

STRONG INCREASE IN EMPLOYMENT

Seyfettin Gursel*, Gokce Uysal** and Duygu Guner***

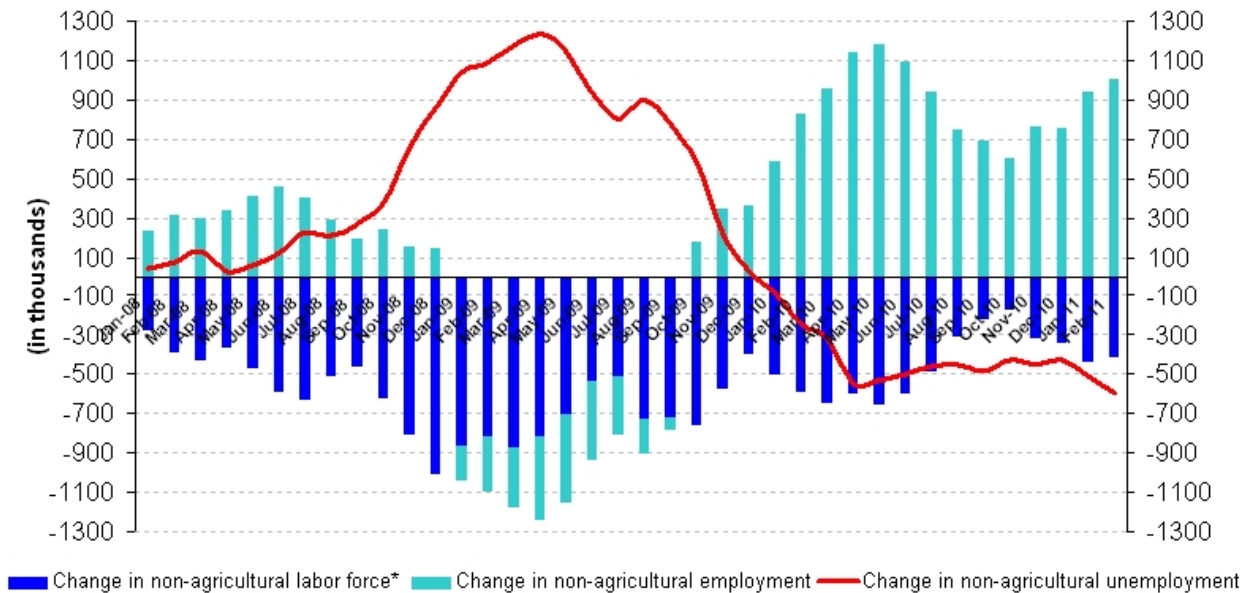
Executive Summary

Seasonally adjusted labor market data show that in the period of February 2011 non-agricultural labor force increased by 53 thousand, non-agricultural employment increased by 143 thousand and non-agricultural unemployment rate decreased from 13.3 percent to 12.8 percent as a result of the strong increase in non-agricultural employment. Seasonally adjusted sectoral employment figures reveal that the employment increased in all sectors. On the other hand, data on number of applications per vacancy released by Kariyer.net suggests that the decrease in non-agricultural unemployment rate will slow down in the period of March 2011.¹

Increase in non-agricultural employment is parallel to the strong economic growth

According to the labor market statistics released by TurkStat on the 16th of May, employment has reached 22 million 802 thousand in the period of February 2011 (January – February - March) while non-agricultural employment reached 17 million 229 thousand. Raw labor market statistics reveal that non-agricultural labor force increased by 411 thousand (2.1 percent) and non-agricultural employment increased by 1 million 2 thousand (6.2 percent) in February 2011 compared to their level in February 2010. On the other hand, non-agricultural unemployment decreased from 17.5 percent to 14.2 percent during the same period. 1 million increase in non-agricultural employment is compatible with Betam's annualized GDP growth estimate of 10.5 percent for the 1st quarter (Figure 1).²

Figure 1 Year-on-year changes in non-agricultural labor force, employment and unemployment



* Since labor force and unemployment are positively correlated the increases in labor force represented with a negative sign.



Source: TurkStat, **Betam**

* Prof. Seyfettin Gürsel, Betam, Director, seyfettin.gursel@bahcesehir.edu.tr

** Assoc. Prof. Gökçe Uysal, Betam, Vice Director, gokce.uysal@bahcesehir.edu.tr

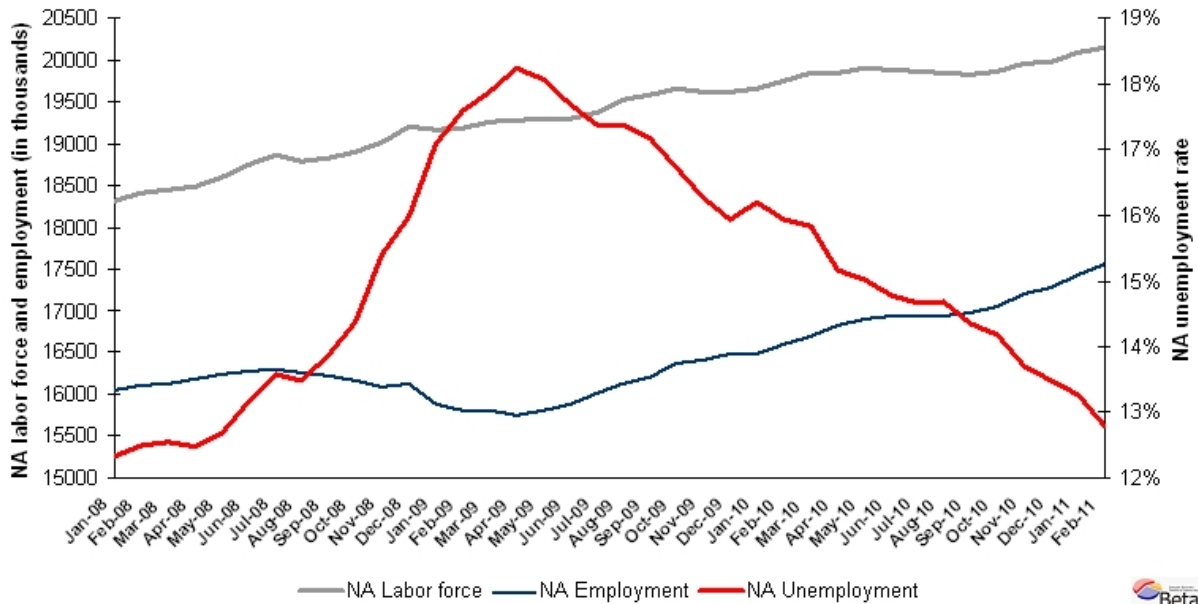
*** Duygu Güner, Betam, Research Assistant, duygu.guner@bahcesehir.edu.tr

¹ On behalf of the Betam team, we would like to thank to Kariyer.net for sharing their valuable data on vacancies.

² İmamoğlu and Soybilgen, Nisan 2011, Betam Macroeconomic Outlook and Forecasts: April 2011.

Recall that February 2011 data is the average of January, February and March, hence, February 2011 represents the 1st quarter of the year. According to seasonally adjusted series, non-agricultural labor force increased by 197 thousand in the first quarter of 2011 and reached 20 million 142 thousand. On the other hand, non-agricultural employment increased by 355 thousand to reach 17 million 568 thousand. Consequently, non-agricultural unemployment decreased by 159 thousand. This strong increase in non-agricultural employment could be interpreted as a sign of the strong economic growth in the first quarter.

Figure 2 Seasonally adjusted non-agricultural labor force, employment and unemployment



Source: TurkStat, **Betam**

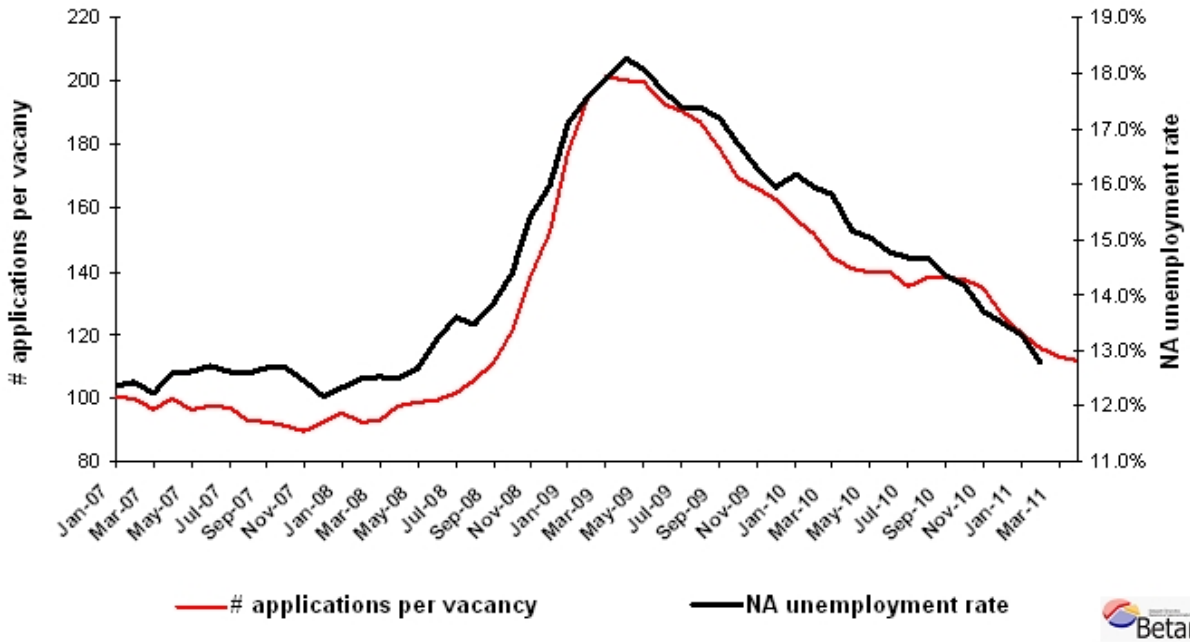
According to Kariyer.net data decrease in unemployment will stagnate

Starting from April, Betam will be using a new series released by Kariyer.net on application per vacancy. Kariyer.net collects this data via their website which is one of the largest job search engines in Turkey.³ Given the lack of data on vacancies in Turkey, we believe that this new series will provide useful insight to the labor market in Turkey. It provides information on the number of unemployed who are actively seeking work as well as the number of jobs that are available in the labor market. A decrease in applications per vacancy may be caused by an increase in vacancies or by a decrease in the number of applications. An increase in vacancies signals economic growth while decreasing number of applications indicates a decrease in number of people looking for a job. Figure 3 illustrates the seasonally adjusted non-agricultural unemployment rate and deseasonalized calendar day adjusted application per vacancy (Kariyer.net) series. It is clear that these series are highly correlated (almost 90 percent).

The decrease in monthly application per vacancy series slowed down in March. April data implies that a similar trend. As a result, we expect that the non-agricultural unemployment rate will continue to decrease though at a decreasing rate.

³ Application per vacancy= Total number of applications/ Total number of vacancies. Both series are seasonally and calendar day adjusted.

Figure 3 Non-agricultural unemployment rate and application per vacancy (SA)



Data source: Kariyer.net, TurkStat, **Betam**

The increase in agricultural employment continues

According to the seasonally adjusted figures, agricultural employment continued to increase in March 2011 as it did in February 2011 and agricultural employment reached to 6 million 197 thousand (App. 1 Table 2, App. 2 Figure 4).⁴ Employment in all other sectors also increased in the first quarter of 2011. Manufacturing employment increased by 17 thousand, while the corresponding figures are 43 thousand in construction and 45 thousand in service sectors. The increase in manufacturing employment slowed down following the developments in Industry Production Index.

⁴ Seasonal adjustment procedure is applied to each sector of employment series separately. Hence the sum of these series may differ from the seasonally adjusted series of total employment. The difference stems from the non-linearity of the seasonal adjustment process.

Appendix 1: Table 1 Seasonally adjusted non-agricultural labor force indicators (in thousands)

	Labor force	Employment	Unemployment	Unemployment rate	Monthly changes		
					Labor force	Employment	Unemployment
February-08	18411	16109	2302	12.5%			
March-08	18441	16129	2313	12.5%	30	19	11
April-08	18487	16179	2308	12.5%	46	50	-5
May-08	18604	16241	2363	12.7%	117	62	55
June-08	18757	16285	2472	13.2%	153	44	109
July-08	18857	16294	2563	13.6%	100	9	91
August-08	18788	16256	2532	13.5%	-69	-38	-31
September-08	18830	16220	2610	13.9%	42	-36	79
October-08	18893	16176	2716	14.4%	63	-44	106
November-08	19011	16084	2927	15.4%	119	-92	210
December-08	19200	16132	3068	16.0%	189	47	142
January-09	19160	15889	3271	17.1%	-40	-243	203
February-09	19190	15817	3373	17.6%	30	-71	102
March-09	19254	15811	3443	17.9%	63	-6	70
April-09	19274	15759	3515	18.2%	20	-52	72
May-09	19286	15801	3485	18.1%	13	43	-30
June-09	19300	15889	3411	17.7%	14	88	-74
July-09	19379	16011	3368	17.4%	79	122	-43
August-09	19523	16130	3393	17.4%	144	119	25
September-09	19575	16214	3361	17.2%	52	83	-32
October-09	19662	16375	3287	16.7%	87	162	-75
November-09	19608	16420	3189	16.3%	-53	45	-98
December-09	19621	16495	3126	15.9%	13	75	-62
January-10	19662	16480	3182	16.2%	40	-15	56
February-10	19748	16599	3148	15.9%	86	120	-34
March-10	19844	16704	3141	15.8%	97	104	-8
April-10	19834	16824	3009	15.2%	-11	121	-132
May-10	19896	16907	2989	15.0%	63	82	-20
June-10	19879	16941	2938	14.8%	-17	34	-51
July-10	19861	16948	2913	14.7%	-18	7	-25
August-10	19844	16932	2913	14.7%	-17	-17	0
September-10	19829	16982	2847	14.4%	-16	50	-66
October-10	19867	17048	2819	14.2%	38	66	-27
November-10	19945	17213	2733	13.7%	78	165	-87
December-10	19980	17284	2695	13.5%	34	72	-37
January-11	20089	17425	2664	13.3%	110	141	-31
February-11	20142	17568	2574	12.8%	53	143	-90

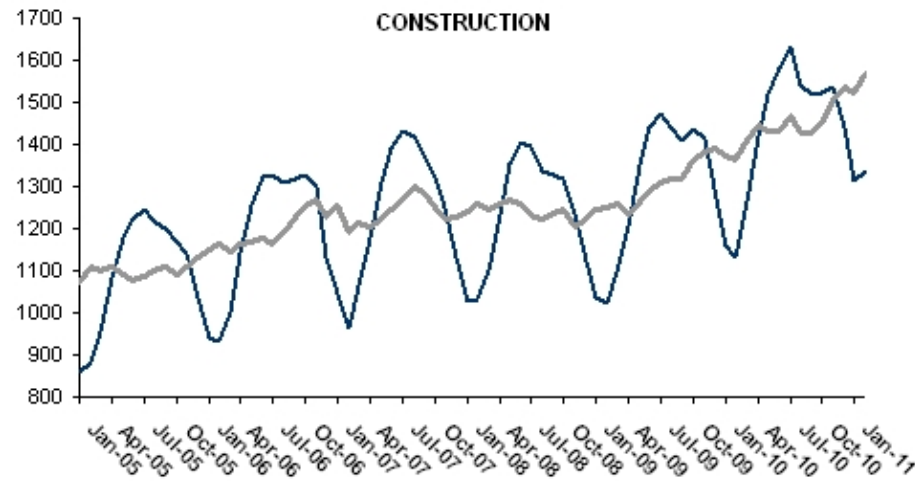
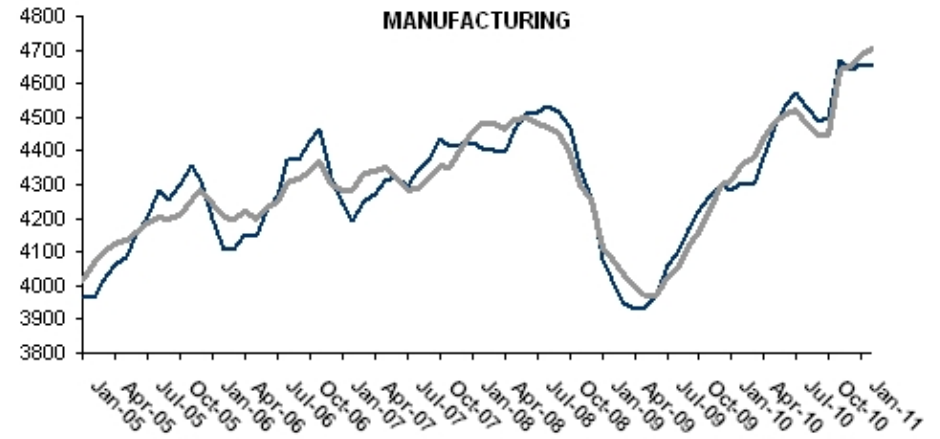
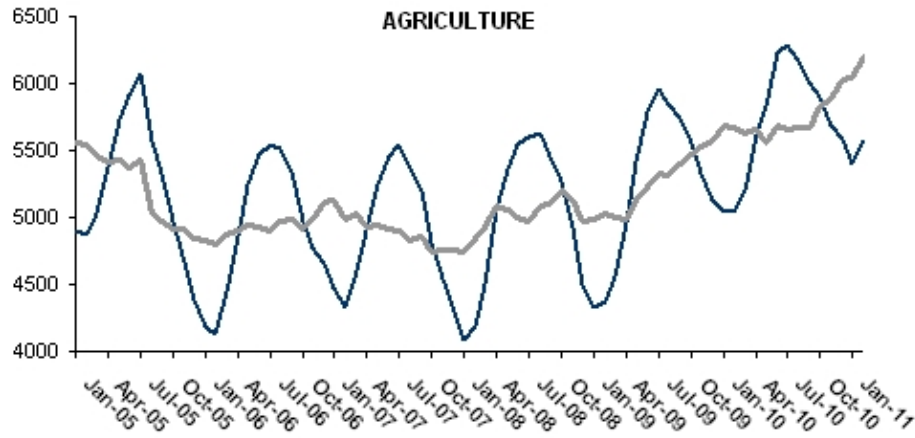
Source: TurkStat, **Betam**

Appendix 1: Table 2 Seasonally adjusted sector of employment (in thousands)

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
February-08	4843	4479	1260	10392				
March-08	4931	4484	1248	10420	88	5	-13	28
April-08	5090	4465	1259	10461	159	-19	12	41
May-08	5055	4496	1269	10482	-35	31	10	21
June-08	4994	4501	1257	10510	-61	6	-12	28
July-08	4971	4484	1232	10526	-24	-17	-25	16
August-08	5087	4473	1222	10524	117	-11	-10	-2
September-08	5102	4453	1235	10523	15	-19	13	-1
October-08	5198	4393	1245	10513	96	-61	10	-10
November-08	5126	4302	1206	10545	-72	-91	-39	32
December-08	4967	4257	1221	10644	-159	-45	15	99
January-09	4988	4112	1246	10565	21	-145	25	-79
February-09	5026	4081	1252	10541	38	-30	6	-24
March-09	4999	4034	1258	10567	-28	-47	6	25
April-09	4993	4001	1230	10567	-6	-34	-28	1
May-09	5125	3971	1264	10595	132	-29	34	28
June-09	5234	3969	1293	10632	109	-3	29	37
July-09	5324	4025	1308	10672	90	56	15	40
August-09	5315	4050	1320	10721	-9	25	12	49
September-09	5400	4119	1319	10735	85	70	-1	14
October-09	5472	4160	1363	10791	72	41	44	56
November-09	5523	4225	1382	10806	51	65	19	15
December-09	5577	4298	1393	10829	54	73	11	23
January-10	5682	4309	1372	10831	106	11	-21	2
February-10	5671	4362	1362	10884	-11	53	-10	53
March-10	5627	4381	1409	10913	-44	19	47	29
April-10	5653	4438	1443	10945	26	57	34	32
May-10	5555	4486	1431	10974	-98	48	-12	30
June-10	5680	4511	1434	10991	125	25	3	17
July-10	5657	4519	1469	10998	-23	8	35	7
August-10	5665	4478	1427	11022	8	-41	-42	24
September-10	5675	4451	1429	11066	10	-28	2	44
October-10	5830	4449	1449	11094	155	-1	20	28
November-10	5881	4643	1505	11128	52	194	56	33
December-10	6030	4650	1537	11168	148	8	33	41
January-11	6044	4689	1524	11230	14	39	-14	62
February-11	6197	4706	1567	11276	153	17	43	45

Source: TurkStat, **Betam**

Appendix 2: Figure 4 Employment changes in sectors (in thousand)⁵



Source: TurkStat, **Betam**

⁵ Grey lines indicate seasonally adjusted series, where dark blue lines represent raw data.