

## INCREASE IN THE EMPLOYMENT, DECREASE IN THE LABOR FORCE, RECORD FALL IN THE UNEMPLOYMENT RATE

Seyfettin Gürsel\*, Hamza Mutluay\*\*, Mehmet Cem Şahin\*\*\*

### Executive Summary

In June, the number of persons in employment rose by 602 thousand, while the level of labor force decreased by 222 thousand, and the number of unemployed people reduced by 823 thousand. As a result, the unemployment rate receded by 2.5 percentage point (pp) on month-over-month basis to 10.6%. Over the last two months, the cumulative fall in the labor force level exceeded 550 thousand, whereas the employment level increased by about 540 thousand. According to the sectorial data, the number of persons in employment increased in all the sectors, and the gap between the employment level in the services sector and its pre-Covid levels narrowed down. Employment level in the manufacturing sector exceeded 6 million again with a new record, while the increase in the level of construction employment has been limited to 8 thousand.

Female unemployment rate (seasonally adjusted) decreased by 1.2 pp to 14.1%, whereas male unemployment rate (seasonally adjusted) fell by 3.1 pp to 9%. Both female and male employment increased. On the other hand, female labor force participation rate (LFPR) increased, whereas male LFPR decreased. As a result of that dramatic decline in the male labor force, the gender gap in the unemployment rate widened by 2 pp to 5.2%. Male LFPR declined for the third consecutive month, female LFPR remained below its levels prior to the coronavirus.

### Record fall in the unemployment rate

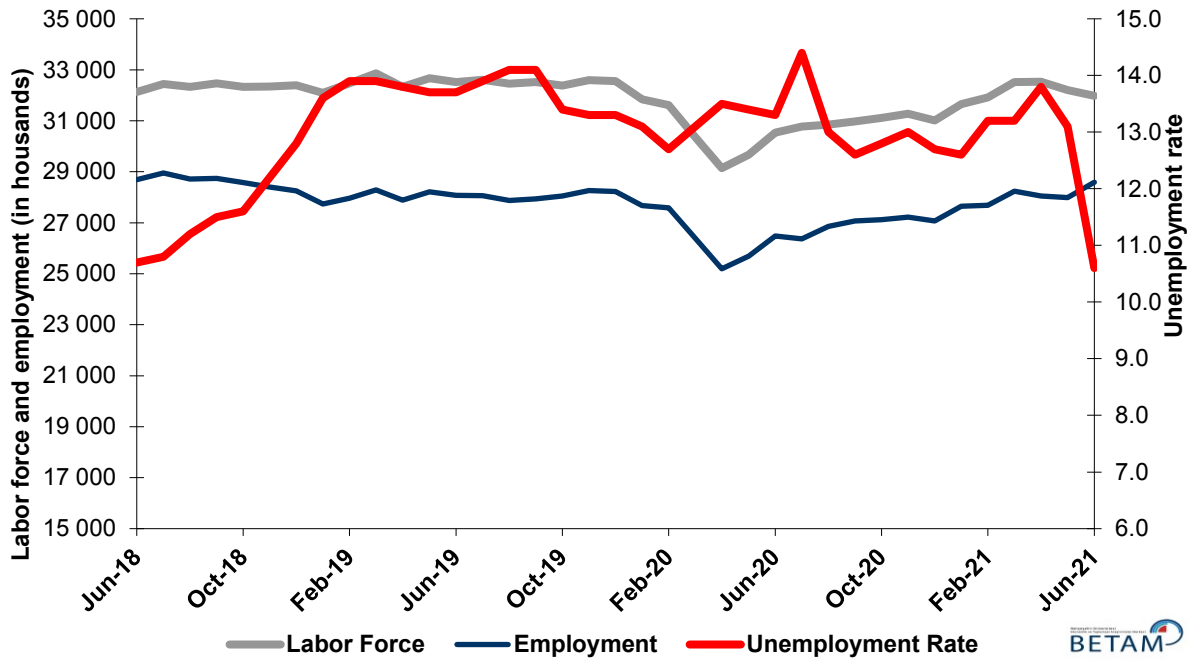
The seasonally adjusted data shows that the number of employed people rose by 602 thousand to 28 million 586 thousand, whereas the number of unemployed people fell by 823 thousand to 3 million 399 thousand. Accordingly, the level of labor force decreased by 222 thousand to 31 million 984 thousand (Figure 1, Table 1). As a result, the unemployment rate in June declined by 2.5 pp to 10.6%.

\* 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)

\*\*\* Mehmet Cem Şahin, Betam, Research Assistant, [mehmetcem.sahin@eas.bau.edu.tr](mailto:mehmetcem.sahin@eas.bau.edu.tr)

**Figure 1 : Seasonally adjusted labor force, employment, and unemployment**



Source: Turkstat, Betam

## Developments in the alternative unemployment rates

Box 1 reports the methods how Turkstat calculates the alternative unemployment rates. These measures take both the time-related underemployment (those who are employed less than 40 hours a week, would like to increase their working hours, but fail to find the jobs) and the potential labor force (the individuals who are neither employed nor unemployed but wish to work) into account.

### Box 1 : Definitions of alternative unemployment rates<sup>1</sup>

**The time-related underemployment:** Persons employed in the reference week who actually worked less than 40 hours as total (in main job and additional job/s), were willing to work additional hours and were available to do so, but could not find a job for the extra hours.

**The potential labor force:** Persons not in employment who would like to work, but for whom the existing conditions limit active job search and/or availability.

**The unemployed:** The unemployed comprises all persons 15 years of age and over who were not employed during the reference period had used at least one active channel for seeking a job during the last four weeks and were available to start work within two weeks.

**1) Unemployment rate** = [persons in unemployment/labor force]x100

**2) Combined rate of time-related underemployment and unemployment =**

$$[(\text{persons in time-related underemployment} + \text{persons in unemployment}) / \text{labor force}] * 100$$

<sup>1</sup> Detailed information is available in the *Metadata* section of the link : <https://data.tuik.gov.tr/Kategori/GetKategori?p=istihdam-issizlik-ve-ucret-108&dil=1>  
[www.betam.bahcesehir.edu.tr](http://www.betam.bahcesehir.edu.tr)

### 3) Combined rate of unemployment and potential labor force =

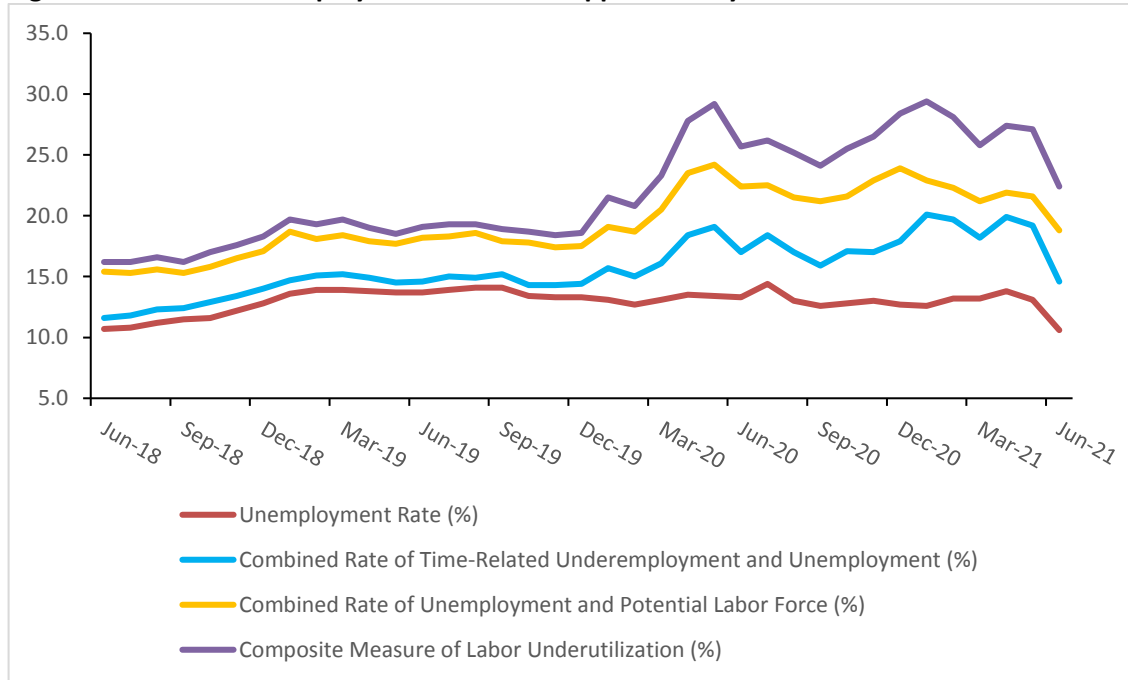
$$[(\text{persons in unemployment} + \text{potential labor force}) / (\text{labor force} + \text{potential labor force})] \times 100$$

### 4) Composite measure of labor underutilization =

$$[(\text{persons in time-related underemployment} + \text{persons in unemployment} + \text{potential labor force}) / (\text{labor force} + \text{potential labor force})] \times 100$$

Three alternative measures of unemployment rate declined in parallel with the headline unemployment rate, which fell from 13.1% to 10.6%. The seasonally adjusted data shows that the combined rate of time-related underemployment and unemployment dropped by 4.6 pp to 14.6%, whereas the combined rate of unemployment and the potential labor force decreased by 2.8 pp to 18.8%. The composite rate of labor underutilization consisting of time-related underemployment, potential labor force and unemployment declined by 4.7 pp to 27.1% (Figure 2, Table 4).

**Figure 2 : Headline Unemployment Rate and Supplementary Indicators for Labor Force**

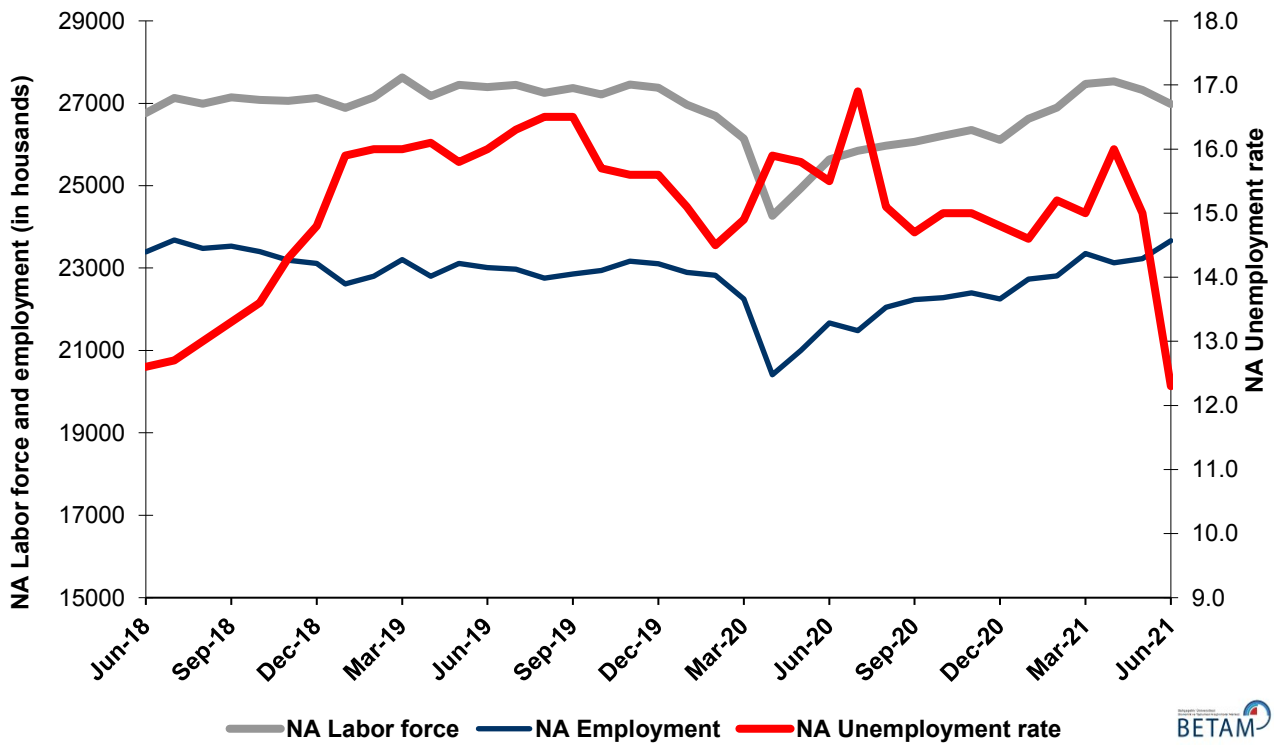


Source: Turkstat, Betam

## Sectorial developments and non-farm unemployment

According to the seasonally adjusted employment data, in the month of June 2021 compared to May 2021, the level of non-agricultural employment rose by 439 thousand to 23 million 665 thousand (Figure 3, Table 2). The non-agricultural unemployment level fell sharply by 780 thousand to 3 million 319 thousand. On the other hand, the non-agricultural labor force decreased by 341 thousand to 26 million 984 thousand. As a result, the non-farm unemployment rate fell by 2.7 pp to 12.3%.

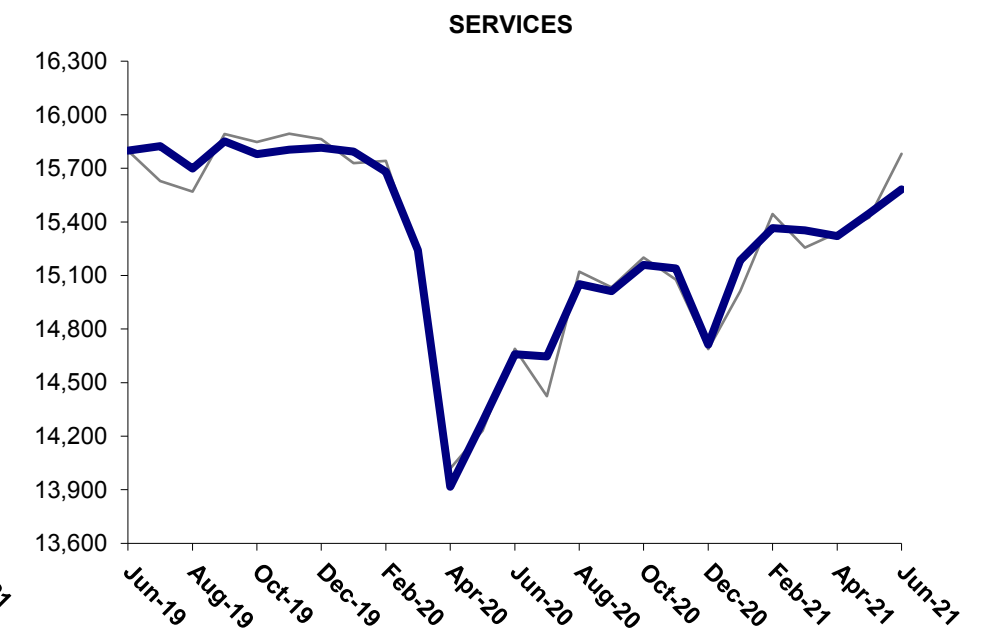
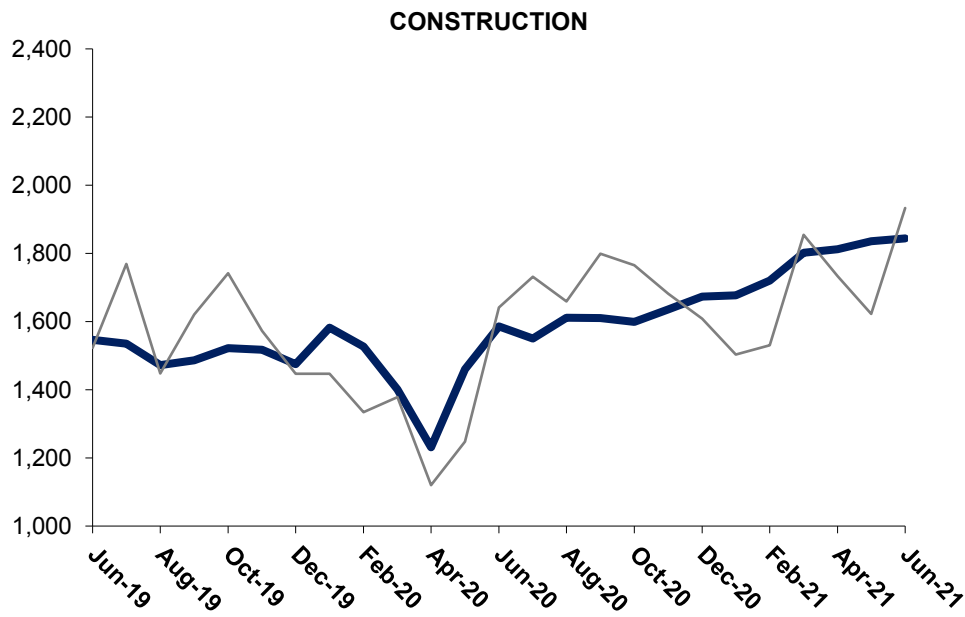
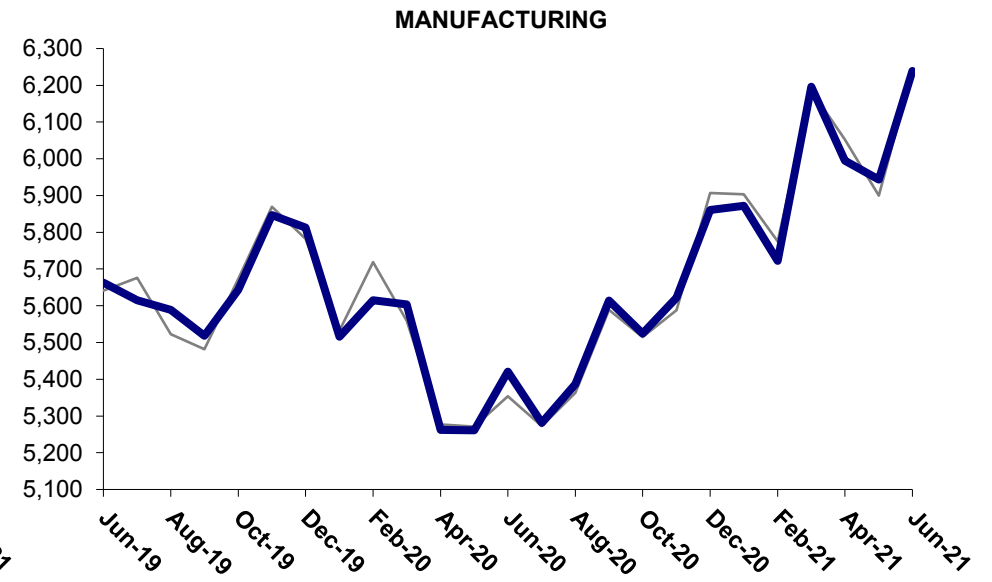
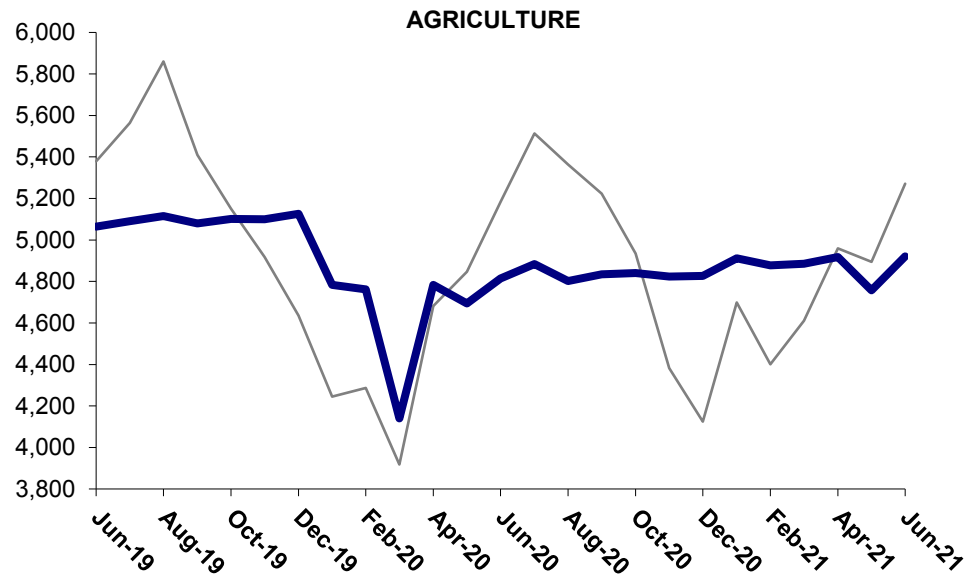
**Figure 3 : Seasonally adjusted labor force, employment, and unemployment rate**



Source: Turkstat, Betam

The level of employment increased in all sectors in June. Employment in the manufacturing sector rose by 296 thousand following the declines in April (201 thousand) and May (52 thousand). The employment level in the services sector increased by 136 thousand following the increase in May (126 thousand). Still, the employment level is 98 thousand lower than its February 2020 level. The number of persons in the agricultural employment increased by 163 thousand whereas the level of employment in the construction sector increased merely by 8 thousand.

**Figure 4 : Employment by sectors (in thousands)**

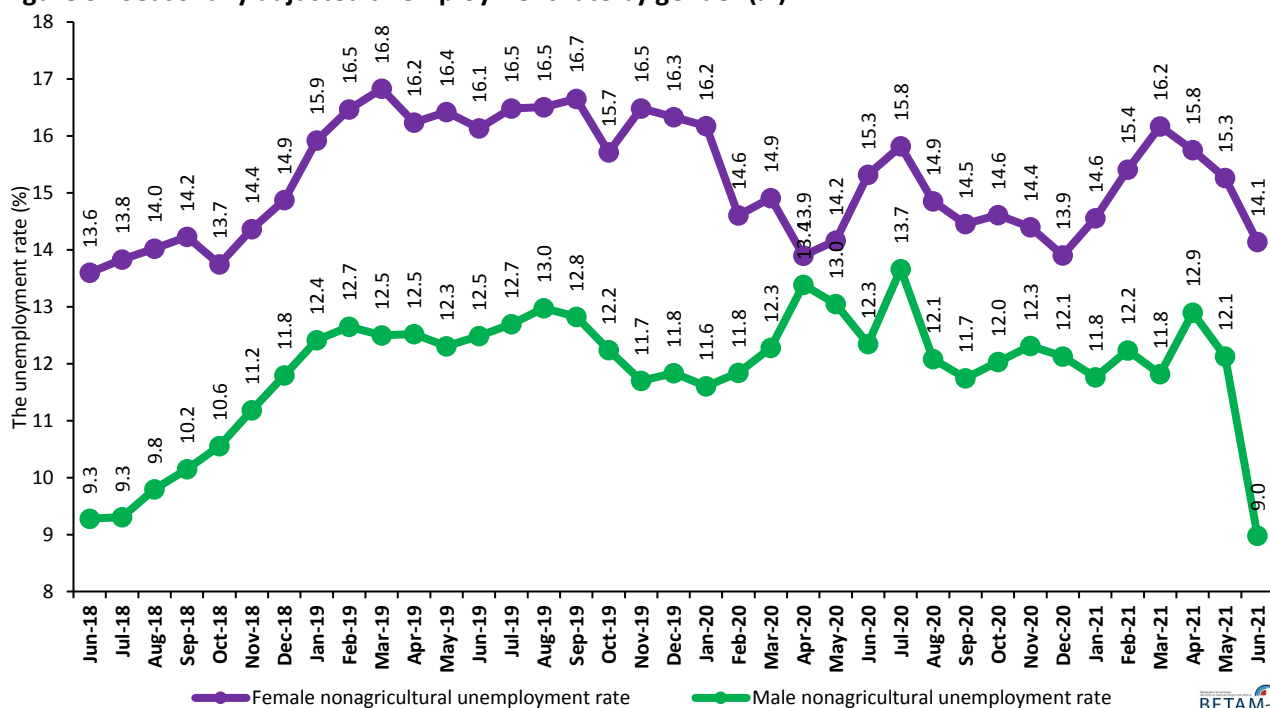


Source: Turkstat, Betam

## The fall in the male labor force widened the gender gap in the unemployment rate

Figure 5 shows seasonally adjusted unemployment rate for males (green) and for females (purple). In June, female labor force and female employment increased by 122 thousand and 218 thousand, respectively. Female employment rose faster than female labor force and hence female unemployment rate fell by 1.2 pp to 14.1%. On the other hand, male labor force declined sharply by 344 thousand, and male employment increased by 383 thousand (Table 5). As a result, male unemployment rate reduced by 3.1 pp to 9.0%. Both for females and males, the employment level increased in all four sectors.

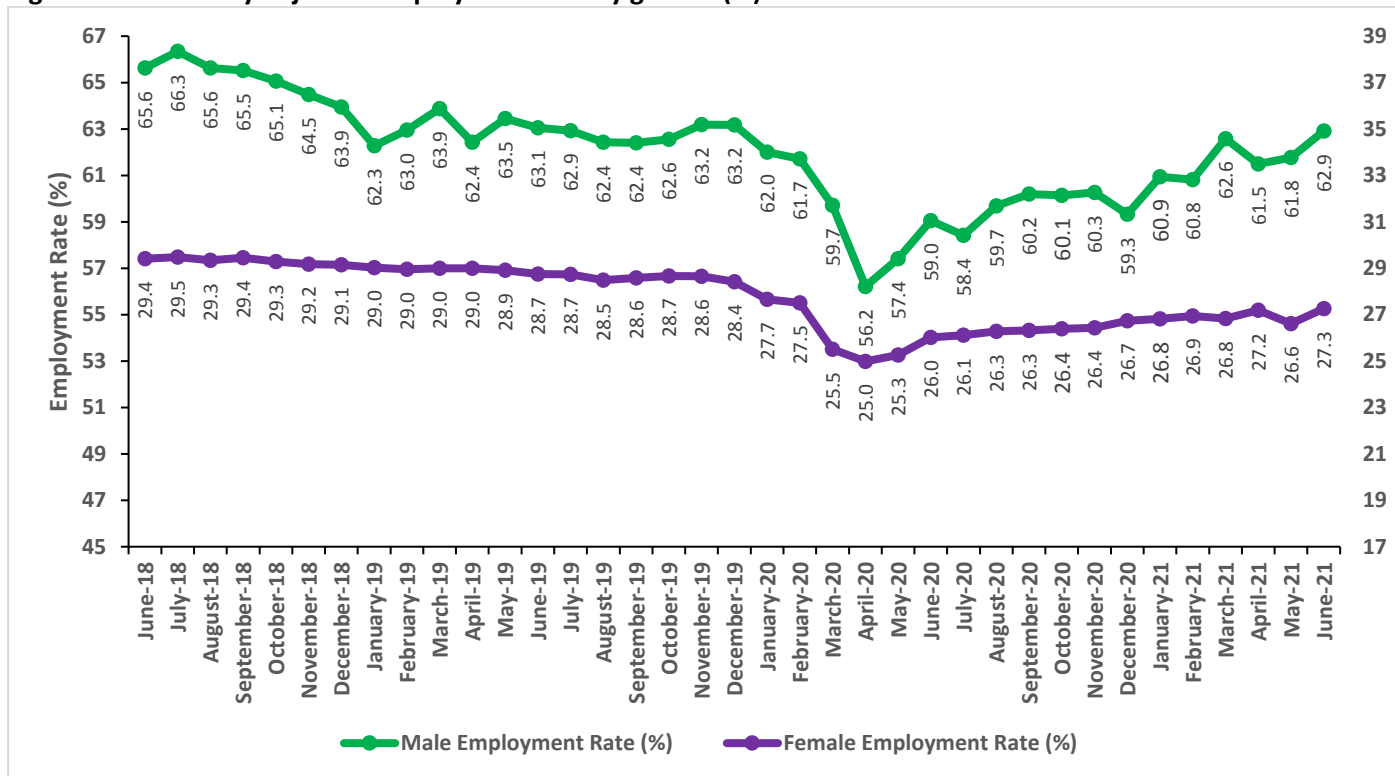
**Figure 5 : Seasonally adjusted unemployment rate by gender (%)**



Source: Turkstat, Betam

In line with those developments, female and male employment rates rose by 0.7 pp and 1.1 pp, respectively. The rise in the female employment rate in June offsets the fall in this figure in May (0.6 pp). The male employment rate has been in an upward trend since May 2020 following the sharp drop in April 2020 to 56.2%, and it is currently 62.9% in June 2021 (Table 5). The female employment rate, which attained its minimum level (25%) in April 2020, rose to 27.3%.

Figure 6 : Seasonally adjusted employment rate by gender (%)



Source: Turkstat, Betam

**Table 1 : Seasonally adjusted labor force indicators (in thousands)**

	Labor force	Employment	Unemployment	Unemployment rate	Monthly changes		
					Labor force	Employment	Unemployment
June-18	32126	28695	3431	10.7%			
July-18	32448	28952	3496	10.8%	322	257	65
August-18	32329	28720	3609	11.2%	-119	-232	113
September-18	32471	28746	3726	11.5%	142	26	117
October-18	32327	28582	3746	11.6%	-144	-164	20
November-18	32347	28396	3951	12.2%	20	-186	205
December-18	32391	28245	4146	12.8%	44	-151	195
January-19	32092	27734	4358	13.6%	-299	-511	212
February-19	32474	27957	4517	13.9%	382	223	159
March-19	32861	28286	4575	13.9%	387	329	58
April-19	32334	27886	4447	13.8%	-527	-400	-128
May-19	32670	28207	4463	13.7%	336	321	16
June-19	32522	28072	4450	13.7%	-148	-135	-13
July-19	32610	28064	4547	13.9%	88	-8	97
August-19	32461	27874	4586	14.1%	-149	-190	39
September-19	32513	27935	4579	14.1%	52	61	-7
October-19	32377	28045	4332	13.4%	-136	110	-247
November-19	32595	28268	4327	13.3%	218	223	-5
December-19	32562	28229	4333	13.3%	-33	-39	6
January-20	31845	27676	4169	13.1%	-717	-553	-164
February-20	31609	27586	4023	12.7%	-236	-90	-146
March-20	30364	26387	3977	13.1%	-1245	-1199	-46
April-20	29142	25194	3948	13.5%	-1222	-1193	-29
May-20	29668	25694	3974	13.4%	526	500	26
June-20	30541	26481	4059	13.3%	873	787	85
July-20	30779	26362	4417	14.4%	238	-119	358
August-20	30851	26853	3999	13.0%	72	491	-418
September-20	30974	27071	3903	12.6%	123	218	-96
October-20	31119	27122	3998	12.8%	145	51	95
November-20	31276	27221	4056	13.0%	157	99	58
December-20	31011	27074	3937	12.7%	-265	-147	-119
January-21	31647	27645	4002	12.6%	636	571	65
February-21	31913	27685	4228	13.2%	266	40	226
March-21	32525	28236	4290	13.2%	612	551	62
April-21	32537	28045	4492	13.8%	12	-191	202
May-21	32206	27984	4222	13.1%	-331	-61	-270
June-21	31984	28586	3399	10.6%	-222	602	-823

Source: Turkstat, Betam



**Table 2 : Seasonally adjusted non-agricultural labor force indicators (in thousands)**

	Labor force	Employment	Unemployment	Unemployment rate	Monthly changes		
					Labor force	Employment	Unemployment
June-18	26,761	23,389	3,372	12.6%			
July-18	27,126	23,681	3,445	12.7%	365	292	73
August-18	26,990	23,481	3,509	13.0%	-136	-200	64
September-18	27,143	23,533	3,610	13.3%	153	52	101
October-18	27,082	23,399	3,683	13.6%	-61	-134	73
November-18	27,057	23,188	3,869	14.3%	-25	-211	186
December-18	27,127	23,112	4,015	14.8%	70	-76	146
January-19	26,888	22,613	4,275	15.9%	-239	-499	260
February-19	27,142	22,799	4,343	16.0%	253	186	67
March-19	27,627	23,207	4,420	16.0%	486	408	78
April-19	27,174	22,799	4,375	16.1%	-453	-408	-45
May-19	27,449	23,112	4,337	15.8%	275	313	-38
June-19	27,390	23,008	4,382	16.0%	-58	-104	46
July-19	27,448	22,974	4,474	16.3%	58	-34	92
August-19	27,256	22,759	4,497	16.5%	-192	-215	23
September-19	27,371	22,855	4,516	16.5%	115	96	19
October-19	27,217	22,944	4,273	15.7%	-154	89	-243
November-19	27,451	23,169	4,282	15.6%	234	225	9
December-19	27,373	23,103	4,270	15.6%	-78	-66	-12
January-20	26,965	22,893	4,072	15.1%	-409	-210	-199
February-20	26,695	22,824	3,871	14.5%	-270	-69	-201
March-20	26,142	22,247	3,895	14.9%	-553	-577	24
April-20	24,269	20,410	3,859	15.9%	-1873	-1837	-36
May-20	24,941	21,000	3,941	15.8%	672	590	82
June-20	25,640	21,666	3,974	15.5%	700	666	34
July-20	25,847	21,479	4,368	16.9%	207	-187	394
August-20	25,973	22,051	3,922	15.1%	126	572	-446
September-20	26,068	22,236	3,832	14.7%	95	185	-90
October-20	26,214	22,282	3,932	15.0%	146	46	100
November-20	26,351	22,398	3,953	15.0%	136	116	20
December-20	26,112	22,247	3,865	14.8%	-239	-151	-88
January-21	26,621	22,734	3,887	14.6%	509	487	22
February-21	26,895	22,807	4,088	15.2%	274	73	201
March-21	27,472	23,351	4,121	15.0%	577	544	33
April-21	27,532	23,127	4,405	16.0%	60	-224	284
May-21	27,325	23,226	4,099	15.0%	-207	99	-306
June-21	26,984	23,665	3,319	12.3%	-341	439	-780

Source: Turkstat, Betam

**Table 3 : Seasonally adjusted employment by sectors (in thousands)**

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
June-18	5306	5645	2010	15733				
July-18	5271	5843	2016	15822	-35	198	6	89
August-18	5239	5751	1912	15818	-32	-92	-104	-4
September-18	5213	5753	1949	15831	-26	2	37	13
October-18	5183	5790	1887	15722	-30	37	-62	-109
November-18	5208	5659	1764	15766	25	-131	-123	44
December-18	5133	5629	1787	15696	-75	-30	23	-70
January-19	5121	5194	1676	15742	-12	-435	-111	46
February-19	5158	5369	1654	15775	37	175	-22	33
March-19	5079	5610	1718	15879	-79	241	64	104
April-19	5087	5366	1601	15833	8	-244	-117	-46
May-19	5095	5618	1628	15865	8	252	27	32
June-19	5064	5663	1546	15799	-31	45	-82	-66
July-19	5090	5615	1535	15824	26	-48	-11	25
August-19	5115	5589	1472	15699	25	-26	-63	-125
September-19	5080	5518	1486	15851	-35	-71	14	152
October-19	5101	5644	1522	15779	21	126	36	-72
November-19	5099	5847	1517	15805	-2	203	-5	26
December-19	5126	5813	1475	15816	27	-34	-42	11
January-20	4783	5516	1582	15794	-343	-297	107	-22
February-20	4762	5615	1527	15681	-21	99	-55	-113
March-20	4140	5604	1401	15242	-622	-11	-126	-439
April-20	4784	5262	1231	13917	644	-342	-170	-1325
May-20	4694	5261	1460	14280	-90	-1	229	363
June-20	4815	5421	1586	14659	121	160	126	379
July-20	4883	5281	1550	14647	68	-140	-36	-12
August-20	4802	5387	1611	15052	-81	106	61	405
September-20	4835	5614	1610	15012	33	227	-1	-40
October-20	4840	5524	1599	15160	5	-90	-11	148
November-20	4823	5622	1636	15139	-17	98	37	-21
December-20	4827	5861	1673	14713	4	239	37	-426
January-21	4911	5872	1677	15185	84	11	4	472
February-21	4878	5722	1720	15365	-33	-150	43	180
March-21	4885	6196	1802	15353	7	474	82	-12
April-21	4918	5995	1812	15321	33	-201	10	-32
May-21	4758	5943	1836	15447	-160	-52	24	126
June-21	4921	6239	1844	15583	163	296	8	136

Source: Turkstat, Betam

**Table 4 : Unemployment, alternative unemployment rates (%) levels (in thousand)**

	Unemployment Rate (%)	Persons in Unemployment (in thousands)	Combined Rate of Time-Related Underemployment and Unemployment (%)	Time-Related Underemployed (in thousands)	Combined Rate of Unemployment and Potential Labor Force (%)	Potential Labor Force (in thousands)	Composite Measure of Labor Underutilization (%)	Total
<b>Jun-18</b>	10.7	3431	11.6	296	15.4	1792	16.2	5519
<b>Jul-18</b>	10.8	3496	11.8	333	15.3	1734	16.2	5563
<b>Aug-18</b>	11.2	3609	12.3	367	15.6	1699	16.6	5676
<b>Sep-18</b>	11.5	3726	12.4	300	15.3	1466	16.2	5493
<b>Oct-18</b>	11.6	3746	12.9	424	15.8	1617	17.0	5787
<b>Nov-18</b>	12.2	3951	13.4	383	16.5	1660	17.6	5995
<b>Dec-18</b>	12.8	4146	14.0	389	17.1	1680	18.3	6215
<b>Jan-19</b>	13.6	4358	14.7	360	18.7	2021	19.7	6739
<b>Feb-19</b>	13.9	4517	15.1	387	18.1	1662	19.3	6565
<b>Mar-19</b>	13.9	4575	15.2	420	18.4	1803	19.7	6798
<b>Apr-19</b>	13.8	4447	14.9	371	17.9	1633	19.0	6451
<b>May-19</b>	13.7	4463	14.5	274	17.7	1603	18.5	6341
<b>Jun-19</b>	13.7	4450	14.6	298	18.2	1796	19.1	6544
<b>Jul-19</b>	13.9	4547	15.0	345	18.3	1739	19.3	6630
<b>Aug-19</b>	14.1	4586	14.9	251	18.6	1783	19.3	6620
<b>Sep-19</b>	14.1	4579	15.2	363	17.9	1511	18.9	6453
<b>Oct-19</b>	13.4	4332	14.3	298	17.8	1741	18.7	6371
<b>Nov-19</b>	13.3	4327	14.3	334	17.4	1628	18.4	6289
<b>Dec-19</b>	13.3	4333	14.4	356	17.5	1655	18.6	6344
<b>Jan-20</b>	13.1	4169	15.7	831	19.1	2365	21.5	7365
<b>Feb-20</b>	12.7	4023	15.0	718	18.7	2322	20.8	7063
<b>Mar-20</b>	13.1	3977	16.1	912	20.5	2827	23.3	7716
<b>Apr-20</b>	13.5	3948	18.4	1414	23.5	3791	27.8	9153
<b>May-20</b>	13.4	3974	19.1	1693	24.2	4229	29.2	9896
<b>Jun-20</b>	13.3	4059	17.0	1133	22.4	3585	25.7	8777
<b>Jul-20</b>	14.4	4417	18.4	1246	22.5	3236	26.2	8900
<b>Aug-20</b>	13.0	3999	17.0	1246	21.5	3355	25.2	8600
<b>Sep-20</b>	12.6	3903	15.9	1022	21.2	3380	24.1	8305
<b>Oct-20</b>	12.8	3998	17.1	1323	21.6	3474	25.5	8795
<b>Nov-20</b>	13.0	4056	17.0	1261	22.9	4029	26.5	9346
<b>Dec-20</b>	12.7	3937	17.9	1614	23.9	4566	28.4	10117
<b>Jan-21</b>	12.6	4002	20.1	2359	22.9	4209	29.4	10570
<b>Feb-21</b>	13.2	4228	19.7	2059	22.3	3718	28.1	10004
<b>Mar-21</b>	13.2	4290	18.2	1630	21.2	3306	25.8	9226
<b>Apr-21</b>	13.8	4492	19.9	1983	21.9	3372	27.4	9847
<b>May-21</b>	13.1	4222	19.2	1962	21.6	3488	27.1	9671
<b>Jun-21</b>	10.6	3399	14.6	1271	18.8	3219	22.4	7889

Source: Turkstat, Betam

**Table 5 : Seasonally adjusted female and male labor market indicators (thousands)**

	Total labor force, Female	Total Employment, Female	Total Unemployed, Female	Total labor force, Male	Total Employment, Male	Total Unemployed, Male	Women LFPR	Women Employment Rate	Men LFPR	Men Employment Rate
Jun-18	10,428	9,010	1,418	21,698	19,685	2,013	34.0	29.4	72.3	65.6
Jul-18	10,490	9,039	1,451	21,957	19,913	2,044	34.2	29.5	73.1	66.3
Aug-18	10,477	9,008	1,469	21,852	19,712	2,140	34.1	29.3	72.7	65.6
Sep-18	10,550	9,049	1,501	21,921	19,696	2,225	34.3	29.4	72.9	65.5
Oct-18	10,445	9,009	1,436	21,883	19,573	2,310	34.0	29.3	72.7	65.1
Nov-18	10,493	8,986	1,507	21,854	19,410	2,444	34.1	29.2	72.6	64.5
Dec-18	10,554	8,984	1,570	21,837	19,261	2,576	34.2	29.1	72.5	63.9
Jan-19	10,653	8,957	1,696	21,439	18,777	2,662	34.5	29.0	71.1	62.3
Feb-19	10,714	8,950	1,764	21,760	19,007	2,753	34.7	29.0	72.1	63.0
Mar-19	10,791	8,975	1,816	22,070	19,311	2,759	34.9	29.0	73.0	63.9
Apr-19	10,728	8,986	1,742	21,605	18,900	2,705	34.6	29.0	71.4	62.4
May-19	10,735	8,972	1,763	21,934	19,234	2,700	34.6	28.9	72.4	63.5
Jun-19	10,653	8,934	1,719	21,869	19,138	2,731	34.3	28.7	72.1	63.1
Jul-19	10,707	8,942	1,765	21,903	19,122	2,781	34.4	28.7	72.1	62.9
Aug-19	10,632	8,877	1,755	21,829	18,997	2,832	34.1	28.5	71.7	62.4
Sep-19	10,700	8,918	1,782	21,813	19,016	2,797	34.3	28.6	71.6	62.4
Oct-19	10,627	8,957	1,670	21,750	19,088	2,662	34.0	28.7	71.3	62.6
Nov-19	10,733	8,964	1,769	21,862	19,304	2,558	34.3	28.6	71.6	63.2
Dec-19	10,641	8,903	1,738	21,922	19,327	2,595	34.0	28.4	71.7	63.2
Jan-20	10,350	8,676	1,674	21,495	19,000	2,495	33.0	27.7	70.2	62.0
Feb-20	10,120	8,642	1,478	21,489	18,944	2,545	32.2	27.5	70.0	61.7
Mar-20	9,431	8,025	1,406	20,933	18,362	2,571	30.0	25.5	68.1	59.7
Apr-20	9,144	7,873	1,271	19,998	17,321	2,677	29.0	25.0	64.9	56.2
May-20	9,287	7,972	1,315	20,381	17,722	2,659	29.4	25.3	66.0	57.4
Jun-20	9,708	8,221	1,487	20,832	18,260	2,572	30.7	26.0	67.4	59.0
Jul-20	9,817	8,264	1,553	20,962	18,098	2,864	31.0	26.1	67.7	58.4
Aug-20	9,781	8,328	1,453	21,071	18,525	2,546	30.9	26.3	67.9	59.7
Sep-20	9,762	8,351	1,411	21,212	18,720	2,492	30.8	26.3	68.2	60.2
Oct-20	9,821	8,386	1,435	21,298	18,736	2,562	30.9	26.4	68.4	60.1
Nov-20	9,827	8,412	1,415	21,450	18,809	2,641	30.9	26.4	68.7	60.3
Dec-20	9,898	8,522	1,376	21,113	18,552	2,561	31.1	26.7	67.5	59.3
Jan-21	10,016	8,558	1,458	21,632	19,087	2,545	31.4	26.8	69.1	60.9
Feb-21	10,183	8,614	1,569	21,730	19,071	2,659	31.9	26.9	69.3	60.8
Mar-21	10,244	8,588	1,656	22,281	19,648	2,633	32.0	26.8	71.0	62.6
Apr-21	10,347	8,717	1,630	22,191	19,329	2,862	32.3	27.2	70.6	61.5
May-21	10,082	8,543	1,539	22,124	19,441	2,683	31.4	26.6	70.3	61.8
Jun-21	10,204	8,761	1,443	21,780	19,824	1,956	31.7	27.3	69.1	62.9

Source: Turkstat, Betam