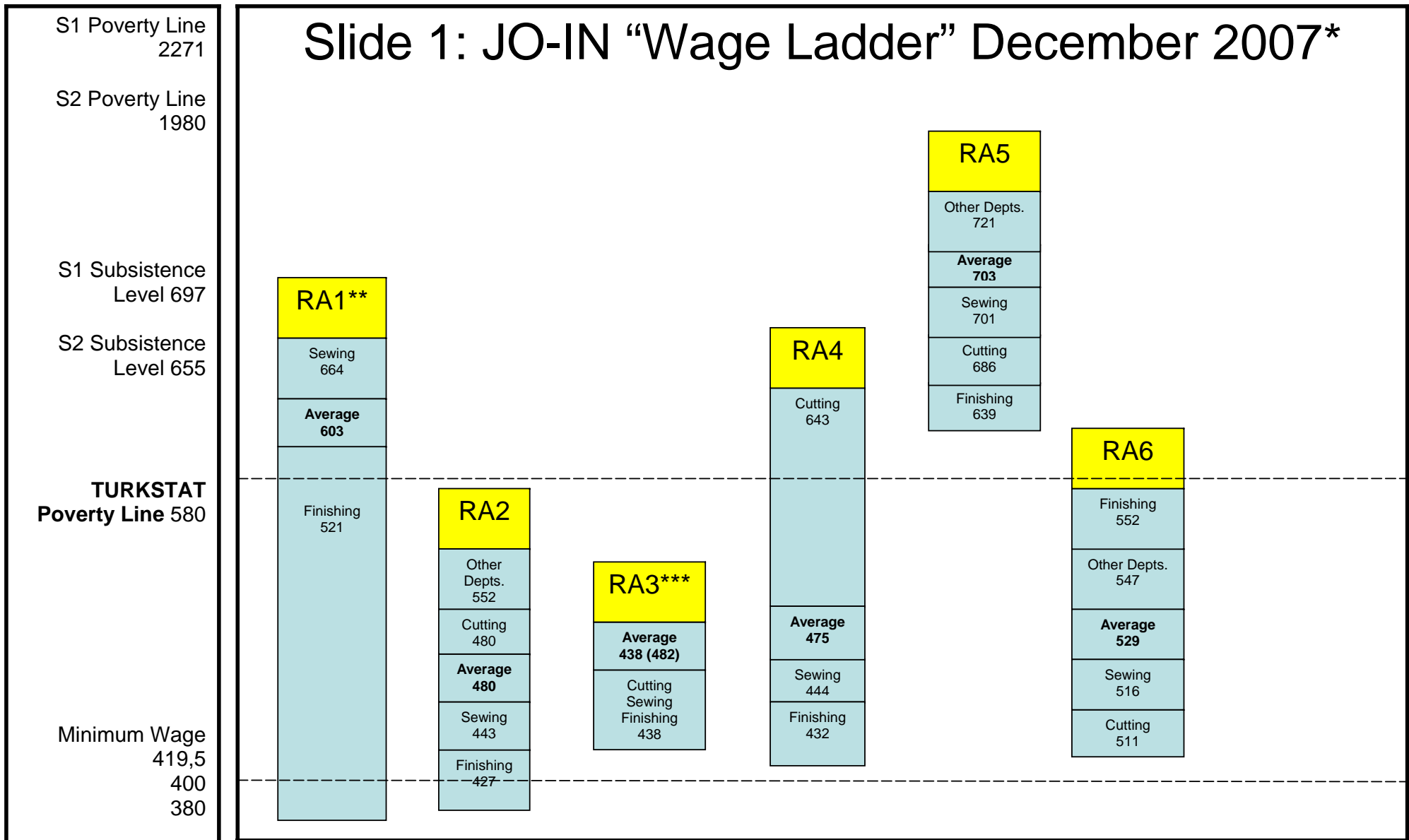


Slide 1: JO-IN "Wage Ladder" December 2007*



S1 figures are based on November 2007.
 S2 figures are based on October 2007.
 TURKSTAT Poverty Line was officially adjusted for 2007.
 Minimum wage figure is based on December 2007.

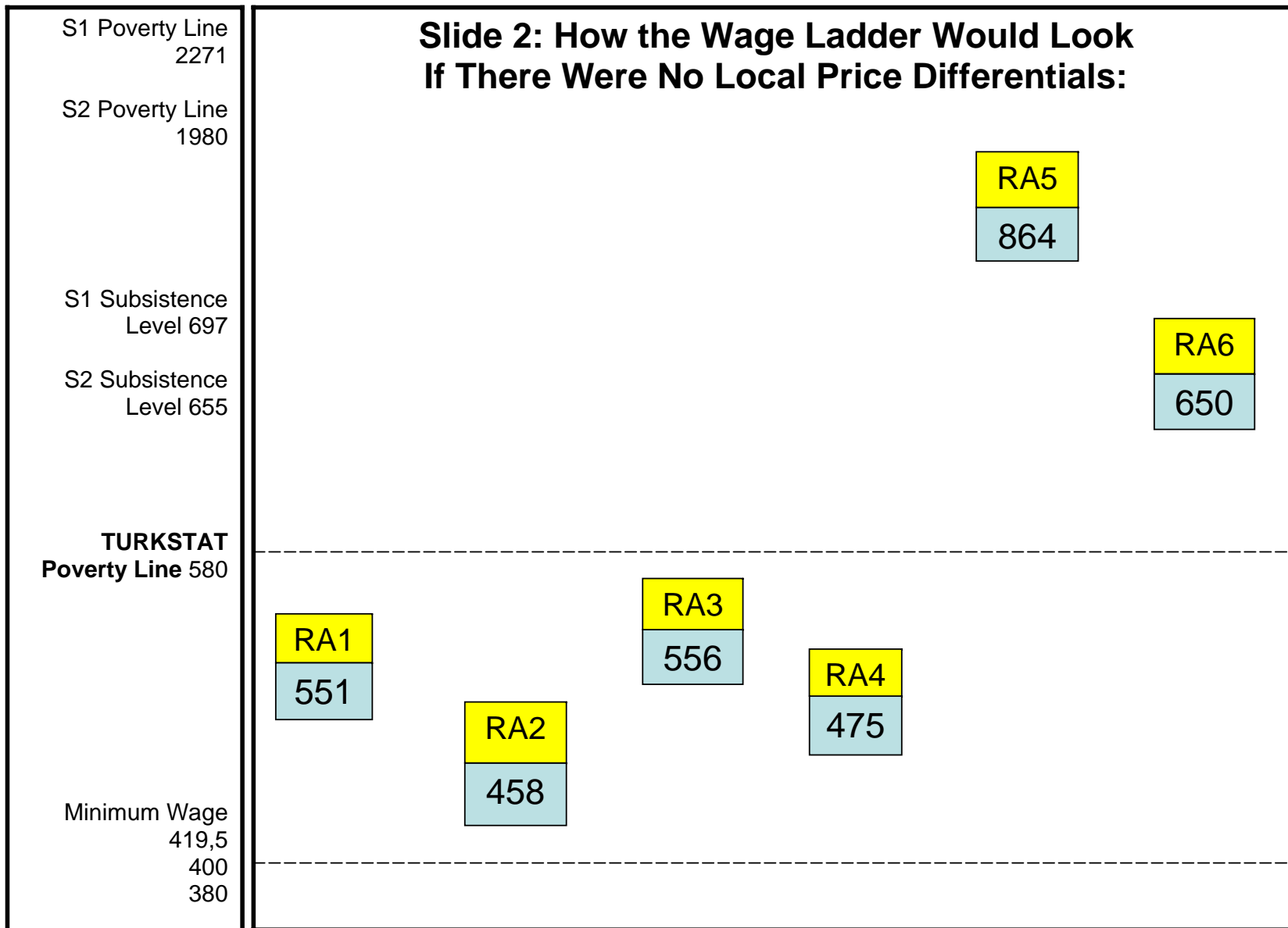
*Figures in this chart are those provided by the companies.
 ** A group of white-collar workers who are employed in a sub-company of RA1 is not included here. The number of employees in this group is 14 and the average wage of the group is 1435 YTL.

*** RA3 declared around 100 employees as working in other departments. Not all of the employees in this group are textile workers and their average salary is 564 YTL. When that figure is included in the calculation, the average wage raised to 482 YTL.

Slide 1 commentary

In this slide, the main results of the Jo-In wage ladder research are demonstrated. The data used in this chart is compiled from the forms Jo-In had distributed to the firms. A copy of this form is attached at the end of this report (see p13ff). The data obtained from those forms was discussed with the Jo-In Re-Assessments auditors and put into an appropriate form to build the wage ladder chart. Each column in the chart corresponds to a firm whose name is kept confidential. Each department within those six firms is presented in separate boxes within the columns and the average salary of the workers in a particular department is noted in the respective box. The length of the boxes is different since the wages of the workers who are employed in the same department vary. For instance, in the finishing department of RA1, where the average wage is 521 YTL, the wages of some workers are below minimum wage whilst there are some other workers who are paid above the TURKSTAT poverty line. In order to be able to depict this wage disparity in the chart, different departments are represented by different sized boxes.

The parameters on the left-hand side of the chart are selected as a result of a series of studies conducted together with the auditors in order to determine the most appropriate values. Determining the poverty line and subsistence level has always been a controversial issue in Turkey. While the figures put forward by trade unions are considered to be overblown by certain groups, TURKSTAT figures are claimed, by workers and trade unions, to be below poverty line. There is indeed a significant discrepancy between different figures at hand. In order to be able to both reflect that debate on the chart and to give a better idea to the reader, we quoted the poverty line figures proposed by two trade unions, whom we think conduct the most reliable research on this issue, together with the figures pronounced by the Turkish Statistical Institute (TURKSTAT). However, from among various TURKSTAT figures, only the poverty line is cited in the chart. The reason for that is because the subsistence level stated by TURKSTAT, which is below 300 YTL, is too low to serve a meaningful function in this chart.

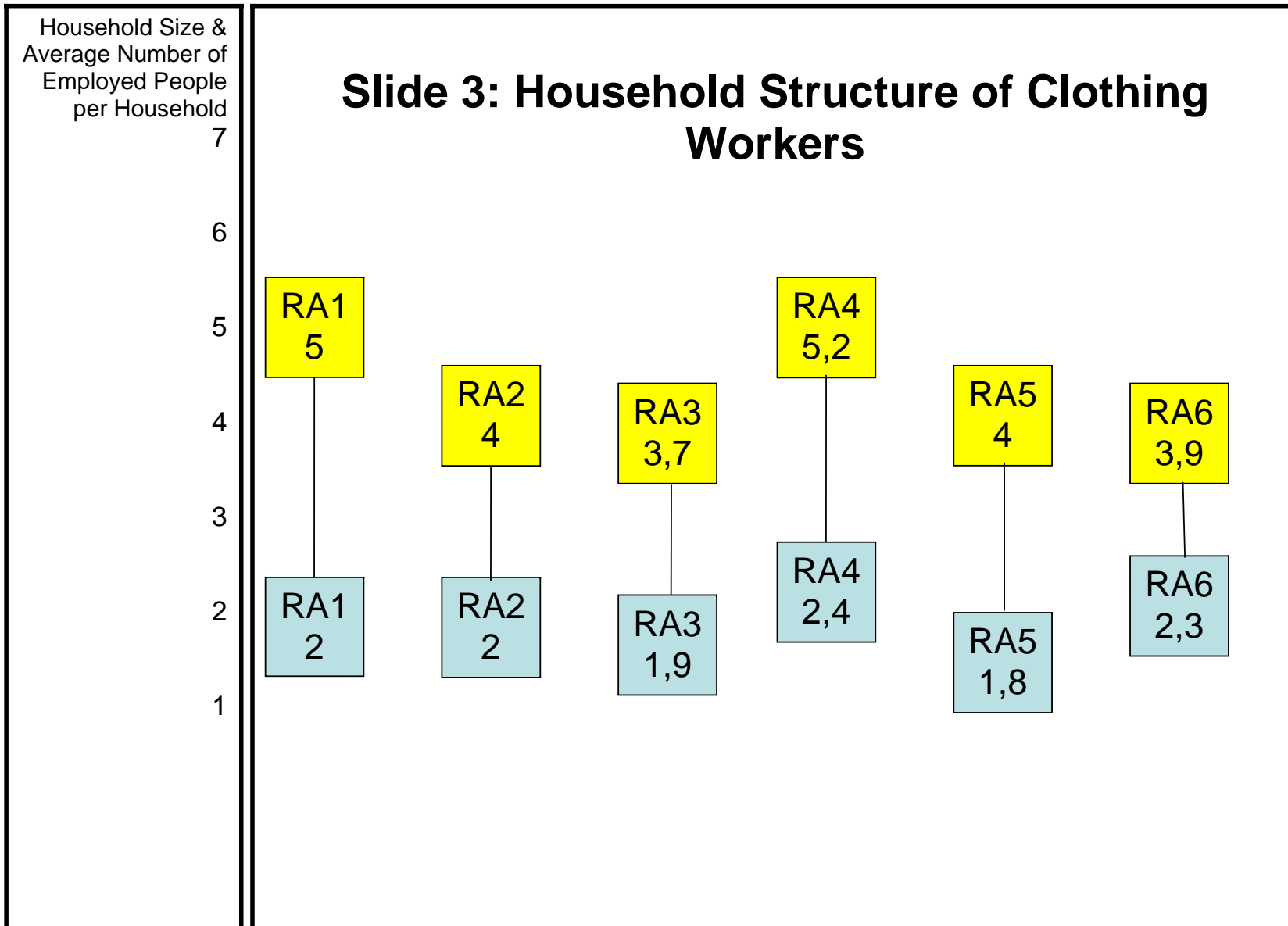


S1 figures are based on November 2007.
 S2 figures are based on October 2007.
 TURKSTAT Poverty Line was officially adjusted for 2007.
 Minimum wage figure is based on December 2007.

This chart aims to build a common ground for the comparison of subsistence conditions in different regions by figuring out the regional price differentials. To achieve this, regional GDP per capita figures of TURKSTAT, which is the only relevant available data, are used.

Slide 2 commentary

The aim of this chart is to address the critiques directed to the Jo-In wage ladder (May 2007 “work-in-progress” version) for not considering local price differentials. Although that first Jo-In wage ladder could serve as a tool to compare the wages of the workers employed in textile and garment sector, it could not answer the question of what those wages mean in different local markets inside Turkey. The ideal solution to this problem would be to weight the local wages according to the calculated local poverty lines. However, unfortunately this data is not available in Turkey at the local level. Nonetheless, in order to be able to get a rough idea about this issue and to more or less eliminate the local price differential we employed the following method: First of all, we assumed that regional GDP per capita figures stated by TURKSTAT, as an average value, can be used as an indicator of life standards and costs in the respective cities. Then we weighted those regional differences according to a common base (the figures for one city where one of the firms was based are taken constant) we determined, and worked out the ratio between them. For example, if regional GDP per capita for the City X is double of the one for the City Y, we could expect that expenditures and costs in the City X would be higher than those in the City Y. Although the prices would not necessarily be different for every single item, it could be safely assumed that the rent ratio, and hence the ratio of many other costs would be close to that ratio. Therefore wages in the City Y would be able to cover more life expenses than they would in the City X. We cannot come up with the exact ratio due to a lack of statistical data. For that reason, if we could weight wages according to the ratio of regional GDP per capita figures, we would get a rough idea about regional differences.

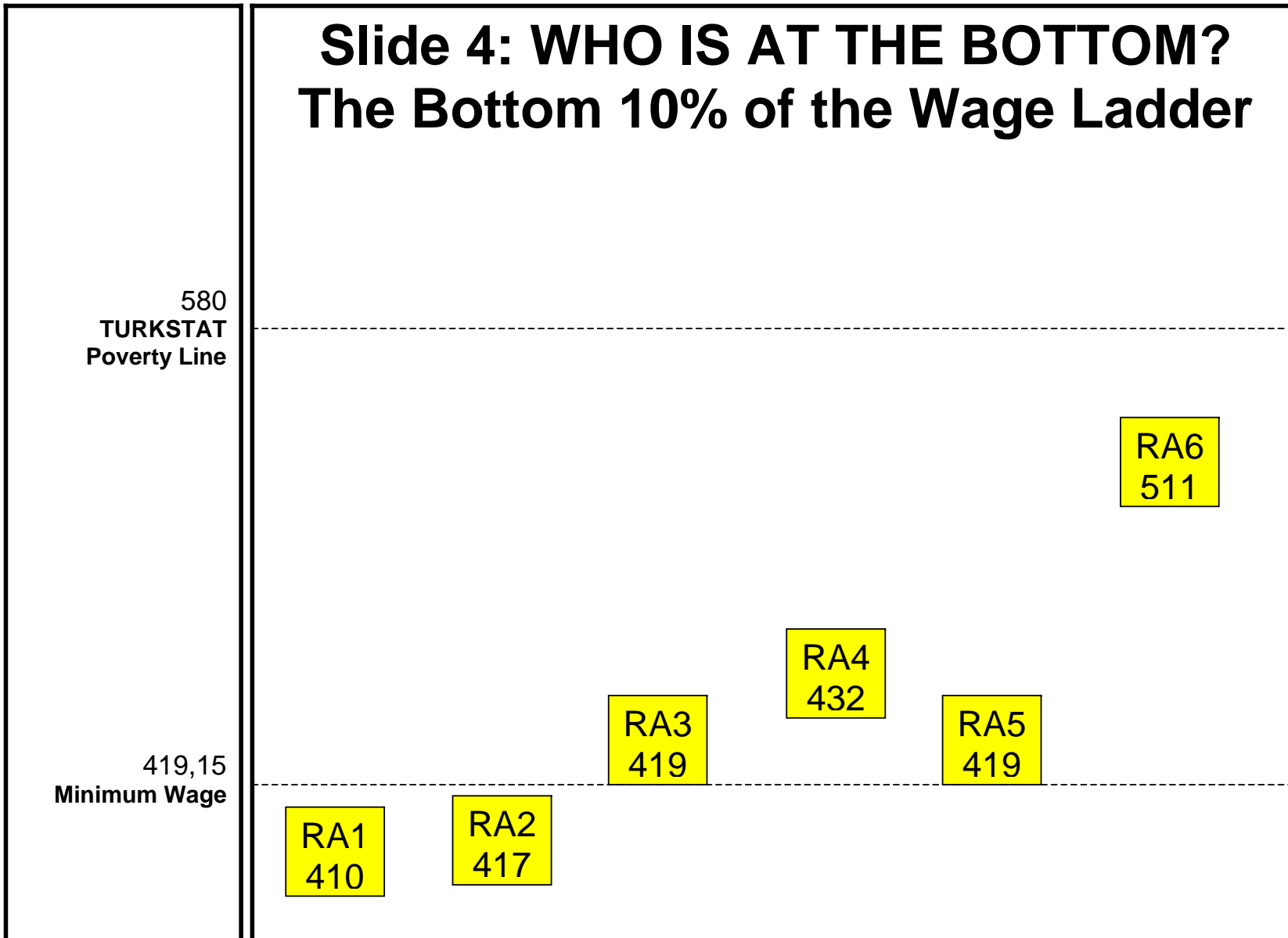


Figures in this chart are based on the Jo-In surveys conducted in factories by the Jo-In researchers themselves.

Slide 3 commentary

This chart aims to depict the household structure of the workers employed in the textile and garment factories which participated in the Jo-In project. The average household sizes of the workers are shown in yellow boxes and the average number of employed people per household is demonstrated in blue boxes. This data may give us an idea about the household structures in various regions and the average needs of those households. The number of employed people in a household could tell us something about the subsistence level in that household only if the size of the household is known. Therefore, Jo-In aimed at collecting the data about the workers' household size and the number of employed people in the household through a research conducted as part of the wage ladder project. Almost all of the blue-collar workers in all but one participating factories answered those questions. The representativeness of the data from five factories, therefore, is close to perfect. In one of the factories, however, where the number of workers was too high for all of them to be directly covered in this research, a random sample of 160 workers was selected to answer the survey questions. In this respect, it would be safe to assume that the data collected from this company would also be reliable. The field research manager himself has visited the factories to conduct the research and closely supervised the preparation and the distribution of the survey. The data collected was evaluated together with the Jo-In Re-Assessments auditors and the necessary procedures for the validation of data were completed.

Slide 4: WHO IS AT THE BOTTOM? The Bottom 10% of the Wage Ladder



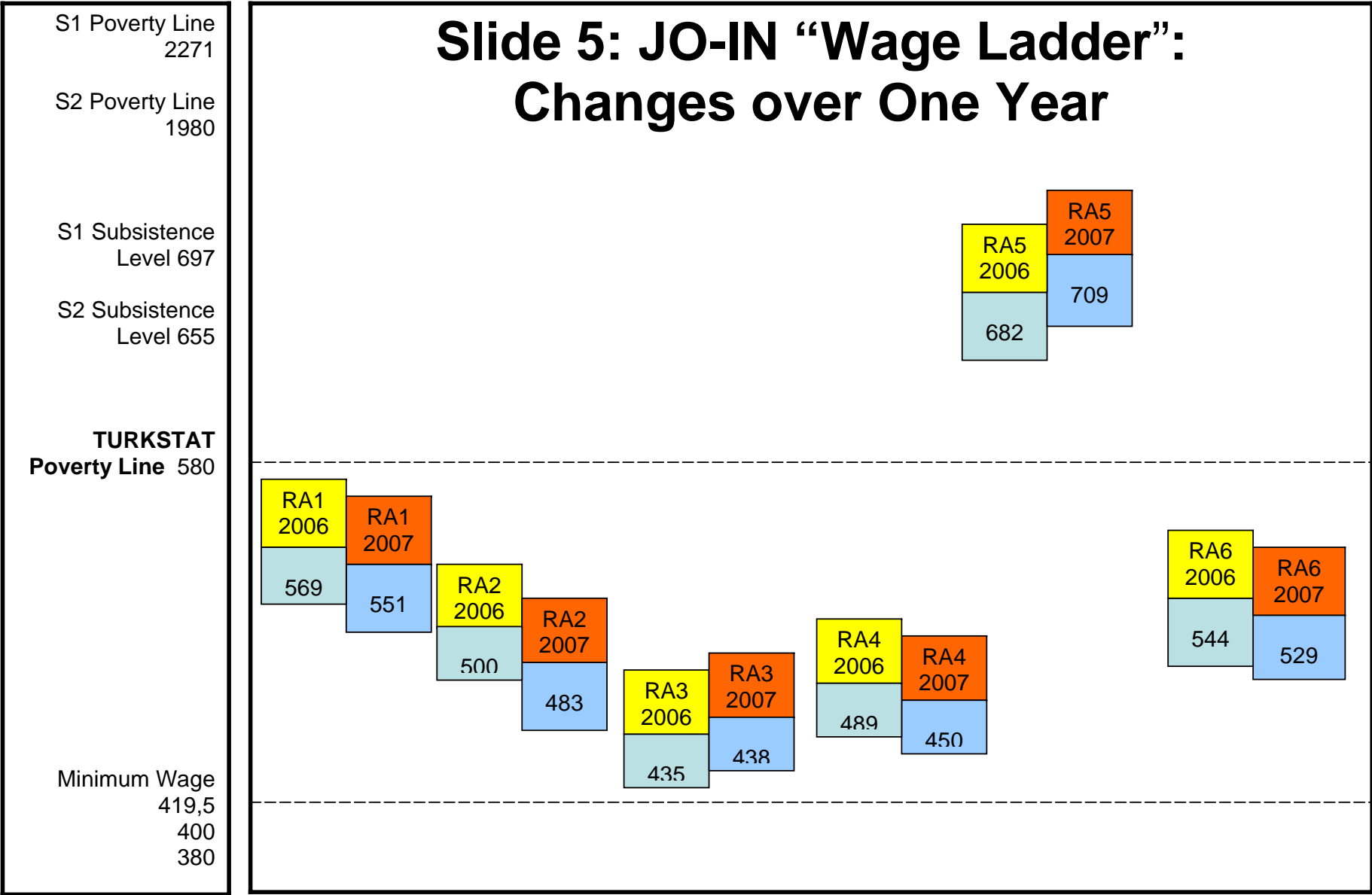
TURKSTAT Poverty Line was officially adjusted for 2007.
Minimum wage figure is based on December 2007.

Figures in this table are based on the payroll records of the companies.

Slide 4 commentary

The principal aim of this chart is to locate the bottom 10 per cent with the lowest income among the blue-collar workers in every company. Since (as per the survey questionnaire on pages 13ff, below) the companies only declared the average wages in the factory, it would not be possible to compile this chart based on that data. Instead, the payrolls of the workers were used to gather this information. However, as it was mentioned before, the companies keep different records for the state inspections (where, generally, all the workers are declared to be paid minimum wages) and for their own business purposes. Therefore, in order to be able to demonstrate both the companies like RA6 where the bottom 10 percent receive wages above minimum wage and the ones like RA1 where the bottom 10 percent receive wages below minimum wage, we used the payroll records kept by the companies for their own business purposes. These payrolls were acquired during the factory visits of the Jo-In Re-Assessment auditors. There is an exception: for one company, we used the officially-declared payroll figures since the high number of workers in this company and the institutionalised structure required by that size would not, theoretically, allow double-bookkeeping practices. In this chart, only TURKSTAT poverty line and the minimum wage level are inserted for comparison as wage scale, since the union figures were well above the wages of the bottom 10 percent.

Slide 5: JO-IN “Wage Ladder”: Changes over One Year



S1 figures are based on November 2007.
 S2 figures are based on October 2007.
 TURKSTAT Poverty Line was officially adjusted for 2007.
 Minimum wage figure is based on December 2007.

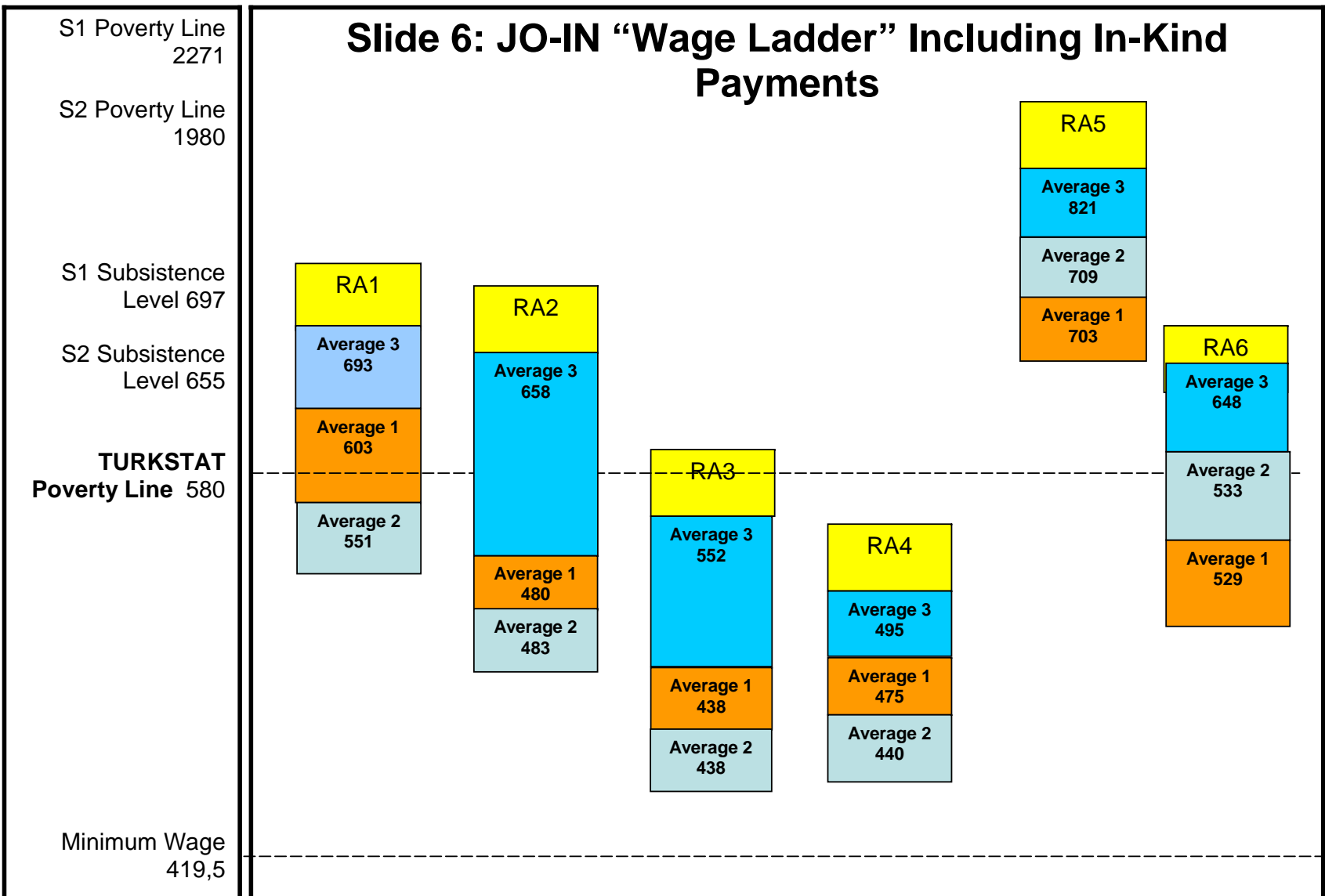
To achieve more valid results, the figures of 2006 are adjusted for 2007. The 2007 inflation rates are as estimated by TURKSTAT. Both the 2006 and 2007 figures are based on the payroll records of the companies provided to the Jo-In assessors.

Slide 5 commentary

The aim of this chart is to depict the changes in the wages of the blue-collar workers occurred during the period that Jo-In wage ladder study was conducted. Instead of using the averages deduced from the forms completed by the companies for this study, the data is taken from the payrolls used by the companies for their own records. As it was mentioned earlier, these companies keep two set of payroll records: the first one for themselves and the second one for the information of public institutions. Aiming to get the most accurate results from the study, Jo-In used the payrolls kept by the companies for their own records. Only for one company, we used the officially-declared payroll figures since the high number of workers in this company and the institutionalised structure required by that size would not, theoretically, allow double-bookkeeping practices. Nonetheless, if the figures obtained from the Jo-In studies conducted in 2006 were used without adjusting them according to inflation rates for 2007, the improvements in wages would look better than they actually were. Therefore, the figures of 2006 are adjusted for 2007 inflation rates as estimated by TURKSTAT (8.86%).

During the presentation of this slide at the first presentation of this study (Bogazici University, 11 December 2007) many people from the audience were surprised that the real wages had fallen and asked if that could have been possible. Because the wage increases, generally, at least match the inflation rate, it was expected that the real wages in 2007 would be the same as the one the year before at the very least. It should be noted, however, that the Jo-In studies were conducted in the period between August and December 2007 and that the textile and apparel companies increase the wages twice a year in January and June. Thus the 2006 figures reflect the real wages for the second half of 2006, and the 2007 figures reflect the real wages (inflation-adjusted) for the second half of 2007. This means that the figures reflect a like-to-like comparison.

Slide 6: JO-IN “Wage Ladder” Including In-Kind Payments



S1 figures are based on November 2007.
 S2 figures are based on October 2007.
 TURKSTAT Poverty Line was officially adjusted for 2007.
 Minimum wage figure is based on December 2007.

Average 1 is based on the figures declared by the companies.
 Average 2 is based on the payroll records of the companies.
 Average 3 is the Average 2 plus the average catering and transportation expenditures of the companies per worker.
 It should be noted that some figures in the table could not be validated because of a lack of relevant official records.

Slide 6 commentary

In order to fully present the various wage policies of different companies in the wage ladder, it was considered to be useful to go beyond the differences between various departments in the companies and to take in-kind payments into account as well. In keeping with this aim, the figures in this chart include the transportation and catering expenditures made by the company for the blue-collar workers. The figure of those expenses is added, not to the averages declared by the companies themselves, but to the averages calculated based on the payrolls kept by the companies for their own records and which were acquired by the Jo-In auditors.

In the chart, there are three entries for each company: Average 1 is based on the data declared by the companies in the forms. Average 2 is based on the payrolls kept by the companies for their own records. And finally, Average 3 is the Average 2 plus the average catering and transportation expenditures made by the companies per worker. The figures for catering and transportation expenditures are based on the official documents such as receipts, which were collected by the Jo-In auditors during their factory visits. Only in RA2, the Jo-In auditors could not find any receipts. Therefore, the figures declared by the company are used in this chart. During the presentation, various questions were raised regarding the large deviation in averages, as in the case of RA2. The reliability of this average could be questioned because of this large deviation. This chart, in general, gives us a chance to compare the cash payments with the in-kind payment made by the companies. This chart also serves an important function by providing us with the opportunity to compare the average wages declared by the companies themselves with the findings of the Jo-In auditors.

QUESTIONNAIRE COMPLETED BY THE COMPANIES:

JO-IN Wage Ladder: Improvement, October 2007

1. Introduction

The May 2007 version of the Jo-In Wage Ladder which was presented and discussed at the Jo-In International Consultation Conference, Boğaziçi University was “work-in-progress” and it needed to be improved in terms of:

- The level of detail covered
- Validity
- Fairness (comparing alike with alike)

As it was agreed on by the Suppliers participating in the Jo-In Turkey project, an academic research team (see the Endnote for details) was assigned to carry out a research to improve the Wage Ladder. This research is scheduled to be completed by the end of October 2007. The analysis will focus on the figures of September 2007.

2. Information required

The information required could be categorised in six different groups: Groups A, B and C will be provided by the management; D and E by workers; and Group E will be independently acquired by the researchers. Nonetheless, we would like to note that any information falling under any of these categories provided by any of the informants would be very much appreciated and taken into consideration.

2.1. Information required from management

A: Average wages in cutting department (see, Chart 1)

B: Average wages in other departments, if there are such (see, Chart 2)

C: In-kind payments per worker (see, Chart 3)

2.2. Information required from workers

D: Average household size

E: Average number of employed people per household

2.3. Information that will be independently acquired by the researchers

Local subsistence costs in the regions where participating factories of Jo-In are established (These will be calculated based on official statistics and relevant academic studies).

3. Information to be provided by the management

A. Chart 1

September 2007, Sewing Department (i.e., all cutting, sewing and finishing units)

Department	Cutting	Sewing	Finishing	Other¹
Number of male workers ²				
Number of female workers				
Average after-tax wage paid for regular working hours				
Average after-tax wage paid for overtime				
Average in-kind payments per worker				

¹ If this column will be used, please specify which department. The aim of these tables is to find out the total number of workers by adding the figures in Table A to the ones in Table B.

² "Worker" is defined as any employee who is not a member of the administrative or managerial staff. Supervisors are accepted as part of the managerial team.

B: Chart 2

September 2007, other departments (if there are such)

Department	Design and Modelling	Spinning	Dyeing	Printing	Other
Number of male workers					
Number of female workers					
Average after-tax wage paid for regular working hours					
Average after-tax wage paid for overtime					
Average in-kind payments per worker					

C: Chart 3

In-kind payments made to the workers in September 2007

	Catering	Transportation	Other (please specify)
Cost for the company per worker			

Please note that; (1) the survey does not cover some in-kind payments (e.g. nurseries) which are used only by some workers; and (2) “cost for the company” means the actual expenditure made by the company (not an estimate figure of the savings a worker would have made, calculated based on the figures of what a worker would have paid if he/she had paid for those by himself/herself.)

4. Information to be provided by workers

The data on two areas under investigation (family size and the number of employed people per household) needs to be based on a reasonably representative sample. It is proposed that the workers may be asked to convene in the dining hall towards the end of the lunch break and to answer the questions raised by the researchers by raising their hands. Required time to complete the survey in this manner would be around 10-20 minutes depending on the size of the factory. The support of the management for the survey will be sought by asking them to inform the workers about the survey one day in advance and to help the researchers complete the survey in the dining hall.

5. Confirmation and work load

Once the management complete the Charts 1-3, a simple confirmation procedure will be followed by cross-checking the figures used by the management to complete the form against the figures in the companies' original documents

If completing the Charts 1-3 proves to be a very demanding task for the management (e.g. if there are time constraints), the researchers are available to take on this task. However, in that case, they will need to be given access to the relevant documents.

6. Proposed time period for the research

The researcher who is responsible for organising the practicalities of the field research (Fırat Kurt) will directly contact the companies to collect the data gathered by the management, to validate that data and to set a date for the factory visit when the short survey would be conducted with the workers.

Endnote 1: Academic Research Team

Supervisors:

Prof. Ahmet İnel, Professor of Economics, Galatasaray University

Prof. Fikret Adaman, Professor of Economics, Boğaziçi University

Field Research Team:

Dr Burcu Yakut-Çakar, Research Assistant, Social Policy Forum, Boğaziçi University

Fırat Kurt, Research Assistant, Social Policy Forum, Boğaziçi University

Dilan Yıldırım, BA in Sociology, Boğaziçi University

Endnote 2: Confidentiality Agreement

The researchers who will directly have access to the payroll records of the companies will be asked to sign a confidentiality agreement with Jo-In.

The results of the research will be coded by the usual Jo-In codes (U-Z), just like at the presentation of “work-in-progress” Wage Ladder held in the Consultation Conference in Boğaziçi University in May.*

* Note that this was later amended and a new coding adopted, since many participants felt the U-Z code had been “cracked”. This is the origin of the RA1 to RA6 codes, which DO NOT correspond in any way to codes U – Z (i.e. U is not RA1, V is not RA2 ,etc etc.)