

## DECREASES IN UNEMPLOYMENT AS A RESULT OF HIGHER INCREASES IN EMPLOYMENT THAN IN LABOR FORCE

Seyfettin Gürsel\*, Hamza Mutluay\*\*

### Executive Summary

Seasonally adjusted labor market data shows that in the period of July 2020, non-agricultural unemployment rate turned out to be 15.9 percent, with 0.6 percentage point decreases compared to June 2020. In this period, both non-agricultural employment and labor force increased by 568 thousand and by 493 thousand respectively. According to sectoral data, employment increased in all sectors except agriculture. In addition to the increase of employment in construction by 111 thousand, employment gains in manufacturing and services employment amounted to 57 thousand and 399 thousand while employment in agriculture decreased by 28 thousand. Based on the seasonally adjusted data, while female non-agricultural employment increased by 165 thousand non-agricultural female labor force increased by 216 thousand. As a result, non-agricultural female unemployment rate increased by 0.1 percentage points to 19.1 percent. On the other hand, male labor force and employment increased by 323 thousand and 423 thousand respectively taking down non-agricultural male unemployment rate from 15.4 to 14.6 percent. The existing gender gap in non-agricultural unemployment rate has been enlarged by 0.9 percentage points.

### Increases in all non-agricultural labor market indicators

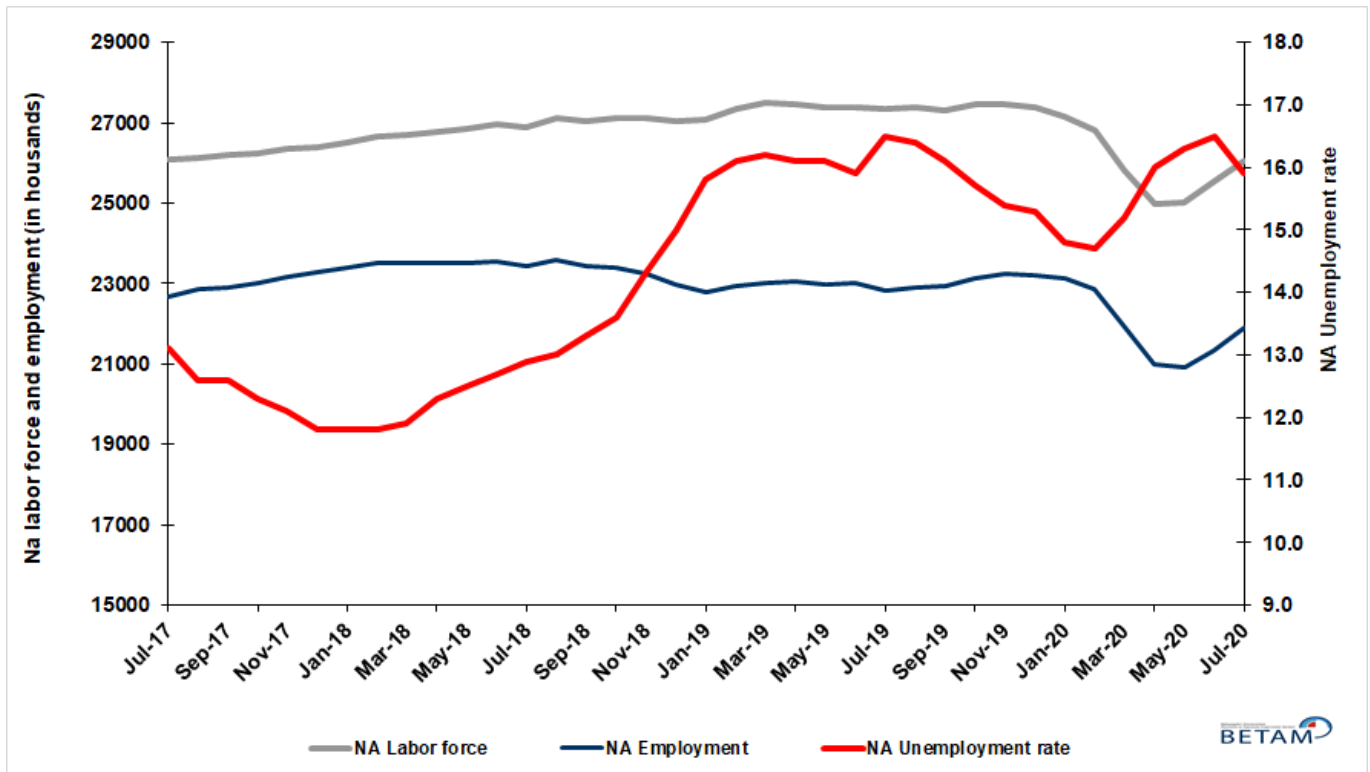
Seasonally adjusted data shows that, non-agricultural labor force increased to 26 million 55 thousand after the increase of 493 thousand in July 2020 period (June-July-August) compared to June 2020 period (May-June-July). Still, the level of non-agricultural labor force is lower in the period of July 2020 than February 2020 by the amount of 761 thousand (26 million 816 thousand). Non-agricultural employment increased to 21 million 912 thousand along with an increase of 568 thousand (Figure 1, Table 1). Nevertheless, employment level in the period of July 2020 is still lower than that in the period of February 2020 by 962 thousand. The number of non-agricultural unemployed decreased by 75 thousand to 4 million 143 thousand, and the non-agricultural unemployment rate dropped to 15.9.

The increases in both the labor force and the employment rates in the recent period have continued in the period of July. As a result, in the period of July 2020 compared to June 2020, labor force participation rate reached 49.3 percent with an increase of 0.7 percentage points, and employment rate rose to 42.6 percent with an increase of 0.8 percentage points. Let us note that in July 2020 labor force participation and employment rates are still lower by 3.6 and 2.8 percentage points respectively comparing to July 2019 (Figure 2).

\*Prof. Dr. Seyfettin Gürsel, Betam, Director, [seyfettin.gursel@eas.bau.edu.tr](mailto:seyfettin.gursel@eas.bau.edu.tr)

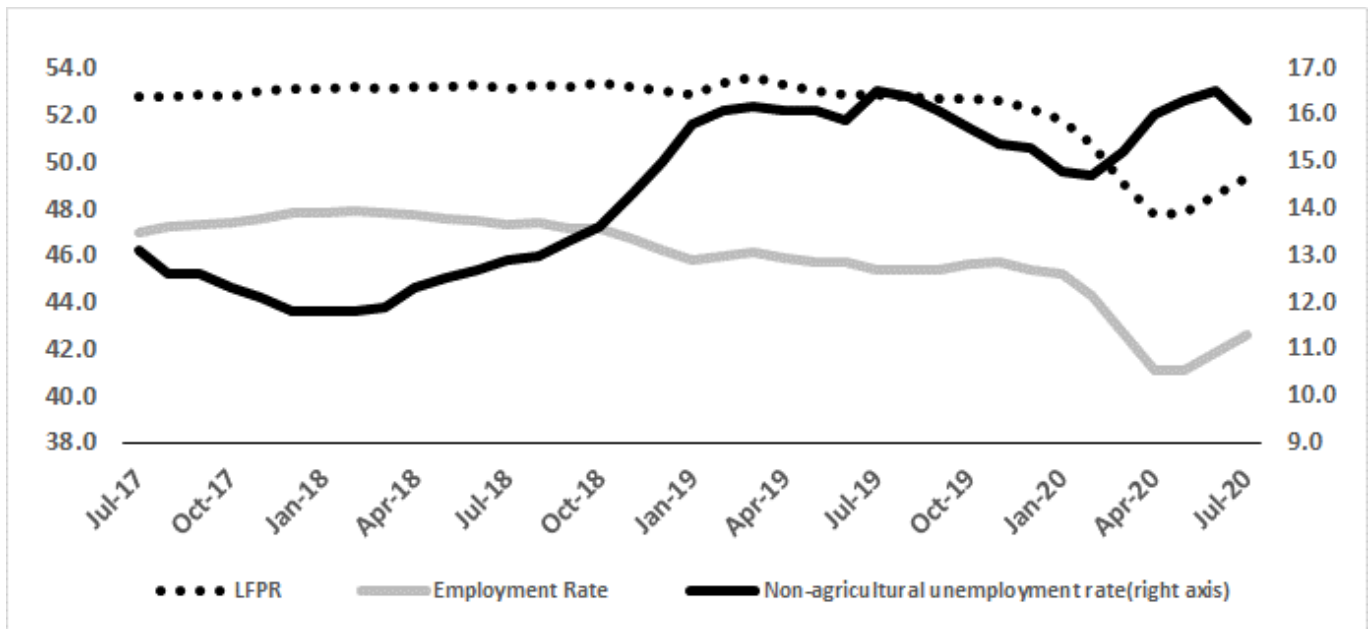
\*\*Hamza Mutluay, Betam, Research Assistant, [hamza.mutluay@eas.bau.edu.tr](mailto:hamza.mutluay@eas.bau.edu.tr)

**Figure 1. Seasonally adjusted non-agricultural labor force, employment, and unemployment**



Source: Turkstat, Betam

**Figure 2. Seasonally adjusted LFPR, employment rate and non-agricultural unemployment rate**



Source: Turkstat, Betam

### Decrease in the number of “not seeking a job but available to start”

The level of labor force, by definition, is the summation of the level of employed people and the level of job seekers (unemployed). During the periods of massive employment losses one witnesses striking increase among individuals who desire to work but they are not actively seeking a job as they think that they could not find any. Those individuals that quit seeking for jobs and labor force due to loss of confidence and other reasons are referred as ‘Discouraged workers’ and ‘Other’ by TurkStat. The number of discouraged workers continuously increased since January 2019, decelerated in the period of June and decreased by 300 thousand in the period of July. Decreases in the number of inactive non-seekers that are available to start continued in July. The summation of seasonally adjusted ‘non-seekers but available to start’ and seasonally adjusted ‘unemployed’ population decreased by 380 thousand to 8 million 253 thousand.

**Figure 3. The number of unemployed people, non-seekers who are available and summation of both, SA**

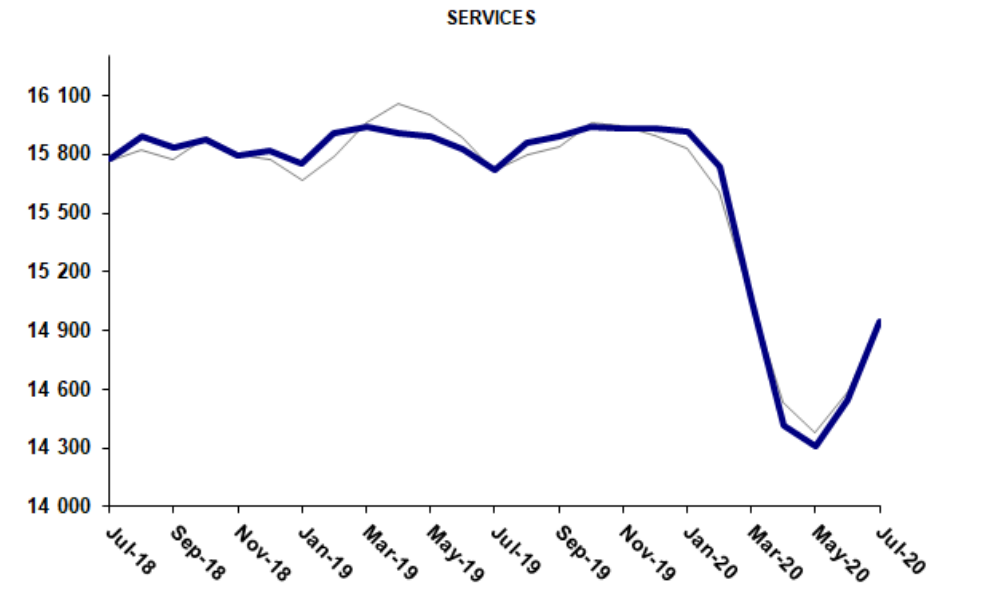
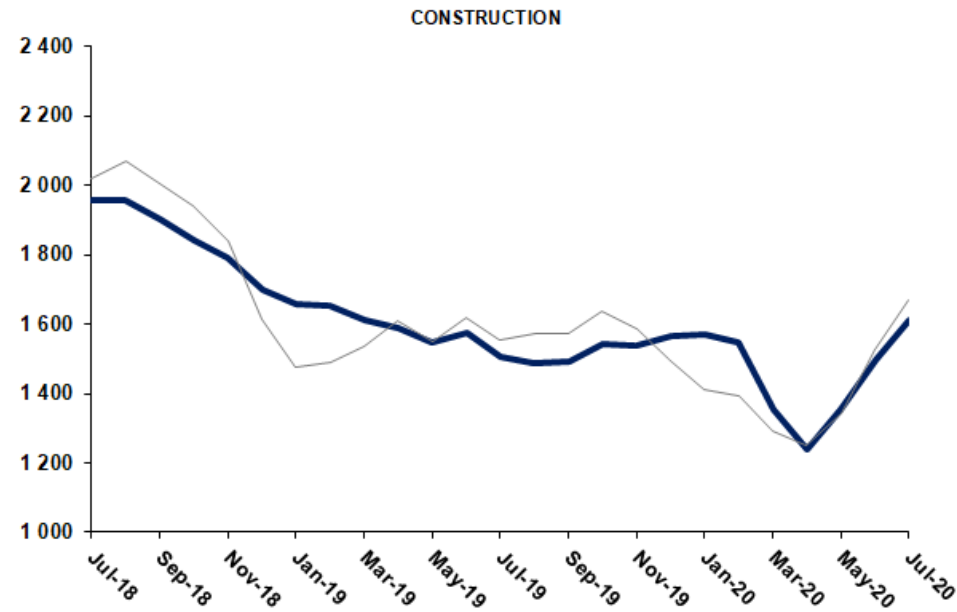
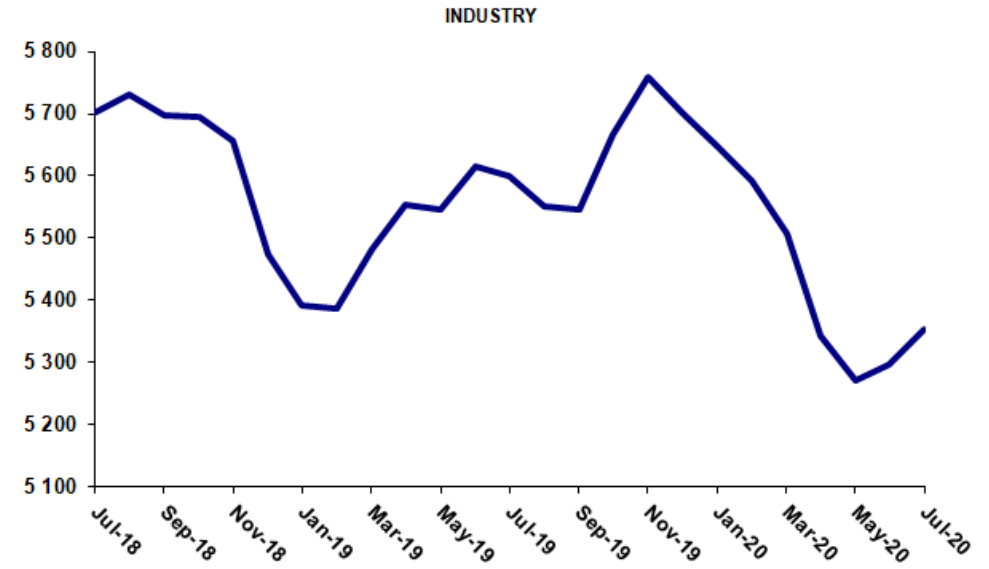
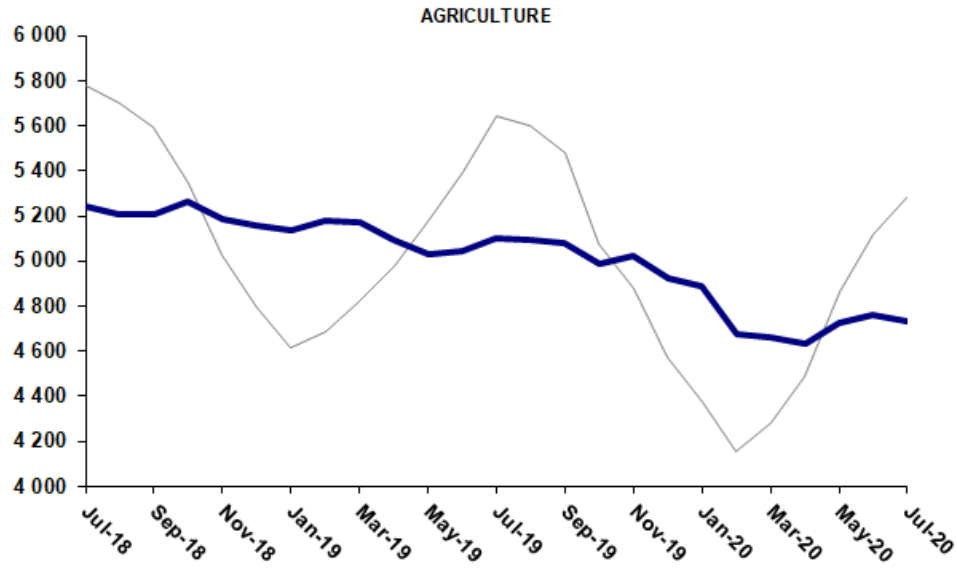


Source: Turkstat, Betam

### Employment increases in all sectors except agriculture

According to seasonally adjusted employment data, in the period of July 2020 compared to June 2020, employment increased in all sectors except agriculture. With the increase of 111 thousand in the construction employment, for the last three periods, employment gains in this sector reached 373 thousand. Employment in manufacturing increased by 57 thousand. After increases in services employment in June, employment in services continued its upward trend in the period of July (399 thousand). On the other hand, employment in agriculture decreased by 28 thousand in the period of July 2020 compared to June 2020.

Figure 4: Employment by sectors (in thousand)

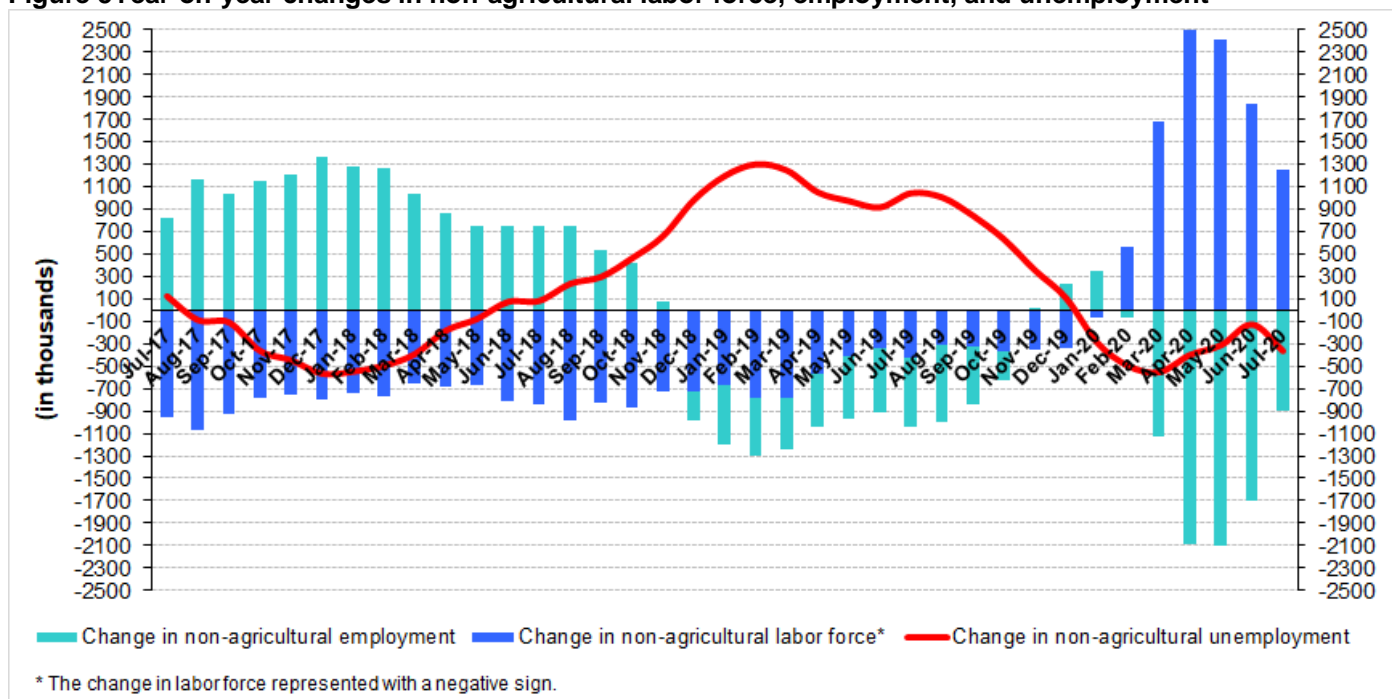


Source: TURKSTAT, Betam

## Strong decreases in yearly non-agricultural labor force and employment

Compared to July 2019, non-agricultural employment decreased by 893 thousand (3.9 percent) in July 2020 while the non-agricultural labor force declined by 1 million 257 thousand, causing a decrease of 364 thousand in the number of unemployed people (Figure 5).

**Figure 5** Year-on-year changes in non-agricultural labor force, employment, and unemployment



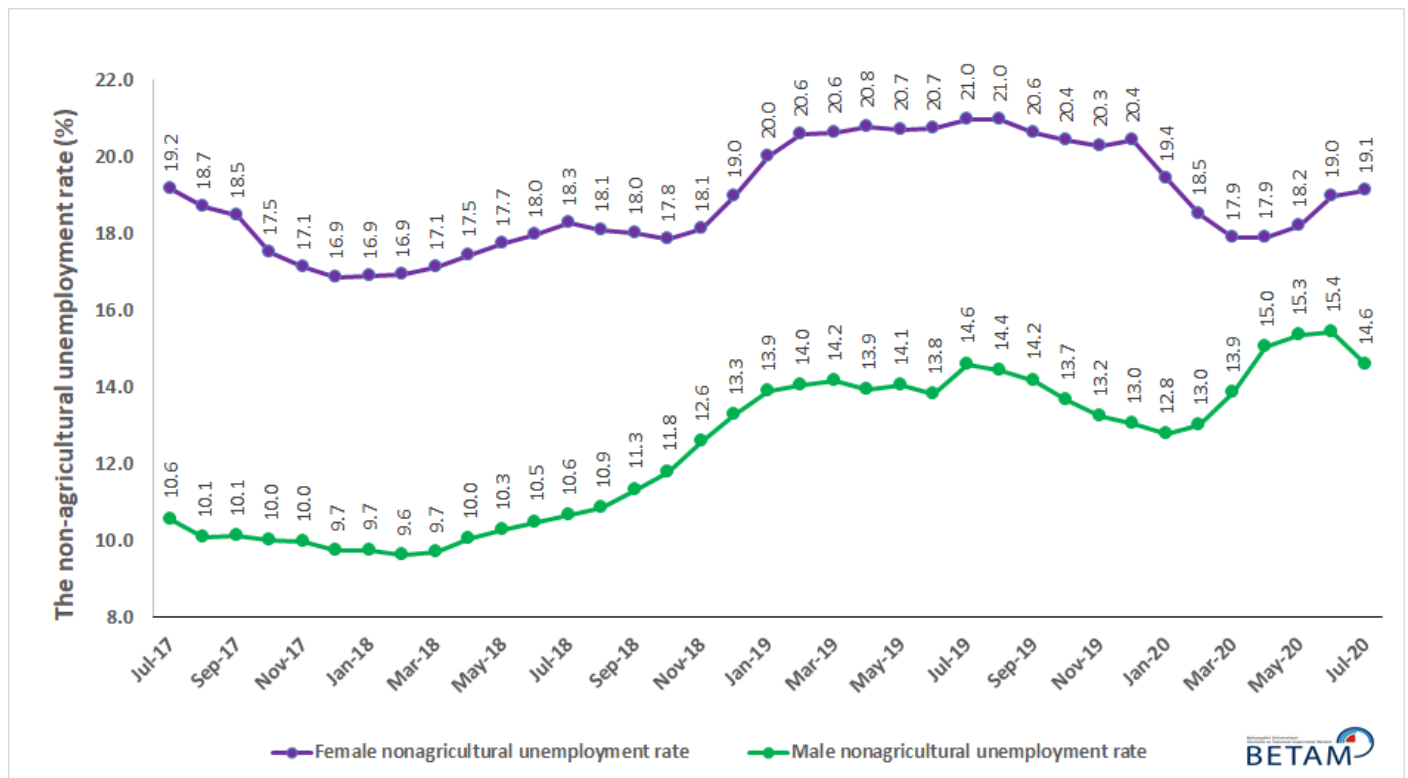
Source: TURKSTAT, Betam

## Increases in female unemployment rate

Figure 6 shows seasonally adjusted non-agricultural unemployment rate for males (green) and for females (purple)<sup>1</sup>. In the period of July 2020 compared to the previous period, female non-agricultural unemployment rate increased by 0.1 percentage point to 19.1 percent. Male non-agricultural unemployment turned out to be 14.6 percent, with 0.8 percentage point decreases compared to June 2020. While female and male labor force increased by 217 thousand and 323 thousand, respectively, female and male employment increased by 165 thousand and 423 thousand. As increase in male employment compared to labor force was higher, male unemployment rate decreased in the period of July. Since increases in female employment compared to labor force was lower, female unemployment rate increased in the period of July. As a result, the gender gap in non-agricultural unemployment rates increased from 3.6 percent to 4.5 percent points in June 2020 (Table 3).

<sup>1</sup>Turkstat revised the labor market statistics drastically in February 2014. Within this framework, they back casted various labor market indicators and they also continued to announce seasonally adjusted series. However, Turkstat is not providing back-casted series by gender. Therefore, female and male labor market statistics are not sufficiently long for the seasonal adjustment procedures (There should be minimum 36 observations). With the announcement of the period of February 2017 data, the number of observations required for the seasonal decontamination process was provided. From this period Betam generated seasonal adjustment series in terms of gender. Nevertheless, it should not be forgotten that seasonal adjustment may cause extra volatility in the series for at least a while.

**Figure 6: Seasonally adjusted non-agricultural unemployment rate by gender (%)**



Source: Turkstat, Betam

**Table 1: Seasonally adjusted non-agricultural labor market indicators (in thousands) \*\***

	Labor force	Employment	Unemployment	Unemployment rate	Monthly changes		
					Labor force	Employment	Unemployment
Jul-17	26092	22674	3418	13.1%			
Aug-17	26137	22844	3293	12.6%	45	170	-125
Sep-17	26209	22907	3302	12.6%	72	63	9
Oct-17	26247	23019	3228	12.3%	38	112	-74
Nov-17	26371	23180	3191	12.1%	123	161	-38
Dec-17	26401	23286	3115	11.8%	30	106	-76
Jan-18	26519	23390	3129	11.8%	118	104	14
Feb-18	26653	23508	3145	11.8%	134	118	16
Mar-18	26679	23504	3175	11.9%	26	-4	30
Apr-18	26792	23497	3295	12.3%	114	-7	121
May-18	26853	23496	3357	12.5%	60	-1	61
Jun-18	26973	23547	3426	12.7%	120	51	69
Jul-18	26906	23435	3471	12.9%	-67	-112	45
Aug-18	27105	23581	3524	13.0%	199	146	53
Sep-18	27030	23435	3595	13.3%	-75	-146	71
Oct-18	27100	23414	3686	13.6%	70	-21	91
Nov-18	27119	23241	3878	14.3%	19	-173	192
Dec-18	27049	22992	4057	15.0%	-70	-249	179
Jan-19	27083	22804	4279	15.8%	34	-188	222
Feb-19	27353	22949	4404	16.1%	270	145	125
Mar-19	27483	23031	4452	16.2%	130	82	48
Apr-19	27472	23049	4423	16.1%	-11	18	-29
May-19	27398	22987	4411	16.1%	-74	-62	-12
Jun-19	27375	23022	4353	15.9%	-24	35	-59
Jul-19	27334	22824	4510	16.5%	-40	-198	158
Aug-19	27389	22897	4492	16.4%	55	73	-18
Sep-19	27325	22926	4399	16.1%	-63	29	-92
Oct-19	27458	23147	4311	15.7%	133	221	-88
Nov-19	27456	23228	4228	15.4%	-2	81	-83
Dec-19	27385	23195	4190	15.3%	-71	-33	-38
Jan-20	27154	23135	4019	14.8%	-231	-60	-171
Feb-20	26816	22874	3942	14.7%	-338	-261	-77
Mar-20	25837	21910	3927	15.2%	-979	-964	-15
Apr-20	24994	20995	3999	16.0%	-843	-915	72
May-20	25010	20933	4077	16.3%	16	-62	78
Jun-20	25562	21344	4218	16.5%	552	411	141
Jul-20	26055	21912	4143	15.9%	493	568	-75

Source: Turkstat, Betam

**Table 2: Seasonally adjusted employment by sectors (in thousands) \***

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
Jul-17	5502	5363	2111	15200				
Aug-17	5467	5437	2159	15249	-35	74	48	49
Sep-17	5489	5421	2113	15373	22	-16	-46	124
Oct-17	5470	5470	2083	15466	-19	49	-30	93
Nov-17	5482	5470	2124	15586	12	0	41	120
Dec-17	5539	5514	2173	15599	57	44	49	13
Jan-18	5484	5567	2199	15623	-55	53	26	24
Feb-18	5456	5627	2193	15688	-28	60	-6	65
Mar-18	5394	5618	2160	15726	-62	-9	-33	38
Apr-18	5397	5650	2108	15739	3	32	-52	13
May-18	5322	5669	2062	15765	-75	19	-46	26
Jun-18	5276	5737	2041	15769	-46	68	-21	4
Jul-18	5246	5703	1955	15777	-30	-34	-86	8
Aug-18	5204	5730	1957	15895	-42	27	2	118
Sep-18	5209	5698	1900	15837	5	-32	-57	-58
Oct-18	5267	5696	1840	15877	58	-2	-60	40
Nov-18	5189	5656	1792	15793	-78	-40	-48	-84
Dec-18	5158	5474	1701	15817	-31	-182	-91	24
Jan-19	5137	5392	1656	15756	-21	-82	-45	-61
Feb-19	5182	5388	1655	15907	45	-4	-1	151
Mar-19	5174	5482	1611	15938	-8	94	-44	31
Apr-19	5097	5553	1587	15909	-77	71	-24	-29
May-19	5030	5546	1548	15892	-67	-7	-39	-17
Jun-19	5042	5616	1576	15830	12	70	28	-62
Jul-19	5103	5600	1505	15720	61	-16	-71	-110
Aug-19	5093	5551	1488	15858	-10	-49	-17	138
Sep-19	5082	5546	1491	15890	-11	-5	3	32
Oct-19	4985	5666	1543	15938	-97	120	52	48
Nov-19	5023	5758	1538	15932	38	92	-5	-6
Dec-19	4924	5699	1566	15930	-99	-59	28	-2
Jan-20	4890	5649	1571	15915	-34	-50	5	-15
Feb-20	4675	5593	1548	15734	-215	-56	-23	-181
Mar-20	4659	5508	1353	15049	-16	-85	-195	-685
Apr-20	4630	5344	1237	14414	-29	-164	-116	-635
May-20	4728	5272	1354	14306	98	-72	117	-108
Jun-20	4764	5297	1499	14549	36	25	145	243
Jul-20	4736	5354	1610	14948	-28	57	111	399

Source: Turkstat, Betam



**Table 3: Seasonally adjusted non-agricultural labor force by gender (thousands)**

	<b>Female Labor Force</b>	<b>Female Employment</b>	<b>Female Unemployed</b>	<b>Male Labor Force</b>	<b>Male Employment</b>	<b>Male Unemployed</b>
<b>Jul-17</b>	7657	6189	1467	18446	16498	1948
<b>Aug-17</b>	7668	6235	1433	18492	16629	1863
<b>Sep-17</b>	7728	6302	1426	18491	16617	1874
<b>Oct-17</b>	7754	6396	1358	18475	16628	1847
<b>Nov-17</b>	7830	6490	1340	18533	16685	1848
<b>Dec-17</b>	7858	6533	1325	18543	16741	1802
<b>Jan-18</b>	7947	6606	1342	18593	16782	1812
<b>Feb-18</b>	7978	6628	1350	18664	16869	1795
<b>Mar-18</b>	7982	6616	1366	18689	16879	1810
<b>Apr-18</b>	8032	6631	1402	18737	16858	1879
<b>May-18</b>	8073	6642	1431	18772	16842	1930
<b>Jun-18</b>	8096	6642	1454	18886	16906	1980
<b>Jul-18</b>	8073	6598	1474	18858	16852	2007
<b>Aug-18</b>	8147	6672	1475	18999	16936	2063
<b>Sep-18</b>	8124	6660	1464	18940	16794	2146
<b>Oct-18</b>	8211	6745	1465	18899	16670	2229
<b>Nov-18</b>	8228	6737	1491	18870	16496	2374
<b>Dec-18</b>	8303	6726	1576	18737	16251	2486
<b>Jan-19</b>	8388	6711	1677	18683	16085	2598
<b>Feb-19</b>	8484	6738	1745	18842	16198	2644
<b>Mar-19</b>	8557	6790	1767	18912	16234	2678
<b>Apr-19</b>	8513	6743	1771	18937	16302	2635
<b>May-19</b>	8455	6703	1752	18929	16269	2661
<b>Jun-19</b>	8436	6687	1748	18958	16337	2621
<b>Jul-19</b>	8380	6622	1759	18994	16220	2773
<b>Aug-19</b>	8404	6643	1761	19029	16283	2746
<b>Sep-19</b>	8353	6631	1722	19009	16313	2695
<b>Oct-19</b>	8426	6706	1720	19051	16447	2604
<b>Nov-19</b>	8373	6674	1699	19074	16551	2523
<b>Dec-19</b>	8357	6650	1708	19018	16538	2480
<b>Jan-20</b>	8303	6690	1614	18850	16444	2406
<b>Feb-20</b>	8157	6647	1511	18642	16214	2427
<b>Mar-20</b>	7802	6407	1396	17988	15496	2493
<b>Apr-20</b>	7458	6123	1335	17498	14866	2632
<b>May-20</b>	7479	6118	1362	17476	14795	2681
<b>Jun-20</b>	7699	6238	1461	17857	15105	2753
<b>Jul-20</b>	7916	6403	1513	18180	15528	2652

Source: Turkstat, Betam

**Table 4: Seasonally adjusted LFPR, employment rate and non-agricultural unemployment rate (%)**

	<b>LFPR</b>	<b>Employment Rate</b>	<b>Unemployment rate</b>
<b>Jul-17</b>	52.8	47.0	13.1
<b>Aug-17</b>	52.8	47.2	12.6
<b>Sep-17</b>	52.9	47.3	12.6
<b>Oct-17</b>	52.8	47.4	12.3
<b>Nov-17</b>	53.0	47.6	12.1
<b>Dec-17</b>	53.1	47.8	11.8
<b>Jan-18</b>	53.1	47.8	11.8
<b>Feb-18</b>	53.2	47.9	11.8
<b>Mar-18</b>	53.1	47.8	11.9
<b>Apr-18</b>	53.2	47.7	12.3
<b>May-18</b>	53.2	47.6	12.5
<b>Jun-18</b>	53.3	47.5	12.7
<b>Jul-18</b>	53.1	47.3	12.9
<b>Aug-18</b>	53.3	47.4	13.0
<b>Sep-18</b>	53.2	47.1	13.3
<b>Oct-18</b>	53.4	47.1	13.6
<b>Nov-18</b>	53.2	46.7	14.3
<b>Dec-18</b>	53.0	46.2	15.0
<b>Jan-19</b>	52.9	45.8	15.8
<b>Feb-19</b>	53.4	46.0	16.1
<b>Mar-19</b>	53.6	46.1	16.2
<b>Apr-19</b>	53.3	45.9	16.1
<b>May-19</b>	53.0	45.7	16.1
<b>Jun-19</b>	52.9	45.7	15.9
<b>Jul-19</b>	52.9	45.4	16.5
<b>Aug-19</b>	52.8	45.4	16.4
<b>Sep-19</b>	52.7	45.4	16.1
<b>Oct-19</b>	52.7	45.6	15.7
<b>Nov-19</b>	52.6	45.7	15.4
<b>Dec-19</b>	52.3	45.4	15.3
<b>Jan-20</b>	51.8	45.2	14.8
<b>Feb-20</b>	50.8	44.3	14.7
<b>Mar-20</b>	49.1	42.7	15.2
<b>Apr-20</b>	47.7	41.1	16
<b>May-20</b>	47.8	41.1	16.3
<b>Jun-20</b>	48.6	41.8	16.5
<b>Jul-20</b>	49.3	42.6	15.9

Source: Turkstat

**Table 5: Seasonally adjusted non-seekers that are available to start, unemployed and sum of both**

	<b>Discouraged Job Seekers-SA</b>	<b>Unemployed- TurkStat-SA</b>	<b>Other Non- Seekers Who are Available To Start</b>	<b>Total</b>
<b>Jan-19</b>	561	4361	1648	6570
<b>Feb-19</b>	554	4492	1650	6696
<b>Mar-19</b>	534	4562	1657	6753
<b>Apr-19</b>	550	4531	1724	6805
<b>May-19</b>	571	4512	1700	6783
<b>Jun-19</b>	598	4460	1637	6695
<b>Jul-19</b>	623	4581	1652	6856
<b>Aug-19</b>	645	4557	1661	6862
<b>Sep-19</b>	684	4481	1713	6878
<b>Oct-19</b>	731	4388	1651	6770
<b>Nov-19</b>	763	4290	1643	6696
<b>Dec-19</b>	813	4243	1680	6736
<b>Jan-20</b>	879	4094	1813	6786
<b>Feb-20</b>	990	4034	1970	6994
<b>Mar-20</b>	1098	4008	2459	7566
<b>Apr-20</b>	1249	4082	3090	8422
<b>May-20</b>	1329	4157	3237	8723
<b>Jun-20</b>	1364	4282	2987	8633
<b>Jul-20</b>	1342	4207	2704	8253

Source: Turkstat, Betam