STRONG INCREASES IN EMPLOYMENT AND LABOR FORCE CONTINUE

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Abstract

Seasonally adjusted labor market data shows that the unemployment rate is still stagnant. Non-agricultural unemployment rate remained at 11.8 percent in the period of January 2013. Increases in manufacturing employment that has been observed for the last two periods prevented an increase in the unemployment rate. It seems that the increase in services has stopped. The increase in manufacturing production index pertaining to February 2013 and the application per vacancy of Kariyer.net indicate that the non-agricultural unemployment rate might slightly decrease in the period of February 2013.


LABOR MARKET HIGHLIGHT

The Highest Female Labor Force Participation Rate is in the Zonguldak Region,

The Lowest One is in the Şanlıurfa Region

Low female labor force participation rates (LFPR) in Turkey vary across regions. Even among women with similar education levels, regional differences in LFPR are large. For example, labor force participation rate of females with high school degrees is 33.5 percent in Turkey in 2012. The same rate is 45.5 percent in Zonguldak-Karabük-Bartın and is 7.3 percent in Şanlıurfa-Diyarbakır. Similarly, while labor force participation rate of females with university degrees is 80 percent in Zonguldak-Karabük-Bartın, and 50 percent Şanlıurfa-Diyarbakır. Given that the education level is held fixed, differences in female LFPR across regions may stem from economic and institutional factors like the regional unemployment rates, the share of service sector in total employment, the prevalence of pre-school education and cultural factors like social gender roles that may deepen along the West-East axis.

Strong increases in both non-agricultural employment and non-agricultural labor force

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

Change in non-agricultural employment   Change in non-agricultural labor force*   Change in non-agricultural unemployment
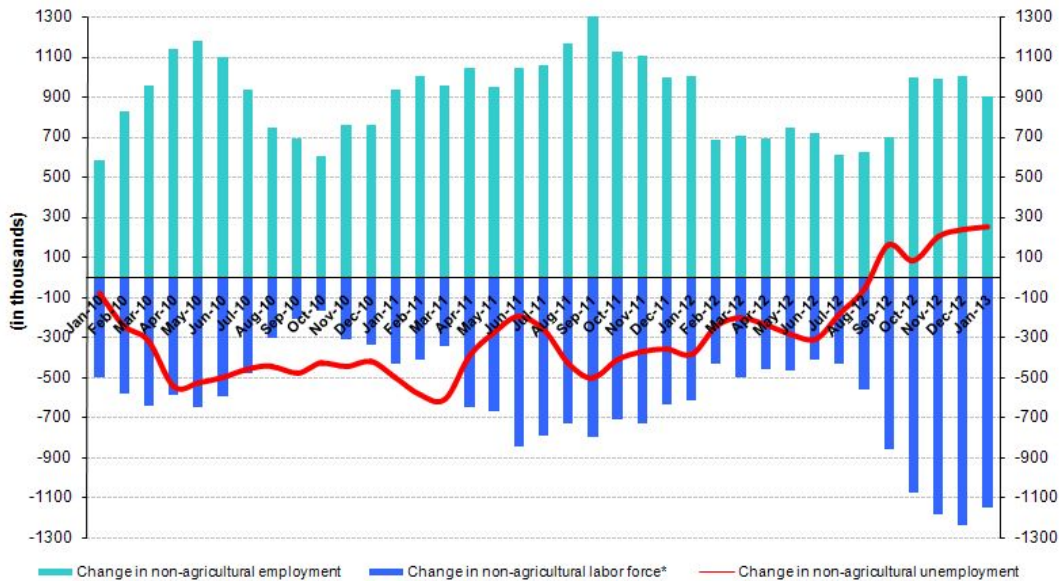
* The change in labor force represented with a negative sign.

Source: TurkSTAT, **Betam**

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According to the data released by TurkSTAT, non-agricultural labor force increased by 1 million 152 thousand (5.6 percent), the non-agricultural employment increased by 900 thousand (5 percent) and non-agricultural unemployment increased by 252 thousand to 2 million 808 thousand persons in the period of January 2013 on a year-on-year basis (Figure 1).

Seasonally adjusted non-agricultural unemployment has been stagnating

According to seasonally adjusted data, the non-agricultural labor force increased by 42 thousand to reach 21 million 866 thousand in the period of January 2013 compared to the period of December 2012 (Figure 2, Table 1). Non-agricultural employment increased by 38 thousand and reached 19 million 256 thousand. Consequently, the number of persons unemployed in non-agricultural sectors increased by 4 thousand and non-agricultural unemployment rate remained at 11.8 percent.

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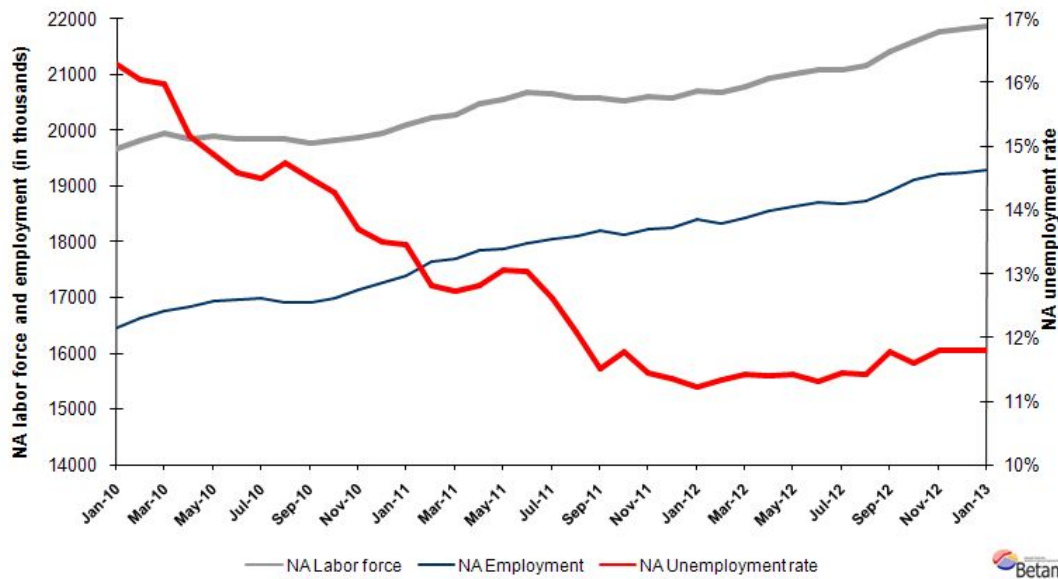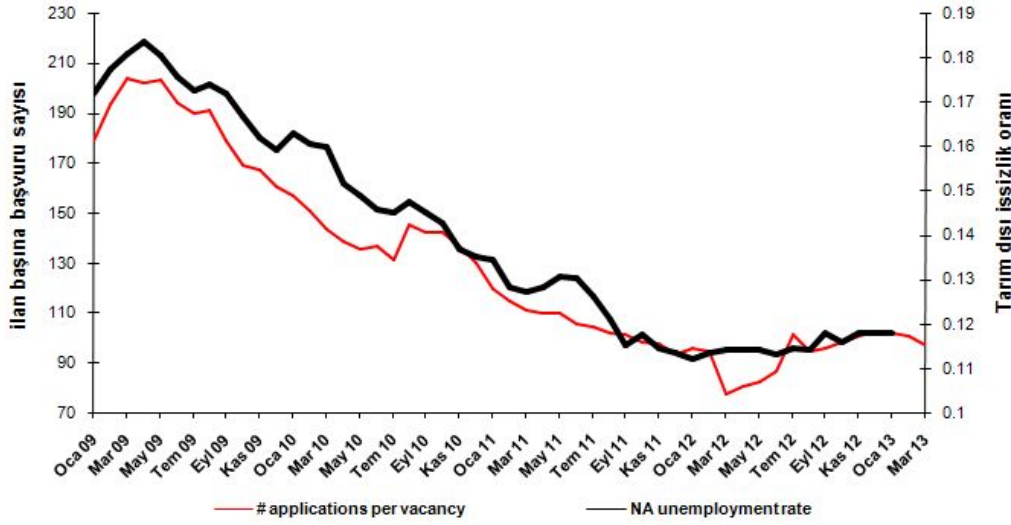

Source: TurkStat, **Betam**

According to Kariyer.net data, non-agricultural unemployment might slightly decrease in the period of February 2013

Application per vacancy calculated by using series released by Kariyer.net[1] indicates that non-agricultural unemployment rate might decrease in the period of February 2013. This prediction is line with the increases in the manufacturing production index in January and February 2013.

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[1] Betam has been calculating application per vacancy using series released by Kariyer.net for a while. Seasonal and calendar adjustment procedure is applied to application per vacancy series. 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 1 Seasonally adjusted non-agricultural unemployment rate and application per vacancy

Source: Kariyer.net, TurkStat, **Betam**

## Manufacturing employment has been continuing to increase

Seasonally adjusted data shows that employment in manufacturing increased by 24 thousand and reached 4 million 872 thousand, which is the reflection of the increases in manufacturing production index in January and February 2013. Manufacturing employment has increased by 119 thousand in the last quarter of 2012.

In January 2013, construction employment increased by 5 thousand, service employment increased 9 thousand (Table 2, Figure 4)[2]. We have been observing a rapid increase in service employment since the last quarter of 2010. It seems to be slowing down for the last two periods. We do not observe an increase in service employment in the periods of December 2012 and January 2013.

Agricultural employment decreased by 15 thousand. However, the general trend indicates that agricultural employment has been stagnating since the beginning of 2011.

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[2] Employment in each sector is seasonally adjusted 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.

Figure 2 Employment by sectors (in thousands)[3]
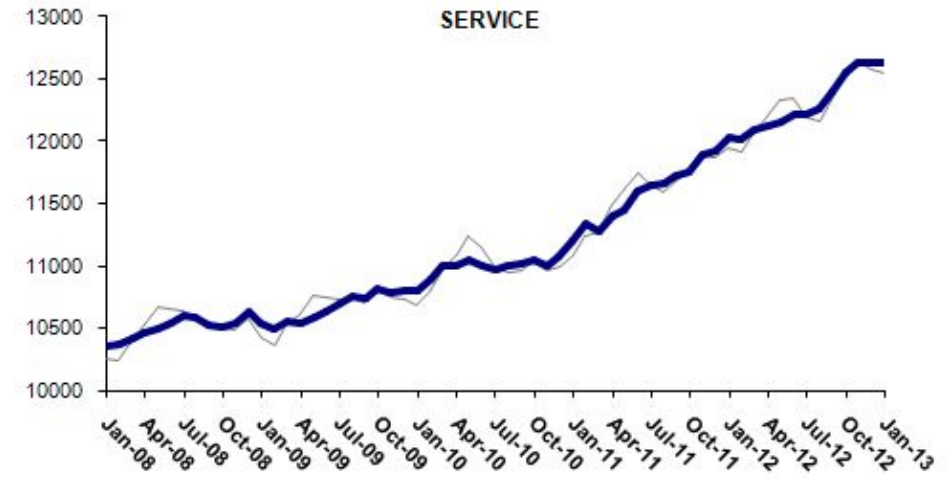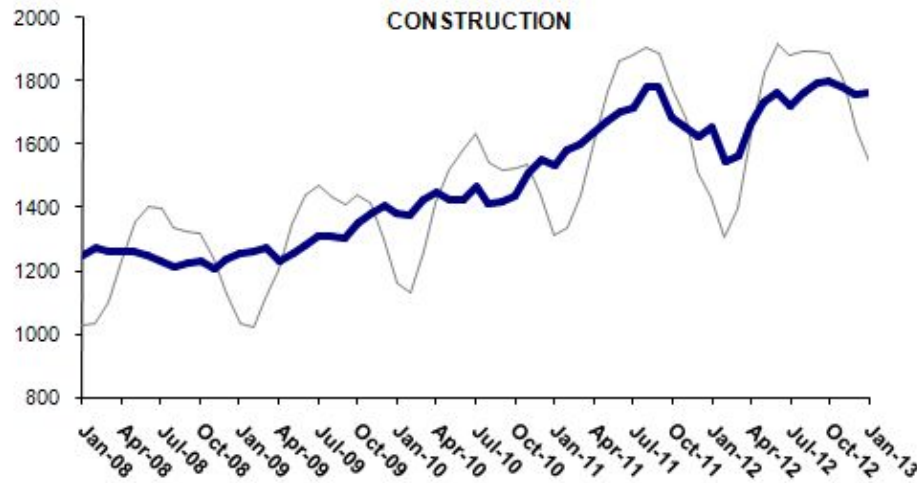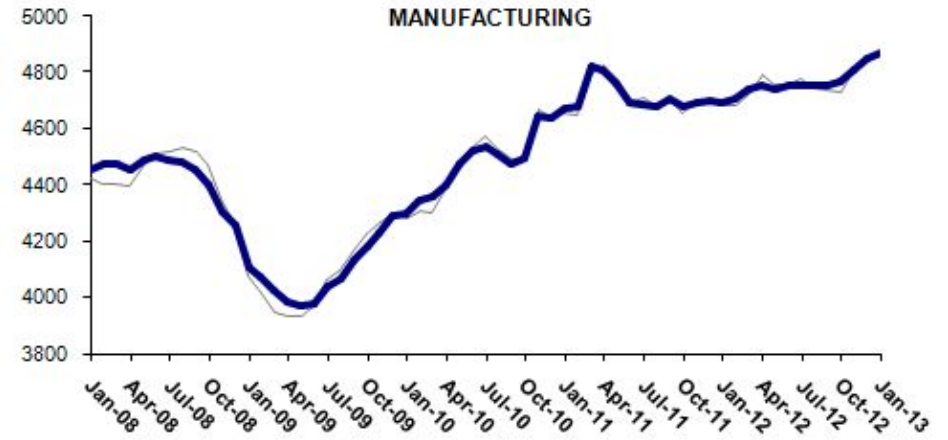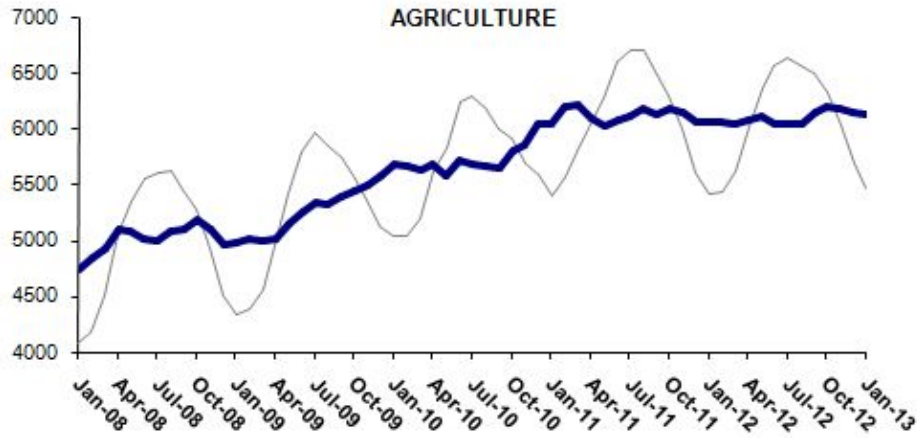
Source: TurkStat, **Betam**

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[3] Grey lines indicate seasonally adjusted series, where dark blue lines represent raw data.

LABOR MARKET HIGHLIGHT

The Highest Female Labor Force Participation Rate is in the Zonguldak Region,

The Lowest One is in the Şanlıurfa Region

Female labor force participation has been a hot topic of economic debate in the past couple of years. The reason is simple. The female labor force participation rate (LFPR) is far below that of South European countries. Even in countries like Greece, Spain and Italy, more than half of women participate in the labor market. Even though the female LFPR increased in Turkey in the past couple of years, it stil hovers around 30 percent. Researchers have been trying hard to explain why females are not fully integrated in the labor market.

Now we know that the reasons behind the low female LFPR are multi-dimensional. There are both supply-side and demand-side constraints. To name a few, women are relatively more costly to hire, the regional labor market conditions are not always favorable, the wages in the labor market are low, there are very few family and work reconciliation policies, etc. There are also cultural factors such as traditional gender roles, etc. We choose to focus on the regional differences in female LFPR in this month's labor market highlight. Needless to say, wages are a major determinant in the labor supply decision. Education, being an important determinant of wages, plays an important role. High school and university graduate women will enjoy higher wages in the labor market, and they will have higher LFPR. However, our brief look at women with similar education levels reveals that there are stark differences in labor supply decisions. We provide very basic statistics on regional differences in female LFPR:

Figure A Regional distribution of females with high school and university degrees, 2012
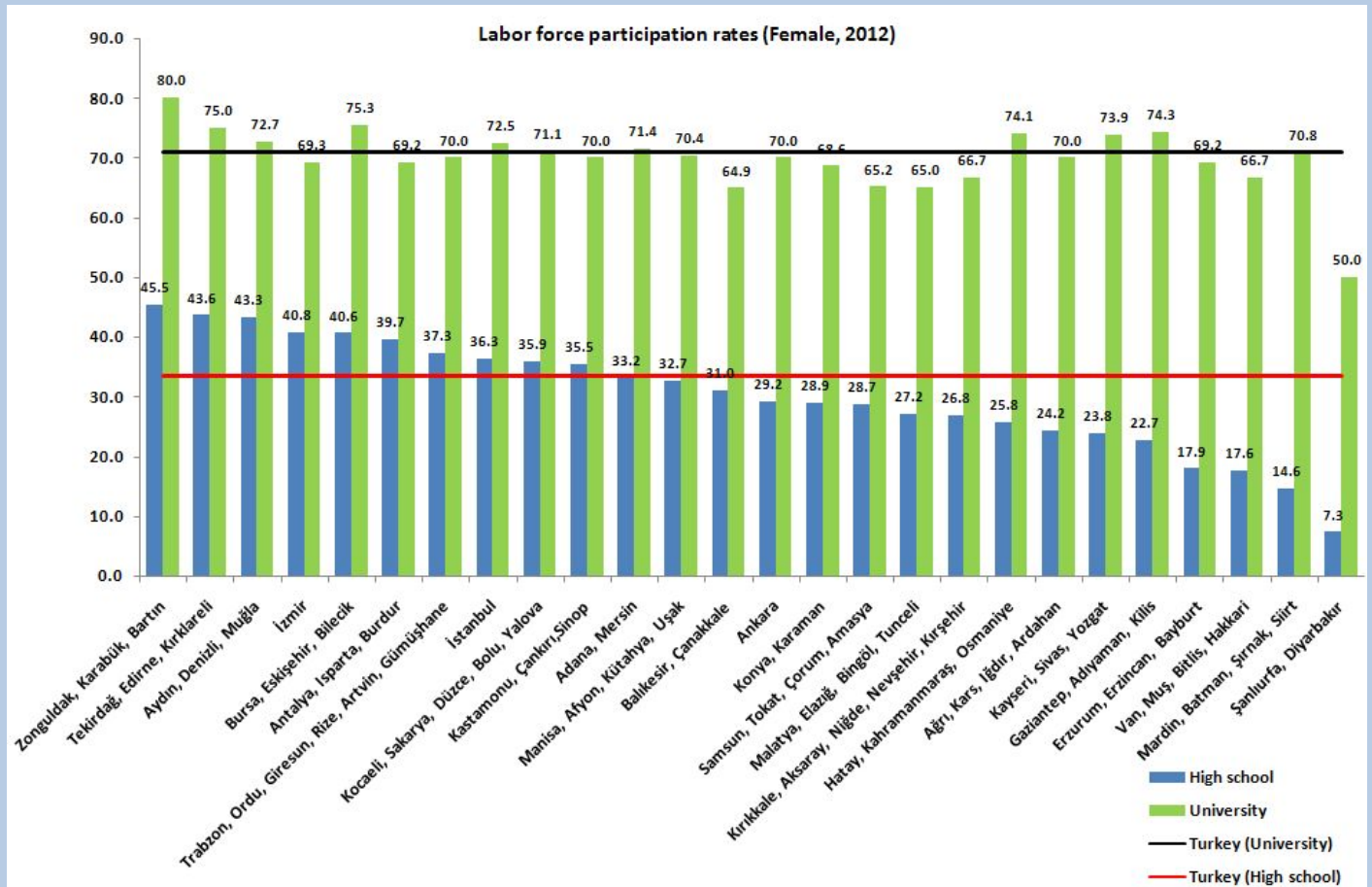
Source: TurkStat; **Betam**

Figure A presents the LFPR of high school and university graduate women for the 26 NUTS1 regions in Turkey. The first striking observation is that there are no major regional differences among women with a university degree. In 2011, the female LFPR among this group is 71 percent. The highest rate is in Zonguldak-Karabük-Bartın at 80 percent, and the lowest is in Şanlıurfa-Diyarbakır at 50 percent. The difference between the highest and the lowest is 30 percentage points. However, Şanlıurfa-Diyarbakır is a clear outlier. LFPRs of the rest fall within a narrow interval.

On the other hand, there are enormous differences in LFPR of women with a high school degree. The average is 33.5 percent in Turkey. Zonguldak-Karabük-Bartın still leads with 45.5 percent and Şanlıurfa-Diyarbakır still has the lowest rate at a very disappointing 7.3 percent. The difference between the highest and the lowest is larger.

How can we explain the fact that the female LFPR of high school graduates differ widely across regions, whereas that of university graduates do not vary much. Clearly, the scope of this research brief is too limited to answer this question. However, we can point to some hints. The local labor market conditions undoubtedly play an important role. For example, women may be more likely to participate in the labor market if the local unemployment rates are low; the share of the service sector is large, etc. There may also be institutional differences across regions. The regions where pre-school education is more wide-spread probably have higher female LFPR. However, given that the central government has a strong grip in Turkey, we doubt that this is the case. Lastly, note that the female LFPR falls as we move from the western to the eastern regions. It may be that the cultural effects are more strongly felt by high school graduate women. On the other hand, university graduates do enjoy higher wages in the labor market, and moreover, they may have stronger labor market attachment due to higher levels of education. Let us also point out that families' attitudes towards work may differ by education.

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

	Labor force	Employment	Unemployment	Unemployment rate	Monthly changes		
					Labor force	Employment	Unemployment
November-09	19561	16394	3167	16.2%			
December-09	19617	16497	3119	15.9%	56	103	-47
January-10	19669	16463	3207	16.3%	52	-35	87
February-10	19815	16635	3180	16.0%	146	172	-26
March-10	19936	16752	3183	16.0%	121	118	3
April-10	19832	16826	3006	15.2%	-104	73	-177
May-10	19896	16935	2961	14.9%	64	110	-46
June-10	19839	16947	2892	14.6%	-57	11	-69
July-10	19857	16978	2879	14.5%	19	32	-13
August-10	19849	16923	2927	14.7%	-8	-56	48
September-10	19778	16911	2866	14.5%	-72	-11	-60
October-10	19829	17002	2827	14.3%	51	90	-39
November-10	19879	17157	2721	13.7%	50	155	-106
December-10	19964	17270	2694	13.5%	85	112	-27
January-11	20104	17399	2705	13.5%	141	130	11
February-11	20232	17635	2597	12.8%	128	236	-108
March-11	20284	17704	2580	12.7%	52	69	-17
April-11	20470	17846	2624	12.8%	186	142	44
May-11	20551	17869	2682	13.1%	81	23	58
June-11	20672	17977	2696	13.0%	121	107	14
July-11	20645	18041	2604	12.6%	-27	65	-92
August-11	20591	18102	2489	12.1%	-54	61	-115
September-11	20575	18208	2367	11.5%	-16	106	-122
October-11	20541	18126	2416	11.8%	-33	-82	49
November-11	20602	18244	2358	11.4%	61	119	-58
December-11	20599	18264	2335	11.3%	-3	19	-23
January-12	20718	18389	2328	11.2%	119	126	-7
February-12	20675	18328	2347	11.4%	-43	-62	19
March-12	20792	18419	2373	11.4%	117	91	26
April-12	20928	18540	2389	11.4%	137	121	16
May-12	21017	18618	2399	11.4%	88	78	10
June-12	21084	18698	2385	11.3%	67	81	-13
July-12	21086	18674	2411	11.4%	2	-24	26
August-12	21166	18749	2417	11.4%	80	74	6
September-12	21432	18909	2523	11.8%	266	160	106
October-12	21610	19108	2502	11.6%	178	199	-20
November-12	21779	19212	2567	11.8%	169	105	64
December-12	21829	19256	2573	11.8%	50	44	6

Source: TurkStat, **Betam**

Table 2 Seasonally adjusted employment by sector (in thousands)

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
November-09	5500	4226	1384	10788				
December-09	5581	4290	1408	10798	81	64	24	10
January-10	5678	4299	1383	10794	98	9	-25	-4
February-10	5665	4349	1373	10895	-13	50	-9	101
March-10	5620	4357	1425	10990	-45	9	52	94
April-10	5672	4400	1446	10995	52	42	21	5
May-10	5575	4472	1423	11047	-97	73	-23	52
June-10	5711	4526	1422	11002	136	53	0	-44
July-10	5680	4539	1469	10967	-31	13	47	-35
August-10	5659	4509	1414	10999	-21	-30	-55	32
September-10	5656	4477	1416	11014	-3	-32	2	15
October-10	5795	4492	1437	11048	139	15	22	35
November-10	5851	4648	1507	11009	56	156	69	-39
December-10	6036	4639	1553	11078	185	-9	46	69
January-11	6039	4673	1535	11190	3	34	-18	112
February-11	6190	4684	1578	11335	151	11	44	145
March-11	6203	4826	1602	11279	13	142	24	-56
April-11	6083	4812	1639	11400	-121	-13	37	120
May-11	6021	4765	1675	11445	-62	-48	36	45
June-11	6082	4692	1705	11598	61	-72	31	153
July-11	6105	4685	1716	11653	23	-8	11	55
August-11	6186	4682	1780	11666	80	-3	64	13
September-11	6129	4709	1784	11734	-57	27	4	69
October-11	6173	4676	1688	11754	44	-34	-95	20
November-11	6154	4689	1655	11902	-20	14	-34	148
December-11	6055	4695	1623	11935	-99	6	-32	33
January-12	6058	4697	1657	12021	3	2	34	86
February-12	6046	4710	1546	12010	-11	13	-110	-11
March-12	6033	4741	1562	12092	-14	32	16	83
April-12	6065	4758	1659	12116	32	17	97	23
May-12	6110	4742	1734	12158	45	-16	75	42
June-12	6040	4755	1763	12206	-70	13	30	48
July-12	6042	4755	1719	12216	2	0	-44	10
August-12	6048	4755	1763	12268	6	0	44	52
September-12	6153	4751	1792	12400	106	-3	29	132
October-12	6198	4767	1799	12551	44	16	8	151
November-12	6187	4807	1782	12630	-11	40	-18	79
December-12	6143	4844	1758	12636	-44	37	-24	7

Source: TurkStat, **Betam**