

WOMEN ARE DESPERATELY SEEKING SELF-EMPLOYMENT

Seyfettin Gürsel^{*}, Gökçe Uysal-Kolaşın^{**}, Mehmet Alper Dinçer^{***}

Executive Summary

During the December 2007 - December 2008 period, female employment increased by roughly 250 thousand while male employment fell by 160 thousand. This outcome is not surprising given the effects of the global crisis and the current condition of the Turkish economy. The rise in the female employment is tightly linked to the effects of the crisis.

The major part of the increase in the female employment, 243 thousand to be exact, occurred in the service sector. 136 thousand of this corresponds to an increase in the self-employed. The rising number of employment in the service industry and in self-employment for females imply that a majority of them are involved in economic activities such as house cleaning, baby-sitting and home production.

Current crisis causes female employment to rise

During the December 2007 - December 2008 period, male employment declined by 160 thousand and it has been falling since September 2008 (Figure 1). Considering the effects of the global crisis and the current condition of the Turkish economy, this fall in male employment is not surprising. Yet the female employment increased by 250 thousand during the same period. This increase has been accelerating since July 2008. We believe that the increase in female employment during the crisis is driven by the “added worker effect” that we pointed to in our recent publications.¹

Women are employed in service industry

The major part of the increase in the female employment occurred in the service industry. The data recently released by TURKSTAT shows that 243 thousand out of 250 thousand was in the services sector (Figure 2). The increase of the female employment in manufacturing sector remains weak with 12 thousand. No matter how small, 12 thousand additional jobs in the manufacturing sector still seem to be quite surprising given that we are in the middle of a crisis. This might be caused by the new law, passed in June 2008, which states that the employer’s share of the social security premiums of female employees who are to be employed will be paid by the Treasury for five years. This possibility calls for further research.

On the other hand, the decline in male employment takes place largely in manufacturing sector. The tiny upturn in the service sector remains insufficient in compensating a sizeable drop of 216 thousand in the manufacturing sector (Figure 3).

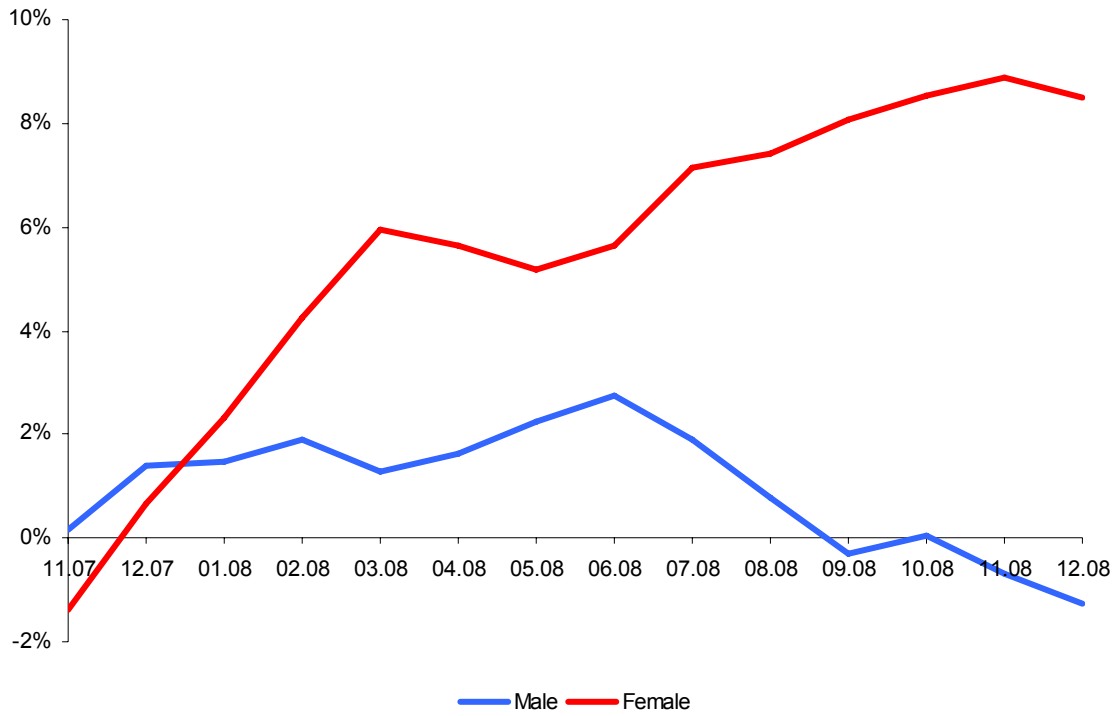
^{*} Prof. Dr. Seyfettin Gürsel, **betam**, Direktör, seyfettin.gursel@bahcesehir.edu.tr

^{**} Yrd. Doç. Dr. Gökçe Uysal-Kolaşın, **betam**, Direktör Yardımcısı, gokce.kolasin@bahcesehir.edu.tr

^{***} Mehmet Alper Dinçer, **betam**, Araştırmacı, alper.dincer@bahcesehir.edu.tr

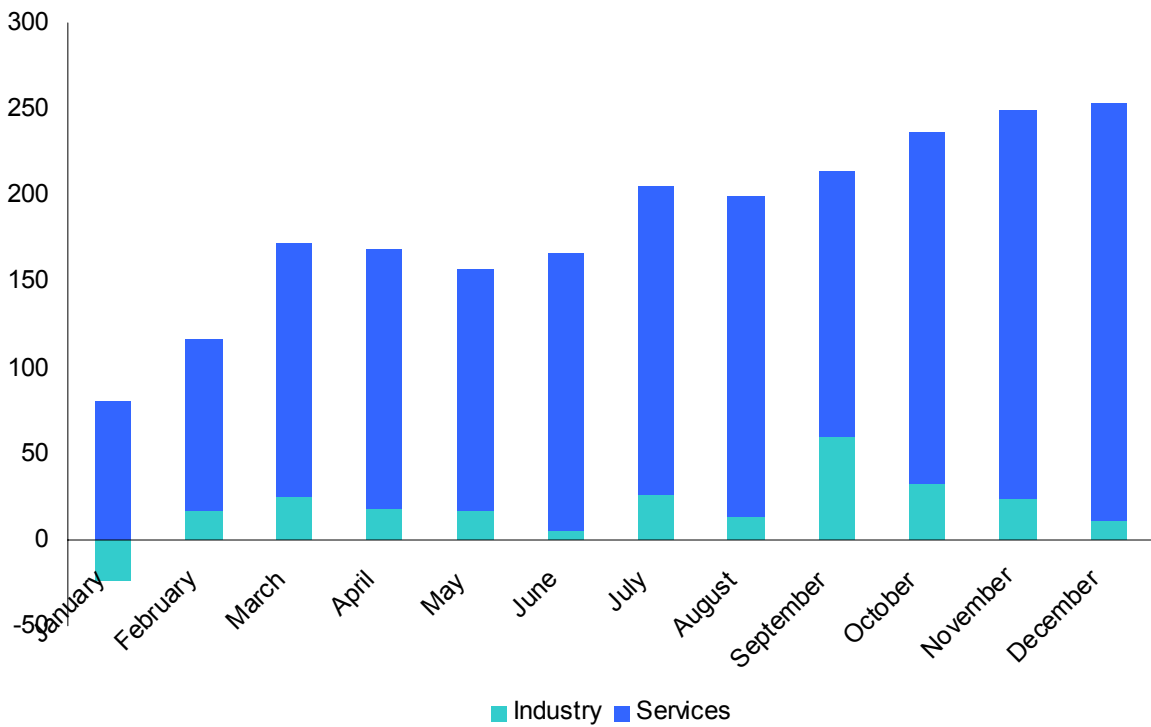
¹ Under deteriorating economic conditions, individuals who are not in the labor force but who are able to work enter the labor market temporarily, in order to compensate for the actual or the possible decrease in household income. Some of these individuals become employed and the remaining is unemployed. The effect of this increase in the labor force on labor market indicators is called the added worker effect. See **betam** Research Note #031: THE RISE IN THE LABOR FORCE PARTICIPATION AND THE DECLINE IN EMPLOYMENT OF MALES ARE THE DRIVING FORCES BEHIND THE INCREASE IN THE UNEMPLOYMENT RATE (<http://betam.bahcesehir.edu.tr>).

Figure 1 Annual increase in employment (annual percentage change)



Source: TURKSTAT

Figure 2 Female employment by sectors (annual change, in thousands)

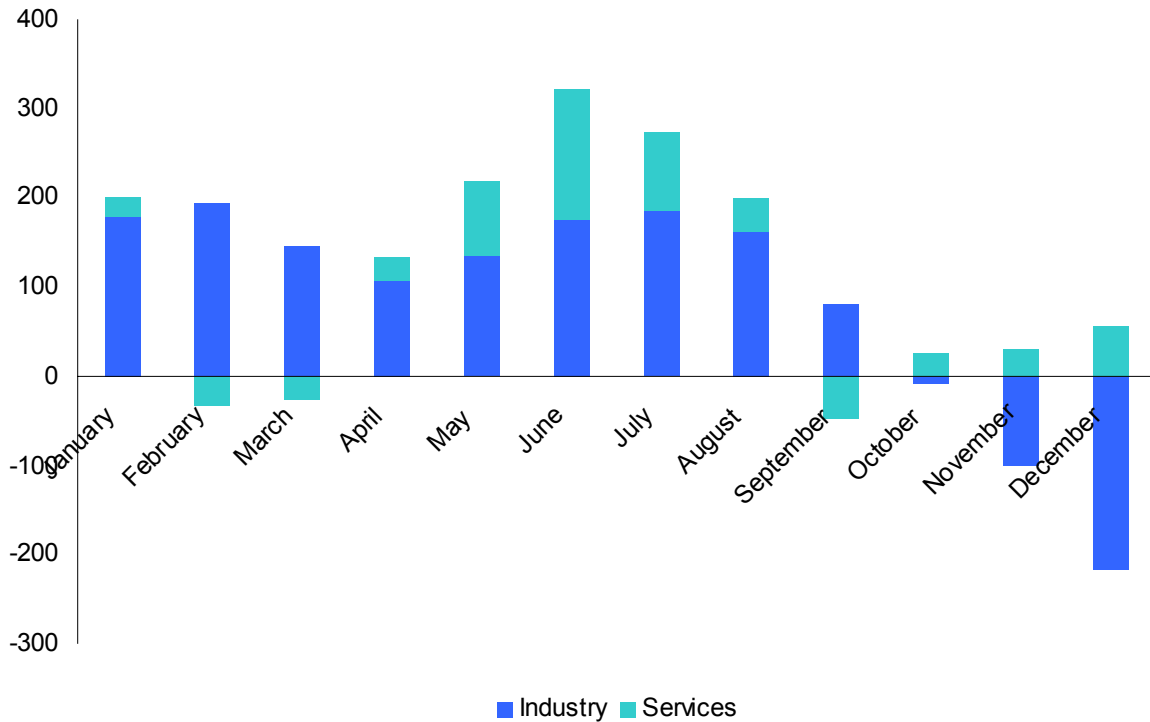


Source: TURKSTAT

Climbing numbers in self-employed women

The largest part of the female employment growth seems to be the result of an increase in self-employment. During the last twelve months, female self employment has increased by 136 thousand and the number of wage-earners and casual workers increased by 101 thousand (Figure 4 and Figure 5). The striking statistic is the annual increase in self-employed females since August 2008, i.e. 86%. The trend in the increase in wage-earners and casual employees is similar to the pre-crisis trend.

Figure 3 Male employment by sectors (annual change, thousands)



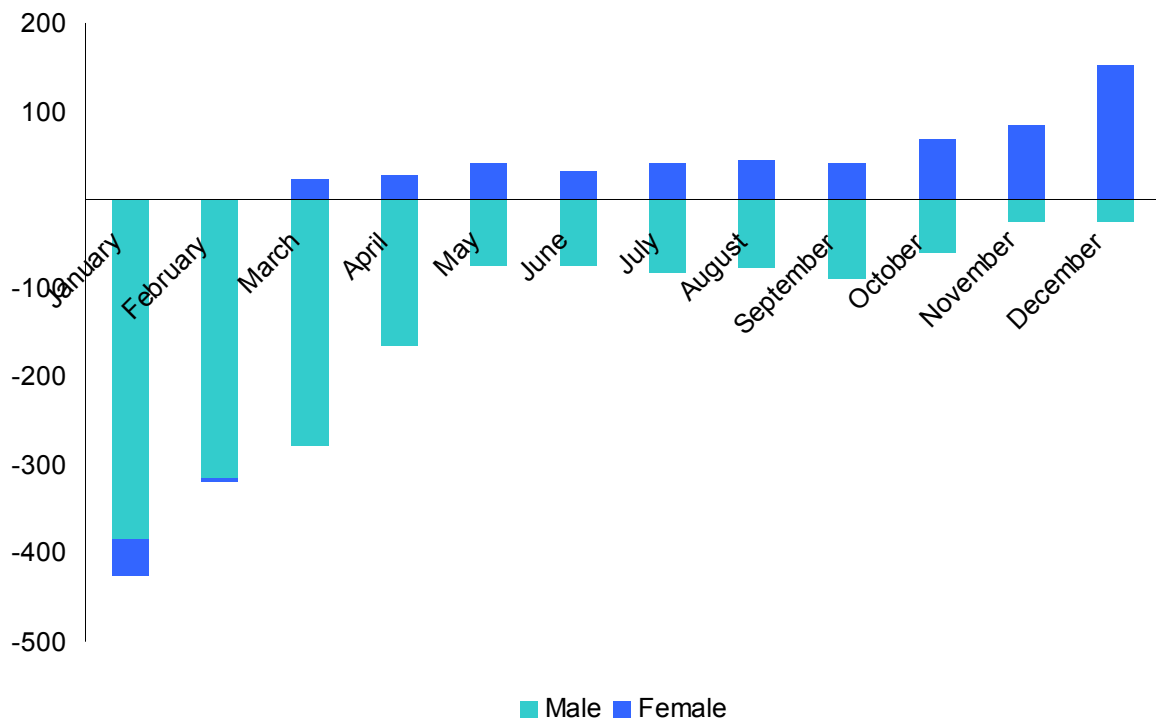
Source: TURKSTAT

Economic activities such as house cleaning, baby-sitting and home production constitute a major part of the increase in female self-employment. The current crisis drives women to self-employment and nearly all of this activity happens in the informal sector. Among the 136 thousand additional self-employed women, 121 thousand work informally.

Consider the male employment. Before the crisis, self-employment was declining as the numbers of the wage-earners and casual employees were growing. In other words, wage-earners were replacing the self-employed as a consequence of a structural transformation. However, the post-crisis period displays an important slowdown in this process. The decrease in self-employment among men slowed down while the increase in the numbers of wage-earners and casual employees turned negative (Figure 4 and 5).

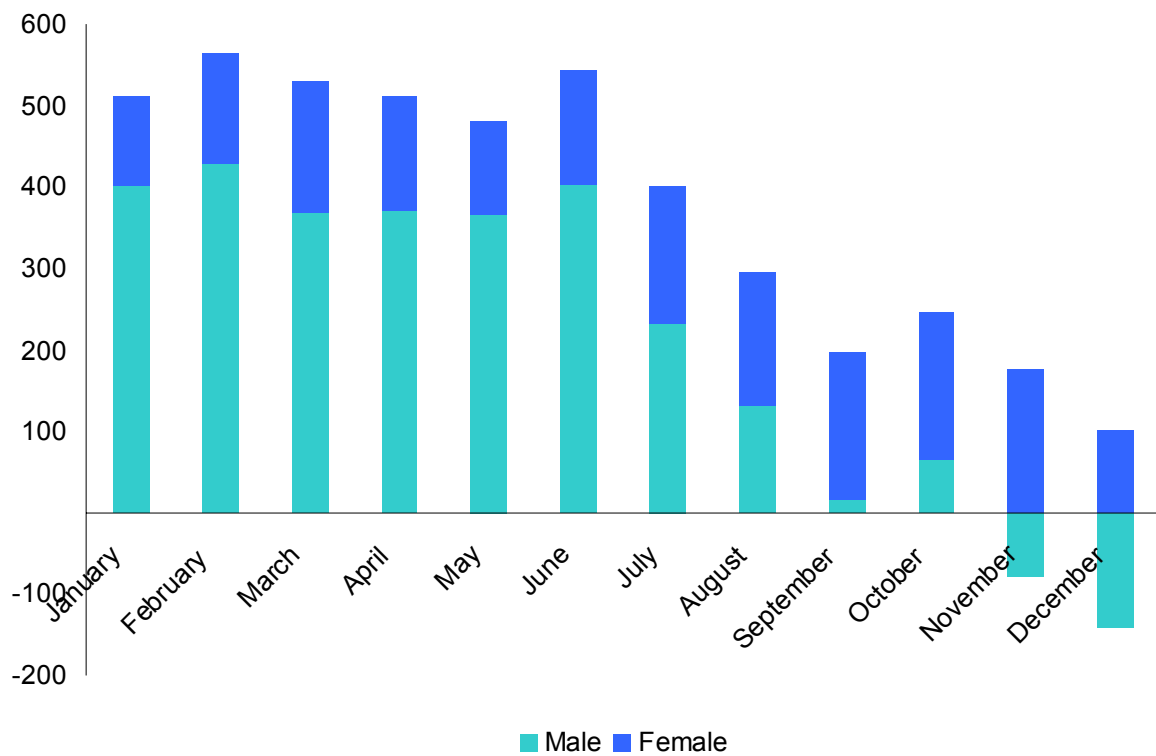
In general, male employment continues to decrease among the self-employed, wage-earners and casual workers. Note that this decrease is mostly due to the fall in the number of wage-earners and casual workers by 142 thousand. This employment loss accelerates during November and December 2008 (Figure 5).

Figure 4 Self-employed and unpaid family workers (annual change, in thousands)



Source: TURKSTAT

Figure 5 Wage-earners and casual workers (annual change, in thousands)



Source: TURKSTAT