THE LABOR MARKET TAKES A HIT AS THE PANDEMIC INTENSIFIES

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Executive Summary

Seasonally adjusted labor market data show that in the period of November 2020, compared to the period of October 2020, non-agricultural unemployment rate remained at 14.9 percent. In this period, while the non-agricultural employment increased by 38 thousand, the labor force increased by 45 thousand. According to the sectoral data, employment decreased in all sectors except for manufacturing. While employment in the manufacturing sector increased by 83 thousand, employment in the construction and services sectors decreased by 6 thousand and 38 thousand respectively. According to seasonally adjusted data, while female non-agricultural employment and labor force increased by 41 thousand and 23 thousand respectively, male non-agricultural employment and labor force decreased by 5 thousand and 13 thousand respectively. As a result, the non-agricultural female unemployment rate went down to 18.0 percent, and the non-agricultural male unemployment rate remained constant at 13.5 percent. The gender gap in non-agricultural unemployment rate is currently 4.5 percent.

Non-agricultural labor force and employment are still below the January 2020 levels

Seasonally adjusted data show that the non-agricultural labor force rose to 26 million 411 thousand, increasing by 45 thousand in the period between November 2020 (September-October-November) and October 2020 (September-October-November). In the period of November 2020, the non-agricultural labor force remained below the level of the period of January 2020 (27 million 163 thousand) by 752 thousand. The non-agricultural employment increased to 22 million 476 thousand, following an increase by 38 thousand, compared to the previous period (Figure1, Table1). In this period, non-agricultural employment is still below its January 2020 levels by 667 thousand.

In this period, increases in the labor force and employment remain very limited. Compared to the period of January 2020, non-agricultural unemployment is lower by 85 thousand (January 2020 : 4 million 20 thousand, November 2020 : 3 million 935 thousand), and unemployment rate is higher by 0.1 percentage points (January 2020 : 14.8 percent, November 2020 : 14.9 percent). As of the period of November 2020, labor market data shows that deceleration in the labor market continued as the pandemic intensifies in autumn.

In this brief, to correct for the possibly misleading effects of the decreasing labor force on unemployment, we also discuss the ratio of total unemployed to non-institutional working age population along with the LFPR and the employment rate, as presented in Figure 2. In the period of November 2020, compared to October 2020, the ratio of total unemployed to non-institutional working age population remained unchanged at 6.4 percent. The labor force participation rate decreased to 49.4 percent following the decrease of 0.1 percentage points, and the employment rate decreased from 43.2 to 43.1 percent. The labor force participation rate and the employment rate were lower by 3.3 and 2.6 percentage points, respectively, compared to the period of November 2019. Let us further note that labor force participation and employment rates were still lower by 2.4 and 2.1 percentage points respectively compared to pre-COVID levels.(Figure 2).

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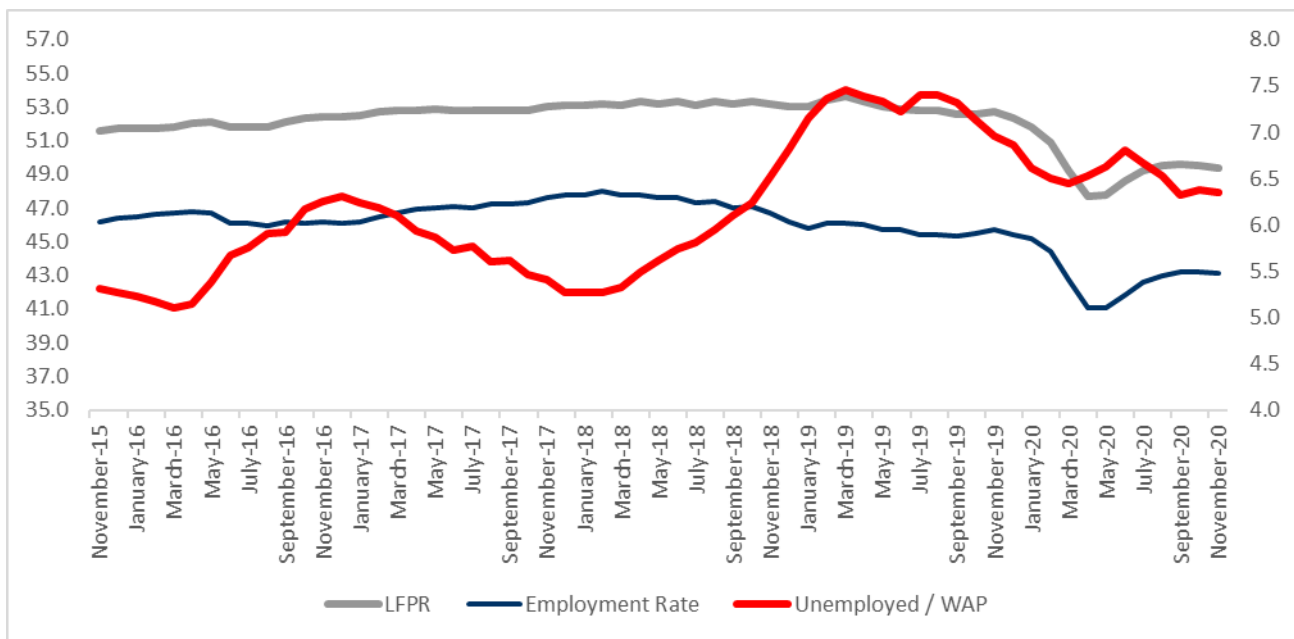[**] Doç. Dr. Gökçe Uysal, Betam, Deputy Director, gokce.uysal@eas.bau.edu.tr
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Figure 1. Seasonally adjusted non-agricultural labor force, employment, and unemployment
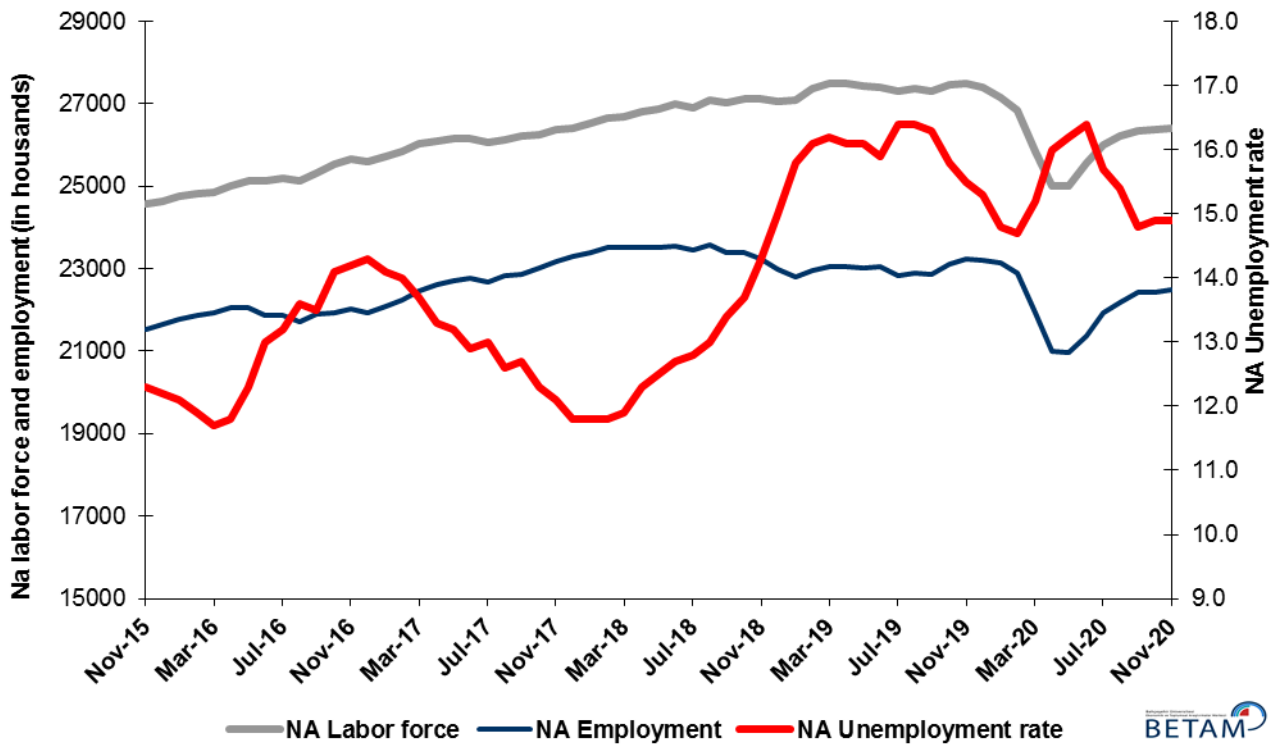
Source: Turkstat, Betam

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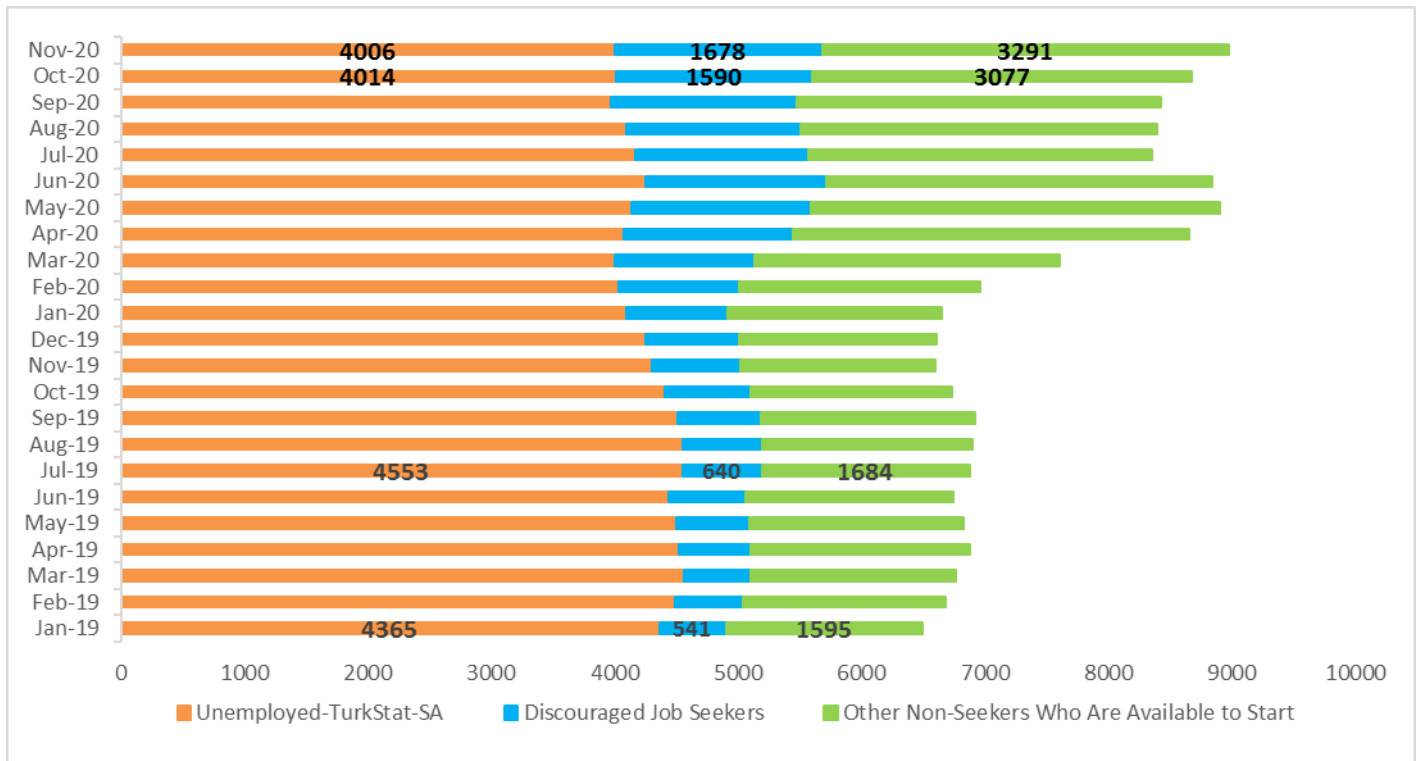

Source: Turkstat, Betam

The unemployed and those "not searching but available to start" sum up to almost 9 million

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, we may observe striking increases among individuals who wish to work but are not actively seeking a job as they think that they would not be able to find a job. Those individuals that stop searching for jobs and hence drop out of the labor force due to loss of confidence and other reasons are referred as 'Discouraged workers' and 'Other' by TurkStat. The sustained increases in the number of discouraged workers started in January 2019 and accelerated during the pandemic. Even though this trend was reversed in the period of June 2020, the decreases in the number of discouraged workers started to slow down in the period of September 2020. The number of inactive non-seekers who are available to start working increased by 302 thousand in the period of November 2020. Finally, adding these categories to the number of unemployed, the sum reached 8 million 975 thousand with an increase of 293 thousand.

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

Source: Turkstat, Betam

Decreases in construction and services sectors

According to seasonally adjusted employment data, in the period of November 2020 compared to October 2020, employment increased in the manufacturing sector, and decreased in all other sectors. The employment in construction decreased by 6 thousand. The manufacturing employment surpassed its January 2020 level for the first time following an increase of 83 thousand,. After a decrease of 72 thousand in the period of October 2020, the services employment decreased again by 38 thousand in the period of November 2020. Compared to its January 2020 levels, the employment in the services sector is lower by 4.7 percent. The decreases in services employment imply that the adverse effects of the pandemic are coming back. The employment in agriculture decreased by 62 thousand compared to the previous period.

Figure 4: Employment by sectors (in thousand)

AGRICULTURE

INDUSTRY

CONSTRUCTION

SERVICES
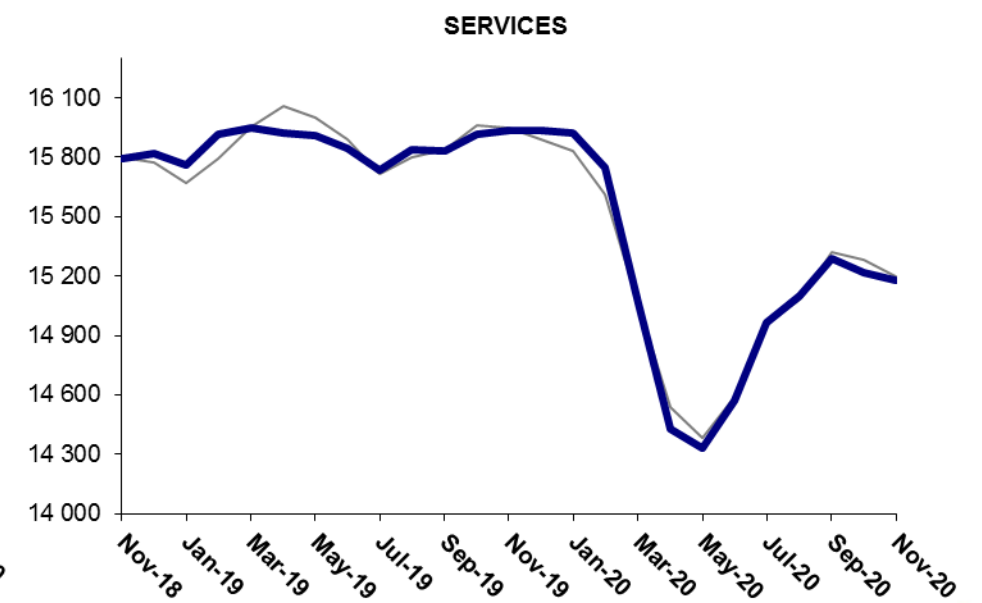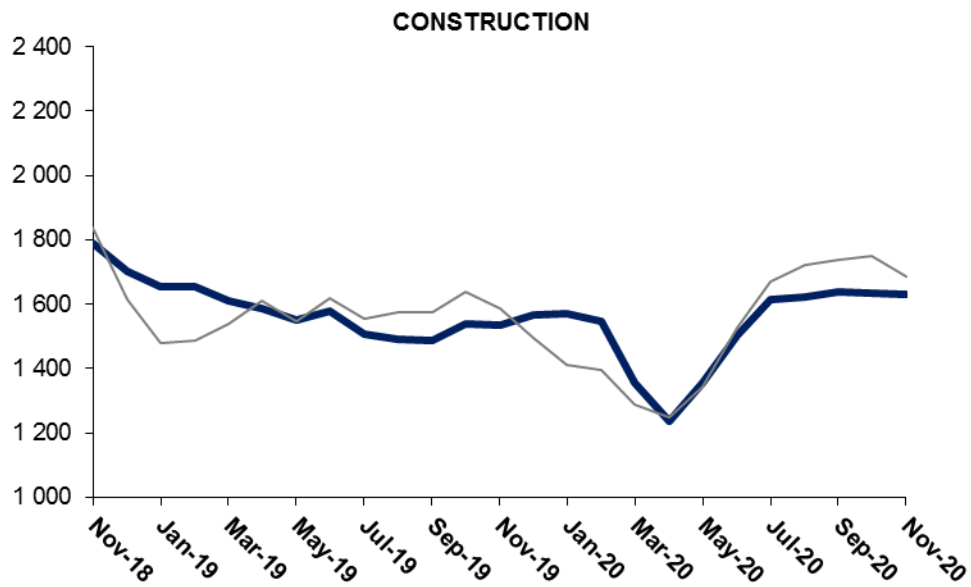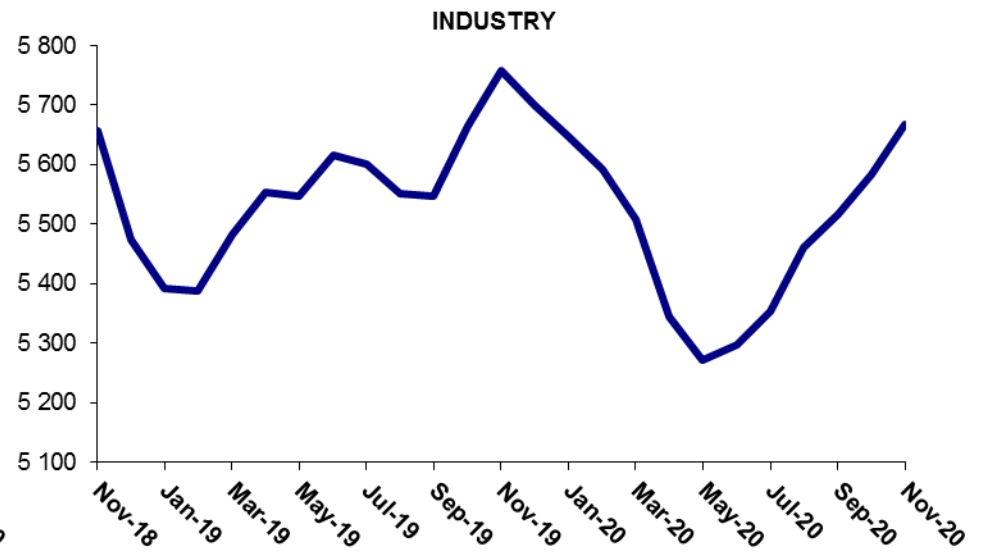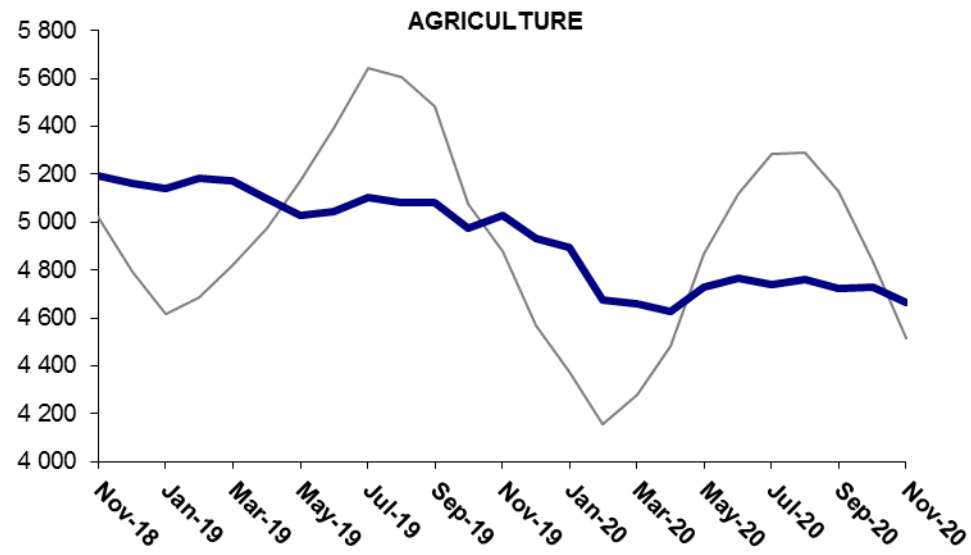
Source: TURKSTAT, Betam

Decreases in yearly non-agricultural labor force and employment continue

Compared to November 2019, the non-agricultural employment decreased by 741 thousand (2.8 percent) in November 2020 while non-agricultural labor force declined by 1 million 64 thousand. It can be concluded that the decreases in the non-agricultural unemployment are actually the result of the flows of individuals out of the labor force (Figure 5).

Figure 5 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

Decreases in male labor force and employment, increases in female labor force and employment

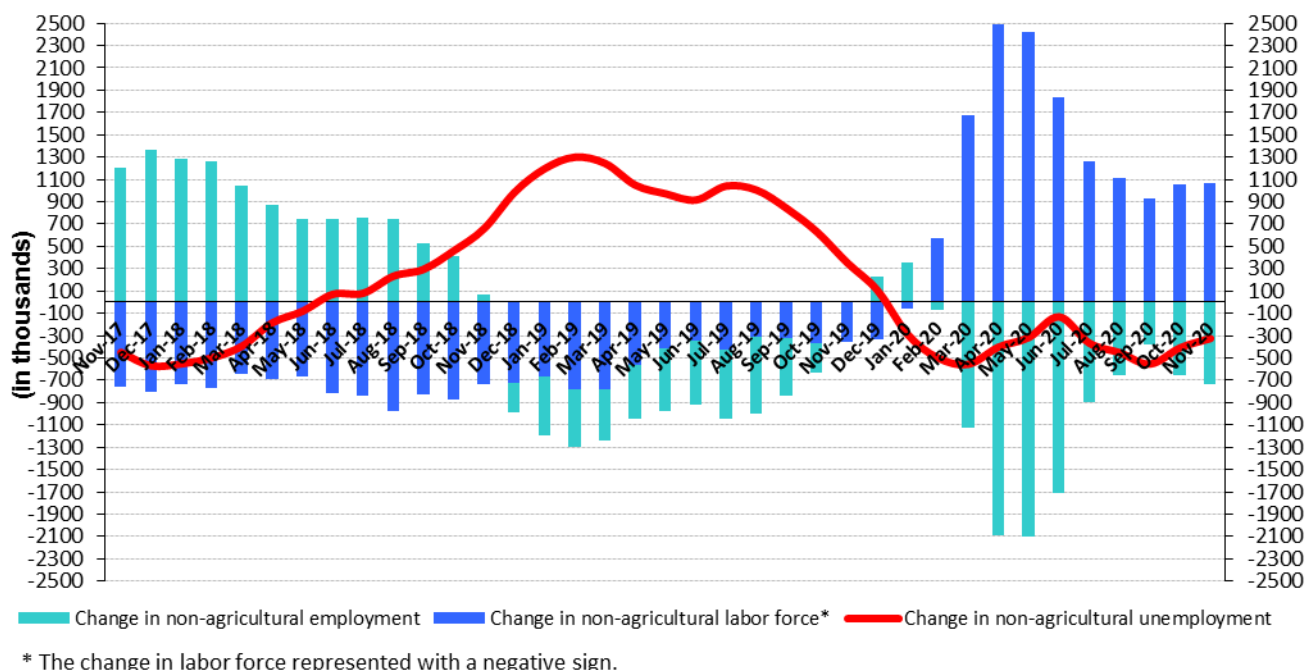Figure 6 shows seasonally adjusted non-agricultural unemployment rate for males (green) and for females (purple)[1]. In the period of November 2020 compared to the previous period, female non-agricultural unemployment rate fell down to 18.0 percent. Compared to October 2020, male non-agricultural unemployment rate remained unchanged at 13.5 percent. While female labor force and employment increased by 23 and 41 thousand respectively, male labor force and employment decreased by 5 and 13 thousand. As a result, the gender gap in the non-agricultural unemployment rate turned out to be 4.5 percent following the decrease by 0.3 percent.

1Turkstat 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 (%)
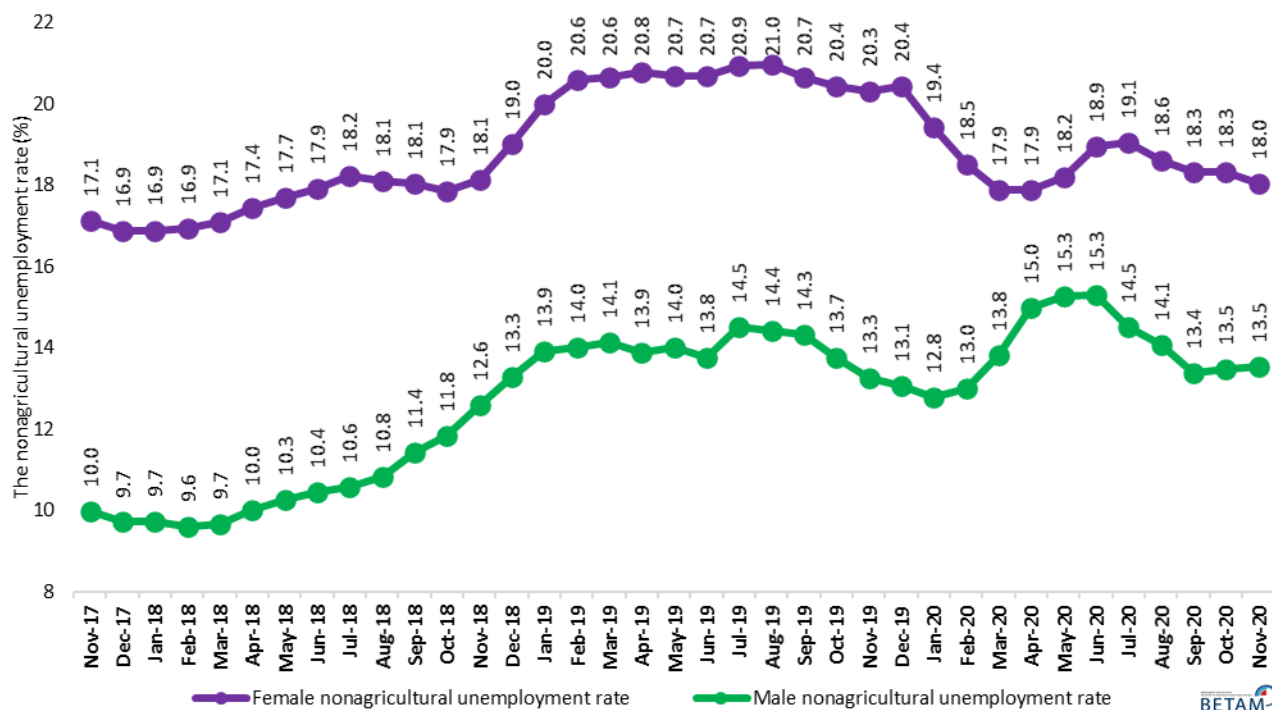
Source: Turkstat, Betam

Figure 7 and Figure 8 shows the recent developments in the participation rate and employment rate of men and women. As can be seen in Figure 7, men's long-run LFPR which has been steady over the last three years has been badly affected by the pandemic. Over three periods, it had dropped by 5 percentage points until it started to recover in the period of May. However, the labor market data shows that male LFPR went down again in the period of November. Male LFPR, which turned out to be 68.4 percent in the period of November, is 3.6 percentage points lower than its long-term average, 72.0 percent.

Female LFPR has also been affected severely by the pandemic. Over those periods between January and April 2020, female LFPR decreased by 3.6 percentage points to merely 29.6 percent. The limited improvement in female LFPR between periods of May and August reversed and female LFPR has been on a declining course over the last three periods. As of November 2020, the female LFPR fell back to 30.5 percent, which is 4.7 percentage points lower than its maximum.

As for the employment rates (Figure 8), the male employment rate which had been going up since the period of May reversed its course in the period of November, and fell down to 60.4 percent. Employment rate among men is 2.5 percentage points lower than its January 2020 level. Even though there was a recovery beginning in May, in the female employment rate, it has been affected adversely in autumn. As a result, the total decreases in the female employment rate over September, October and November periods became 0.4 percentage points. As of November 2020, female employment rate is 2.0 percentage points lower than its January 2020 level.

Figure 7 : Seasonally adjusted female and male LFPR (%)
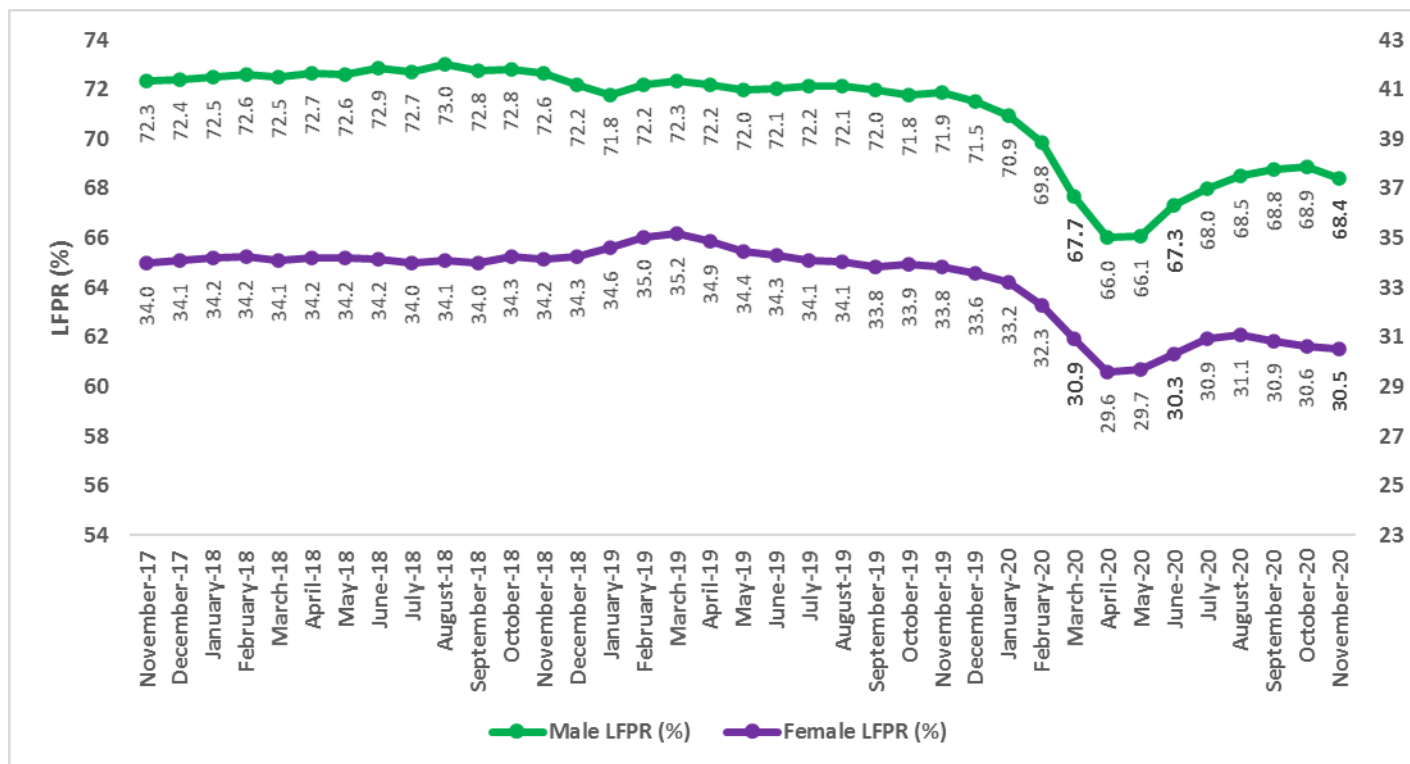
Source : Turkstat, Betam

Figure 8 : Seasonally adjusted female and male employment rate (%)

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
November-17	26372	23181	3191	12.1%			
December-17	26405	23289	3116	11.8%	33	108	-75
January-18	26523	23393	3130	11.8%	118	104	14
February-18	26658	23512	3146	11.8%	135	119	16
March-18	26684	23509	3175	11.9%	27	-3	30
April-18	26802	23505	3297	12.3%	117	-4	121
May-18	26866	23508	3358	12.5%	65	3	62
June-18	26986	23559	3427	12.7%	120	51	69
July-18	26889	23447	3442	12.8%	-97	-112	15
August-18	27094	23572	3522	13.0%	205	125	80
September-18	27013	23393	3620	13.4%	-82	-179	97
October-18	27109	23395	3714	13.7%	96	2	94
November-18	27120	23242	3878	14.3%	11	-153	164
December-18	27054	22996	4058	15.0%	-66	-246	180
January-19	27090	22810	4280	15.8%	36	-186	222
February-19	27362	22957	4405	16.1%	272	147	125
March-19	27494	23040	4454	16.2%	132	83	49
April-19	27486	23061	4425	16.1%	-8	21	-29
May-19	27420	23005	4415	16.1%	-67	-56	-11
June-19	27395	23039	4356	15.9%	-25	34	-59
July-19	27321	22840	4481	16.4%	-74	-199	125
August-19	27371	22882	4489	16.4%	50	42	8
September-19	27321	22868	4453	16.3%	-49	-14	-35
October-19	27458	23120	4338	15.8%	137	252	-115
November-19	27490	23229	4261	15.5%	32	109	-77
December-19	27390	23199	4191	15.3%	-100	-30	-70
January-20	27163	23143	4020	14.8%	-226	-56	-170
February-20	26830	22886	3944	14.7%	-333	-257	-76
March-20	25853	21923	3930	15.2%	-977	-963	-14
April-20	25013	21011	4002	16.0%	-839	-912	73
May-20	25007	20956	4051	16.2%	-6	-55	49
June-20	25559	21367	4192	16.4%	551	411	140
July-20	26017	21932	4085	15.7%	458	565	-107
August-20	26227	22188	4039	15.4%	210	256	-46
September-20	26343	22444	3899	14.8%	116	256	-140
October-20	26367	22438	3929	14.9%	24	-6	30
November-20	26411	22476	3935	14.9%	45	38	7

Source: Turkstat, Betam

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

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
November-17	5484	5470	2123	15588				
December-17	5542	5514	2173	15603	58	44	50	15
January-18	5488	5567	2199	15628	-54	53	26	25
February-18	5459	5627	2193	15692	-29	60	-6	64
March-18	5396	5618	2160	15731	-63	-9	-33	39
April-18	5397	5650	2109	15745	1	32	-51	14
May-18	5322	5669	2063	15776	-75	19	-46	31
June-18	5275	5737	2043	15780	-47	68	-20	4
July-18	5247	5703	1957	15787	-28	-34	-86	7
August-18	5196	5730	1958	15883	-51	27	1	96
September-18	5207	5698	1897	15798	11	-32	-61	-85
October-18	5261	5696	1838	15862	54	-2	-59	64
November-18	5192	5656	1791	15795	-69	-40	-47	-67
December-18	5162	5474	1700	15822	-30	-182	-91	27
January-19	5141	5392	1656	15763	-21	-82	-44	-59
February-19	5184	5388	1655	15914	43	-4	-1	151
March-19	5175	5482	1611	15946	-9	94	-44	32
April-19	5096	5553	1588	15920	-79	71	-23	-26
May-19	5030	5546	1550	15909	-66	-7	-38	-11
June-19	5043	5616	1578	15845	13	70	28	-64
July-19	5105	5600	1508	15732	62	-16	-70	-113
August-19	5083	5551	1490	15841	-22	-49	-18	109
September-19	5080	5546	1487	15835	-3	-5	-3	-6
October-19	4976	5666	1539	15915	-104	120	52	80
November-19	5029	5758	1536	15935	53	92	-3	20
December-19	4931	5699	1565	15935	-98	-59	29	0
January-20	4896	5649	1571	15924	-35	-50	6	-11
February-20	4677	5593	1548	15745	-219	-56	-23	-179
March-20	4660	5508	1354	15061	-17	-85	-194	-684
April-20	4629	5344	1238	14428	-31	-164	-116	-633
May-20	4729	5272	1356	14328	100	-72	118	-100
June-20	4766	5297	1502	14569	37	25	146	241
July-20	4739	5354	1614	14963	-27	57	112	394
August-20	4760	5460	1624	15104	21	106	10	141
September-20	4722	5517	1638	15289	-38	57	14	185
October-20	4726	5584	1636	15217	4	67	-2	-72
November-20	4664	5667	1630	15179	-62	83	-6	-38

Source: Turkstat

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

	Female Labor Force	Female Employment	Female Unemployed	Male Labor Force	Male Employment	Male Unemployed
November-17	7840	6498	1343	18530	16680	1850
December-17	7866	6539	1327	18541	16738	1803
January-18	7953	6609	1343	18593	16781	1812
February-18	7983	6632	1351	18667	16872	1794
March-18	7984	6618	1366	18694	16885	1809
April-18	8034	6632	1402	18743	16866	1877
May-18	8070	6641	1429	18780	16854	1926
June-18	8091	6641	1450	18896	16921	1975
July-18	8063	6594	1469	18867	16868	1999
August-18	8130	6658	1472	18997	16936	2061
September-18	8113	6649	1465	18924	16763	2162
October-18	8218	6750	1468	18888	16651	2237
November-18	8241	6746	1495	18867	16490	2377
December-18	8314	6734	1580	18738	16249	2488
January-19	8395	6715	1680	18686	16087	2599
February-19	8489	6742	1747	18845	16202	2643
March-19	8559	6792	1767	18916	16240	2675
April-19	8513	6743	1770	18942	16312	2630
May-19	8451	6702	1749	18937	16284	2653
June-19	8425	6682	1744	18963	16353	2610
July-19	8365	6615	1751	18995	16237	2758
August-19	8380	6622	1757	19022	16281	2742
September-19	8339	6616	1723	19000	16276	2724
October-19	8437	6713	1723	19037	16420	2617
November-19	8391	6688	1704	19072	16543	2529
December-19	8374	6663	1712	19016	16533	2483
January-20	8315	6698	1616	18853	16445	2408
February-20	8166	6653	1513	18646	16219	2427
March-20	7807	6411	1396	17993	15503	2489
April-20	7459	6125	1335	17502	14877	2625
May-20	7475	6116	1360	17481	14812	2669
June-20	7689	6233	1457	17861	15125	2736
July-20	7898	6393	1505	18145	15513	2632
August-20	7966	6483	1484	18308	15729	2579
September-20	7928	6476	1452	18469	15997	2472
October-20	7850	6412	1438	18542	16041	2502
November-20	7873	6453	1420	18537	16028	2509

Source: Turkstat, Betam

Table 4 : Seasonally adjusted female and male labor market indicators (thousands)

	15+ WAP, Female	Total Employment, Female	Total Unemployed, Female	15+ WAP, Male	Total Employment, Male	Total Unemployed, Male
November-17	30399	8976	1354	29824	19683	1890
December-17	30433	9047	1336	29863	19780	1839
January-18	30467	9067	1353	29893	19817	1847
February-18	30500	9077	1362	29914	19895	1830
March-18	30530	9038	1375	29934	19862	1845
April-18	30564	9038	1412	29955	19855	1908
May-18	30596	9019	1440	29975	19797	1962
June-18	30630	8998	1463	29996	19836	2021
July-18	30662	8940	1483	30017	19770	2057
August-18	30695	8977	1496	30038	19810	2124
September-18	30729	8965	1485	30059	19649	2224
October-18	30761	9053	1486	30080	19605	2301
November-18	30795	9007	1511	30101	19421	2443
December-18	30827	8970	1594	30121	19184	2553
January-19	30865	8973	1707	30152	18974	2671
February-19	30908	9048	1782	30193	19081	2716
March-19	30947	9092	1795	30230	19113	2753
April-19	30990	9007	1794	30270	19143	2709
May-19	31032	8926	1761	30310	19092	2730
June-19	31075	8907	1759	30351	19171	2697
July-19	31117	8852	1764	30390	19108	2822
August-19	31160	8842	1772	30431	19146	2806
September-19	31203	8819	1736	30472	19153	2787
October-19	31245	8865	1734	30511	19237	2663
November-19	31288	8865	1718	30552	19389	2573
December-19	31330	8786	1727	30591	19341	2531
January-20	31374	8779	1638	30641	19258	2479
February-20	31420	8606	1532	30699	18938	2501
March-20	31463	8322	1410	30753	18248	2567
April-20	31509	7982	1345	30811	17651	2686
May-20	31554	8001	1376	30867	17663	2735
June-20	31600	8117	1469	30926	18015	2799
July-20	31644	8271	1518	30982	18382	2689
August-20	31690	8357	1492	31040	18619	2640
September-20	31736	8335	1457	31098	18859	2535
October-20	31781	8286	1454	31154	18886	2570
November-20	31827	8290	1420	31213	18846	2509

Source: Turkstat, Betam

Table 5 : Seasonally adjusted female and male LFPR and ER (%)

	Women LFPR	Women Employment Rate	Women LFPR	Men Employment Rate
November-18	34.2	29.2	72.6	64.5
December-18	34.3	29.1	72.2	63.7
January-19	34.6	29.1	71.8	62.9
February-19	35.0	29.3	72.2	63.2
March-19	35.2	29.4	72.3	63.2
April-19	34.9	29.1	72.2	63.2
May-19	34.4	28.8	72.0	63.0
June-19	34.3	28.7	72.1	63.2
July-19	34.1	28.4	72.2	62.9
August-19	34.1	28.4	72.1	62.9
September-19	33.8	28.3	72.0	62.9
October-19	33.9	28.4	71.8	63.1
November-19	33.8	28.3	71.9	63.5
December-19	33.6	28.0	71.5	63.2
January-20	33.2	28.0	70.9	62.9
February-20	32.3	27.4	69.8	61.7
March-20	30.9	26.4	67.7	59.3
April-20	29.6	25.3	66.0	57.3
May-20	29.7	25.4	66.1	57.2
June-20	30.3	25.7	67.3	58.3
July-20	30.9	26.1	68.0	59.3
August-20	31.1	26.4	68.5	60.0
September-20	30.9	26.3	68.8	60.6
October-20	30.6	26.1	68.9	60.6
November-20	30.5	26.0	68.4	60.4

Source: Turkstat, Betam

Table 6 : Seasonally adjusted LFPR, ER and Unemployed / WAP (%)

	15+ WAP	Labor Force	Employment	LFPR	ER	Unemployed / WAP
Nov-17	60223	31917	28665	53.0	47.6	5.4
Dec-17	60295	32007	28831	53.1	47.8	5.3
Jan-18	60360	32064	28881	53.1	47.8	5.3
Feb-18	60415	32155	28971	53.2	48.0	5.3
Mar-18	60464	32126	28905	53.1	47.8	5.3
Apr-18	60519	32228	28902	53.3	47.8	5.5
May-18	60571	32234	28830	53.2	47.6	5.6
Jun-18	60626	32313	28834	53.3	47.6	5.7
Jul-18	60679	32220	28694	53.1	47.3	5.8
Aug-18	60733	32383	28768	53.3	47.4	6.0
Sep-18	60788	32310	28600	53.2	47.0	6.1
Oct-18	60841	32451	28656	53.3	47.1	6.2
Nov-18	60896	32403	28434	53.2	46.7	6.5
Dec-18	60948	32311	28158	53.0	46.2	6.8
Jan-19	61017	32317	27951	53.0	45.8	7.2
Feb-19	61101	32634	28141	53.4	46.1	7.4
Mar-19	61177	32774	28215	53.6	46.1	7.5
Apr-19	61261	32680	28157	53.3	46.0	7.4
May-19	61342	32532	28035	53.0	45.7	7.3
Jun-19	61426	32521	28082	52.9	45.7	7.2
Jul-19	61507	32499	27945	52.8	45.4	7.4
Aug-19	61591	32518	27965	52.8	45.4	7.4
Sep-19	61675	32463	27948	52.6	45.3	7.3
Oct-19	61756	32501	28096	52.6	45.5	7.1
Nov-19	61840	32564	28258	52.7	45.7	7.0
Dec-19	61921	32381	28130	52.3	45.4	6.9
Jan-20	62015	32140	28039	51.8	45.2	6.6
Feb-20	62119	31599	27563	50.9	44.4	6.5
Mar-20	62216	30589	26583	49.2	42.7	6.4
Apr-20	62320	29711	25640	47.7	41.1	6.5
May-20	62421	29823	25685	47.8	41.1	6.6
Jun-20	62525	30386	26133	48.6	41.8	6.8
Jul-20	62626	30843	26671	49.2	42.6	6.7
Aug-20	62730	31041	26948	49.5	43.0	6.5
Sep-20	62834	31140	27166	49.6	43.2	6.3
Oct-20	62935	31178	27164	49.5	43.2	6.4
Nov-20	63040	31146	27140	49.4	43.1	6.4

Source: Turkstat, Betam

Table 7 : Seasonally adjusted non-seekers that are available to start, unemployed and sum of both

	Discouraged Job Seekers-SA	Unemployed-TurkStat-SA	Other Non-Seekers Who are Available To Start	Total
Mar-19	545	4560	1661	6767
Apr-19	584	4523	1773	6880
May-19	602	4497	1727	6826
Jun-19	622	4439	1686	6747
Jul-19	640	4553	1684	6876
Aug-19	645	4554	1697	6897
Sep-19	670	4515	1736	6920
Oct-19	702	4405	1629	6735
Nov-19	719	4305	1576	6600
Dec-19	762	4252	1602	6615
Jan-20	820	4101	1728	6648
Feb-20	978	4037	1949	6964
Mar-20	1133	4006	2474	7613
Apr-20	1378	4072	3210	8660
May-20	1454	4138	3318	8910
Jun-20	1465	4253	3123	8841
Jul-20	1404	4172	2782	8358
Aug-20	1420	4093	2879	8393
Sep-20	1502	3975	2954	8431
Oct-20	1590	4014	3077	8681
Nov-20	1678	4006	3291	8975

Source: Turkstat, Betam