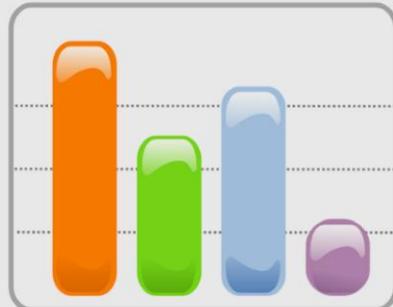
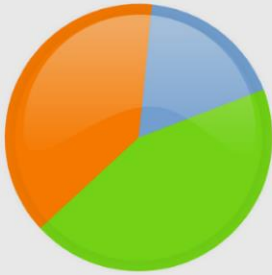
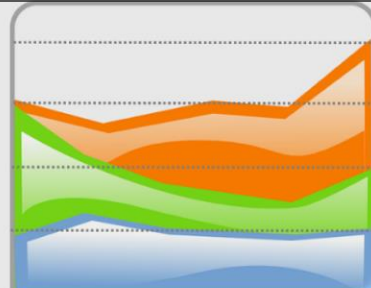
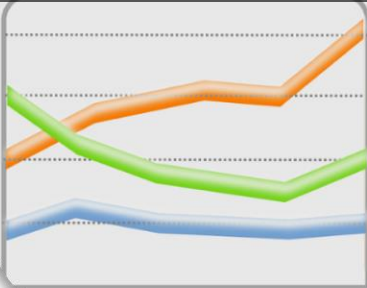




TCFLI Textile, Clothing, Footwear and Leather Industries



Evaluation of Labour Relations at TCFLI in Portugal, Turkey and Hungary



Contributions to the elimination of discriminatory practices between Women and Men in employment

EUROPEAN COMMISSION
Employment, Social Affairs and Inclusion DG
BUDGET HEADING 04-03-01-05
Information and training measures for workers' organisations

Contributions to the elimination of discriminatory practices between women and men in employment relationships Grant

Agreement - VS/2021/0022

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1. INTRODUCTION

To tackle the issue of gender discrimination, we must first set out the definition of the concept of “discrimination” as defined by the ILO (International Labour Organisation) in Convention no. 111 of 1958, ratified by Portugal in 1959, by Hungary in 1961 and by Turkey in 1967, as “any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation”.

Discrimination can take place in two forms. It can be direct discrimination when an explicit guideline or rule establishes different treatment for men and women, or indirect discrimination when it is enacted in social practices “whenever an apparently neutral provision, criterion or practice is liable to put people (...) in a disadvantageous position compared to others” (ILO, 2007).

The stereotypes and prejudices about the inherent characteristics of each of the genders underpin gender discrimination, which manifests itself in the gender segregation practised in the job market. This segregation affects particularly women, with a concentration of women in certain sectors of activity which are not as highly valued socially, horizontal segregation, and in the lower hierarchical levels occupied by women, even in sectors that are mostly occupied by female labour, vertical segregation (ILO, 2007).

Regarding equal remuneration for men and women for work of equal value, the aforementioned Convention no. 100 of the ILO talks about indirect discrimination which translates into lower pay for jobs occupied mostly by women and which is underpinned by social representations and stereotypes that accentuate the devaluation of female labour.

Given that this Convention aims to ensure that men and women earn equal remuneration not only for similar work, but also for work of equal value, it is essential that jobs are assessed without gender bias and to guarantee equal remuneration for work of equal value, regardless of the gender of the person doing it.

Article 2 of Convention no. 100 states that “each Member shall (..) promote and (...) ensure the application to all workers of the principle of equal remuneration for men and women workers for work of equal value. This principle may be applied by means of: national laws or regulations; legally established or recognised machinery for wage determination; collective agreements between employers and workers; a combination of these various means”.

According to Eurostat data the Textiles, Clothing, Footwear and Leather Industries in 2020 in the 27 member states of the European Union (EU) accounted for over 221.000 companies, mostly micro and small-sized companies, and employed more than two million employees. In Portugal there were approximately 189.000 workers in these industries, Hungary had around 33.000 and Turkey, which places a significant share of its production in the EU thanks to customs agreements, had approximately 66.000 companies and over 1.2 million workers in 2020 in these sectors.

These industries are predominantly comprised by female workers. The female employment rate in these sectors in the EU is approximately 67%. In Portugal it is 68% and it is 80% in Hungary. In Turkey, women account for 41% of employment in these industries, this situation can be explained by the weight of the Textile and Leather Industries, which usually have a higher percentage of male workers.

In the EU the pay gap over the last few years has been diminishing, but even so there was a difference of 13% in remuneration between men and women in 2020, on average. In Portugal (EU data) the pay gap was 11.4% (below the EU average) and in Hungary the difference was 17.2% (above the EU average). In the case of Turkey, a recent ILO study (ILO, 2020) based on 2018 data found that the pay gap in Turkey was 15.6%.

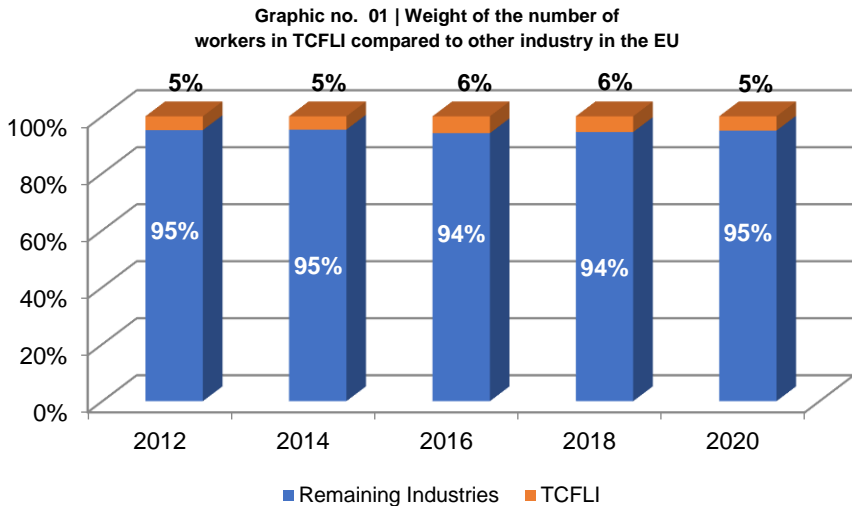
If we delve deeper and analyse the data relative to remunerations in the Textiles, Clothing, Footwear and Leather Industries in Portugal, Hungary and Turkey, we see that women continue to be at a disadvantage in relation to men and continue to earn less. In Portugal's case, the pay gap is substantially higher than the national average and the EU average. According to statistical data from 2019, the pay gap in Portugal, on average, was 19.9%. If we narrow our analysis on senior staff positions, the difference increases to 26.3%. In Hungary it was 16% on average (2020 data) and in Turkey 8% (2020 data).

2. Industry Characterization

For the characterisation of sectors within the European Union and particularly for the characterisation of sectors in the countries making up the partnership, we used Eurostat as a source. This allowed us to ensure that all the data presented here has been collected and treated equally. However, there may be a slight bias compared to national data depending on the source, furthermore, it must be stressed that data from 2020 might have been influenced by the health safety measure that were implement by the different countries to combat the Covid 19 pandemic.

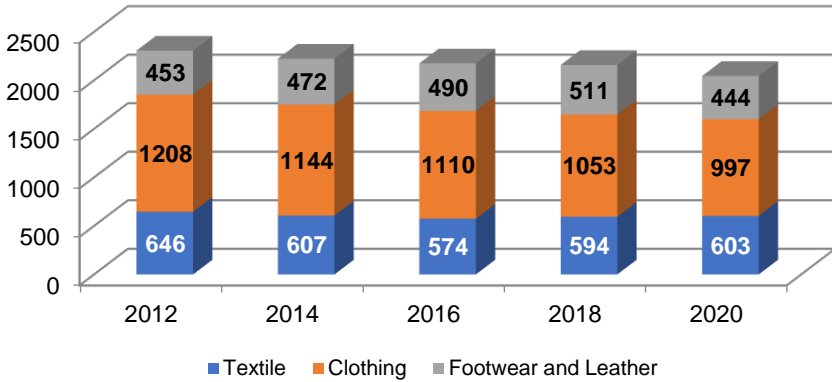
2.1 NUMBER OF EMPLOYEES

When assessing the number of workers in the *TCFLIs* compared to the rest of the industry, we find, through graph no. 01, that between 2012 and 2020 the *TCFLIs* continue to represent approximately 5% of employment for the entire EU industry (27 member states).



Through graph no. 02 we can see that the number of workers in *TCFLIs* in the EU has been decreasing. We have gone from approximately 2.3 million workers in 2012 to roughly 2 million in 2020, a decrease of around 11%

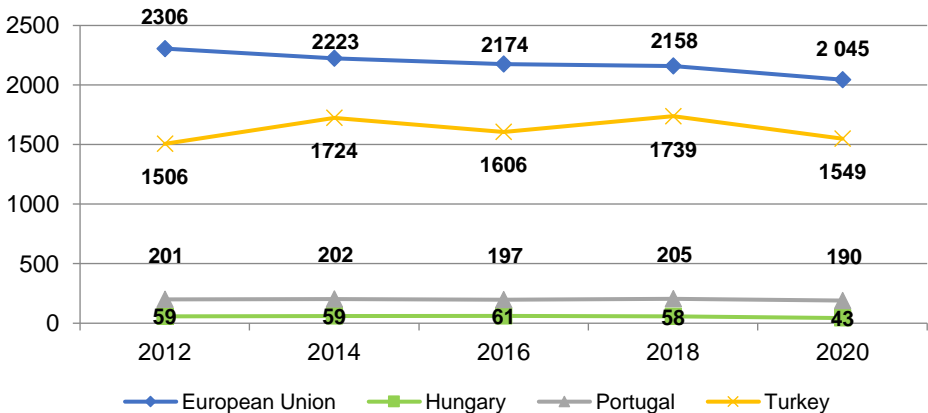
Graphic no. 02 | Change in the number of workers per sector in the TCFLIs in the European Union between 2012 and 2020 (in thousands)



Between 2012 and 2020, all the TCFLIs saw a decrease in the number of workers. The Clothing Industry lost around 17% of its workers (approximately 210.000 workers), the Textile Industry, saw a loss of roughly 7% (around 43.000 employees) and the Footwear and Leather Industries experienced a loss of roughly 2% of its workers (approximately 8.000 employees).

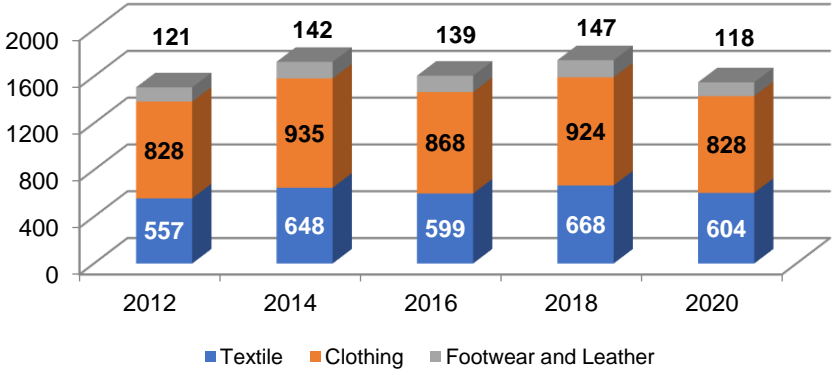
In contrast with the EUs declining trend of employment in the TCFLIs, we see that in Turkey the number of workers in these industries has increased when compared to the number of workers in 2012, approximately an increase of 3% (graph no. 03).

Graphic no. 03 | Evolution of the number of workers in TCFLIs between 2012 and 2020 (in thousands)



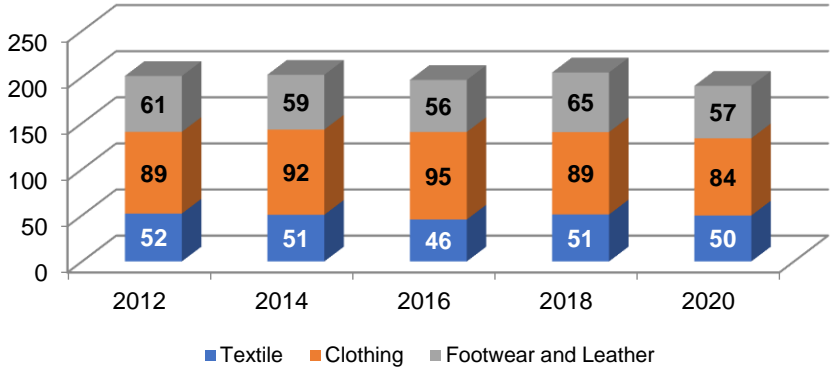
If we analyse the Turkish figures in more detail (graph no. 04), we can see that the only *TCFLI* sector that saw an increase was the Textile, which has increased by approximately 8%. The Footwear and Leather Industries saw a decrease of roughly 3%, while the Clothing Industry has approximately maintained its strong presence in the *TCFLIs*, representing approximately 55% in 2012 and roughly 53% in 2020.

Graphic no. 04 | Change in the number of workers in *TCFLIs* between 2012 and 2020 in Turkey (in thousands)



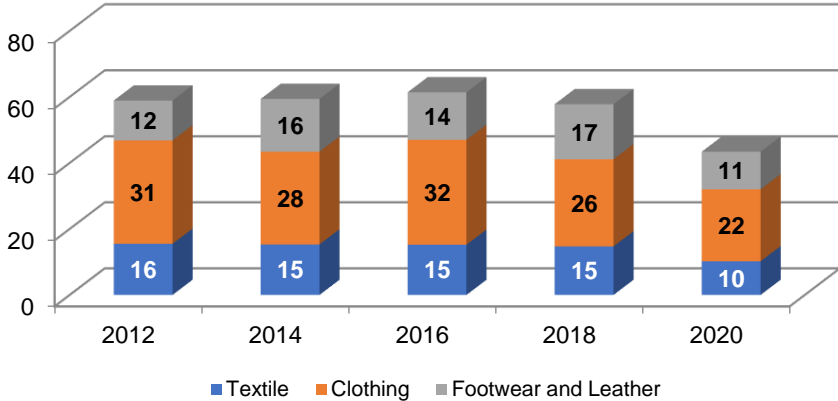
The decrease in the total *TCFLIs* in Portugal has been caused by the decrease of the Footwear and Leather Industries, which dropped by 6%, the Clothing Industry, which has dropped by 5% and the Textile Industry, which shows a decline of 4% (graph no.05).

Graphic no. 05 | Evolution of the number of workers in the *TCFLIs* between 2012 and 2020 in Portugal (in thousands)



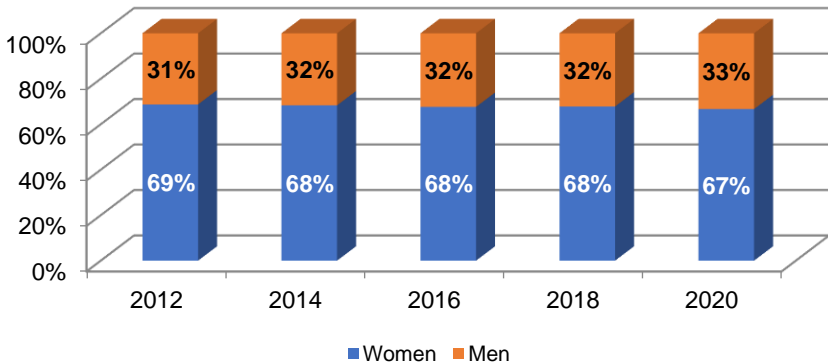
In Hungary, during the period of 2012 and 2020, the number of workers in all of the industries that compose the *TCFLIs* has decreased (graph no. 06). The sectors that saw the biggest loss of workers were the Textile and Clothing sectors, over this 8 year time period they lost 34% and 30% of their worker force respectively and the Footwear and Leather Industries lost 6% of its workers.

Graphic no. 06 | Change in the number of workers in the TCFLIs between 2012 and 2020 in Hungary (in thousands)



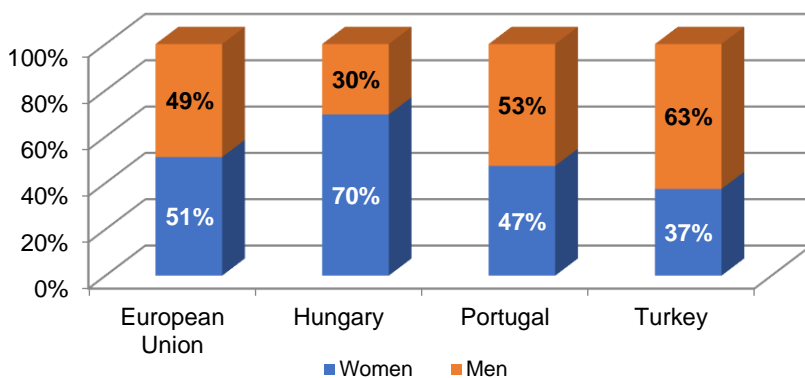
With regard to the distribution of workers by gender, we see that our sectors maintain their tendency to be mainly occupied by women. As can be seen from graph no. 07 in 2020, approximately 67% of the workers in the *TCFLIs* are women, a slight decrease when compared to 2012 when women corresponded to 69% of the workers in these sectors.

Graphic no. 07 | Distribution of the number of workers by gender in EU's TCFLIs between 2012 and 2020 (in %)



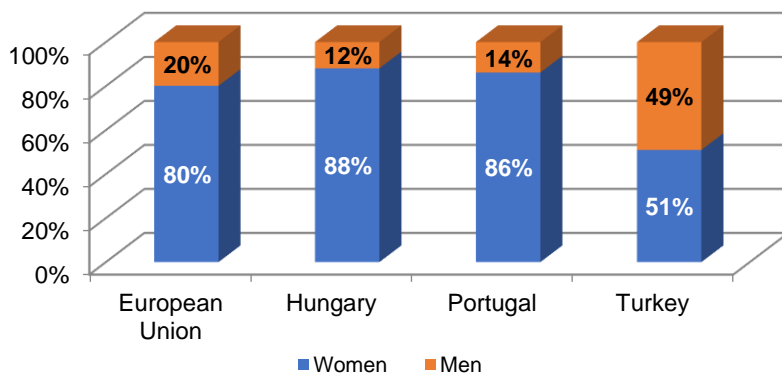
The tendency of women being the predominant gender in the *TCFLIs* can also be seen in the Textil Industry (graph no. 08) for the EU, where the percentage of women is slightly above 50% (51,2%) and in Hungary (69,6%). The opposite can be seen in Portugal and in Turkey, where men are more represented than women, 52,6% and 62,5% respectively are males.

Graphic no. 08 | Distribution of the number of workers by gender in the Textil Industry in 2020 (in %)



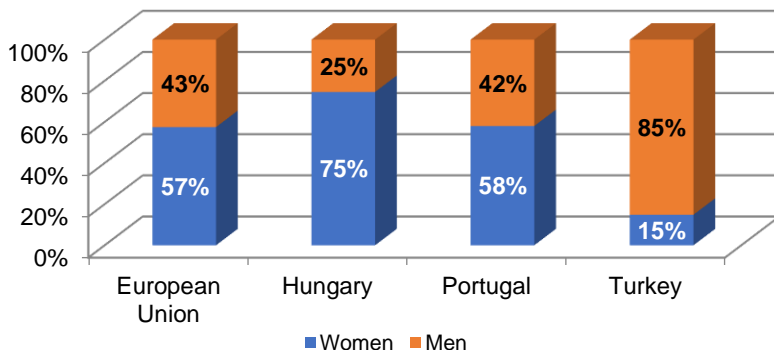
The Clothing Industry is primarily composed of women (graph no. 09) in the EU (80,1%), Hungary (88,1%) and Portugal (86,1%), however, Turkey presents an almost even distribution between these two genders, 51,0% of the workers are women and 49,0% are men.

Graphic no. 09 | Distribution of the number of workers by gender in the Clothing Industry in 2020 (in %)



Similarly to the previous Industry, the Footwear and Leather Industries (Graph no. 10) are predominantly female in the EU (57,5%), in Hungary (74,6%) and in Portugal (58,0%), however, in Turkey the vast majority of workers of these two industries are men (85,1%).

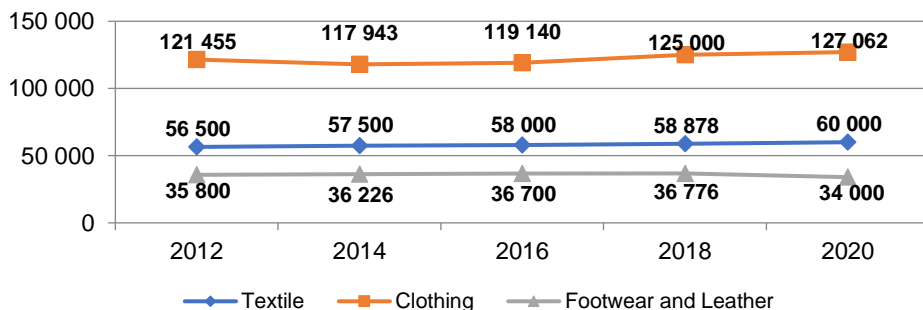
Graphic no. 10 | Distribution of the number of workers by gender in the Footwear and Leather Industry in 2020 (in %)



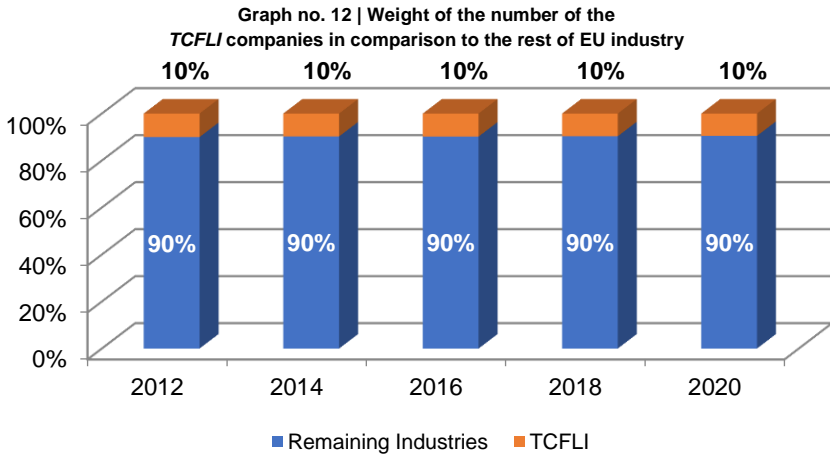
2.2 NUMBER OF COMPANIES

Regarding the number of companies, the number of the *TCFLI* companies increased slightly between 2012 and 2020 (graph no. 11). If in 2012 there were approximately 214,000 companies, in 2020 we can see a slight increase of 3% (approximately 6% in the textile sector, 4% in the clothing sector) to a total of approximately 221,000 companies. During this time period the footwear and leather sector saw a decrease of approximately 5%.

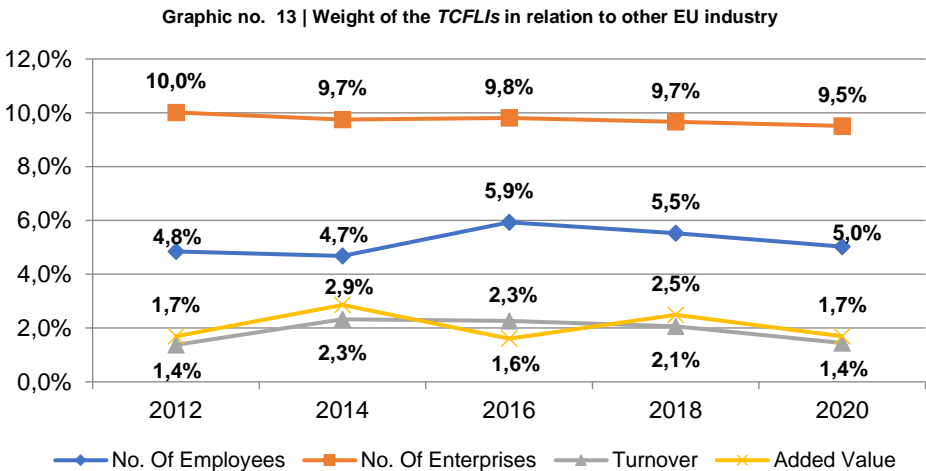
Graphic no. 11 | Evolution in the number of companies in the *TCFLIs* between 2012 and 2020



Despite this increase, the *TCFLIs* representation in EUs industries has maintained itself at roughly 10% of all European industries between 2012 and 2020 (graph no.12).



If on the one hand the *TCFLIs* in comparison to the rest of the industries in the EU corresponds to approximately 5% of industry employment and 10% of the number of companies in the industry, when we evaluate the turnover and value added by the *TCFLIs* in what concerns the rest of the industry we find that the turnover in 2020 corresponds to only approximately 1,4% and the value added of 1,7% of all industry in the EU (graph no. 13).



3. GENDER EQUALITY IN NATIONAL LEGISLATION

We sought to observe the definition given by Portugal, Hungary and Turkey for each of these concepts: Principle of Equality; Gender Discrimination; General Principles on Retribution; Criteria for Determining Remuneration; Remuneration Transparency; Equality of Working Conditions; Pay Discrimination Based on Sex; Direct Discrimination; Indirect Discrimination; Work of Equal Value; Learning; Competence; Qualification; Professional Qualification; Certified Training; and Continuous Formation. The differences can be summarized in the following way:

1. Principle of Equality

The Constitution of the three countries refers that all citizens have the same social dignity and are equal before the law. No one may be privileged, benefited, harmed, deprived of any right or exempt from any duty on account of ancestry, gender, race, language, territory of origin, religion, political or ideological convictions, education, economic status, social status or sexual orientation.

2. Gender Discrimination

The Constitutions and General Law in all three countries seeks to prevent and prohibit discrimination, direct and indirect, based on gender, in access to goods and services and their supply, and to sanction the practice of acts that result in the violation of the principle of equal treatment between men and women.

3. General Principles on Retribution

In accordance to the Law of these three countries, remuneration is considered to be the provision to which, under the terms of the contract, the rules that govern it or the usages, the worker is entitled to in return for his work. Furthermore, remuneration comprises basic remuneration and other regular and periodic payments made, directly or indirectly, in cash or in kind.

4. Criteria for Determining Remuneration

The law in the three countries determines the value of remuneration as well as the quantity, nature and quality of the work must be taken into account, observing the principle that, for equal work or work of equal value, equal pay.

5. Remuneration Transparency

In all three countries, the employer must ensure the existence of a transparent remuneration policy, based on the evaluation of the functions' components, based on objective criteria, common to men and women.

6. Equality of Working Conditions

In all three countries, workers have the right to Equal Working Conditions, in particular with regard to remuneration, and the elements that determine it must not contain any discrimination based on sex. Equal pay implies that, for equal work or work of equal value. However, pay differences do not constitute discrimination when based on objective criteria, common to men and women, namely, based on merit, productivity, attendance or seniority. Without prejudice to the provisions of the preceding paragraph, licenses, absences or waivers relating to the protection of parenting cannot justify differences in the remuneration of workers.

7. Pay Discrimination Based on Gender

The law in these three countries define Pay Discrimination Based on Gender as the difference, direct and indirect, in terms of remuneration, which is based on gender and not based on objective criteria common to men and women.

8. Direct Discrimination

Direct Discrimination in the law in these three countries can be described as, whenever, due to a factor of discrimination, a person is subject to less favourable treatment than that which he/she is, has been or will be given to another person in a comparable situation.

9. Indirect Discrimination

Indirect Discrimination in all three countries can be describe as, whenever an apparently neutral provision, criterion or practice is likely to place a person, by reason of a factor of discrimination, at a disadvantage compared to others, unless such provision, criterion or practice is objectively justified by a legitimate aim and that the means to achieve it are adequate and necessary.

10. Work of Equal Value

The Law in all three countries defines Work of Equal Value as one in which the functions performed at the service of the same employer are equivalent, taking into account, in particular, the qualification or experience required, the

responsibilities assigned, the physical and mental effort and the conditions under which the work is carried out.

11. Learning

In all three countries, Learning is the process through which knowledge, skills and attitudes are acquired in the context of the education system, training and professional and personal life.

12. Competence

The law in all three countries defines Competence as, the recognized ability to mobilize knowledge, skills and attitudes in contexts of work, professional development, education and personal development.

13. Qualification

In all three countries, Qualification is the formal result of an assessment and validation process proven by a competent body, recognizing that an individual has acquired skills, in accordance with established benchmarks. The qualification can be obtained through training and/or developed within the scope of the education and training system. Qualification may also result from the recognition of titles acquired in other countries.

14. Professional Qualification

In all three countries, Professional Qualification comprises training with the aim of providing the individual with skills and with a view to exercise one or more professional activities.

15. Certified Training

In these three countries, Certified Training is carried out by a certified training entity or by an educational establishment recognized by the competent ministries.

16. Continuous Formation

In all three countries, Continuous Formation is composed by the education and training undertaken after leaving the education system or after entering the labour market. This type of training allows individuals to deepen their professional and relational skills, with a view to exercise one or more professional activities, a better adaptation to technological changes and organizational and strengthening their employability. The employee is entitled, in each year, to a minimum number of forty hours of continuous training or, being hired on a fixed-term basis for a

period equal to or greater than three months, to a minimum number of hours proportional to the duration of the contract in that year. Continuous formation may be carried out by the employer, by a certified training entity or by an educational establishment recognized by the competent ministry.

According to Disk-Tekstil, despite what Turkish Law says, in practice, article number no. 5 of Turkish Labour Law (the principle of equal treatment) is not applied in most workplaces. Turkish Labour Law says that all workers should have a work contract and that contract should include wage policy but many employees do not have a contract even though they are registered employees. Therefore, practice is not always in line with the Law.

From what we were able to ascertain, despite the legislative framework in Portugal and Hungary also regulating equality between men and women in all dimensions of society, we found, and as is also mentioned by the European Commission, "the right to equal pay is not properly applied and enforced and many Member States do not ensure pay transparency."

4. EVOLUTION OF COLLECTIVE BARGAINING IN PORTUGAL, HUNGARY AND TURKEY

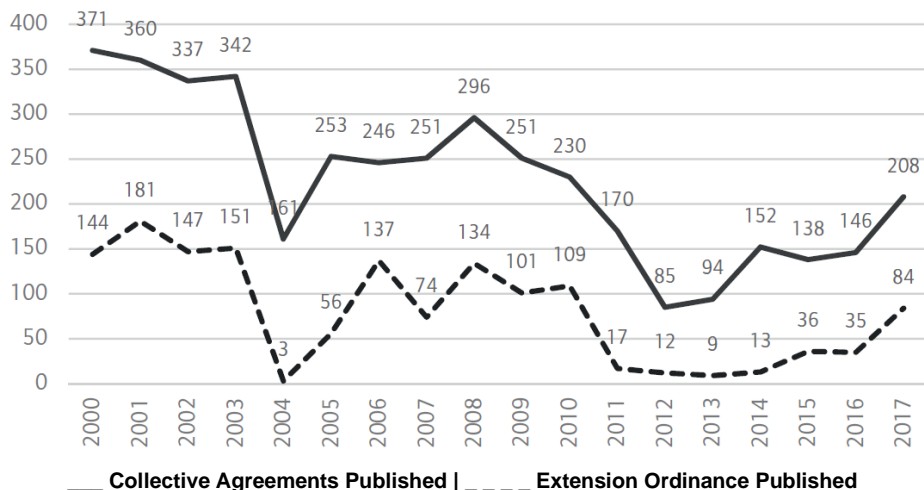
Collective Bargaining and Collective Agreements are crucial to promote equal pay and ensure its implementation in real-life. Collective bargaining was also identified as an essential instrument in reducing the wage gap between men and women ([ILO, 2013](#)).

PORTUGAL

Collective bargaining in Portugal occurs mostly at the industry/sector level, and is residual at the company level, with bargaining at the industry/sector level being the most important in terms of coverage. There are no cross-industry collective agreements signed by trade unions and employers' organisations covering the whole economy or the whole private sector. The negotiation at the industry/sector level is subsequently supported by "Extension Ordinances" which enhance the negotiated subject matter to all workers in that industry/sector, to all affiliated and non-affiliated companies in the employers' association, to all unionised workers in the unions involved in the negotiation and to non-unionised workers. In 2011, in

the wake of the crisis caused by the Troika intervention and with the aim of decentralising collective bargaining to the company, the Portuguese government implemented an austerity package that, among other things, included measures that increased the attempt to block sectoral collective bargaining, which had already been in place since 2004, and which led to a sharp decrease in the number of collective agreements negotiated and published during the period 2011 and 2014, as well as the respective Extension Ordinances.

Chart no. 1 | Number of Collective Agreements and Decrees Extension published annually between 2000 and 2017



Source: [ETUI, 2019](#)

Some employers' organisations, feeling supported by the government's measures, have led sectoral collective contracts to expire, preventing their renewal and causing workers to lose almost all the rights they had won and negotiated up to that point. Despite a slight increase, Portugal is still far from the pre-2004 figures.

HUNGARY

The Hungarian reality differs from the Portuguese reality. In Portugal, despite the neo-liberal political attempts to reduce the positive effects of industrial/sectoral collective bargaining, which currently predominates, and to favour company-to-company bargaining, we can see that in Hungary this situation has been changing and that currently what predominates are Company Agreements.

The figures clearly indicate that collective bargaining with a single employer is the dominant model. Most of these agreements are reached only in medium and large companies, mostly state and municipal, creating a void in micro and small companies where there are practically no Collective Agreements.

Table no. 1 | Number and coverage of Collective Agreements in Hungary, 2017

	Sector	Number of agreements	Number of companies/ institutions	Number of employees	Total number of employees	Coverage (employees) (%)
Single-employer	Competitive sector*	972	972	443,691	2,031,700	21.8
	Budgetary sector	1,629	1,629	259,887	707,500	36.7
Multi-employer	Competitive sector	66	3,621	214,262	2,031,700	10.5
	Budgetary sector**	1	3	320	707,500	0.1
Total***		2,668		812,386	2,739,200	29.6

Notes:

* The 'competitive sector' includes private sector and state/municipality owned enterprises.

** The new sectoral health-care agreement is not included.

*** Single and multi-employer agreements' coverage should not be added up due to the overlap between the bargaining levels.

Source: [ETUI, 2019](#)

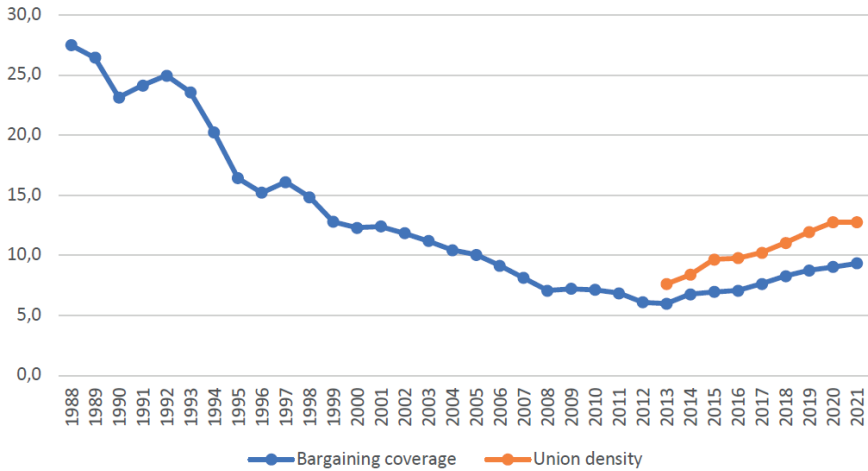
The difficulty in reaching an industrial/sectoral agreement is also due, among other factors, to the absence of representative employer organisations or the lack of a mandate from their associates to negotiate industrial/sectoral agreements, in a clear position to maintain the model of decentralised negotiation, company by company. Given this struggle in terms of industrial/sectoral collective bargaining, it is estimated that only 29% of the workers are covered by a Collective Agreement.

TURKEY

In Turkey, collective bargaining is carried out through Company Agreements. With the exception of the public sector, in the private sector trade unions negotiate company-by-company Collective Agreements that cover only the workers of that same company. But another challenge faces Turkish trade union organisations. In order to sit at the negotiating table with a specific company, the union must represent more than 50% of the workers of said company, namely through

unionisation. Only then can they stand before the company to negotiate a Company Agreement.

Chart 2 | Coverage of Collective Agreements and Level of Unionisation 1988 - 2021 (%)



Source: [Friedrich Ebert Foundation \(2022\)](#)

The difficulties that the trade union movement went through in Turkey and the persecution it suffered meant that the percentage of workers covered by a Collective Labour Agreement almost disappeared. From 2008 there was a stabilisation in the percentage of workers covered by a collective agreement; from 2013 we can verify a slight increase and in 2021 the number of workers covered by a collective agreement reaches almost 10%; and the number of unionised workers is approximately 13%.

According to the ILO (ILO, 2018) the rise in wage inequality and the decline in the share of the wage component in gross domestic product in many countries is partly due to "the erosion of Collective Bargaining".

LINKS FOR CONSULTATION

- Project website: <https://fesete.pt/elimination-of-discrimination/>
- EU - Gender Equality: https://ec.europa.eu/info/policies/justice-and-fundamental-rights/gender-equality_en
- ILO: <http://www.ilo.org> (International Labour Organization website)
- FESETE: <http://www.fesete.pt>
- Disk-Tekstil: <https://disktektstil.org/en/>
- BDSZ: <https://www.banyasz.hu/>
- IndustriAll - Europe: <https://news.industrialall-europe.eu/>

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- [*European Parliament resolution of 24 May 2012 with recommendations to the Commission on application of the principle of equal pay for male and female workers for equal work or work of equal value \(2011/2285\(INI\)\)*](#), available in <https://eur-lex.europa.eu/homepage.html>
- [*Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions an initiative to support work-life balance for working parents and carers \(COM/2017/0252\)*](#), available in <https://eur-lex.europa.eu/homepage.html>

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