A Small Manufacturer’s Guide to Surviving the ‘Arabesque’ Restructuring of Shipyards in Turkey

Abstract

Drawing on an ethnographic case study, the present paper rectifies the lack of systematic research into the challenges of restructuring in Turkey’s shipbuilding industry for small manufacturers and their managerial responses. Inquiries are essentially predicated on unstructured conversations with the owner/manager of a shipyard investigated, workplace observations and supplementary conversations with employees as well as elite interviews with the portal authorities. To present the findings in a conceptual frame-work, the paper uses the word arabesque restructuring. The term refers to a fairly distinct combination of both detrimental and benign aspects of the restructuring in shipyards: The former is related to, for example, discrimination against small shipyards, patronage and inadequate regulations. Positive aspects include, among others, investment diversification and strategised retention. They also encompass the rebuttal of a reputedly intrinsic link between shorter hours and work-life balance in addition to the magnitude of companies and becoming globalised.

Introduction

Especially over the past decade, Turkey has undergone a silent revolution as various economic and political reforms have been introduced in order to attain one of the fastest and largest of emerging economies in the World amid the preparations for the EU accession talks.

In the shipbuilding sector, Turkish army had long opposed foreign capital, citing national security. However, to initiate the transformation of shipyards from a cottage industry to a global one, the government rebuffed the generals –whose pension fund privately owns one of the largest shipyards in the country. Sectorial expansion became considerable: The output capacity increased from half a million in 2002 to 3.6m dwt in 2012. Meanwhile, the
annual export volume of the ships built soared from $490m up to $1.3bn. Turkey ranked sixth in the World with 81 new ship orders by the end of 2012. Upon the completion of all investments, total capacity is expected to rise to 7.2m dwt (Ship2Shore, 2012).

This study aims to rectify the lack of systematic research specifically into the restructuring of shipyards in Turkey. In particular, we will examine the challenges that the restructuring implied for small shipyards along with managerial responses to such challenges amid their on-going crisis.

For the sake of convenience, the findings will be conceptualised through what one might call an ‘arabesque restructuring’. The word arabesque usually has a critical meaning in Turkish for melancholic music. In the broader context of Islamic and European art, on the other hand, it positively refers to the rich patterns of motifs. Bearing these dichotomic connotations in mind, the present paper barrows the concept to address a potentially distinct combination of both detrimental and benign aspects of the restructuring in shipyards. As stipulated in what follows, the former may be informed by the policy challenges such as the mismanagement of recession, heavy-handed policies toward small shipyards, oligopolistic pressures, patronage, conflict of interests and the under-regulation of industrial relations. Positive aspects of the arabesque restructuring may reflect company responses to the challenges with investment diversification, strategised retention or moving to outsourcing services. Further possibilities may include reconciling longer hours with work-life balance and going global whilst downsizing to ashes.

Policy challenges:

The adverse impacts of recession on the Turkish economy have been well highlighted (TUSIAD, 2014). The damage, however, was not evenly spread since, differently from smaller firms, the larger ones were able to take effective measures. Larger corporations tended to remain safer, if not benefiting from the recessionary climate through, for example, speculative investments in foreign currencies and state bonds (ISO, 2013). They were also provided with the government-supported hedge-funds as a protection against stock-market fluctuations (Torlak, 2013).

Despite the long-term success of ship making, the sector has begun to fall into a crisis following the 2009 recession. Notably, there had been more than a ten-fold increase in the number of employees in the industry during the decade
preceding the beginning of recession in 2009, circa 34,000. On the basis of such an expansion, the Chamber of Ship Makers had optimistically predicted a similar increase in the following decade, but the existing employment capacity actually plummeted by one-third in 2012 (UBAK, 2014). The annual export volume of the ships also halved between 2009 and 2012—to $1.3bn (Ship2Shore, 2012).

The crisis in the shipyards is mostly related to small firms: Small and medium-sized establishments (SMEs) account for roughly fifty percent of the ship-making industry. One in five SMEs were closed down over the past few years (GISBIR, 2015). In the Black Sea region alone almost 1,500 enterprises were reported to have come to a halt in 2013 (Hurriyet, 2013). Despite the lack of publically available statistics, the head of the Portal Authorities also mentioned even worse trends in the Marmara region when he was interviewed.

However, it would be wrong to reduce the unprecedented demise of small companies in the ship making industry to the recession. There is a crucial gap in our knowledge about the implications of restructuring for smaller workshops: Exits from the industry, for example, may have something to do with competitive market pressures from the recently emerging larger manufacturers (OECD, 2011). The anecdotal evidence reported in the press further suggested that many of the SMEs were forcefully sealed up for failing to comply with a newly introduced site-licence scheme (Haberler.com, 2011).

Political aspects of the restructuring may play an important role in the state of smaller shipyards. Partisan practices of the government, for example, are frequently referred to as a cause for concern in Turkey. So much so that patronage and cronyism are regarded as the back bone of the political system. Political parties, for instance, usually recruit delegates by promising decent jobs and promotions (Heper and Keyman, 1998). Clashing with the strongly secular tradition of establishment, in particular, Islamic tendency of the ruling AK party has added new layers to partisan inclinations in society. Such propensities may undermine the precarious positions of smaller ship-makers in terms of, for example, winning tender offers or obtaining bank loans.

The effects of restructuring on small shipyards may be complicated by the conflict of interests as well. The conflict is stemmed from what critiques dubbed in the UK corporate takeover of the state. That is, successful businessmen occasionally join political parties and they become influential bureaucrats, MPs, cabinet ministers, if not prime ministers, once they are able
to do so (Monbiot, 2001). In Turkey, however, the process often works in the opposite direction: the statesmen with relatively modest backgrounds begin to use their authority to gain the ownership of large companies, including shipyards (Karabagli, 2014). Corruption allegations are added by a wide-spread scepticism that the industry is used for the laundering of money originated from drug trafficking between Central Asia and Europe (Cumhuriyet, 2015).

The under-regulation of industrial relations in shipyards should also be taken on board as witnessed by the accidents with serious injuries and death, over one hundred and ten lives were lost, for example, from 2001 to 2011 (Barlas, 2012). Government’s attempt to introduce health and safety regulations in smaller shipyards with the threats of trading suspensions (Bianet, 2008) may turn out to be another challenge because of its costs, creating some resistance among employers. This should be put against the condemnation of parsimonious compensations by the unions (GG, 2014).

Company Responses:

All the challenges outlined above may force smaller businesses to develop a wide range of survival strategies. One possibility is that they may tap into political networks for favouritism, not necessarily with the ruling AK party only, but also with a nationally influential Sunni order, Cemaat or the rivalling Nationalist Front, Camia –which has considerably undermined the power of the former recently under the government’s tutelage (Zaman, 2015).

The responses of small enterprises to the challenges of restructuring may be further informed by the limits of industrial democracy in general. For instance, a practical issue in terms of workers exercising their democratic rights, specifically in shipyards, may be linked to the heavy presence of gendarme outside town centers in Turkey where it is the major policing force. Differently from the police, however, gendarme is not accountable to civil courts in the events of mishandling (Oz, 2013). The EU urges Turkey to relinquish the gendarme as a provision for the accession talks.

At the workplace level, employers do not have to legally recognise trade unions, if they have less than twenty employees, but ship-makers in particular also make a remarkable use of temporary staff, four in five (Yilmaz et al, 2015). This is seen as a response to seasonal fluctuations in demand because of the fishing quotas. The works are also project-based and contingent (OECD, 2011).
There is a skills shortage in shipyards. Employers’ desire to utilise existing skills optimally may culminate in overtime (Aykac, 2008) and hence, arguably, potential problems for the work-life balance (MacInnes, 2005). Temporary and long-hour jobs with skills shortage may heighten commitment, labour productivity and retention-related constrains as well.

It is possible that the lucky companies among the smaller ones which managed to avoid closures may have adopted investment diversification, from core production to subsidiary works. Some of such companies may have also gone through a downsizing process, shifting toward outsourcing services for larger establishments, as happened in the case of, for example, white goods when it had been restructured up until the early years of the millennium (Nichols and Cam, 2005).

We will finally evaluate a common assumption that smaller firms are necessarily side-lined within the global capitalism as, at best, subordinated partners for transnational corporations (Hertz, 2011). This conventional understanding will be disputed arguing that as transport and communication technologies advance, smaller sizes may give enterprises an opportunity to run their own niche businesses independently around the World.

**Method**

The present paper will report the results obtained through an ethnographic exploration that took place during the first couple of months of 2015 on the experience of a smaller manufacturer with the restructuring of shipyards in Turkey.

The company studied is located in the Marmara region where most of the shipyards are situated as well as many of the small workshops that have filed bankruptcy amid the restructuring. This one is among a few surviving small establishments in the region –small establishments in Turkey are officially defined as the ones 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).

The paper essentially focuses on the findings from unstructured conversations with the owner and manager of the smaller company investigated, albeit there are also references to some conversations with three employees, in addition to two elite interviews with the Portal Authorities. The reason for this is because
we wanted to examine thoroughly what it is like to run a small business fighting to survive through the challenges of industrial restructuring.

We have conducted observations in the workshop to supplement unstructured conversations. This has been conceived as a way of avoiding the danger of taking face-values (Atkinson et al, 2003).

Although we managed to contact a number of gate-keepers via the Portal Authorities, we did not use only such channels for the risk of a skewed selection toward like-minded participants with snowballing (Hennink et al, 2010). We also specified a number of workplaces and then contacted them directly. Luckily, no firm has turned us down and, in the end, we have chosen the most suitable one for the purpose of this research.

Ethical matters have been given a special consideration: Results are presented anonymously using pseudonyms. We will use an imaginary name Alperen for the main participant ship builder, as his own choice. Due to political sensitivities, the company and personal details are reported in a way that cannot be traced back to the data sources.

Challenges:

The fieldwork outcomes indicated that because of the recessionary mismanagement, smaller shipyards suffered disproportionately. Even so, industrial restructuring made things much more challenging for them.

Mismanagement of recessions:

Alperen believes that recession has been mishandled: *A decline in orders pushed the prices down. The government pledged to help, but they did not keep their words. I would be better prepared, if they had not created false hopes.*

Although the recession has paradoxically benefited some large corporations through currency speculations, Alperen’s account in the case of smaller companies highlights that *fluctuations in dollar had severe impacts since the beginning of the recession. Government did nothing to protect small shipyards.*

Heavy-handed closures:

Alperen argued that the closure of smaller firms is not about their weak competitiveness. On the contrary, he thinks that smaller shipyards tend to be more competitive *thanks to the lower cost of labour and the locational mobility.* However, he singled out *the strongest factor* that, in his view,
contributes to the competitiveness of small shipyards: Large firms have top managers, and then middle managers and then intermediate managers before the foremen and team leaders. All these mean that somebody has to pay for the expensive life styles of managers. Who is going to finance those expenses? Of course customers! But the owners of smaller companies are both managers and workers. When customers come to small workshops, they just bear the real cost.

As far as Alperen is concerned, closures were largely triggered by the introduction of new regulations amid the restructuring about the quality standards, safety installations and site-licences. Acknowledging the difficulties with the new regulations in general, he underlined that the site-licence requirement was the trickiest one for small ship-makers since they often move from one place to another, depending on the regional density of jobs and the availability of cheaper coastal lands to rent.

When interviewed, the head of the Portal Authorities argued that the government had to be tough in order to implement its policies: We had given all ship-makers enough time to comply with the new proviso for a site-licence. However, they did not listen to us since they are used to doing things in rough ways. They have to come to terms with the rule of law. During the inspections, some thugs threaten us. This is not how you can develop a mature industry. Due to such tensions, in particular, the gendarme was instrumental for the Portal Authorities: They help us to seal unruly workplaces when the owners resist.

Partisan politics:

Partisan propensities have severely affected some smaller ship-makers. Outsourcing contracts, for example, ‘are mostly granted under the influence of Islamic brotherhood’ according to Alperen. He stipulated that if you’re not a practicing Muslim, life is difficult for you as a manufacturer.

Non-Islamic manufacturers who are after subsidiary projects may also benefit from favouritism, especially by the secular military’s ship-making companies, but only if, Alperen specified disappointedly, you have general friends in the army.

Alperen lent his story about an unpleasant experience with cronyism: I wanted to dismantle a ship last year, but the officials did not let me, saying that I didn’t have licence for that. It cost me fortune to move the wreckage to Sarkoy to go
ahead with the job secretly. Couple of months later, the next workshop few miles down the shore dismantled a big ship, but no one said anything, since the owner is very friendly with the up-stream folks. For the discrimination he was subjected to, Alperen is currently taking legal action against the officials. He vowed that they asked me to drop the case but I won’t, because I am right.

Oligopolistic pressures:

Despite the hitherto underlined competitive potentials of smaller enterprises, they actually have limited room to manoeuvre against larger firms. Alperen noted that we cannot make tankers or castells. We can only make small metal boats for fishing (up to thirty feet in length and fifteen feet in width). We cannot do anything more than assembling either. Main parts such as propellants and electrical equipment come from specialist companies.

Alperen is wary of the oligopolistic politics. He thinks that the government behaves like the puppet of bigwigs and as if an enemy to smaller companies. He complained that it is difficult for a small business to survive, let alone thriving. Some large traders break the low at the expense of the rest. They go for price fixing in tender offers. Sometimes they resort to dodgy shenanigans, too. They join tender offers just to exhort money from genuine bidders with the threat of rising the stake. But the government turns a blind eye to them.

The unresponsiveness of authorities to the fraudulent deals of large establishments, according to Alperen, is deep-rooted in their illicit complicity. Massive investments in ship-making, he added, are often used as cover up by drug barons for money laundering. Don’t you read the news, he asked, Riza Sarraf, who is widely associated with the Mafia, has just been given an honorary placket by the PM. Alperen summarised his thoughts on oligopolistic pressures with a popular saying in Turkey: Big fish eats small fish. Yet a fuller picture also requires an examination of the conflict of interests.

Conflict of interests:

The evidence confirms that the conflict of interests presents further challenges to smaller manufacturers. In particular, an arbitrary obstruction of smaller companies from acquiring site-licences appears to go beyond the regulatory and legal considerations. Alperen highlighted that even if not all, many of smaller workshops wanted to compromise over the new regulations and have site-licences, but the government did not actually give authorisation.
Alperen said that cabinet ministers started to takeover large shipyards, especially in recent years. They go and opportunistically buy some ships and shipyards in trouble, rather than helping. This feeds into a potential conflict of interests. Indeed, he explicitly pointed to such tensions in shipyards: They don’t want smaller ship-makers because some ministers have their own large companies, and they want to eliminate us. They want it all, including the manufacturing of small ships.

When the government opens tender offers, successful bids of the firms owned by high-ranking officials generate doubts. Alperen believes that he is discriminated against since he can’t win the bids even if he makes the best possible offers. He reiterated some press allegations that the crooked ministers run the country for themselves. Everybody knows that this is an unscrupulous administration, but you can’t put them on trial because they keep exiling persecutors for launching embezzlement probes.

Alperen’s opposition to the state-led corruption is also a mixture of patriotic sentiment: I saw a ship with Turkish flag in Italy last year. I got excited and went into the vessel, but then I suddenly got scared asking myself what if the ship belongs to one of the ministers.

Health and safety:

Alperen’s experience illustrates how the insufficiency of health and safety regulations harms people and companies, alike. He mentioned two common sources of risks for health and safety; one is technological threat and the other one is human error. They both reveal problems with the enforcement against negligence. He said that the most dangerous thing in the industry is getting poisoned by paint and stripper while polishing in-depth with pressure. You have to use oxygen mask for breathing. Industry has to move to rustic (water-paint) as it is a lot less hazardous than bulb (air-paint) which is currently banned. Even so, Alperen reckons that you can’t do much about the human error. People are being careless even after losing their close relatives, it is like drink and drive. Companies are the same. Ships are full with tons of oil, take as an example, and that’s why you have to keep them away from each other, but in most workshops ships are on top of each other.

There were two fatal accidents in Alperen’s workshop: One worker got poisoned and the other one was electrocuted. Families went to court which fined the firm a huge sum of compensation, ₺225k for one of the victims, and I
paid half of it, but total claim may go up to ₺4m. Alperen stipulated that one inspector put all the blame on the worker, and the other one put twenty percent on me. This made Alperen think that the verdict was very arbitrary and so much fine was just another proof of political plotting against smaller establishments. His frustration resonates with a public perception that officials do nothing about powerful corporations which are influential in the power corridors, although workers keep dying for their profits.

Alperen’s defensiveness is relentless: I follow the book and take all the precautions. Can you see ships dangerously close to each other here? I am also using rustic paint. The slain workers had not followed the routine steps. I can’t possibly check on each and every worker all the time. Nevertheless, accidents upset Alperen not only financially but also psychologically: I did not appeal. If I had done, I could get the case prolonged no less than ten years. The finger cut by Sharia does not hurt, anyway – an old phrase from the Ottoman times. I did my best to help the families of lost workers.

Responding to Challenges

Alperen clung to various survival methods from diversifying his business to renting out some of the company’s land -to the neighbouring petrochemical plant for crane maintenance at a rate of ₺400 per day. We will now review the main strategies of these sorts.

Democratic deficiency:

Alperen has benefited from the limitedness of workers’ rights when he had, for instance, controversies with the families of the deceased workers over the reparation. One family explicitly asked for two flats, but he refused. When there are grievances, workers can hardly take a collective action, since Alperen does not have to recognise trade unions as an employer with less than twenty employees.

The possibility of spontaneous resistance, such as strike or workplace occupation is also rendered virtually impossible by the gendarme. The chief gendarme officer often visits Alperen’s workshop, and he may get free lunch as well as a complimentary diner box. The exchange of some jokes between the lieutenant and the researchers gives a feeling about the atmosphere: On his entry to the canteen, the commander asked us who are you? Are you doing politics? We said no we are just talking about the president. He replied that so you are doing politics then. We denied, the president is constitutionally above
the political parties and politics as the representative of all citizens at the top of the state... When asked, Alperen stated that I am very happy with the chief being around and I am against the abolition of gendarme to please the EU.

Labour cost adjustments:

Alperen uses temporary workers, especially since the task are sequential which means you can’t call everybody in at the same time. You can only have the teams which are required for the day or hours. Alperen highlighted that that’s why we have a special type of temporary workers. We call them cantaci (toolboxer). They can go from one company to another on the same day without paying any tax or things like that.

Alperen explained that it has been always difficult to find qualified staff, but after the closure of small workshops in the Marmara region, it became more so since workers moved away from the coastal villages or gave up sleeping in shipyards in favour of metropolitan areas to seek alternative jobs. He complained that tasherons (temporary employment agencies) are supposed to provide workers, but they actually snatch my personnel by tempting them with higher wages.

The shortage of qualified workers means not only retention but also commitment and productivity issues for Alperen. To secure retention, he gives workers three meals every day, but Alperen believes that you cannot make workers productive by higher salaries for a long time. They will start asking for more soon. I already pay very handsomely, over ₺2,000 net per month for a qualified worker, anyway.

Keeping workers’ productivity high is assisted by the physical demeanour of the work: The main production is carried out around one or two ship frames under-construction. This means a lack of compartmentalisation and, hence, a constant surveillance on workers by the chief engineer, that is Alperen himself. He also discovered another way to boost the labour productivity: You can make workers a lot more productive by allowing them to make decisions. If we do the work in the way they have suggested, then they will do their best to prove that their ideas are right.

Demarcation of work-life balance:

As noted previously, overtime had already been common in shipyards, but the recent rises in skills shortage made the problem more pronounced. Alperen
himself also works long hours, so much so that he often sleeps in the workshop. This has implications for the work-life balance. He is a community leader consulted by the members of his extended family and relatives on a variety of matters from wedding organisation to funeral details. He said that, *because I am so busy with the work, I am trying to stay away from community responsibilities. I could not even go back to my home town for more than a year to see mom.* Alperen is struggling to spare time to take care of his wife who has recently been diagnosed with a positive smear test. He faced further pressures since his foreman and brother, Ahmet, was bitten by a crazed dog almost to death, leaving him incapacitated to work.

Nevertheless, Alperen hardly complains about the extended hours of work as such. If anything, he welcomes it: *I find peace at work that I could not get in helping the community members, or to be honest, in never-ending arguments at home. I love my work so much so that I do not even call it work. It is also gratifying that doing more work enables me to support the beloved ones in different ways, like being able to pay all sorts of medical expenses of my wife in the most expensive hospitals and looking after my brother’s wife and children. Spending less time at home helped save my marriage.*

Some employees also have a similar sense of work-life balance with Alperen. For example, the security guard sleeps and lives in the workshop, but he does not seem to be concerned about it, since he had no contact with the rest of his family for thirty-five years, anyway. Likewise, the cook who is the only woman in the shipyard as Alperen thinks that *engineering is not a job for women,* works long hours seven days to cater three daily meals for the staff. She goes home late to see her husband and son, then returns back to work in the early hours of morning. She admitted that *I could not afford my son’s university fee otherwise.* She then praised her husband: *he is a very understanding and civilised men.* She fears that it has been like this for a while and I am now so used to that I just would not know what to do at home if there were a cut in my working hours.

**Networking:**

Alperen was one of the few lucky ones among smaller manufacturers since he managed to convince the officials for a site-licence *on the condition of contributing to teaching and making donations in a local ship-making college.* He proudly displays several plackets in his office awarded for such activities. Alperen is the only one with a site-licence in the Marmara region: *Well, there is*
also another one but it will be closed down soon since the authorities won’t renew the licence for environmental issues, he stipulated.

On top of educational and financial support to the local school, Alperen’s skills further help him to tap into strategic networks: I am a highly appreciated engineer, although this is only through heart-learning rather than a formal qualification. Everybody calls me to get my opinion if there is a rescue operation or difficulty in terms of engineering technicalities. Also, sometimes customers need boats with unstandardized sizes. Getting them nested (projected) is time consuming and expensive. I can craft such designs with no calculation at all. And guess what, I work with the ISO and RIM quality assurances. If I use 200 tonnes or more of metal sheet, then I deliberately use the best quality control agency in the World, the Italian RINA. Alperen is very knowledgeable about the raw-material markets as well: I know the market more than most. People consult me to decide what material to get where. All these make me friends in business circles.

Alperen has good contacts with MPs and mayors through the Camia (the Nationalists Front) which is well embedded in Alperen’s home town: I just met a mayor and learnt that he was from the Nationalist Party in my home-town. He was the one who helped me out about the site-licence. Alperen hopes that the future performance of his business would also be assisted by political supports. He said that although the government is useless, I will play with their rules: I have strong relations with one MP from the ruling AK party and another one from CHP, the main opposition party. I am sure they will help me get loans since they, too, will benefit in the end, if you know what I mean.

Downsizing to ashes:

In the past several years, my company’s got reduced to ashes, Alperen uttered. He lost his employees, up from hundreds, down to less than a dozen. Meanwhile the market value of the firm went down to a couple of millions from several million dollars.

Alperen outlined three important factors for getting smaller: The first one was my own mistake, he acknowledged, albeit all three reasons were actually related to the government policies either directly or indirectly: I didn’t use enough professional advice, especially when I was bidding for international tender offers. Alperen explained that couple of years ago I joined a bid in Tunisia, but the government officials told me that I was not allowed since I did
not have a special permission. It was of course rubbish. I have later heard that
the son of a cabinet minister got the job. Unfortunately, I could not withdraw
my deposit, since the contract stipulated that the deal was irrevocable, but I did
not know then what the word ‘irrevocable’ was.

The second drive for the downsizing, he specified, was ‘the economic crisis and
the fluctuations in the value of dollar’. Alperen suffered inflationary losses for
the nominal friction between the market values of raw materials and final
products.

Alperen is of the view that the third key factor in terms of the shrinkage of his
business was directly related to the government polices discussed above,
namely discrimination against smaller enterprises, favouritism and oligopolistic
propensities.

Alperen argued that the fatal accidents in his workshop were not that
important in terms of downsizing, since they did not get the whole
compensation demanded yet anyway. However, he does not deny its effect on
his own performance since he had two heart attacks.

Although downsizing was not a voluntary choice for Alperen, it opened a
window of opportunity. Once the company has been downsized, he shifted the
business to periphery activities such as maintenance, conversion, repairing and
dismantling: The growing diversity has helped the business floating over the
past few years. No less significantly, it also opened a new door to the World.

Going global with a small-company:

Technological developments have become very instrumental for Alperen’s now
small-sized business with regard to the exploitation of business opportunities
in the international domains. Alperen noted that I am doing internet surfing all
the time to get new projects around the World. I have my portfolio ready to
apply online anywhere I want.

Alperen feels confident with a smaller firm in the global arena. Remembering
his nasty experience in Tunisia, he said that crooked ministers can’t confiscate
every single job around the world. His account indicates that smaller
companies may offer globalisation highly valuable direct international
operations in abundance: I have recently grabbed a job in the Caspian Sea to
salvage Russian Tankers for Azerbaijan... I believe that the Caspian is full of
Soviet wreckages. They need to be removed for oil explorations.
Critically, however, Alperen’s optimism is not just about the quantity of works. The case of wreckage salvage shows that smaller enterprises can stay relatively safe against commercial competitiveness of larger merchants since they provide niche services: *I charge pay-as-you-go after each removal whereas a large company would rely on long-term deals which are hard to strike since no one knows for sure how much work left.*

Smaller manufacturers may have further favourable edges in the international competition. This is because of not only the lower managerial expenses discussed before, but also the under-regulation of smaller companies with regard to, for example, health and safety or taxation: *Just put together a number of engineers and the necessary paraphernalia, and then off you go.* All and all, Alperen is pleased that such works mean *peace of mind, and no nonsense like hostile dumping or warranties by greedy holdings.*

**Discussions and Conclusions**

To rectify the lack of systematic research specifically into the restructuring of shipyards in Turkey, this paper explored the challenges that the restructuring created for a small shipyard along with the company responses. The findings largely fit into the suggested concept ‘arabesque restructuring’ with a somewhat distinct combination of detrimental and benign aspects.

A number of adverse aspects of the arabesque restructuring present policy challenges. To start with, the restructuring has been blended up with a recessionary mismanagement. Smaller shipyards were let down by the government with, for example, false promises of support whilst allowing larger corporations to invest in speculative currency fluctuations at the expense of their export-oriented smaller counterparts (ISO, 2013; Torlak, 2013).

The present study failed to find a link between the closure of small shipyards and competitive market pressures from the larger manufacturers, unlike what the conventional competition theories might suggest (Held et al., 1999). On the contrary, smaller shipyards tend to be more competitive in the manufacturing of small vessels and peripheral works owing to their locational mobility to follow the regional density of available projects as well as the lower cost of land, management, labour and taxation for such firms.

The research evidence substantiates the concern that the closure of smaller companies is related to the newly introduced site-licence scheme (*Haberler.com*, 2011), especially because of their reliance on moving to
cheaper lands. However, the findings also imply that even if smaller shipyards accept to comply with the site-licence requirement, they may still face arbitrary obstacles. Arguably, this points to the political paradox of neoliberalism: Despite the pro-competition rhetoric, the proponents of market economy may actually bow to oligopolistic pressures at the expense of smaller enterprises (Nichols and Cam, 2005).

Even so, the restructuring process is further complicated by the conflict of interests (Karabagli, 2014). The complacency of high-ranking politicians about potential conflict of interests in undertaking the ownership of large ship-making companies generates doubts in a small shipyard hanging in the balance. Amounting to a claim over official complicity in money laundering, the corruption allegations leave little room for trust in the state as the head of alligators in the jungle of ship-making.

Pro-Islamic, secularist, sectarian and nationalist favouritism (Heper and Keyman, 1998) is a day to day reality for a ship-maker, and the access to these sorts of patronage networks is much influenced by the stakeholders’ power. Such a situation renders smaller manufacturers virtually disadvantaged. However, the findings presented in this study also illustrated that prioritising one small firm over another can be similarly damaging.

The dearth of proper regulations about health and safety turns out to be some kind of honey-trap, especially for a small shipyard. There is some reluctance about spending on health and safety. However, it becomes a lot costlier when a small firm is fined with hefty reparations due to occasional public outcries or reputedly discriminatory policies against smaller establishments (Barlas, 2012).

Responses to the challenges outlined above also add positive components to the arabesque restructuring, although they are overshadowed by a democratic deficiency. The lack of unionisation in smaller shipyards and keeping collective resistance out of question through juristically unaccountable gendarme (Oz, 2013) deprive workers of all options rather than taking legal action against employers in the case of industrial disputes. However, public confidence in courts is very modest (Acar, 2015).

A chronic skills shortage in shipyards is exacerbated by the use of cantaci (toolboxers) without proper employment contracts (OECD, 2011; Yilmaz et al, 2015). The departure of skilled workers from the Marmara region and the industry after the closure of smaller workshops has deepened the problem,
triggering a growing pressure on retention. Some inventive tactics are constructively developed at the individual company level such as providing free meals, but the hardship persists. Further, commitment and productivity issues arise from undesirable working terms are engaged with giving, for example, a say to workers in decision making processes about the production design, but such matters also remain unresolved.

The search for survival strategies reflected on extended working hours which had already been highly pronounced in shipbuilding (Aykac, 2008). This had implications for the work-life balance: working longer hours left less time for social activities (MacInnes, 2005). However, there is an important lesson to be drawn here: Even in the case of ship-making, longer hours do not necessarily mean a deteriorated work-life balance. Working longer hours can paradoxically improve the work-life balance from the employer and employees’ points of view, depending on the individual characteristics of people. Financial gains, the chance to look after family members more adequately, a less overwhelmingly organised use of social time and greater job satisfaction can culminate in a better work-life balance than shorter working hours as such.

The results presented in this paper pointed to the vital importance of business diversification for a small establishment by moving from core production to subsidiary works, such as dismantling, conversion and maintenance. Although it may not be chosen voluntarily, downsizing also has potential to avoid bankruptcy through a shift toward outsourcing services.

The case company examined has proven that globalisation is not necessarily about multi-national conglomerates. Nor is it true that small establishments as such are bound to be side-lined in the shape of, for instance, providing peripheral outsourcing services for the large firms (Hertz, 2001). The evidence from the ship building indicates that a small enterprise can directly take part in commercial activities around the world as businesses become increasingly globalised, not least thanks to the transport and communication technologies.

Some policy implications of the findings are worth outlining. Dealing specifically with underemployment and overemployment, as defined by personal preferences for longer or fewer working hours, can be more effective than a universally compulsory reduction in working hours in terms of striking a better work-life balance. For ethical reasons, in addition to the viability of retention and labour productivity, it is essential to devise regulatory interventions in improving the quality of work. Sustaining the contribution of
smaller companies to ship-making also requires preventing their limited resources from becoming wasted for health and safety compensations by overcoming the under-regulation issue in the first place. More decisive checks and balances should be deployed to address oligopolistic tendencies, favouritism and the conflict of interests. Besides, the government can discourage larger corporations from investing in currency speculations at the expense of both national economy and export-oriented smaller shipyards. Finally, it should provide much-needed information and guidance services, especially for smaller shipyards about business prospects around the world.

Future research should further explore smaller workplaces in order to highlight potential challenges and opportunities as well as relating investigations to larger shipyards with regard to restructuring and employment relations.

References

Atkinson, P., Coffey, A. and Delamont, S. (2003) Key Themes in Qualitative Research: Continuities and Changes, Walnut Creek, CA, AltaMira


ISO (2013) *Turkey’s Top 500 Industrial Companies*, Istanbul Chamber of Industrial Journal, Number 569, ISSN: 1307-6418


UBAK (2014) *Deniz Ticaretı 2013 İstatistikleri*, Deniz Ticareti Genel Müdürlüğü, Ankara