Demarcation of Core and Periphery Dichotomy: Evidence from Turkey's Shipyards for a 'Paradoxical Precarity' Model

Abstract:

Combining ethnographic inquiries with questionnaires, this paper rectifies the dearth of systematic research on core employees in Turkey's shipyards. In doing so, it revises conventional associations of precarity with the peripheral jobs both exclusively and predominantly. In particular, we point to the rise of a peculiar model, 'paradoxical precarity', as the core jobs have become more identifiable with precarity than the rest. Paradoxical precarity has four distinguishable contours: a) The masses of core employees lost their jobs to precarious workers b) Even so, a substantial proportion of employees remain at the core c) This, however, came at a cost: they became more dissatisfied than others with remuneration, job security, employee involvement and job intensity whilst frustrated with unions and d) Paradoxical precarity has faced political and economic challenges but it is reproduced by a managerial short-termism under competitive pressures to save on high-skills thanks to an ever-increasing number of graduates.

Introduction

As an offshore manufacturing hub, Turkey's shipyards carry a strategic importance for the European Union as well as a military maritime supplier for NATO. Shipyards are also quintessential for Turkey as one of the largest and fastest growing emerging market economies in the World. There is, however, a lack of systematic research on Turkey's shipyards.

Likewise, a shortage of empirical studies into shipyards is the case in international literature. During the shift of shipbuilding industry to emerging market economies in the past few decades, research in the West had focused on the socio-economic handling of industrial decline (Roberts, 1993). In the ex-soviet countries, especially in Poland, academic debates have mainly dealt with the macro-economic implications of sectorial downturn and privatisation (Valioniene & Druktenis, 2013). In emerging economic market economies, on the other hand, there is a dearth of systematic research into the upturn of ship-making and employment relations. This study contributes to filling the research gap.

In particular, the present paper is a pioneering one to examine the demarcation between the core and periphery jobs in shipyards. This is important since employment relations in Turkey's shipyards have recently gone through a restructuring process with the deterioration of employee rights. The paper is also the first study to focus explicitly on the core employees, as opposed to a well-established literature on the precarious status of periphery workers in various industries (Pollert, 1991; Means, 2017). Investigating specifically the core employees will enable us to evaluate empirically the assumptions of precarity debates on the core employees.

From a theoretical perspective, this paper aims to inform conventional core/periphery debates which by and large considered precarity to be a problem either only for the peripheral jobs or essentially for the peripheral jobs (Streeck and Thelen, 2005; Millar, 2017). As stipulated in the following paragraphs, we will instead argue that the evidence from Turkey proves the advent of a new phenomenon which is what one might call for the sake of convenience 'paradoxical precarity' since it relates precarity to the core jobs more than others.

Although the core and periphery distinction in workplaces has long been with us (Lash and Urry, 1987), there are significant differences in our understanding of it. Liberal pundits, for example, see the distinction as a functional bifurcation in terms of the division of labour. It is noted that not every job or employee would equally contribute to the organisation due to their strategic positions. In that

sense, a CEO, for example, is classified as a core employee, whereas a window cleaner is regarded as periphery (Palier and Thelen, 2010). They argue that such a functional division between core and periphery jobs are essential for equitable rewarding of employees in line with their education, skills, occupations and surplus to the companies (Bergström and Storrie, 2003; Means, 2017). The diversity may also inform the variations in employees' contractual status such as temporary or part-time employment (Heyes, 2011). In particular, it is put forward that as the commercial firms mature, they would aim to ease their dependency on strategically critical employees through automation and deskilling in the core jobs whilst improving the work organisation (Streeck and Thelen, 2005).

Critiques, on the other hand, contested that a dualistic distinction between the core and periphery is not intrinsically a functional differentiation but it may well be a manifestation of political attributions, at best, to functional variations in terms of rewarding (Lewchuk, 2017). In that sense, it is a choice for the prevailing workplace regime to decide whether a given 'periphery job' will be a decent job or less than that (Green, 2008). Therefore, it is necessary to go beyond the human capital or 'supply side' approaches for a fuller understanding of precarity (Means, 2017). Accordingly, concerns over two-tier labour markets have long been expressed in the last couple of decades claiming that they pave the way for precarity in the periphery jobs characterised by a manifold of disadvantages including poverty, insecurity and non-unionisation (Green et al, 2010). Political arbitrations have been further clarified in the case of international migration in recent years as it has added another layer to the precarity in peripheral jobs (Alberti, 2014).

Especially in more recent critical debates, it has also been stipulated that precarity in general expands into the core jobs by degrading employees' status in such jobs. More and more core employees have begun to be paid poorly and they have little job security due to a widening use of temporary and part-time contracts (Gallie et al, 2017). They are also becoming de-unionised with a restricted legal or compensatory protection against –unfair– dismissals (Broughton et al, 2016). An example given in support of this argument is the growing proportion of 'the second class' managers. Despite their continuing managerial responsibilities, particularly the less educated managers have been moved to a precarious status, and they are often paid minimum wage (Green, 2008). Better educated people faced similar challenges due to over qualification as well. An increasing number of degree holders, for example, were reported to have worked in elementary jobs, and this was disproportionately pertinent to the well-educated migrants (Frei & Sousa-Poza, 2012). In addition to occupations, core industries have been increasingly drifting toward precarious employment with low pay and insecure jobs amid a process of de-unionisation (Holst, 2014).

In this paper, however, we argue that the debates reviewed so far need to be updated in order to better-comprehend the current state of precarity which we call 'paradoxical precarity'. The reason for this, we suggest, is because the conventional associations of precarity with the peripheral jobs either exclusively or predominantly are becoming less and less relevant (Millar, 2017). Precarity appears to have reached a tipping point where it has become a more defining characteristic for the core jobs than it is for the rest. That is, the advantages of core jobs are now blended with a more pronounced level of precarity compared to other jobs. Even if the core employees, for example, are more likely to hold better-paid and permanent jobs than the rest, financially they may struggle more and have less job security as a relatively higher level of union density among them keeps further justifying the notorious hallow-shell metaphor (Hayman, 1997).

It would be too simplistic to assume that the paradoxical precarity is a straightforward process. A higher level of precarity among the core employees can be considered to be a price to be paid to retain such jobs. Nevertheless, this does not mean that core employees are necessarily happy with the 'new deal' as witnessed by sporadic political backlashes in the shape of hidden as well as open resistance such as absenteeism and slowing down the work (Yucesan-Ozdemir, 2003). So much so that one feels the need to question the economic rationale of paradoxical precarity for businesses due to potential productivity losses and the deterioration of work discipline, not least because of the difficulties with controlling highly-skilled employees (Wang and Heyes, 2017). Even so, paradoxical precarity may well

be reproduced by the opportunist companies and industries, especially when they have little or no competitive edge rather than pushing down the cost of labour as an immediate survival strategy (Battisti and Vallanti, 2013).

The explanatory power of the paradoxical precarity will be evaluated in the case of shipyards industry in Turkey as it is expected to demonstrate clear patterns owing to a relatively under regulated labour market. We will attempt to evidence four crucial contours of paradoxical precarity: a) The masses of core employees have lost their jobs to precarious workers in recent years; b) Even so, a substantial proportion of the well-paid and highly skilled employees remain at the core; c) This, however, came with a cost: Core employees became more dissatisfied than the rest with remuneration, job security, employee involvement and job intensity, whilst frustrated with unions and d) Paradoxical precarity has faced political and economic challenges, including loss of productivity particularly for an authority crisis among the middle level managers, yet it is bolstered with a managerial short-termism under competitive market pressures.

Method

The present paper draws on a mix-method exploration (ethnographic and quantitative) conducted in 2016. It essentially focuses on the findings from sixty unstructured conversations with employers (10), managers (20) and other core employees (30). In this study, core employees are defined as the university or vocational high school graduates as well as highly skilled workers who have been trained up on the job (they do a variety of works from lathing to gear cutting with high-precision). All of the core employees are permanent and better paid, they are in the top two earnings quintiles (₺2,000 or above pm, after tax).

Additionally, the paper benefits from seven elite interviews in various sectorial bodies, including Portal Authorities, Chamber of Shipbuilders, Association of Shipbuilders and Trade Unions. Quantitative results incorporated into the paper are predicated upon a survey conducted among 103 core and 300 other employees.

The companies studied are located in the Marmara and Black Sea regions where most of the shipyards are situated. Six companies were investigated and two of them are smaller, two of them are medium and the remaining two are larger establishments – the small ones in Turkey are officially defined as those with less than fifty employees as opposed to the medium-sized ones, with up to 250 employees, in line with the international literature (Forth *et al*, 2006).

Ethical matters have been given a special consideration: Results are presented anonymously using pseudonyms. Due to political sensitivities, the company and personal details are reported in a way that cannot be traced back to the data sources.

Turkey's Shipyards are in Trouble

Despite a long-term expansion, Turkey's shipyards have begun to struggle after the 2008 turmoil. For example, the surge in the number of employees during the decade preceding the recession was from less than 5,000 to 34,000 in 2007, but it plunged by one-third in 2012 (UBAK, 2014). Yearly exports of the ships also halved between 2009 and 2012 –to $1.3bn (Ship2Shore, 2012). The recovery signs were rather modest until 2016, with a growth in the output capacity to 4.6m dwt, exports to $1.6bn and employment to 23,000 (MofTMAC, 2017).

The hardships in shipyards were accompanied by the intensification of precarity, but this was also part of a larger wave in Turkey. Since the beginning of neo-liberal policies in the early 1980s, there has been a long-term rise in the use of irregular employment both in the public and private sectors. Irregular workers may work on part-time or temporary contracts or under less-protective working terms against dismissals or unfavourable remuneration and fringe benefits regarding health, pension, holiday and welfare provisions (Nichols *et al*, 2002). Such irregular employees often work through the third-party/intermediator agencies. These workers are usually called 'tasheron workers'. The word

tasheron refers to the third-party employer, but they are not only employment agencies. They are also sub-contractors who provide outsourcing services usually in the workplaces of main companies. Although tasheron workers had been historically preferred in the construction industry, it had a limited use owing to the lack of legal recognition. After a gradual introduction of regulations for flexible work as part of the EU accession talks during the last decade, the number of tasheron workers increased to almost 1.5 million (Hurriyet, 2016).

There are no reliable statistics about the extent of the tasheron system in shipbuilding, but in the six companies we investigated, the proportion of tasheron workers ranged from one-third to two-thirds. Such workers are usually Kurdish migrants from the Southeast as well as their tasheron employers. In particular, we found that roughly one in five core employees in the companies studied were supplanted with tasheron workers on average. However, although the majority of the core employees managed to survive through, the replacement has triggered more sense of precarity among them compared to other workers. What follows will analyse this.

Unionisation

Unionisation in shipyards is undermined by the tasheron system as it is virtually exclusive to unions: No tasheron worker was unionised in the companies studied. However, although a quarter of the core employees are members, unions do not appear to be very effective among them, either.

A manager admitted that *one of the important aspects of the tasheron system is to stop unionisation. Otherwise, you can't get rid of the militancy.* An HR manager disputed the legitimacy of unions:

> *There should be no union in a shipyard, because there is no need for that. In our company, for example, managers are so good to employees that no one wants to join or set up a union.*

However, if the workers insist on joining a union somehow, then managers' good intentions would not necessarily amount to compromises. An owner manager asked us *not to mention the unions, they are spoiling my appetite.* The lack of managerial appetite helps explain why five out of the six companies studied had no recognised trade union.

In addition to engaging in collective bargaining, the unionised company also employ an activist of the rivalling radical union as a social worker, saying that *better to keep the enemy in your pocket.* The management uses him since workers have a lot of respect and listen to him about, for example, health and safety warnings. The management, however, lamented the radical union, and a few managers made serious accusations. One of them, for example, claimed that

> *those thugs hire a private ambulance and ride around the shipyards, giving the impression that there was yet another accident to agitate workers.*

There are further scepticisms about the unions' ethical grounds which raise questions regarding their effectiveness. The radical social worker believes that *the officially recognised union is sold out and enslaved by capitalism*. When he was talking in this manner during a coffee break, an engineer had shown an angry outburst towards him: *You are too sold out. Your radical union has Mercedes cars for its leaders!* The social worker denied the allegation. Another engineer also contested that *I am coming from a unionist family but I hate unions. Because they simply exploit workers' misery and hopes.* A project engineer added that *they only care about filling their pockets.*

Table I is somewhere here

However, unions' ineffectiveness does not seem to be only about ethical issues. They have difficulties in terms of making the management listen to them. No more than one third of the core employees think that managers take unions seriously, as in the case of the rest (Table I). The radical social worker contended that

> *if I ask the management to change the colours of sockets to prevent confusions and accidents, then they will take the point. However, if I say that we want pay rise, then they would take the piss.*

The authorised union values constructive relations with the managers across the shipyards, but a top union leader noted in an interview that

> *sometimes managers don't even bother to turn up to meetings. That's why, we go on strike. They lose but so do we with many more union members dismissed.*

The weaknesses of unions are accompanied by a high level of job insecurity, especially among the core employees despite their lower turnover compared to the rest as discussed below.

Churning Rates and Job Security

All companies studied reported that there have been *massive redundancies* since the 2008 crisis regardless of the company size. Yet *recruitments in considerable numbers* have also been experienced, implying high churning rates, especially in recent years. This is the case for both core and other employees, despite a gap between the two groups. Roughly one-third of the former have been in the company over five years –twice higher than the proportion for the latter (Table II).

Employers' ability to reduce the number of employees is limited by the law. It dictates that shipyards have to employ no less than a certain number of workers in return for reclaiming lands to build workshops. A manager said that

> *we employ over one hundred extra workers. Sometimes we are just hanging on the cliff-edge without a new project in the pipeline, but we can't lay them off otherwise we have to pay hefty sums to the state for the land.*

Statutory limits on reducing the number of employees in the companies rendered higher churning rates the second-best strategy to offset the labour cost. One benefit of the higher churning rates for the companies is apparently to mitigate the burden of compensations in the case of redundancies. A manager was worried that *the longer you work the more expensive it becomes to dismiss you*.

Higher churning rates also have implications for wages as longer tenures lead to more incremental pay rises. A finance officer revealed that

> *we pay a lot for the experience in this company. People may earn 20% higher than a novice for the same job.*

<div align="center">**Table II is somewhere here**</div>

It was also underlined that newcomers always have higher motivations. A top manager emphasised that

> *it is good to have fresh blood thanks to the new universities. So much so that new starters are sometimes castigated by the longer working staff saying that 'you will have the chance to please your boss tomorrow, too'.*

Ageism is part of the high turnover strategies. Employees in shipyards tend to be younger, two-thirds of them are under their mid-thirties. When asked, an HR manager made it plain that

> *we do not care about people's ages, but it is nonsense to apply for a job here when you are getting to your sixties. This is a tough work.*

It is also assumed that younger people would be keener on moving to another job *hoping to strike better deals*. A quality control manager indicated that

> *if a young man is not happy with this shipyard, then he can go to another company to find the one that suits him well. Why should one waste his life in a dislikeable job?*

High churning rates reflect on the sense of job security. An engineer argued that *there is no job security in this company because of the tasheron system*. A tasheron employer providing cleaning services also endorsed this:

> *The mother company cannot recruit people directly as its own employee in many cases, because compensation fines would be tremendous at the dismissal trials.*

Some other challenges to job security were also brought up. A company owner/manager whose work shop had *hibernated* for two years due to lack of demand after the recession attempted to explain the sense of insecurity in shipyards in general:

> *Shipbuilding is dependent on shipping and shipping is dependent on international trade. No one knows what happens tomorrow. We did not expect the 2008 crisis but it happened anyway, and the business hasn't fully picked up yet.*

A purchasing director related *the fragility of business* to its *reliance on only a few suppliers' good will*:

> *We have to choose the right suppliers. If something goes wrong with them, then we are all in trouble. How can you feel secure?*

A marketing manager shed more light into the contingency of business on suppliers:

> *Although it is not always feasible for the suppliers to go for oligopolistic price fixing, they can opt for a strategic valuation in the case of some inventive edges or things like that. You only hope then to save with the new technology.*

A quality control manager similarly added that *the faith of shipyards is also at the mercy of individual customers,* making a useful comparison:

> *Shipyards are not like the car industry where if a customer does not like your product, it is just fine. You have thousands more. But we have only one or two customers. If they change their minds, then we will instantly get capsized.*

Turkey's political climate brings in further layers to insecurity: The owner and manager of a shipyard expressed his opinion:

> *We've shot down the Russian jet, and now our orders from Russia have come to a halt like anything else. God knows if we will have another coup* tomorrow (this remark refers to a failed coup attempt in June 2016).

The sequential dependency of whole production process on even a single engineer occasionally puts individuals, as well as the companies, on the line. A manufacturing manager confessed that

> *I just fired the quality control engineer two days ago since she brought everything to a breaking point with her fussiness. But then I started to feel different, maybe I was too harsh. I should call her back probably.*

Despite the relatively lower level of churning rates among the core employees compared to others, a higher proportion, half of them believe that there is no job security in their workplace, whereas this is down to just above one-third for the rest (Table I). One reason suggested by a tasheron worker for this paradox was the following:

> *We already know from the scratch that our contracts are for a short period, that's why we are better prepared. We don't get nasty surprises. We start looking for other jobs before the termination of terms. We also avoid ages-long financial commitments.*

A tasheron further highlighted that '*the end of project in a shipyard does not necessarily mean the end of job*:

> *We often transfer our workers to other shipyards where we have some other projects to work with when the job is done here.*

Pertinently, a considerable proportion of the participants, including over one third of the core employees did not consider job security an issue either, notwithstanding all the issues delineated so far (Table I). A manager was of the view that

> this is because there is no fear from joblessness. There are vacancies everywhere for the qualified staff. If you lose your job here, then you can go and get another one somewhere else.

Even so, the sense of job insecurity and high churning rates support a *deadly work tempo* about which particularly the core employees have *no vote* as highlighted in what follows.

Job Intensification

A planning chief spelled out how the pace of work is intense because of the nature of the production in shipyards:

> We have two pools for the ships that we manufacture or repair. We can't start off a new ship unless we complete the work with the ones we have in our hands. That is, the faster you are, the more profitable your company will be, simple as that.

The head of the Association for Ship Builders noted that the industry commonly suffers from delays:

> Keeping up with the deadlines is a common problem across the industry. Companies often fail to forecast an accurate timetable. Therefore, they often run late.

When the head of the Portal Authorities was interviewed, he specifically pointed to the inefficiency of planning in shipyards:

> Delays are one of the general issues in the whole industry because of the difficulties with the planning details.

A planning manager unwrapped some challenges in his job:

> Punctuality is a joke, you are dependent on so many people, including tasheron firms. Repairing is particularly hopeless: You fix something but simply for that reason, something else may start malfunctioning!

Insightful comparisons to other industries were advanced. A maintenance engineer stressed that

> in the car industry, it is easy to see whether the work is running late on the basis of seconds whereas in the shipyards it may take months to develop a proper assessment.

Quality control teams in the manufacturing departments *deliberately exacerbate the difficulties*. A quality control chief said that

> we are the enemy from inside, so to speak. Everybody tries to finish the job asap. We make things more difficult inevitably: In the fridge industry, for example, if there is a welding error, then you can simply remove the faulty fridge. In ship yards, that simple welding error may cost a ship, if not lives.

CC TVs cover every inch and monitor everyone, especially in the larger shipyards. An engineer was of the view that

> this equipment is installed to ensure that everybody complies with the health and safety regulations, but they also function as the tools of scrutinizing employees' speed, making people nervous ironically.

The widening use of card-readers at the gates has heightened the pressure for punctuality. A chief accountant felt strong about this:

> *Since a new card system is installed at the entrance, you lose half day wage if you are late twenty minutes. Also, you can sign in only after putting on your work uniforms, helmets, shoes and gloves first.*

The failure to pace up with the speed of production may risk becoming stigmatized. An engineer noted that

> *there are some rouge culprits on drugs. They come to work trying to hide it but they cannot cover up lagging behind all the time.*

The skills that particularly core employees may possess do not necessarily yield powers to negotiate for a reduced work load. An area manager expressed his anger:

> *I know two foreign languages and I have quite a few certificates, but we work so long that sometimes I feel like I would be better off I were peddling lemons in the streets.*

A construction engineer contested that *although tasheron workers are under a horrendous pressure, the rest don't only have to pace up with, but also lead them*. Some companies use performance assessment *to keep up the pressure on the core employees*. An HR Director said that

> *we have annual assessment exercises with a standard Human Resources Assessment (HRA) form. We check who or which departments are doing better or worse. If too bad, they get friendly fires.*

A repairment foreman explicitly stated that *extra cost of the delays usually results in dismissals* whilst a planning chief drew attention to the impact of *unbelievable pressure* on her social life:

> *I am living with my mother; I can't sort my life on my own since I am too busy. I have two weeks of annual leave, but I just can't use it at all.*

Pressure at work can spoil the work-life balance even more when it is added on by commuting as a common way of transport to work, especially among the highly skilled staff: A quality control manager shared her frustration:

> *I have to commute from Istanbul. A friend of mine called the other day and she just nagged about me 'living only three hours a day'.*

A logistic manager noted that *increasing overtime work could help release the pressure*, but almost two-thirds of the core employees, compared to just above 40% of the rest have little or no say about their working hours (Table II). He explained that

> *Paid overtime is not the first choice for the companies whereas employees would welcome more of it. This means conflict of interests in terms of speed.*

When asked, H&S chief warned that speed claims lives, *and ruins his peace of mind:*

> *Speed itself is one of the main causes of fatal accidents… And guess who is to blame for this? It is me! Therefore, I keep a suitcase ready all the time to go to prison, although I do everything under my jurisdiction to prevent accidents.*

The detrimental implications of job intensification are embedded in a managerial understanding that is largely dismissive to the contribution of (particularly the core) employees to the decision-making processes as debated below.

Employee Involvement

The majority of the core employees, like the rest of the respondents included in the survey reported that they were satisfied with the level of discretion they had about their tasks (Table I). Here is a typical remark made during the conversations:

> *We decide about the ways in which we carry out our tasks, and managers specifically consult our expertise to make decisions.*

However, optimism about employee involvement tumbles when it comes to matters beyond the specific tasks. Hardly half of the respondents, with a significantly lower proportion of the core employees, are satisfied with the participation in broader decision-making processes (Table I). The restricted nature of employee involvement was eloquently captured by a top manager in a multinational company:

> *Shipyards are no republics. They are run with a dry sense of rationality: When we find a job, the customer gives us all the details about the ship they want. That leaves us without much flexibility: We have to choose, if you call it like that, certain material, designs, qualifications etc. as the patron wishes.*

It was underscored that involvement is curbed by the paucity of room for technological manoeuvre as well. An R&D officer said that

> *if we need spare parts for the cranes, for example, then we import them. We don't have the capacity to designing and manufacturing since we have no research and development facilities. You mostly need a CNC* (3D printer) *for the manufacturing, but we don't make it, either.*

Some managers think that engineers cannot contribute a lot to the management of companies. A manager contended that

> *engineers are essentially messengers between workers and the superiors. If workers bring up a problem, then they report the issue to the higher-ranked staff and then they take the solution back to workers.*

This understanding helps explain why one-third of the core employees, as the rest, indicated that they have little or no say regarding work design (Table II). However, there was no shortage of gloomy views as exemplified by another manager in an attempt to further elucidate why the core employees have such a poor involvement:

> *Who would accept to work outside in such a horrible weather? Of course, the ones who have no other choice no skills or no education. They can't even comprehend the command chain. If there is a problem, they just talk to higher managers bypassing the immediate engineers. Then the engineers can't carry out their tasks, let alone participating in broader decisions.*

Such a claim should be taken together with nearly 45% of the core employees who have little or no say regarding task distribution whereas the proportion turns out to be somewhat lower for the rest, 37% (Table II). Some core employees consider the rest *docile* and offensiveness is blended with racism. An engineer indicated that

> *tasheron employees are silly cows. If I ask them to stand outside for hours to do nothing, they won't question. Five or six of them sleep in the same room, still they don't question. They are so blindly adhered to tribal norms that they could not possibly disobey their tasheron bosses.*

One may consider employees' satisfaction with the tangible rewards to see if they help make all the issues outlined so far bearable, especially for the core employees given that they earn more than the rest.

Satisfaction with fringe benefits and pay

Fringe/social benefits in Turkey cover a wide range of areas from, for instance, free transport to free health care for the employees and their dependants as well as the pension premiums. An HR manager claimed that

> *fringe benefits may come even before the wages for some employees. People sometimes work for free just to complete the minimum years of service required for the retirement.*

Transport is critical for the commuters since they have to cross the straights of Bosporus and Dardanelle. Larger establishments provide transport for thousands of employees everyday with their own vessels. Both core employees and the rest have access to the free transport. Companies also provide land transport, but it is limited. The limitedness of land-transport is attributed to *the laziness of local people* by some managers:

> *People in this town are lazy, they are living on the dole and they don't want to work for decent wages.*

However, services are made available for the hundreds of local people, especially by the smaller establishments. A local economist emphasised that *I would not work here if there were no transport.* A manager also indicated that

> *there is no public transport to the neighbouring villages, therefore it is important to arrange shuttle busses.*

On balance, barely more than one in two respondents are satisfied with the fringe benefits, with a little difference between core employees and the rest (Table I). This is interesting since tasheron workers are notoriously deprived of welfare entitlements. A staff development officer like several other participants complained that,

> *employers are avoiding their existing responsibilities by dumping workers onto tasheron firms which often fail to pay pension contributions and employees' health insurance. They don't even pass the child credit given by the state to their workers.*

The low satisfaction with the benefits among the core employees has a lot to do with an ongoing dispute over the legal status of shipyards. Trade unions are urging the government to recognise shipbuilding as a 'heavy industry' in order to gain a prerogative to earlier retirement (mostly for the core employees) with lower employee contributions and higher pension premiums. Participants did not have high hopes on this issue. An engineer cited some press commentaries:

> *All we know who the owner of this company is* (a top statement). *So, why he would be bothered with giving more rights to employees. The state is operated by the bosses.*

As mentioned earlier, core employees earn more than the rest, and the tasheron system in particular emerges, according to an area manager, *as a mind-boggling evidence of corporate greed*. In one of the companies investigated, such workers rest, *and sometimes live* in a compound which is called 'China town' or Gypsy town' as a racist tribute to their exploitation.

However, less than half of the core employees are satisfied with their pay which is significantly low compared to the rest (Table I). When shared during the follow up conversations, these results were deemed unexpected by some managers. An HR manager typically said that

> *I am surprised, but this can't be in our company. It must be in the other companies you are investigating, right?*

When some other managers were told that a similar proportion is also the case in their companies, they tended to suggest that *we are all human beings, we always want more*. In response to the contradiction between those who were satisfied with their pay and the remainder, some managers contested that *the dissatisfied ones must be the recently started younger employees*:

> *They must be the new recruits. We can't do anything about them. They have no practical experience. Their theoretical knowledge is also weak because of the poor quality of their education, particularly in those new private universities.*

However, a fuller understanding of the higher dissatisfaction of core employees than the rest about their wages would not be possible without addressing the pay regime. An engineer contended that

> *a graduate engineer may get ₺2,000 but most engineers are not allowed to do overtime but even the tasheron workers are. Companies say that we only intervene if there is a trouble rather than working continuously… I deserve more than what I get. Actually, I am seeking a new job anyway.*

Another participant who works as a public-sector H&S consultant in shipyards complained about his *ridiculous pay compared to the private sector*:

> *If I work in the private sector I would earn twice more than what I earn currently, ₺6,000 pm. I don't go to private sector, because I believe that we need idealist people to show the public that H&S is vital for all.*

When asked about the links between pay and performance, some managers dismissed any connection between those two. A smaller establishment manager suggested that *higher pay is no way to boost performance. The more you pay, the higher wages employees will ask for*.

Nevertheless, pay is related to performance in the larger companies. An HR Director, for example, noted that *the HRA form* referred to hitherto *is used to determine individual pay raises*. Additionally, the heads of the departments may propose increments for the better performing individuals. A finance director, for instance, made it plain that *I occasionally make suggestions to the board since I am happy with some employees' track records*.

There are *demoralising doubts* about the performance measurements among the core employees. An accountant, for example, touched upon the transparency issue:

> *In the finance department, wages wildly vary, between ₺1,500 and ₺5,000, but it is not always clear how some get hikes or nothing, because we all do the same jobs at the same levels. There is no openness about arbitrary decisions.*

The evidence presented so far proves that employees are concerned with both tangible and intangible issues, but this is particularly so for the core employees. The following section raises questions about the economic wisdom of such a situation for the companies.

Handicaps and the *rationale* of Paradoxical Precarity

Paradoxical precarity hampers productivity and motivation: The majority of the core employees failed to indicate that employees' productivity in general or their own individual productivity in particular is either 'very good' or 'good' (Table III). A long-term foreman uttered that

> *you need to make employees feel that they are valued. If you do that, then they will work harder. But this is not happening.*

Such a concern is also substantiated by an HR manager's understanding of his profession. He thinks that

> *we are not HR managers at all. We are just running a personnel department. We have, for example, no incentivised rewarding system. You can't utilise it in shipyards because we don't produce piece by piece.*

When asked, however, he admitted that *I do not know much about how the business is run in other shipyards, we have little contact with each other.*

Table III is somewhere here

An environmental engineer also complained about *an acute shortage of appreciation: The importance of what I am doing becomes clear to the management only if I make a mistake.* A project director has sarcastically pointed out that *you* have to *ignore the managers to remain motivated*:

> *A father and son are running this company. If you talk to one of them first, then the other one gets pissed off and tells you off. The only way you can retain your motivation is just to rebuff them when they scold you.*

Under appreciation of the core employees means an authority crisis for the middle managers in their relations with the shop-floor workers at the expense of productivity. An engineer said that

> *I am earning less than a plumber since he does overtime. Sometimes he does not care about my technical instructions because he thinks that he is smarter than me. And this causes a lot of delays in production.*

These sorts of worries help clarify why the majority of employees, especially the ones in the core jobs believe that managerial strategies diminish their motivation and productivity (Table IV).

The sense of being under-valued precipitates retention problems as unequivocally evident among the highly-skilled employees commuting from the neighbouring towns. A manager affirmed that

> *It is important to avoid the disruption of whole work, sometimes just because of a single absentee. We are doing our best to attract skilled staff from Istanbul, but if they are not pleased here, then they start to look for another job.*

An HR manager brought out that *skill shortage is so severe that it has created counterfeit certificate Mafia*:

> *Sometimes candidates are fabricating fake documents. To avoid the quality issues for such problems, we have to go through a rigorous recruitment process.*

The pace of work can also have a detrimental impact as speed may well trigger a slowdown in practice. One reason for this is because speed deteriorates motivation. An engineer told us that

> *if you are a welder in the live-stock ship, then you may spend hours on your own. Workers caged all day in the animal partitions start to talk to iron bars. Do you think that people could be motivated in a solitary confinement?*

Speed decelerates speed further. As opposed to the core employees, the majority of others are convinced that the productivity of employees at large as well as that of their own are either 'good' or 'very good' (Table III). Arguably, coercive managerial strategies force them to work harder in the face of their limited skills that might help seek alternative jobs. As a result, however, the H&S issues turn out to be another reason as to why speed means a slowdown. An H&S manager lent his comments:

> *Mining accidents or plane crashes happen once in a while. In shipyards, have one accident today, then expect more pretty soon since they tend to be about infrastructures, rather than a one-off clumsiness. This shatters people's morale and speed. Therefore, European customers are so twitchy about H&S.*

A construction manager put the blame on *the culture of quick-profits:*

> *Companies think that speed is the short cut to profits. They are struggling to come to terms with the role of human factor in business.*

A planning manager explained *the human factor* with the lack of enough communication between managers and employees:

> *it is really difficult to keep cool under pressure. You get stressed out and people can feel it. They avoid you. We have to bring down the barriers of dialog by showing more tolerance.*

A company owner also indicated that

> *there is too much distance between managers and workers. Discipline is important but so is communication.*

Table IV is somewhere here

Such comments should be taken together with the fact that only just above one third of the core and half of the rest think that managers treat them fairly, keep their promises, try to understand and solve their problems or help skill them up. The proportions of those who have reported good relations with managers are not much different either (Table IV). A veteran CEO observed that

> *we think that we are like a family with workers. Therefore, we don't let them speak as we don't let our children speak in front of the elderly.*

The family metaphor resonates with what the head of the Shipbuilders' Association proposed:

> *We need more professionalism rather than traditional family management. Even the large companies are still lacking professional leaders.*

Despite the pitfalls of paradoxical precarity outlined above, it throws a life-line to companies by *helping save the day* in the face of immediate pressures. A general director articulated that

> *Normally you would reward the staff to get them better motivated and productive. However, we can't afford, say, to provide the middle managers with bridging contracts in between projects which could off-load from their minds the worry of job security.*

Even so, the company run by the director quoted above as well as most of the companies investigated have seldom had gaps in between shipbuilding projects in recent years. A production manager contested that

> *Bridging contracts are not that vital, because we have new orders all the time. They fire managers every now and then just to slash the management cost. Otherwise shipyards may run into deficits since they ridiculously lower the bids to appeal to armatures more than the rivalling manufacturers.*

Conclusion

Rectifying the lack of empirical research, this paper explored the process of industrial demarcation in Turkey's shipyards regarding the core and periphery dichotomy by specifically focusing on the core employees. The evidence presented in the paper fails to endorse conventional core/periphery discussions in relation to the association of precarity with peripheral jobs either exclusively or predominantly (Heyes, 2011; Broughton *et al*, 2016). It cautions the debates about unwittingly political overrating of the core jobs (Millar, 2017) and human capital (Means, 2017). Empirical data specifically point to the rise of a paradoxical precarity model that identifies core jobs with precarity more than the rest (Lewchuk, 2017).

Four distinct contours of paradoxical precarity have been stipulated. First, a considerable proportion of the core workers in shipyards have been replaced in recent years with tasheron workers who are in precarious positions since they are by and large deprived of adequate remuneration, social/fringe benefits, unionisation and protection against unfair dismissals. Such findings further substantiate the long-lasting concerns over the substitution of core jobs with the precarious ones (Pollert, 1991; Green *et al*, 2010).

Second, a substantial proportion of well-paid and highly skilled employees remain at the core. Especially those who gained their skills through a formal education have managed to survive through the harshest times of the industrial downturn and restructuring following the great depression (Means, 2017).

Third, the recruitment of tasheron workers in lieu of the core employees culminated in the sense of precarity among the remaining core staff. There is a marked dissatisfaction among them with job security (Heyes, 2011), pay and fringe benefits (Frei, 2012) as well as employee involvement (Green, 2008) whilst feeling too much pressure at work (Heyes, 2011) in addition to having little tendency toward unionisation as a reflection of managerial resistance and the lack of confidence in unions'

effectiveness (Gallie *et al*, 2017). Critically, their dissatisfaction in relation to such issues is more pronounced when compared to other employees, although their remuneration and working terms tend to be better than the rest. However, their material advantages occasionally hang on a fragile balance since a shop-floor worker, for example, may start to earn more than a middle manager by doing paid overtime. Likewise, although the core employees have lower churning rates, they have a higher sense of job insecurity. Arguably this is not least for the fact that only one third of them have been in the same company over the past five years in contrast with the long-established history of life-long employment in the core jobs (Cam, 2002). Meanwhile, the mushrooming engineering schools in Turkey provides a growing pool of graduates for the recruitments (Frei & Sousa-Poza, 2012).

Fourth, paradoxical precarity has considerable pitfalls both economically and politically, but it is nurtured by a managerial short-termism under competitive pressures: One set of difficulties is attributable to its economic consequences as the evidence suggests that the model has detrimental implications for the motivation and productivity of employees (Battisti and Vallanti, 2013). In particular, forcing the staff to pace up with an *unreasonable* speed costs lives bringing employees' morale and motivation down in the shipyards investigated. Delays due to H&S matters also put the customers off.

Another set of handicaps about the paradoxical precarity is related to the workplace politics. Most of the participants had adversarial feelings about the managerial strategies regarding employee involvement and incentives. Limited employee involvement holds productivity down by, inter alia, weakening the authority of middle managers on the shop-floor workers (Gallie *et al,* 2017). Core employees challenge paradoxical precarity from time to time by using their occupational skills to find another job, especially if they have degrees from the prestigious universities, as well as their taking legal action for compensation in the case of unfair dismissals (Broughton *et al*, 2016).

It would make sense for the companies to give up the deployment of precarious workers in order to oust core employees (Wang and Heyes, 2017). However, the shipyards investigated mostly remain involuted in traditional family management. Even the larger companies are allured by euphemising autocratic management strategies with pseudo paternalism rather than focusing on 'consent manufacturing' among the staff (Herman *et al,* 1998). Besides, paradoxical precarity serves for a managerial short-termism. Companies resort to day-to-day solutions to curtail the cost of skilled labour and management in coping with the competitive pressures whilst keeping the tender offers as low as possible in order to attract armatures.

From a broader perspective, paradoxical precarity does not only undermine macro-economic performance for a compromised profitability in general, but it also risks divisive politics. The exploitative use of Kurdish migrants (Alberti, 2014) to supplant the core employees feeds into racists sentiments and upsets the community cohesion as the middle-class professionals feel insecure. This threatens already escalated tensions between Kurds and Turks amid the on-going war in densely Kurdish-populated regions.

Bearing all these in mind, the government may consider stepping in to bring the paradoxical precarity under control by developing, for example, a more sympathetic approach to unions' call for abolishing the tasheron system. It is also necessary to address the underlying need to encourage professional management practices against traditional family management for a sustainable economy. This will become even more essential since the competition in the industry is likely to be stiffened once the government begins to implement its plans to sell the military shipyards to both domestic and foreign bidders. Therefore, policy makers should promote professional management by, for example, leadership training programmes and attracting highly-skilled international migrants to rectify the present managerial skills gap (Means, 2017). Enforcing fair competition provisions against opportunist armatures could further benefit the struggling companies. For better informed polices, however, future research may explore specific skill deficits in shipyards and the ways in which the state can provide a more efficient support for the firms together with their employees, especially during the

low demand periods. Comparisons with other industries and more regulated labour markets could also prove useful (Holst, 2014).

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Table I: Precarity of the Core and the Rest		Definitely Agree	Agree	N/N	Disagree	Definitely Disagree	Total	
		%	**%**	**%**	**%**	**%**	**%**	**n†**
I am satisfied with discretion at work	Core	21.4	56.3	15.5	4.9	1.9	100.0	103
	The rest	28.5	48.6	13.9	5.9	3.1	100.0	288
I am satisfied with participation in decision making processes***	Core	16.7	29.4	27.5	14.7	11.8	100.0	102
	The rest	24.1	32.6	23.4	8.9	11.0	100.0	291
I am satisfied with pay***	Core	9.9	37.6	22.8	15.8	13.9	100.0	101
	The rest	22.3	38.4	16.8	11.6	11.0	100.0	292
I am satisfied with the fringe benefits	Core	14.1	36.5	24.7	15.3	9.4	100.0	85
	The rest	22.7	31.7	21.6	9.0	15.1	100.0	278
There is no job security in this workplace***	Core	23.3	27.2	15.5	17.5	16.5	100.0	103
	The rest	17.7	19.8	17.7	28.5	16.3	100.0	288
Managers take unions seriously ***	Core	17.7	15.2	36.7	20.3	10.1	100.0	79
	The rest	15.4	15.9	26.9	19.7	22.1	100.0	208

*$p < .05$, **$p < .01$, ***$p < .001$ (Significance results for the core/rest difference refer to T-test results –on the basis of five ordinal/Likert values)
†Variations in sample-size are due to missing values

Table II: Precarity of the Core and the Rest		<1 year	1-5 years	>5 years	Total	
		%	%	%	%	n[†]
Time worked in this company? ***[z]	Core	17.3	46.9	35.7	100.0	98
	The rest	21.6	60.4	17.9	100.0	273
		A lot	Some	Little/None	Total	
		%	%	%	%	n[†]
How much say you have regarding the work design?	Core	33.0	36.9	33.1	100.0	103
	The rest	29.9	36.3	33.8	100.0	284
How much say you have regarding the task distribution? **	Core	23.3	32.0	44.2	100.0	103
	The rest	30.6	32.6	36.8	100.0	291
How much say you have regarding working hours? ***	Core	17.5	18.4	64.1	100.0	103
	The rest	28.4	30.5	41.1	100.0	285

[z] T-test results on the basis of three ordinal values
[†] See Table I for the notes

Table III: Precarity of the Core and the Rest		Very Good	Good	N/N	Poor	Very Poor	Total	
		%	%	%	%	%	%	n[†]
Employees' Productivity***	Core	9.5	32.1	26.2	28.6	3.6	100.0	84
	The rest	25.0	30.8	9.0	25.0	10.3	100.0	156
My own productivity***	Core	13.7	23.5	13.7	33.3	15.7	100.0	102
	The rest	34.5	40.2	7.4	8.8	9.1	100.0	296

[†] See Table I for the notes

Table IV: Precarity of the Core and the Rest[†]		Definitely Agree	Agree	N/N	Disagree	Definitely Disagree	Total	
		%	%	%	%	%	%	n[†]
Managerial strategies increase employees' motivation***	Core	6.0	7.1	17.9	28.6	40.5	100.0	84
	The rest	13.5	12.9	16.1	24.5	32.9	100.0	155
Managerial strategies badly affect employees' productivity***	Core	37.6	38.8	15.3	5.9	2.4	100.0	85
	The rest	41.5	22.0	15.9	14.6	6.1	100.0	164
Managers treat us fairly**	Core	18.6	23.5	27.5	26.5	3.9	100.0	102
	The rest	17.1	31.7	22.6	13.9	14.6	100.0	287
Managers are keeping their promises***	Core	21.8	16.8	32.7	23.8	5.0	100.0	101
	The rest	21.2	31.6	21.5	12.2	13.5	100.0	288
Managers try to understand and solve our problems***	Core	17.6	20.6	28.4	27.5	5.9	100.0	102
	The rest	16.7	37.2	20.8	12.8	12.5	100.0	288
Managers are trying to increase our skills***	Core	17.6	21.6	26.5	26.5	7.8	100.0	102
	The rest	14.9	38.2	22.9	12.8	11.1	100.0	288
My relations with the managers are generally good***	Core	18.6	21.6	18.6	31.4	9.8	100.0	102
	The rest	19.8	36.4	18.7	12.0	13.1	100.0	283

[†] See Table I for the notes