young workers while they are working. This shows that they do not want to spend too much time for special education facilities and do not want to loose time from production. These figures also show the bias against the young workers in the firm.

One of the interesting results of this study is that most of the young workers have a social security record. These numbers looks high because most of young workers are students in vocational schools thus they have to be registered at the firm. Otherwise, that is without social security, they are not accepted to schools. 147 young workers

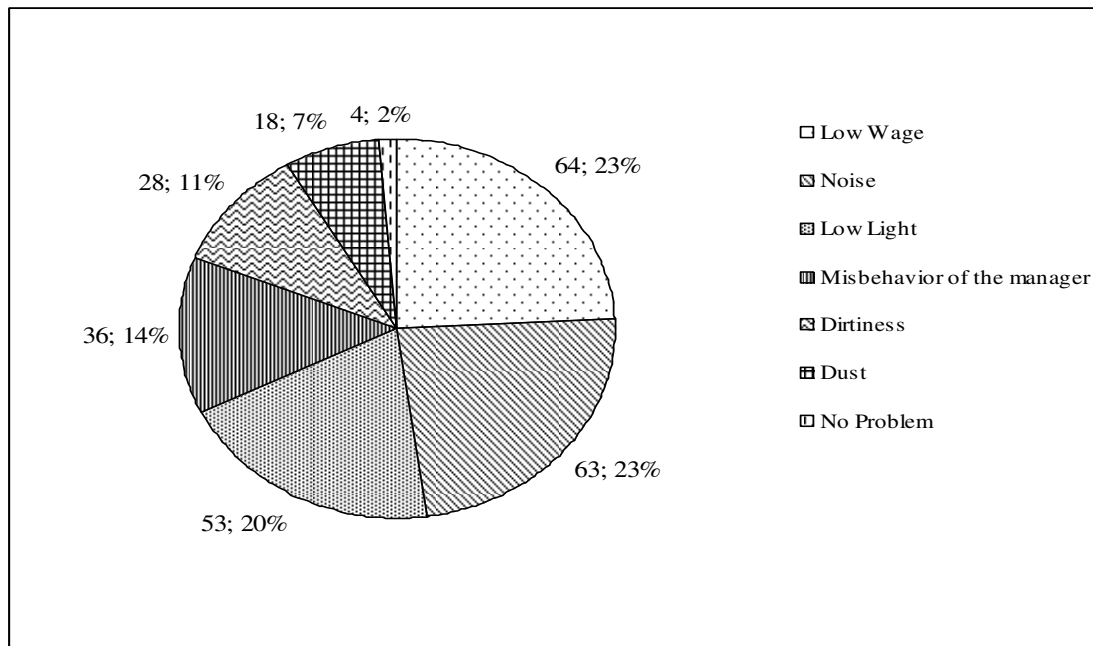
(86 percent) have a social security record. Only 24 young workers who make 14 percent are unregistered.

The unofficial employment practices have very negative effects on the work processes in the furniture sector in Siteler. Starting with very low levels of wage; the high amount of worst forms of labor, such as working very long hours or under unhealthy conditions are the main characteristics of the jobs. These negative aspects or factors decrease the desire of people to work in that sector. This situation also explains the high rate of work place changes; (turnover rate) among the youth. The workers have begun to demand more rights and registration in the Siteler cluster. Instead of working under unhealthy conditions and unofficially, they preferred to move to the service sector.

Furthermore, only 47 young workers are aware about their social rights whereas 120 young workers (71,9 percent) do not know anything as to what their social rights are. Theoretically, as mentioned before, certain forms of work processes may affect the health conditions of young workers. These conditions may cause severe damages both physically and mentally (ILO, 2004). Around 20 percent of young workers in the sample have been injured previously.

It should be admitted that work environments in the furniture sector needs to be maintained in a safe and orderly fashion. Failure to take adequate preventative measures, such as installing properly grounded electrical systems to prevent the risk of electrical shock, etc. may lead to serious work accidents or occupational diseases that could have been easily avoided otherwise. Still other risks may arise from the failure to comply with the employment regulations, such as requiring employees to work long work weeks or failing to provide them with regular rest breaks (MLSS, 2007: 54).

Figure 9: Problems in the Firm



As it can be understood from Figure 9, the real problem of young workers about their working life is the unhealthy working conditions. Obviously, for majority of the young workers, 64 young workers indeed, the real problem is the low wage. For the remaining young workers in the sample, most of the working conditions look extremely problematic. Noise, low light, dirtiness and dust can be considered as the major negative factors in the working conditions and they are the real problems expressed by the young workers. That means that the worst forms of youth labor use can be clearly seen in terms of working conditions. All of these problems are obviously affecting the physical and mental development of the young workers.

Another interesting point here is the high proportion of young workers who experienced the misbehavior of the firm's owner or master within the firm. 14 percent of the young workers (36 young workers) have faced problems with their masters or managers somehow. As it was shown before, the young workers have often been faced with such kind of problems in the work life. This problem can be attributed to the social role of young workers in the society. In the work life, young workers are considered as the low-skilled work force and this is something that lowers their status. More skill and knowledge also bring higher success and prestige to workers in any kind of job. However, these young workers always have secondary

roles in these labor relations in the firms. Only 4 young workers expressed that they have no problem in the firms.

As the last question, young workers were asked whether they were happy or not with their lives in general. Out of 171 answers, 76,6 percent of them said they were happy with their lives, i.e., they liked their current life. Only 23,4 percent of the young workers (40 young workers) stated that were not happy with their lives. Although most of them face major problems, they feel happy. Such kind of contradiction can be attributed to their obligation of working due to their families' economic status and also they prefer working instead of going to school as it has been shown above.

Two main reasons as to why the young workers go to work deserve more emphasis and also more research: the economic reasons and the low quality of education which push the young workers away from the system. Especially, the second one seems much more important because the economic reasons are much more related with the macroeconomic and social policies of which their outcomes cannot be gathered in a short period of time. The simple policies or projects which provide for example financial mechanisms for families and young workers seems like it can temporarily solve the problem.

The dissertation dealt with the working conditions of the young workers from a different point of view; technology. It is understood that the drivers for technical change such as internationalization of the furniture market, the growing incidence of large corporations which use high-tech production systems in the market and the changing consumer demands and behaviors are very influential in the Turkish furniture sector and the small firms have been seriously affected from these changes. They have faced many problems due to their low technical capacity, they cannot even compete with large corporations although they have made some technological improvements in their production processes, they lack skilled work force in terms of design, production and marketing.

IV.4- CONCLUDING REMARKS

The results of the field work provided some interesting outcomes. The dissertation reveals that the impacts of neoliberal policies on the formation of small firms have seriously felt the impacts of globalization of the markets. In other words, since Turkey has implemented neoliberal policies in the last decade, the furniture market has grown in a great magnitude, but the implementation of these policies have obviously called for the coming of large furniture enterprises from abroad. The market share of small firms has decreased extensively. As they expressed, the future does not seem to be bright for them. In the context of the market problem, the firms are also asked about the main difficulties that they have faced in the market. The most striking difficulty is their low technological capacity of production when compared to the big enterprises. The firms that have successfully implemented changes in production process and organizational structure have definitely obtained the big share in the market. The big firms have also strengthened their financial structure and by that way they can provide easy payment opportunities that can never be provided by small firms, which are not so financially powerful.

These firms are trying to improve themselves both technologically and organizationally because they know that if they do not realize such kind of transformations they will lose their entire market share and close down. The change is something inevitable for the small firms. The field work indicates that firms contained in the sample are trying to overcome those challenges and making changes to survive in the market. It is quite interesting to find out that 63,3 percent of all the surveyed firms (57 of them) started to produce new products during the last five years. In other words, they are forced to undertake a process of “product differentiation” that they had never done before. This also shows that these furniture firms have tried to make changes in their policies and carry out innovations in the form of technology transfer in order to get more market share or at least not to lose their current position in such a competitive market. However, new products always require new designs, new structuring in both production and organization levels which all affect the labor relations within the firm itself. All of these developments significantly influence the employment relations in the firms; particularly for youngsters.

Obviously, these changes will affect the labor relations in the sector. The rate of incidence of apprentices has decreased day by day because most of the young workers do not prefer to work under heavy conditions. In other words, the worst forms of labor applications that are detrimental for youngsters' mental, physical and psychological development have still been growing in Siteler exponentially. They are working for long hours under very dusty and noisy conditions. Besides, most of the employers do not prefer to register the young workers and thus the youngsters are unable to benefit from the social security policy. All of these conditions push the young workers away from the working life but unfortunately this does not mean that these youngsters are going to schools. They prefer to work in the service sector such as restaurants or barber shops.

It is understood that another problem of the young workers is that almost none of them can participate to the production process. They are not allowed to use complex machines. Instead, they are employed in simple duties in the firms such as carrying the woods or cleaning. This shows that the young workers have secondary roles in the small firms. That means employers do not trust them and naturally do not behave as if they are adult workers. In that sense, it can be stated that these young workers have been more exploited than the adults.

These firms are very much in need of skilled work force because the quality of current apprenticeship profile is very low and it cannot meet the demands of the firms. One of the main reasons behind that is the low quality of vocational training given in the region. According to the managers of the firms, the level of education is never compatible with the requirements of the firms and is not updated. The young workers do not learn the state-of-art technologies and recent trends in the school. This is also very crucial in terms of policy because such kind of low level quality will definitely affect the opinion of the managers negatively against the apprentices. It is obvious that the managers may not be sending their young workers to education facilities all the time. Because, sending them also means the loss of working hours for them, which definitely increases the input costs. This may create a bias against the young workers if the manager does not believe in or trust to the quality of the education system. Besides, more skilled work force may result in the demands for

more money and rights. So, such kind of a controversial issue should be definitely solved by managers and governmental bodies.

The small firms in the furniture sector have many problems but it is understood that the picture is much worse for the young workers. Thus, new and effective policies and ideas should be developed. It is quite impossible to remove young workers completely from that sector therefore the tools have to be developed to improve the existing picture. The policies will be discussed in the last part of the dissertation.

The field study showed that although the market conditions have several disadvantaged aspects for small firms, these firms are nevertheless trying to survive in the market by implementing new processes in both production and organizational structure. Obviously, every kind of such change has crucial impacts on the labor relations in these firms. As they have improved their technological capacities, they have felt more need for skilled work force in order to use the new machinery productively. Unfortunately, the young workers in the firms cannot meet such a demand for the managers or owners. That means they cannot participate to the production processes as they want and they are not allowed to use machinery in the firm. The main reasons behind that bias on young workers are stated as: they are not competent to use the machines; they may break them down and using the machines without proper knowledge may create a health risk for them. So to speak, all of these developments in the firms have created a bias for young workers and they are not allowed to participate in the production processes. Instead, they are employed in simple tasks in the firm.

These results also show that the hypothesis of the dissertation has not failed. In other words, the technological developments or organizational changes in the firm have created biased behavior against young workers and this is what creates the deskilling process for them.

In relation with the hypothesis, the question of the dissertation concerning what happened to the young workers after they left the firm is answered. The study showed that a youngster who leaves a firm in the region is still looking for another job in the same region and some of them are trying to find new jobs in a different

sector; mainly the service sector. In other words, these young workers constitute a reserve army of labor in the region and for different sectors.

So to speak, during the research it is observed that the furniture sector in Siteler region has experienced tremendous changes in the recent years. The existence of large corporations have brought about significant impacts on the employment, marketing and production processes of small firms, which have totally more severe impacts on the low skilled work force, particularly the young workers. Increasing skill and talent looks like the main solution for these young workers. However, the robust structure of networks within firms and governmental institutions definitely prevent the development of such a solution.

The research field also showed a crucial dilemma in Siteler furniture cluster: Despite some attempts for adapting themselves to the changing market conditions in regards to organization, production and marketing aspects, the furniture firms of Siteler are squeezed between the old and the new. This is the real dilemma or the problem that the furniture firms in Siteler are faced with.

As for the organizational set up, it is deduced from the field work that most of the firms are working with strictly hierarchic structures from the administrative standpoint. That is to say, the owner and manager is the same person in most of the firms. Thus, the decision making process is almost completely centralized. The process seems flexible but the organizational structure is quite robust.

That is to say firms are unable to adjust themselves to a more participatory approach; to be open all types of contributions from all the employed and unifying administration and production processes. Consequently, all potentials, abilities and contributions of all who are employed in the enterprise are not fully utilized. This administrative structure could theoretically create a faster decision making process given the competitive global market environment, however in practical terms, this structure is not compatible and fruitful.

As empirical findings do indicate, most of the firms are relying on what is called the “energy-intensive production processes” instead of utilizing the knowledge-based

production systems. In the furniture firms that are subjected to analysis here, there is no understanding of the in-house innovation process. That is to say, all new technologies are bought from outside, either domestically produced or imported. As a result, the production technology is completely alien to the firm.

This fact creates some negative results. First of all, there is no possibility of knowledge accumulation within the firm which is actually essential for the long run survival of the firm under the existing competitive environment that is essentially based on continuous innovation. Secondly, there is no internal effort for continuous education and training of the workers for improving their skills. There is no process of interaction mechanisms among all participants that creates joint efforts, including the exchange of ideas, giving advices and informing each other continuously about the work. Thirdly, the firms remain quite inefficient to ensure protection over their own designs and products, which resultantly restrict the development of their knowledge pool. Instead of patenting, only production protection, such as brand protection certificates are mainly used.

The existing structure of relations among all participants in the process makes the industrial relations, especially the employer-employee behaviors towards each other much more hostile; both sides do not find each other much trustworthy and this type of labor structures are untenable for the firms in the long run. In addition to other negative outcomes of this type of relations, implementation of flexible employment practices such as part time work and benefiting from particular abilities of youngsters and/or experiences from the retired almost does not exist.

As elaborated, there are structural changes in the furniture SMEs within the framework of the neoliberal policies and the globalization process. However, it can be concluded from the field research that these changes are not coming from within the firm. That is to say, the new technology that being transferred is completely produced outside. Accordingly, new organizational set up and new types of output are also outcomes of outside factors. Thus, the replacement of old forms with the new ones are byproducts of forces outside of the firm and the main body of the firm is somehow alienated from this evolution. Although almost all furniture

entrepreneurs are open-minded and willing renewal, there have continuous tensions and conflicts between the old and the new.

Another interesting point in polarization debate is that since Siteler region is historically an important cluster for the Turkish economy, it contains many traditionalistic aspects which make the old firms being robust against the change. These traditionalistic habits or values make the social network in Siteler so strong. For example, there is still high respect to older managers and older firms. Or the firms support the others who are from the same religious group much more as compared to the ones who are not. As another example, one firm's owner does not hire a worker from another firm located in Siteler before talking to the ex-firm of the worker. If there would be no problem for the old firm, the new one may hire the worker. It should be stated that such kind of traditionalistic approaches were inherited from "Ahilik" tradition from the older times (notes from interviews).

The social trust is also effective in marketing. A firm buys input goods from the firm with which he has close relations or are members of the same religious and group despite the possible high prices. In some sense, trust is more valuable than the money.

Consequently, it can be stated that there are high polarizations in Siteler region such as the clash of the old and new technology and polarization between high- skilled and low- skilled work force. The young workers are definitely squeezed among these polarizations. They are strongly faced with the problematic side of technical change.

VI- CONCLUSION

The dissertation analyzed the impact of global socio-technical developments on small firms, particularly with respect to low skilled work force, namely youth employment. The furniture sector in Siteler-Ankara, Turkey was chosen as the specific research field for the empirical gathering of data. The underlying motive behind this study is to understand the dynamics of change in the employment patterns of small firms that are trying to survive under the pressures of global market competition. It also aims to contribute to the Turkish social science literature on youth employment which constitutes a large segment of the low skilled work force in these firms. The concept of technology and its impacts on worker's skill are taken as the main critical variable for the analysis. Within this context, the main findings of the research are also considered in terms of their implications for further research and policy formulation.

This research has also endeavored to bridge the knowledge gaps which exist on various aspects of youth employment, especially in the furniture sector of a specific location in Turkey. The focus of the research has been to explore the existing knowledge as well as to work out some less known issues related to the youth employment; such as its magnitude; the enforcement of legislation; impact of state and non-state interventions, living and working conditions, occupational health hazards, etc. Although there is a body of literature, data and surveys on the youth, there are still considerable gaps in understanding the variety of forms and conditions in which youth are employed and this issue has been attempted to be elaborated here.

In order to establish the theoretical basis, first of all, the dynamics of the neoliberal policies, which are seen as the underlying cause behind the technological developments in the recent decades, and their impacts on small firms are scrutinized by utilizing the furniture sector as an exemplary.

For evaluating the outcomes of the research properly, it is realized that the main theoretical points should be taken into consideration by using a holistic approach. That is to say, all of the separate parts are deemed as somehow interconnected; i.e. the technological developments in small firms cannot be only explained by the organizational structure or with the inner dynamics of the firm. It was assumed that changes occurring in the small firms are mostly a result of outside pressures coming from the developments in the global restructuring period and the emergence of transnational corporations.

After giving a brief summary about the new liberalization debate, the period of post-Fordism and the flexibility discussions were outlined because these concepts are closely related with the neoliberal policy changes and globalization. The labor process in general has been affected very much by the neoliberal economic policies such as privatization; deregulation of all types of markets, including the labor market, and increasing of foreign trade and financial sector liberalization. The work organization was brought to its new phase; Post-Fordism, in which mainly flexible production systems were used and the skill level of workers owing to the rapid technological changes became a major factor in the new era.

The increasing knowledge sources with the revolutionary increases in the ICT; use of the new of technology in production and marketing definitely implies the heavy pressure of the competitiveness in the product quality, production processes, managerial skills and the capacity for technological innovations on the SMEs. In the neoliberal period, with the changing production system, the role of SMEs is growing.

Another interesting issue is that the spatial transformation of the TNCs also brought about their skill, knowledge and strategies which have definitely led the local firms to make crucial changes within them. Obviously, these developments have strong impacts over employment, wages and working conditions. The small firms became forced to survive in the newly emerging markets and compete with the large ones. Thus, they had to change themselves to be more competitive. That is to say, the changing conditions of the market, both globally and domestically, have forced the small firms to implement new technical and organizational changes. On one hand, the TNCs can serve as important channels for the transfer of technologies, marketing

and managerial skills to the SMEs. On the other hand, there is always the possibility that the TNCs may push out the local firms. This challenge can be easily observed in Siteler *region*.

After establishing the link between technological change and small firms, the main theme, namely the employment situation of youth employment in the furniture sector, was discussed. Since, only through that manner, the working situation of youth employment could be analyzed properly and then policy proposals could be formulated. The young employees were considered as low-skilled work force. It was assumed that, in case of technological improvements in the production processes of the small firms, the low skilled youth workers became the most vulnerable group in the firm. The findings of the field research fully supported this idea; i.e. the hypothesis was not falsified. A very high proportion of the young workers were removed from the production process after any kind of technology transfer was carried out.

One of the main results of this research is that, as it is stressed in the deskilling theory, the negative impacts of technical change along with the new management techniques can be easily seen in the furniture sector, especially for the young workers who are considered as the low skilled work force vis-à-vis the new machinery and equipment. It is found out that the technological changes implemented by small firms, which reflected the managerial decision process, have definitely affected the status and working conditions of youngsters in a negative manner. Most of them are employed in very simple duties but with detrimental impacts on their physical and mental capacities. Some of them even lost their jobs in previous years just because of such applications of new machinery and equipment.

In the production process, the use of the new technological apparatuses; implementing the new design processes; applying planning and marketing procedures: these tasks were mainly conducted by owners of the firms or masters. Most young workers were mainly excluded from these processes and employed in simple tasks. Just like Braverman (1974) explained, these processes are controlled by an upper hand and there was a great control/dominance on the workers. The low

skilled ones are alienated from renovation processes and their presence is almost undervalued in the firms.

Another interesting outcome of the field work is that the role/status of the youth has always tended to be diminished both in the firm and in the region. For example, it is found out that the permission to use machinery is an important issue in the process of employing young workers. Many firms have strong rules and regulations, although not written, on this subject. It is also understood that the main reasons of the prohibition of the use of machines are the low or very limited skill and knowledge levels of the young workers. All managers or masters that were interviewed expressed that the young apprentices did not have the necessary training and knowledge and it is thought that inexperienced young workers may break the machines since they do not know how to control them. Moreover, the risk of accident has always been a threat in these firms. However, some young workers told that the masters did not trust them in using the technical apparatuses. More interestingly, most young workers complain that the managers are not willing at all for educating or training them about the use of the new machinery.

This new working situation is totally reflected in the polarization of workforce which is inherent in the capitalist relations. The polarization occurs between those who benefit from technological improvements, and thus economic development, and those who are trapped in a disadvantaged situation because of their low skill level. The figures show that the increasing automation systems or new technological tools have increased the status of skilled workers over the unskilled ones. Most of the young workers were left secluded from the newly implemented production processes.

One of the main outcomes of this research is the two-faced feature of furniture sector in terms of production: the clash of the old and the new can easily be observed. This sector has a historical importance. It may be one of the oldest industrial sectors in the Turkish economy. On the edge of the new millennium, the furniture sector still contains the aspects of historical processes such as the availability of handmade production or production with old technologies. In the interviews, it was seen that some owners of the firms were romantically resistant to changes and were trying to survive with their old structures. Nevertheless, the sector has been successful in

fulfilling the requirements necessitated by the international dynamics of the market. Most of the firms had to transform themselves to seek and find ways to enter the markets. However, they could not totally realize the transformation from craft production to manufactured production process. As a result, the old technological aspects still survived.

In addition, it should be noted that that ICTs have also created crucial transformations in labor relations in the firms. At the first sight, technical developments generate a level of uncertainty in firms. The main reason is that, although they have invested in the technical developments, managers are not so compatible with the resulting technical improvements. The technical developments have affected the firm's knowledge level, skill profile of the workers and thus the social relations in the firm. The firms can react to these changes and uncertainties by developing new forms of organizations and labor relations. However, as compiled from the field work, these new labor relations brought more uncertainty, especially for unskilled young workers. Such kind of uncertainty is obvious in the small firms of Siteler.

It can be stated that the ICT adoption includes not only improvements in physical assets of firms, but also improvements in organizational structure and social relations. Since change is a continuous process, there is no optimum solution or exemplary for the best organizational structure. As the production and marketing technologies create environmental, behavioral and cultural changes, so should the organization. Both the manager and the employees need to continuously acquire new skills and knowledge and develop new cultural and behavioral norms within their organizations. This shows the social factors of technological advancements.

Another interesting result is that the old and traditional social relations were also challenged by the newly changing business relations. In the Siteler region, the close social relations among the firms who are dependent to the same *religious sects* and kinship are still very influential. That is to say, the informal network among the firms is very powerful. For example, most of firms still solve their main, mostly financial, problems by taking support from the members of the same religious sects: When a manager needs a material during production process, he prefers to buy goods from

the man who is the member of same religious society of his own (although the prices may be higher than the other suppliers). Such kind of informality is very common in the region. This may be seen as one of main notion that keeps alive, at least to some extent, the small firms in a competitive market. Probably this type of relations can be considered as a special dimension of what is called social capital. This point shows how traditional relations or structures stay alive in the fast modernizing world.

On the other hand, their conservative profile may be seen as a preventive mechanism for the successful development of the firms. As is discussed above, adopting new technology requires development of new norms within the organizations. This challenge looks like a clash of the old and the modern. Such kind of relationship deserves definitely more research and study.

It can be definitely stated that in the furniture sector, the rate of application of flexible production processes is very high. In other words, the production is mainly done by small establishments utilizing inputs, tools, technology and personnel according to the existing demand conditions. Most of these firms manage to make the designs of their outputs themselves; there is no stock of inputs and outputs; and production and sale activities are realized within the same place. This characteristic makes them relatively quicker to respond to the changes in demand. They can easily change the type of goods according to the incoming orders.

Nevertheless it should not be forgotten that the easy adaptation to the changes can be accomplished through the acquisition of highly skilled work force. Actually, it was seen that the need for skilled work force was one of the main problems of the Siteler furniture firms. Although there is a vocational school in the region, most of the firms do not prefer to work with apprentices coming from that school.

As it is found out from the field work, almost all of the young apprentices are very much in need of the technology literacy. They have to learn how to get the best out of the complex technological machinery. Such kind of education will definitely increase not only the skills of the employed youth but also their status in the firm as well. Even more importantly, being technologically literate, makes the young workers believe in themselves.

But, there is a controversial issue on this subject. That is the existence of many skilled workers, especially young ones, in the work place is not something preferred by the managers because, most of the managers are reluctant to share with others their privileged positions coming from their experience and knowledge. Indeed, having other people intervening and discussing the decisions of the managers during the production processes will not be welcomed. Somehow managers regard this as something which challenges their special or superior status in the firm. But, it should be admitted that without improving the status and the skill level of young workers, the worst forms of work applications faced by them in furniture sector cannot be wholly eliminated. According to the findings of the field work, necessary policies should be implemented in order to improve the work conditions of the young workers.

In relation with these issues, it can be stated that the firms should provide adequate training and thereby create a proper working environment that increases the motivation and thus, productivity of employees, especially the young ones and encourage them to stay in the sector. For that reason, strong policy implementations are needed. The policies should definitely have a tripartite framework: the private sector, young workers – the workers' associations should have primary role in that sense – and the governmental institutions. Only through the contributions of these actors, the necessary aspects of policy proposal ideas can be established.

Although the furniture firms in the region have crucial problems, it can be said that the demand side is flourishing. All kinds of social aspects, such as the changing characteristics of the urban life; ever-increasing housing constructions or having family structures transferred towards a more individualistic character, all have a great role in determining the demand conditions of the furniture sector.

On the other hand, the relative importance of this sector has always been undermined from the economic policy point of view. In other words, unlike some other manufacturing sectors, the furniture has never been privileged by specific support programs of the governments. For example, in policy trajectories like Vision 2023²⁶,

²⁶ Vision 2023, which is the compilation of the main policy proposals of Turkey regarding the future trajectories, was prepared by TÜBİTAK in the beginning of the new millennium.

special priority was given to the sectors like aeronautics and microbiology. In the field work, it is understood that such kind of ignorance is the main reason behind the furniture sector not being able to fully develop in Turkey and attain its justly deserved place in the global market. The growing share of Turkey in the global furniture market can be considered as the main proof of the fact that the furniture sector of this country deserves a better place.

As it discussed above, there is an urgent need for proper policies to be formulated for the sake of the young workers in the region. At the beginning, youth employment policy needs to direct greater attention to the disadvantaged groups in the labor market. This calls for an integrated and holistic approach which combines macroeconomic and development policies with targeted measures, focuses on both labor demand and supply, and addresses the quantitative as well as the qualitative dimensions of employment (ILO, 2005).

As the field work indicates, the most important problem of the youth employment is the discrepancy between the new machinery and equipment on one side and the knowledge, skill and training of the youth on the other. Since the production technology is purchased from outside instead of homemade, there is nothing that firms can do for the machinery and equipment, that is technology, and therefore policy proposals must be directed towards the updating/upgrading of the abilities or skills of the youth. Thus, what is needed is a continuous education and training within a dynamic set up, i.e., according to the changing aspects of the technology side.

Since the dissertation is essentially taking the youth employment in the furniture sector as its focal point, the findings are based on this focus. It is found out that the first problem with the youth employment is the low level of skill which results in their removal from the production process and lowers their status in the firm. Therefore, establishing a dynamic system for more education and training must be considered as the main policy tool for solving the main problems of the employed youth. It should be stated that increasing the quality of the education system in the region will definitely improve the access of more young workers to the schools

which in turn will undoubtedly improve their chances in life. The system should prepare the youngsters for the future, not exclude them.

For this reason, the political issues that were raised in this dissertation focused on the institutional linkages between the **governmental bodies** responsible from the education and training system, the rules and regulations that are formulated and implemented according to the international standards; the **young workers** involved in the labor market relations, and the **business sector** responsible from the employment strategies, organizational structures, innovative processes and future prospects. It can be concluded from the field work that the well-established network would definitely shape the growth and skill trajectory in the sector.

A POLICY MODEL REGARDING YOUTH EMPLOYMENT: Participatory Education

In the vocational training model, there are three main elements which have to operate in a coordinated and efficient manner for obtaining positive results. The first element is obviously the young apprentice. The second but definitely not secondary element is the teacher/instructor who will function as the pillar of the system for this purpose. However it should be noted that, since technology is rapidly changing, the teacher him/herself must also have a continuous learning process. The third element is the private business; namely the managers of the firms. Of course, for a successful training system, these three components are necessary but not sufficient. There must be qualitative elements from the organizational and institutional standpoints that need to be fulfilled; a dynamic/continuous coordination between skill formation and technological developments, i.e., a life-long learning process must be followed. The lack or an inferior role of one of these actors will definitely bring the collapse of the system.

As a first step, the governmental bodies and the representatives of private businesses should come together and try to establish a new curriculum for the vocational training. This curriculum should undeniably be established according to the demands or needs of the private businesses which is a natural outcome of their existing technological levels, marketing strategies and managerial aspects. The young

students should be donated with all kinds of necessary knowledge and obtain the required training practices and experiments when they graduate from school. In that way, the managers will come to believe that these youngsters are sufficiently skilled and have enough knowledge. Since the lack of such kind of young workers is one of the main complaints of the managers of the firms while talking about the problems of the sector, this approach would surely eliminate that demand.

Another role of the private business is the managers or rather the “masters” of the profession participating to the classes. The young apprentice should learn the necessary knowledge or should acquire the necessary technological practice from the first actor of the system, being masters/managers, along with the formal actor, which is the teacher. In that sense, the major contribution should be provided by the business associations in the region by undertaking a greater role during the process.

The second part of the system is the practical work applications. That means it is a must for the knowledge to be applied directly at the right place; namely in the firms. Almost all the lessons should be done in the firms as well and all the young workers should learn exactly what is going on in real life.

In the current system, the students in the school spend five days of their working week in the firms and one day in schools. But, none of managers place a special emphasis to the content of the lessons because they believe that the lessons are incompatible with their plans and visions. For this reason, the participatory education system will improve the trust of the managers to the vocational system.

A CRUCIAL SUPPORT MECHANISM: Research and Development Centers

Obviously, the furniture sector has crucial problems that are peculiar to it. As it was mentioned in the results of the field work, one of the main problems of the small firms of the Siteler region is the low technological capacity in the world of big corporations, both domestic and foreign. Besides, the very low level of financial strength lacking of capital make firms unable to make necessary technological investments. Nevertheless, it should be admitted that the low vision and low level of knowledge of firms’ managers is also very effective in that sense. Most of them are

aware or have some feeling about what will be happening in furniture market. However, they do not know how they can benefit from existing and/or changing conditions. They are really in need of assistance to work productively and thus to be abreast of the improvements in the global furniture market. In that sense, it should be added that, along with the financial problems, the lack of necessary human capital and the lack of professional advises are the main reasons that hamper the success of technical adoption.

Furthermore, the furniture firms have also faced problems in using new machines or making organizational changes in full capacity. They cannot utilize full capacity of new machines because of organizational shortcomings. As it is understood from the research, the rate of capacity utilization of furniture enterprises remains at very low levels –around 75 percent on the average-. Even in terms of design or a new production process, they are not really aware about the real advantages of their own firms. More interestingly, they do not even know how they can apply for financial support system of government; for instance, for KOSGEB's support programs.

In order to solve such problems, some special centers can be established in the region, which would provide help to all firms on any subject related with furniture production. For example, these centers can help firms in making design according to the latest fashion or according to latest industrial techniques. Moreover, these centers may support the firms in marketing procedures (teaching new techniques in brand management), finding new customers across the globe or teaching them about the most productive way to use the furniture materials.

That is to say, along with skilled work force, the firms are really in need of knowledge in all aspects of furniture production; i.e. from material knowledge to fashionable design or from marketing to new production techniques. In every step, they may be faced with some problems. The R&D Centers which will be established in a coordinated manner that is to say with the participation of private, public parties as well as, if possible, with the labor unions may serve for better for all firms. As it was gathered from the field work, the NGOs located in the region are very ineffective in that sense. Therefore, establishing special centers with special experts will be a crucial step towards solving the problems of the firms.

Another important step for Siteler firms may be undertaking a specialization process in the production processes. In other words, there are thousands of firms, either small or medium sized, operating in the region which are trying to manufacture “every kind” of furniture. But, this high number is not a result of higher profit rates. In fact, they remain weak in competition and their market share remains very low. For that reason, the small firms have to come together and make collaborations in every aspect of the whole furniture production, including supply of inputs, design, marketing and servicing processes. It may be a good idea for them to specialize in a specific type of furniture. If they come together, they would be more powerful against big corporations and remain competitive in the market. Otherwise, in a fast globalizing furniture market, their future does not seem bright. In that sense, the main role should be taken by business associations located in the region.

FINAL SENTENCES

This study clearly showed two critical and antagonistic components in Siteler’s small firms regarding their struggle for survival in such a competitive capitalist system: The first polarization is between the skilled work force and the low skilled work force. This polarization can mainly be observed at the labor relations within the firms. Although there is a need for skilled work force in the region, and there is an abundant source of young workers, the skill level of existing ones are considered as incompatible with the needs of the firms. Because of this inconvenience, the economic and social status of the low skilled youth is extremely weakened.

The second contested aspect is the dilemma between the old technological structure and new technological developments. The firms in Siteler have considerably felt the polarization of romanticism of the old and traditional production processes and the market forced requirements of the new technological improvements. Some of them resist change and some go with it. The strong informal relations keep most firms alive in the growing furniture market.

These contradictions are closely related with the socio-economic structure of the furniture sector in Siteler region. The social network and trust among firms’ managers are so strong and therefore affect their business relations within their

closed loop. Unfortunately, the young workers are squeezed between these contradictions and their status is getting ever worse. This particular point also necessitates further research.

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APPENDIX 1- A NEW STEP IN VOCATIONAL EDUCATION IN TURKEY -
Strengthening the Vocational Education and Training System in Turkey (SVET)
Project

The Turkish Government and The EU signed a project with a total budget of € 58.2M, which aims at strengthening Turkey's vocational education system. This also implies that Turkey has to harness all its economic resources, and also that a degree of decentralization is inevitable since much of its industrial and economic activities are regionally based (<http://svet.meb.gov.tr>).

Any effective vocational education and training system depends on its congruence with the dynamic forces of the labor market and its respect for the culture it serves. The dynamics of the labor market depends on the needs of industry and commerce (the demand side, often but by no means always definable at a more centralized level) and the availability of trained individuals (the supply side, definable at a more local level) to meet them in their current form and adapt to them in their future form.

According to that project, the education system / the curriculum is divided into "modules", which strengthen learning by doing and lifelong education system. The development of training modules for grades 11 and 12 in 17 job families and 64 occupational profiles, was provided.

APPENDIX 2- QUESTIONNAIRE FOR FIRMS

1. INFORMATION ABOUT FIRM

1.1- GENERAL

1-When was your firm established? (Since when have you worked in Siteler?)

2- The type of partnership...

- Family firm
- Partnership with local firms/ joint stock limited
- Partnership with foreigners

3- What is your area of expertise? (the sub-branch of furniture)

- Decoration
- Painting
- Timber- sponge
- Flooring
- Sitting set
- Kitchen furniture
- Office furniture
- Bed-dining room
- All of the above

4- How many people are currently working?

Management		Duties in the work place:			
Production		Expert	Master	Foreman	Apprentice-worker
Administrative		Duties:			

5- Do the managers participate in the production process?

Yes No (If No, go to the question no. 6)

5.1 If yes, how often does he participate?

Every time When needed

6- The structure of the firm:

6.1- Is the management of the production place in the same building?

Yes No

6.2- Is there a show room? Yes No

6.3- If yes: Is the show room and production place located in the same building?

Yes No

6.4- If no: Is the show room and production place located in the same region?

Yes No

6.5- Can you make production for custom requests?

Yes No

6.6- What is the square meter of your production facility?

< 100

$100 \leq \leq 300$

>300

6.7- Do you have a special R&D unit? Yes No

6.8- Do you have a special design unit? Yes No

6.9- If no, who makes the designs?

7- Do you employ people under the age of 18?

Yes current duty:..... No (go to the question no. 8)

7.1- How many?

7.2- Do they have social security registration? Yes No

7.3- Is there anybody who is going to school while working? Yes

No

7.4- Is he employed in any duty different from the current one?
(cleaning, errands...etc)

Yes No

8- Reasons to employ young worker?

Decreasing the input cost		Kinship	
Benefits from skilled work force		Support the vocational training system	
Easy to work with youth		Training the new generation	
To get governmental		Others	

9- Do you have problems in meeting the demand for high skilled work force?

Yes No

10- How do you find skilled workers?

- From nearby firms- within region
- Newspaper
- From vocational schools
- Other, *please indicate...*

11- Are the changing of jobs often in the region?

Yes No

If yes, please explain the possible reasons:.....

12- What kind of mobility is there?

- Within the region

- Within Ankara city
- They are choosing to work in other sectors

13- Do you have special training programs for your workers?

Yes No

14- Do you participate to the training programs in the region?

Yes No

15- Do you have a quality certificate? Yes *please indicate*..... No

16- Can you monitor the new developments (new equipments, new designs, new materials...etc) in the furniture sector?

Yes No

17- Through which ways do you observe the sectoral developments?

	Monitoring the other firms	Accessing to external sources (internet)	Supply chain-partnerships	Sectoral publications and fairs	Others
Within the region					
Within the country					
International					

18- Did you ever make any trade within the last 5 years?

Yes *please indicate*... No

18.1- If no, Are you planning to reach to the national or international markets?

Yes No

18.2- Do you make any kind of market survey before producing a good?

2. TECHNICAL CHANGE and ITS EFFECTS

19- Did you produce a new good within the last five years? Yes No

20- Did you implement a completely new production process within the last five years?

Yes No *If yes, please indicate...*

21- Did you make any kind of technological transfer within the last five years?

Purchasing for a license	
Buying a new machinery	
Partnership for R&D	
Collaboration for production	
Employment of skilled worker/ expert	
Merging	
Consultancy	
Other, <i>please mention</i>	

22- Do you make any kind of organizational change in your firm within the last five years?

Yes No

22.1- If yes, why and what kind of changes? (new units or new management branches...etc)

23- Is there any positive or negative impact of the changes given above?

Yes No

24- Is there any change in the number of workers?

Yes No

24.1- Increase or decrease

25- Do you feel more the demand for skilled workers?

Yes No

25.1- In what branch do you need skilled workers?

- Production
- Management
- Marketing
- Accounting

25.2- Who did you employ?

- Engineer

- Manager
- Designer
- Master
- Graduates from vocational schools
- Other *please indicate...*

25.3- How did you find them?

- Educating the people from the firm
- From vocational schools
- Newspapers
- From social network/family

26- Did you dismiss any employee because of these changes?

Yes No

If yes, why? (Did you dismiss any employee because of their low skill level?)

27- Did the number of young workers change? Yes No

If yes:

27.1- Did the number decrease? Yes No

27.2- Did the training opportunities increase? Yes No

27.3- Is there any change in the working hours? Yes No

27.4- Is there any improvement in the working conditions?

Yes No

27.5- Do you have any information about the young worker who you dismissed?

Yes No *If yes, please indicate....*

28- Did you ever have problems when employing workers who are under the age of 18?

Yes No *If yes, please indicate....*

29- According to you, what are the main problems of your firm, the furniture sector and the Siteler region? What are the solution mechanisms?

- Insufficient financial structure
- The lack of skilled work force
- Decrease in market shares
- High input costs
- Monopolistic structure in the region
- Problems in purchasing for technology
- High wage levels
- Bureaucratic problems (taxes, premiums...etc)
- Problems that are special to Siteler region (infrastructure, firm's relations...etc)

APPENDIX 3- QUESTIONNAIRE FOR YOUNG WORKERS

1- GENERAL: INFORMATION ABOUT WORKING YOUTH

1- Age:

2- Sex: Boy Girl

3- Are you currently going to school?

Yes No

3.1- If yes, which grade are you in?

(If it is high school, it should be mentioned whether it is a vocational school or standard high school)

3.2- If no, could you please indicate the reasons?

- Financial Reasons
- My family did not allow
- Due to the work
- The location of school is very far
- I just do not want to go
- Other...

3.3- If it was possible, would you want to back to school? Yes
No

4- Where are you from?

5- When did you migrate to Ankara?

6- Do your parents work? Yes No

If yes, which one does work? Father Mother or Both

7- How many siblings do you have? Brother: Sister:.....

No Siblings

8- Do your siblings work?

Yes No

If yes, how many of them do work?.....

9- Do you live with your family? Yes No

9.1- If no, with whom do you live?

- Relatives
- Friends
- By myself
- Other, *Please indicate.....*

10- Your house; - Building or A squatter house

10.1- How many persons are living there?

10.2- How many rooms does it have?

11- Is your work place far from your house?

If yes, how do you go to your work place?

- Bus By walking Other *Please indicate...*

12- What are you doing in your spare time?

- Working at another job
- Studying
- Playing
- Other *Please indicate...*

13- What do you want to be in the future?

2- INFORMATION ABOUT THE JOB

14- Why do you work?

- To financially support my family
- I just do not want to go to school
- I want to learn a profession
- Other *Please indicate...*

15- How long have you worked there? Year(s)..... Month(s)

16- Did you previously work in another place? Yes No (Please go to the question number 17)

16.1 If yes, what did you do?

17- Why did you leave that job?

18- For how long were looking for a new job? Year.....Month.....

19- Did you ever work in a sector different from the furniture sector?

Yes *Please indicate...* No

20- What is your duty in your current work place?

- Errand duty, cleaning
- Painting- polishing
- Upholstering
- Sales
- Machinery
- Helping master for every kind of duty
- Other *Please indicate.....*

21- What is your status in your work place?

- Apprentice
- Foreman
- Unskilled worker
- Other *Please indicate.....*

22- Are you able to work in production process? Yes No

22.1- If no, Why?

23- While you are working, does your boss buy any kind of machinery either for production or for anything?

Yes No

24- Are you permitted to use the new machinery when it in your work place?

- Yes
- No, it is not permitted. Why?

25- Are you permitted to use any kind of technological machinery in your work place?

Yes (go to question number 26) No

25.1 If no, why?

26- When a new machinery is bought or a product line is established in your work place, does your boss employ a new worker just for that?

Yes No

27- When a new machinery was installed in your work place, did your duties change also?

Yes *Please indicate...* No

28- Can you use “what you were taught in your school” easily in your work place?

Yes No

If yes: Completely Partially

29- What is your work duration?

Full time Part-time Unpaid family worker *Other, please indicate...*

30- Is there a special job description for you in your work place?

Yes No

31- How many hours and how many days in a week do you work?

32- Since when have you worked there?

33- In your work place, are you assigned for duties different from your current duty? Yes No

34- Could you participate in any training process in your work place or in any other place? (except school)

Yes *Please indicate...* No

35- What is the type of your wage?

- Daily
- Weekly
- Monthly
- Unpaid family worker
- Other, *Please indicate...*

36- Do you have any social security? Yes No

37- Do you have a job contract? Yes No

38- Do you know exactly what your social rights are?

Yes No

39- For you, what are the main problems in your work place?

- Dirtiness
- Noise
- Dust
- Low light level
- Behavior of master

40- Did you ever have an accident in your work place?

Yes *Please indicate...* No

41- Are you happy with your work life? Yes No

TÜRKÇE ÖZET

20. yılın sonlarına doğru iletişim ve üretim teknolojilerinde inanılmaz bir değişim yaşanmaya başladı ve bu değişim toplumların sosyal, ekonomik ve kültürel yapılarında bir çok değişime yol açtı. Teknoloji devrimi olarak adlandırabileceğimiz bu süreçte finans kaynakları, üretim malları, girdiler ve hatta insanlar inanılmaz hızlı ve büyük bir ölçekte dünya üzerinde dolaşım sürecinin içine girdiler.

Teknolojik değişimler ve 1980lerle beraber ortaya çıkan neo-liberal politikalar dünya pazarlarında ve bu bağlamda firma yapılarında büyük değişimlere yol açtılar. Yeni işletim ve üretim yapıları ortaya çıktı. Bu da emek süreçlerinde ve ilişkilerinde değişimlere neden oldu.

Bu tez küçük ve orta ölçekli firmalarda üretim süreçlerinde gerçekleştirilen teknolojik değişimlerin ve firma organizasyon yapısında oluşan değişimlerin firmada istihdam edilen genç işçiler üzerindeki etkilerini incelemeyi amaçlamaktadır. Yani sosyo-teknik süreçlerin gençler üzerindeki etkilerine bakılmak istenmektedir.

Türkiye mobilya sektörün ve o sektörde çalışan genç işçiler tezin örneklemini oluşturmaktadırlar. Alan çalışması, Türkiye mobilya sanayii ve Ankara için çok büyük önemi olan Siteler mobilya sanayinde gerçekleştirilmiştir.

Bu bağlamda firmanın üretim süreçlerindeki ve organizasyonel yapılarındaki değişimlerin esas nedeni olarak son 30 yıl içerisinde yaşanan teknoloji devrimiyle ortaya çıkan globalleşme süreci ve neo-liberal politikalar kabul edilmiştir. Tezin ilk hareket noktasında küçük ve orta ölçekli firmalarda yaşanan değişimlerin nedenlerini tartışmaktadır. Globalleşme, neo-liberal politikalar ve teknoloji kavramları bu anlamda ne kadar etkili oldukları tartışılmıştır.

Temel sorunsal ise: “Teknolojik değişimlerin küçük ve orta ölçekli firmaları nasıl etkilemiş ve bunlardan esas olarak genç işçiler nasıl etkilenmiştir?” olarak oluşturulmuştur. Bu bağlamda “vasıf” kavramı tezin temel tartışma konusu olarak ele alınmıştır.

Yeni teknolojiler, firmaların yeni gelişen pazar ilişkilerinde daha rekabetçi olabilmeleri ve yaşam savaşını kazanabilmeleri için yapılmaktadır. Ama bu yatırımların esas başırsı firmanın kendi kaynaklarına ve özellikle de insan kaynağına bağlıdır. Vasıflı işçilerin varlığı hem değişimi kolaylaştırmakta hem de verimliliği artırmaktadır. Bu bağlamda “vasıf” kavramı oldukça önem kazanmaktadır.

Tezin hipotezi şöyle oluşturulmuştur: Globalleşme süreci ve bunun ekonomik göstergesi olan neo-liberal politikalar küçük ve orta ölçekli firmalarda da büyük değişimlere yol açmışlardır. Özellikle üretim süreçlerinde ve firma yapısında yapılan bu istihdam edilen genç işçiler üzerinde vasıfsızlaştırma ya da üretim süreçlerinden uzaklaştırılma gibi olumsuz etkilere neden olmaktadır.

İlk başta globalleşme sürecinin küçük firmalarda yarattığı değişime bakılmıştır. Uluslar arası firmaların girdiği ulusal pazarlara yeni bilgi birikimi ve teknoloji getirerek o pazarda faaliyet gösteren diğer firmaları da değişime zorlamaya başlamışlardır. Pazar payları düşen firmalar varolabilmek için teknolojik ve firma yapılarında değişime gitmek durumunda kalmışlardır.

İkinci tartışma noktası ise teknolojik değişimlerin üretim süreçlerinde ve emek ilişkilerinde yarattığı etkilerdir. 1980'lerle beraber post-fordist ilişkiler ön plana çıkmış ve esnek üretim sistemleri ve yüksek vasıflara sahip, esnek çalışabilen bir işçi profili ortaya çıkmıştır.

Bilginin en önemli ekonomik gelişim silahı olduğu bir dönemde yüksek vasıflı çalışanların önemi düşük vasıflı işçiler karşısında bir adım öne çıkmaktadır. Bu bağlamda teknolojik değişimlerin yüksek vasıflı işçileri daha önemli hale getirdiği ve diğerlerin arka plana ittiği söylenebilir. Bu bağlamda yeni dönem kapitalist üretim ilişkilerinde bir kutuplaşma oluşmaktadır. Yeni üretim süreçleri ve esnek firma yapıları kendilerine uyum gösterebilen işçilere ihtiyaç duymaktadır. Yetersiz vasıfta olan çalışanların önemi azalmaktadır.

Bu çerçevede de genç işçilerin durumunu incelemek için Siteler mobilya üretim merkezinde 91 firma ve 171 genç çalışan ile görüşmeler yapılmıştır. Görüşmelerin hemen hemen hepsi yüzyüze anket uygulaması yöntemiyle yapılmıştır.

Ortaya çıkan önemli bulgular şöyle sıralanabilir:

- Türkiye mobilya sanayii son yıllarda önemli atılımlar yaparak dünya pazarlarında yer edinmeye başlamıştır. Büyük ölçekli üretim yapan firmaların sayısı artmakta ve Türkiye pazarına giren yabancı firma sayısında da artış yaşanmaktadır.
- Bu değişimler küçük ve orta ölçekli firmalar üzerinde yaşam savaşı sayılabilecek derece de bir etki yaratmıştır. Bu firmalar pazarda var olabilme savaşı vermektedirler. Bunun için de üretim süreçlerinde ve firma yapılarında değişimler gerçekleştirmektedirler.
- Bölge firmalarının karşılaştığı en önemli sorun düşük teknolojik kapasite kullanımı ve teknoloji satın almada karşılaştıkları finansal zorluklar. Düşük kapasitenin en önemli nedeni bölge içinde ihtiyaç duydukları yüksek vasıflı çalışan bulamamalarıdır. Gençlerin yoğun olarak iş aradığı bir dönem de böyle bir sorunla karşılaşılması ilginç bir nokta olarak karşımıza çıkmıştır. Bu ihtiyacın karşılanamamasının en önemli nedeni firmalara gelen genç işçilerin yeterli düzeyde vasıflarının olmaması. Buna çiraklık eğitim merkezlerinden gelen gençleri de katabiliriz. Eğitim kalitesinin düşük olması ve pazarla uyumsuz olması böylesine sorunlu bir yapıyı ortaya çıkarmıştır.

- Küçük firmalarda çalışan gençler, teknolojik değişimler karşısında büyük sorunlarla karşılaşmaktadırlar. Özellikle firma sahipleri yeni makinelerin kullanımında gençlere hiç görev vermeyerek, üretim süreçlerinden uzaklaşmaktalar ve önem işlerde çalıştırmaktadırlar. Bu tip uygulamalar gençlerin sosyal konumlarını önemsizleştirmekte ve iyice onları süreç dışına itmektelerdir.
- Oysaki işsizliğin giderilmesi için yapılabilecek en önemli iş gençlerin sürece dahil edilerek vasıf kazanmalarına yardımcı olmaktır. Ama bu bağlamda da çıraklık okullarındaki kalitenin artırılarak firmaları bu konudaki taleplerine cevap verebilecek bir işçi profili yaratılması gerekmektedir.
- Bu bağlamda konunun muhatabları olan özel sektör temsilcilerinin, hükümet yetkililerinin ve hatta çalışanlarında eğitim politikalarının oluşturulması sürecine dahil edilmeleri gerekmektedir. Bu sayede ortaya herkese uygun bir sistem çıkarılabilir.
- Siteler bölgesi bir de değişimler konusunda eski- yeni çatışması yaşamaktadır. Yeni değişimlere açık olan firma sahipleriyle, zaten var olan eski teknolojiden vaz geçmek istemeyen firmaların bir çatışması da yaşanmaktadır. Eski yapıların modernleşen pazar ilişkileri karşısında var olmaya çalıştıklarını görüyoruz. Ama bu tip firmalarında pazar payları gittikçe düşmektedir ve giderek daha büyük sorunlarla karşılaşmaktadırlar.
- Sorunların, özellikle de finansal sorunların, giderilmesinde enformal sosyal ilişkilerin çok önemli bir yer tuttuğu anlaşılmıştır. Özellikle Siteler bölgesinde son derece faal olan dini tarikatlara mensup firma sahipleri sorunların giderilmesinde banka ya da destek kuruluşlarından önce aynı tarikata mensup diğer yandaşlarına başvurmaktadır. Enformal ilişkiler Siteler bölgesinde oldukça yüksek seviyededir ve bu iş ilişkilerine de yansımaktadır.

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2006- Present	METU-TEKPOL	Project Assistant
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PUBLICATIONS

1. Kepenek, E. 1998. Technological Changes and Trade Unions, M.S. Thesis. METU
2. Kepenek, E 2006. The Idea of Renewable Energy: Policy Lessons For Developing Countries, Yearbook 2006 of the Institute for Advanced Studies on Science, Technology and Society. Graz: Austria.

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