

NUMBER OF UNEMPLOYED PEOPLE INCREASED BY 506K WHILE EMPLOYMENT ROSE BY 125K

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Executive Summary

Unemployment level rose at a high rate of 506 thousand as opposed to the increase in employment level by 125 thousand and hence total labor force increased by 631 thousand. Therefore, unemployment rate rose by 1.4% MoM and reached 12%. Labor force increased following the falls in the last three months. On the other hand, the rate of increase in employment level reduced following a big hike (583 thousand) in June. According to the sectorial data, employment level in manufacturing and construction sectors declined while employment level in agricultural and services sectors increased. In July, employment level in services sector rose by 454 thousand whereas agricultural employment level rose by 17 thousand. Employment levels in manufacturing and construction sectors declined by 287 thousand and 60 thousand, respectively.

Seasonally adjusted female unemployment rate rose by 0.2% MoM to 14.4%. On the other hand, seasonally adjusted male unemployment rate rose by 1.9% to 10.8% because of a decline in employment level by 191 thousand and a rise of unemployed people by 432 thousand. Female employment rose and male employment declined while both female and male labor force increased. As a result of the dramatic fall in male employment, gender gap in unemployment rates reduced by 1.7% to 3.6%.

Unemployment soars

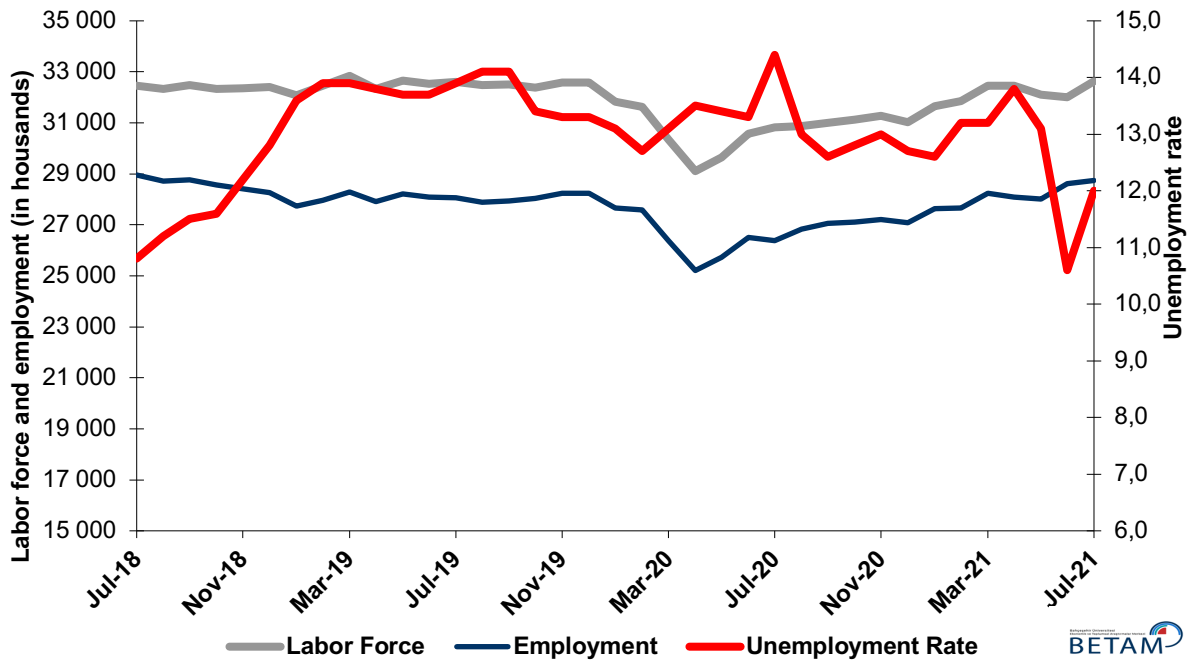
According to the seasonally adjusted monthly data, the number of employed people rose by 125 thousand to 28 million 730 thousand, the number of unemployed people increased by 506 thousand to 3 million 902 thousand and hence total labor force rose by 631 thousand to 32 million 632 thousand (Figure 1, Table 1). As a result of these developments, unemployment rate rose by 1.4% to 12% in July.

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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 looking for a job but wish to work) into account.

Box 1: Definitions of alternative unemployment rates¹

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 = $[\text{persons in unemployment} / \text{labor force}] \times 100$

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

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

¹ 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>
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3) Combined rate of unemployment and potential labor force =

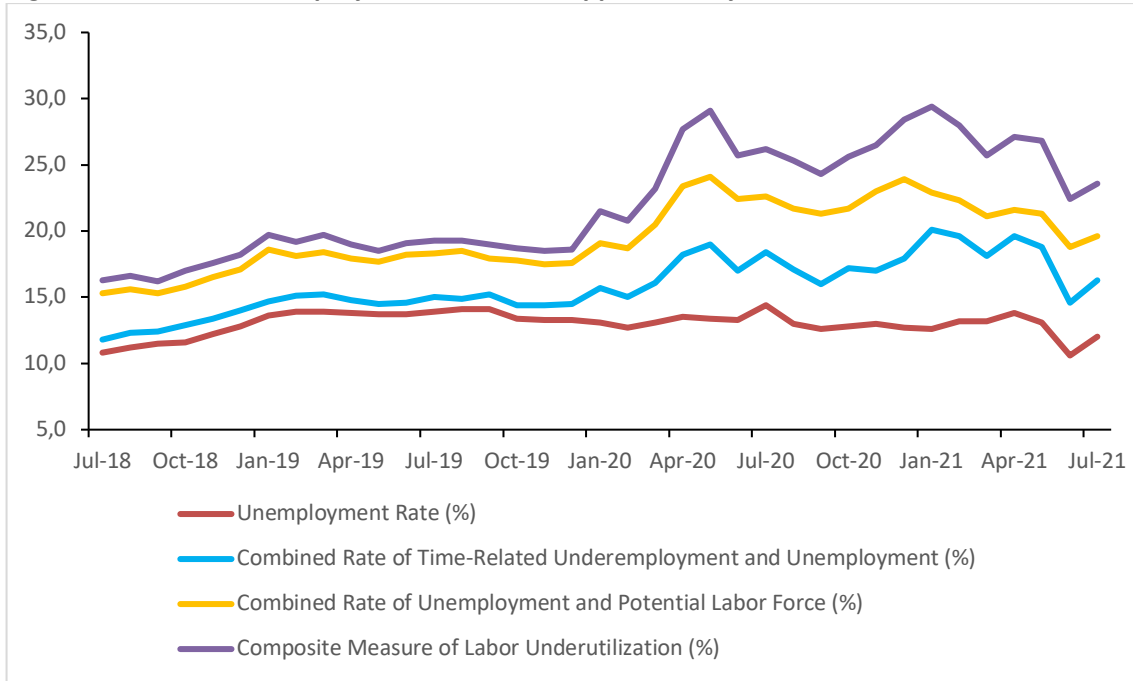
$$\left[\frac{\text{persons in unemployment} + \text{potential labor force}}{\text{labor force} + \text{potential labor force}} \right] \times 100$$

4) Composite measure of labor underutilization =

$$\left[\frac{\text{persons in time-related underemployment} + \text{persons in unemployment} + \text{potential labor force}}{\text{labor force} + \text{potential labor force}} \right] \times 100$$

All of three alternative unemployment rates increased by similar rates while unemployment rate rose from 10.6% to 12%. In addition to the soar in unemployment rate, both time-related underemployment and labor underutilization levels increased. The seasonally adjusted data reveals that the combined rate of time-related underemployment and unemployment increased by 1.7 pp to 16.3%, whereas the combined rate of unemployment and the potential labor force rose by 0.8 pp to 19.6%. The composite measure of labor underutilization, which consists of these two alternative unemployment rate measures, rose by 1.2 pp to 23.6% (Figure 2, Table 4).

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

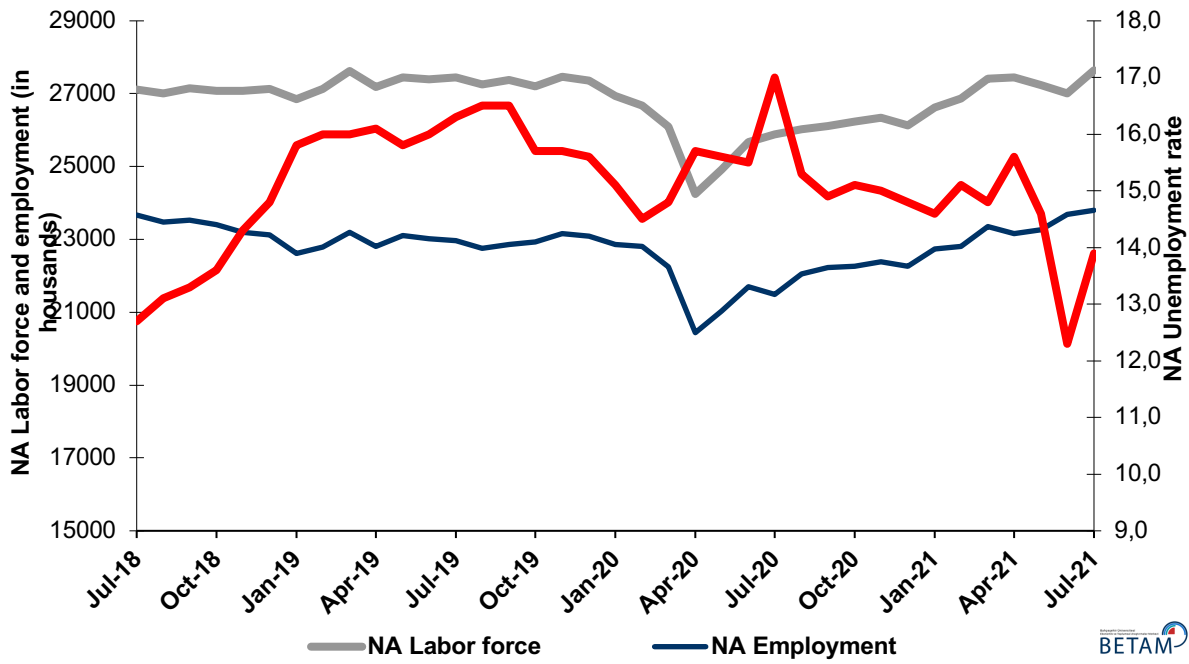


Source: Turkstat, Betam

Unexpected fall of employment in manufacturing, strong growth in non-agricultural unemployment

According to the seasonally adjusted data, non-agricultural employment level rose by 108 thousand to 23 million 800 thousand (Figure 3, Table 2). Non-agricultural unemployment level rose by 519 thousand to 3 million 842 thousand. As a result, non-agricultural unemployment rate rose by 1.6 pp to 13.9%.

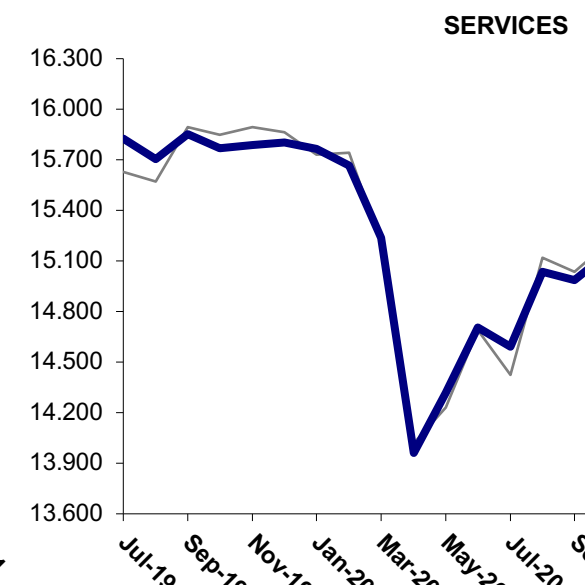
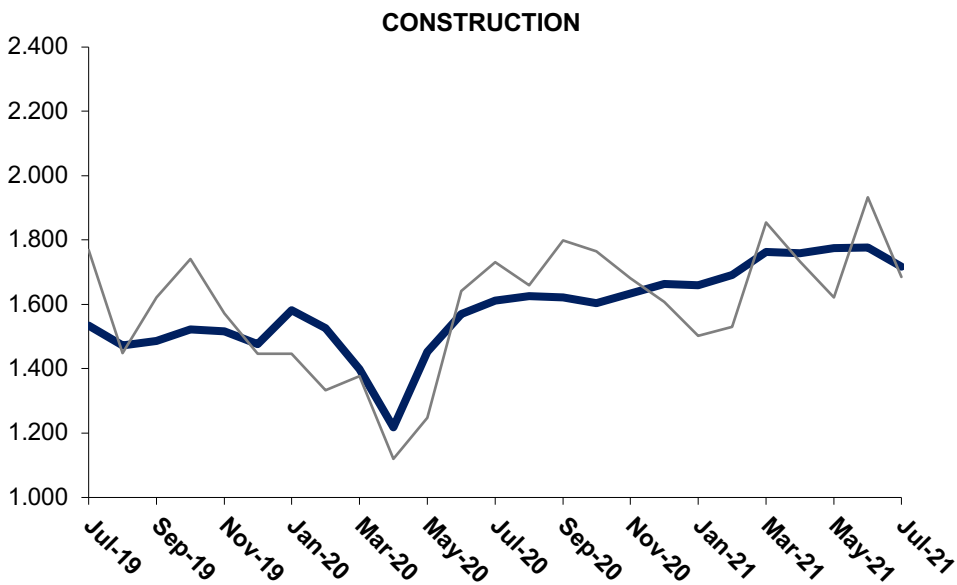
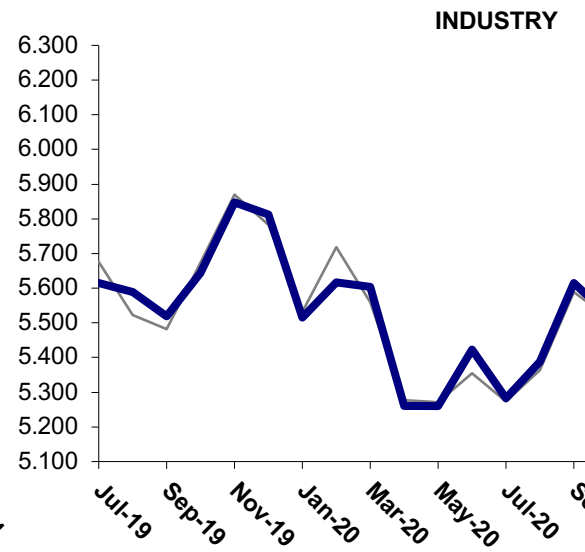
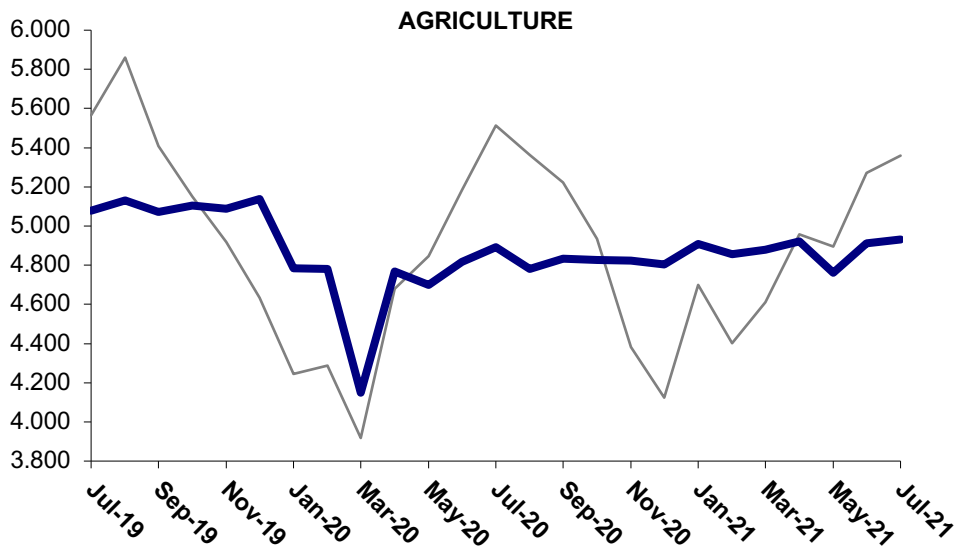
Figure 3 : Seasonally adjusted labor force, employment, and unemployment rate



Source: Turkstat, Betam

In July, employment levels in manufacturing and construction sectors fell. Employment level of manufacturing sector decreased by 287 thousand in July after a rise of 295 thousand in June. It is not possible to completely attribute the high volatility of employment level in manufacturing sector in subsequent months to labor market dynamics. On the other hand, employment level in construction sector fell by 60 thousand in July after moderate rises in May and June. Employment levels in agricultural and services sectors rose by 17 thousand and 454 thousand, respectively. It is noteworthy that female employment level in services sector increased by 289 thousand in a very short time span of one month. As a result of this development, employment level in services sector exceeded not only its pre-pandemic level but also its pre-2018 crisis level and reached a record level.

Figure 4 : Employment by sectors (in thousands)

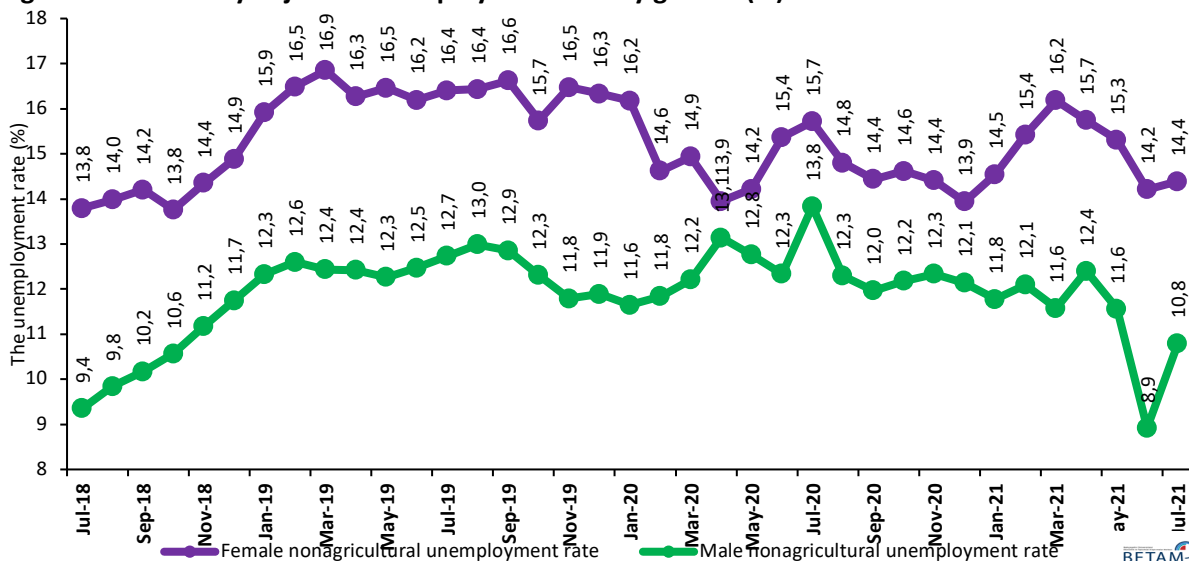


Source: Turkstat, Betam

The fall in male employment reduced the gender gap in unemployment rates

Figure 5 depicts seasonally adjusted unemployment rate for females (purple) and males (green). In July, female labor force and employment level rose by 390 thousand and 316 thousand, respectively. It is worth noting that the rise of 289 thousand of female employment in services is the main constituent of the total rise of 316 thousand in female employment. Female unemployment rate rose by 0.2 pp to 14.4% as the rise of the female labor force is greater than the rise of female employment. Male labor force increased by 241 thousand and male employment fell by 191 thousand (Table 5). As a result, male unemployment rate rose by 1.9 pp to 10.8%.

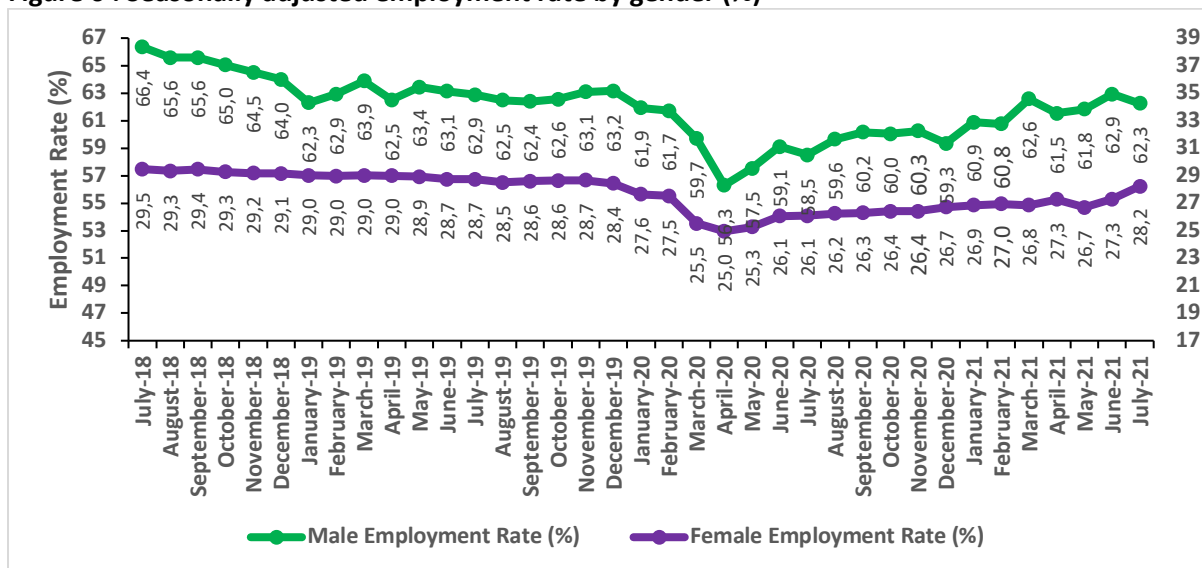
Figure 5 : Seasonally adjusted unemployment rate by gender (%)



Source: Turkstat, Betam

In line with those developments, female employment rate rose by 0.9 pp but male employment rate reduced by 0.7 pp. In July, female employment rate recovered from 0.9 pp fall in May. Female employment rate also exceeded its pre-pandemic level (January 2020: 27.6%, July 2021: 28.2%). Following 1.1 pp MoM rise in June, male employment rate receded in July.

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
July-18	32457	28955	3502	10.8%			
August-18	32325	28708	3616	11.2%	-132	-247	114
September-18	32489	28760	3729	11.5%	164	52	113
October-18	32324	28574	3749	11.6%	-165	-186	20
November-18	32357	28406	3951	12.2%	33	-168	202
December-18	32395	28258	4137	12.8%	38	-148	186
January-19	32074	27737	4337	13.5%	-321	-521	200
February-19	32456	27951	4504	13.9%	382	214	167
March-19	32843	28284	4559	13.9%	387	333	55
April-19	32335	27906	4429	13.7%	-508	-378	-130
May-19	32662	28205	4457	13.6%	327	299	28
June-19	32543	28088	4455	13.7%	-119	-117	-2
July-19	32595	28053	4542	13.9%	52	-35	87
August-19	32482	27896	4586	14.1%	-113	-157	44
September-19	32510	27928	4582	14.1%	28	32	-4
October-19	32389	28039	4350	13.4%	-121	111	-232
November-19	32588	28243	4345	13.3%	199	204	-5
December-19	32572	28228	4345	13.3%	-16	-15	0
January-20	31824	27649	4175	13.1%	-748	-579	-170
February-20	31616	27592	4024	12.7%	-208	-57	-151
March-20	30350	26388	3962	13.1%	-1266	-1204	-62
April-20	29106	25209	3897	13.4%	-1244	-1179	-65
May-20	29648	25729	3919	13.2%	542	520	22
June-20	30580	26513	4067	13.3%	932	784	148
July-20	30828	26379	4449	14.4%	248	-134	382
August-20	30870	26830	4040	13.1%	42	451	-409
September-20	31007	27056	3951	12.7%	137	226	-89
October-20	31127	27097	4030	12.9%	120	41	79
November-20	31271	27210	4061	13.0%	144	113	31
December-20	31013	27071	3942	12.7%	-258	-139	-119
January-21	31644	27640	4004	12.7%	631	569	62
February-21	31863	27671	4192	13.2%	219	31	188
March-21	32468	28237	4231	13.0%	605	566	39
April-21	32454	28082	4372	13.5%	-14	-155	141
May-21	32113	28022	4091	12.7%	-341	-60	-281
June-21	32001	28605	3396	10.6%	-112	583	-695
July-21	32632	28730	3902	12.0%	631	125	506

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
July-18	27,120	23,676	3,444	12.7%			
August-18	27,016	23,477	3,539	13.1%	-104	-199	95
September-18	27,145	23,535	3,610	13.3%	129	58	71
October-18	27,081	23,398	3,683	13.6%	-64	-137	73
November-18	27,070	23,199	3,871	14.3%	-11	-199	188
December-18	27,138	23,122	4,016	14.8%	68	-77	145
January-19	26,857	22,614	4,243	15.8%	-281	-508	227
February-19	27,139	22,797	4,342	16.0%	282	183	99
March-19	27,618	23,199	4,419	16.0%	479	402	77
April-19	27,184	22,807	4,377	16.1%	-434	-392	-42
May-19	27,451	23,114	4,337	15.8%	268	307	-39
June-19	27,395	23,012	4,383	16.0%	-56	-102	46
July-19	27,448	22,974	4,474	16.3%	53	-38	91
August-19	27,262	22,764	4,498	16.5%	-186	-210	24
September-19	27,371	22,855	4,516	16.5%	109	91	18
October-19	27,205	22,934	4,271	15.7%	-166	79	-245
November-19	27,466	23,154	4,312	15.7%	261	220	41
December-19	27,358	23,090	4,268	15.6%	-108	-64	-44
January-20	26,932	22,865	4,067	15.1%	-426	-225	-201
February-20	26,680	22,811	3,869	14.5%	-252	-54	-198
March-20	26,102	22,239	3,863	14.8%	-577	-572	-5
April-20	24,247	20,440	3,807	15.7%	-1855	-1799	-56
May-20	24,916	21,029	3,887	15.6%	669	589	80
June-20	25,677	21,697	3,980	15.5%	761	668	93
July-20	25,888	21,487	4,401	17.0%	211	-210	421
August-20	26,032	22,049	3,983	15.3%	144	562	-418
September-20	26,113	22,222	3,891	14.9%	81	173	-92
October-20	26,231	22,270	3,961	15.1%	118	48	70
November-20	26,336	22,386	3,950	15.0%	106	116	-10
December-20	26,134	22,266	3,868	14.8%	-203	-120	-83
January-21	26,616	22,730	3,886	14.6%	482	464	18
February-21	26,873	22,815	4,058	15.1%	257	85	172
March-21	27,417	23,359	4,058	14.8%	544	544	0
April-21	27,443	23,162	4,281	15.6%	26	-197	223
May-21	27,237	23,260	3,977	14.6%	-207	98	-305
June-21	27,015	23,692	3,323	12.3%	-222	432	-654
July-21	27,642	23,800	3,842	13.9%	627	108	519

Source: Turkstat, Betam

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

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
July-18	5279	5842	2016	15817				
August-18	5231	5751	1912	15814	-48	-91	-104	-3
September-18	5225	5753	1950	15833	-6	2	38	19
October-18	5176	5790	1887	15721	-49	37	-63	-112
November-18	5207	5659	1764	15776	31	-131	-123	55
December-18	5136	5629	1787	15706	-71	-30	23	-70
January-19	5123	5194	1676	15743	-13	-435	-111	37
February-19	5154	5369	1654	15775	31	175	-22	32
March-19	5085	5610	1719	15869	-69	241	65	94
April-19	5099	5366	1597	15844	14	-244	-122	-25
May-19	5091	5618	1628	15868	-8	252	31	24
June-19	5076	5663	1546	15802	-15	45	-82	-66
July-19	5079	5615	1535	15824	3	-48	-11	22
August-19	5132	5589	1472	15704	53	-26	-63	-120
September-19	5073	5518	1486	15851	-59	-71	14	147
October-19	5105	5644	1522	15768	32	126	36	-83
November-19	5089	5847	1517	15789	-16	203	-5	21
December-19	5138	5813	1476	15802	49	-34	-41	13
January-20	4784	5516	1583	15766	-354	-297	107	-36
February-20	4781	5616	1527	15668	-3	100	-56	-98
March-20	4149	5604	1399	15236	-632	-12	-128	-432
April-20	4769	5261	1218	13961	620	-343	-181	-1275
May-20	4700	5260	1452	14317	-69	-1	234	356
June-20	4816	5422	1570	14706	116	162	118	389
July-20	4892	5283	1611	14592	76	-139	41	-114
August-20	4781	5388	1625	15036	-111	105	14	444
September-20	4834	5614	1621	14987	53	226	-4	-49
October-20	4827	5524	1604	15142	-7	-90	-17	155
November-20	4824	5622	1634	15130	-3	98	30	-12
December-20	4805	5861	1664	14741	-19	239	30	-389
January-21	4910	5871	1659	15200	105	10	-5	459
February-21	4856	5720	1692	15402	-54	-151	33	202
March-21	4878	6194	1763	15402	22	474	71	0
April-21	4920	5994	1759	15409	42	-200	-4	7
May-21	4762	5940	1776	15544	-158	-54	17	135
June-21	4913	6235	1777	15681	151	295	1	137
July-21	4930	5948	1717	16135	17	-287	-60	454

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
Jul-18	10.8	3502	11.8	328	15.3	1728	16.3	5558
Aug-18	11.2	3616	12.3	360	15.6	1690	16.6	5666
Sep-18	11.5	3729	12.4	300	15.3	1466	16.2	5495
Oct-18	11.6	3749	12.9	421	15.8	1613	17.0	5783
Nov-18	12.2	3951	13.4	385	16.5	1662	17.6	5998
Dec-18	12.8	4137	14.0	398	17.1	1692	18.2	6227
Jan-19	13.6	4337	14.7	378	18.6	2001	19.7	6716
Feb-19	13.9	4504	15.1	397	18.1	1673	19.2	6574
Mar-19	13.9	4559	15.2	433	18.4	1819	19.7	6811
Apr-19	13.8	4429	14.8	357	17.9	1655	19.0	6441
May-19	13.7	4457	14.5	279	17.7	1609	18.5	6345
Jun-19	13.7	4455	14.6	296	18.2	1794	19.1	6546
Jul-19	13.9	4542	15.0	347	18.3	1742	19.3	6631
Aug-19	14.1	4586	14.9	254	18.5	1746	19.3	6586
Sep-19	14.1	4582	15.2	360	17.9	1507	19.0	6449
Oct-19	13.4	4350	14.4	314	17.8	1722	18.7	6386
Nov-19	13.3	4345	14.4	348	17.5	1646	18.5	6339
Dec-19	13.3	4345	14.5	378	17.6	1684	18.6	6407
Jan-20	13.1	4175	15.7	821	19.1	2353	21.5	7349
Feb-20	12.7	4024	15.0	718	18.7	2322	20.8	7065
Mar-20	13.1	3962	16.1	924	20.5	2842	23.2	7729
Apr-20	13.5	3897	18.2	1400	23.4	3804	27.7	9101
May-20	13.4	3919	19.0	1714	24.1	4251	29.1	9884
Jun-20	13.3	4067	17.0	1132	22.4	3586	25.7	8785
Jul-20	14.4	4449	18.4	1223	22.6	3253	26.2	8926
Aug-20	13.0	4040	17.1	1239	21.7	3396	25.3	8674
Sep-20	12.6	3951	16.0	1010	21.3	3372	24.3	8333
Oct-20	12.8	4030	17.2	1324	21.7	3480	25.6	8833
Nov-20	13.0	4061	17.0	1255	23.0	4067	26.5	9383
Dec-20	12.7	3942	17.9	1609	23.9	4560	28.4	10111
Jan-21	12.6	4004	20.1	2356	22.9	4206	29.4	10566
Feb-21	13.2	4192	19.6	2053	22.3	3750	28.0	9995
Mar-21	13.2	4231	18.1	1646	21.1	3320	25.7	9197
Apr-21	13.8	4372	19.6	1989	21.6	3365	27.1	9726
May-21	13.1	4091	18.8	1946	21.3	3493	26.8	9530
Jun-21	10.6	3396	14.6	1276	18.8	3227	22.4	7899
Jul-21	12.0	3902	16.3	1417	19.6	3102	23.6	8421

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
Jul-18	10,484	9,038	1,446	21,973	19,917	2,056	34.2	29.5	73.2	66.4
Aug-18	10,471	9,007	1,464	21,854	19,702	2,152	34.1	29.3	72.8	65.6
Sep-18	10,547	9,049	1,498	21,942	19,711	2,231	34.3	29.4	73.0	65.6
Oct-18	10,444	9,007	1,437	21,879	19,567	2,312	34.0	29.3	72.7	65.0
Nov-18	10,493	8,987	1,506	21,863	19,419	2,444	34.1	29.2	72.6	64.5
Dec-18	10,555	8,984	1,571	21,840	19,274	2,566	34.2	29.1	72.5	64.0
Jan-19	10,648	8,953	1,695	21,425	18,783	2,642	34.5	29.0	71.1	62.3
Feb-19	10,718	8,951	1,767	21,739	19,001	2,738	34.7	29.0	72.0	62.9
Mar-19	10,795	8,976	1,819	22,049	19,308	2,741	34.9	29.0	72.9	63.9
Apr-19	10,732	8,986	1,746	21,603	18,920	2,683	34.6	29.0	71.4	62.5
May-19	10,741	8,973	1,768	21,921	19,232	2,689	34.6	28.9	72.3	63.4
Jun-19	10,653	8,928	1,725	21,889	19,159	2,730	34.3	28.7	72.1	63.1
Jul-19	10,693	8,939	1,754	21,901	19,113	2,788	34.4	28.7	72.1	62.9
Aug-19	10,632	8,885	1,747	21,849	19,011	2,838	34.1	28.5	71.8	62.5
Sep-19	10,697	8,919	1,778	21,813	19,009	2,804	34.3	28.6	71.6	62.4
Oct-19	10,621	8,950	1,671	21,768	19,089	2,679	34.0	28.6	71.3	62.6
Nov-19	10,734	8,966	1,768	21,854	19,277	2,577	34.3	28.7	71.5	63.1
Dec-19	10,646	8,907	1,739	21,926	19,320	2,606	34.0	28.4	71.7	63.2
Jan-20	10,347	8,673	1,674	21,477	18,976	2,501	33.0	27.6	70.1	61.9
Feb-20	10,129	8,648	1,481	21,487	18,944	2,543	32.2	27.5	70.0	61.7
Mar-20	9,440	8,030	1,410	20,910	18,358	2,552	30.0	25.5	68.0	59.7
Apr-20	9,136	7,862	1,274	19,970	17,347	2,623	29.0	25.0	64.8	56.3
May-20	9,292	7,971	1,321	20,355	17,757	2,598	29.4	25.3	65.9	57.5
Jun-20	9,729	8,234	1,495	20,851	18,279	2,572	30.8	26.1	67.4	59.1
Jul-20	9,792	8,253	1,539	21,036	18,126	2,910	30.9	26.1	67.9	58.5
Aug-20	9,762	8,317	1,445	21,108	18,513	2,595	30.8	26.2	68.0	59.6
Sep-20	9,755	8,347	1,408	21,253	18,710	2,543	30.7	26.3	68.3	60.2
Oct-20	9,827	8,391	1,436	21,300	18,706	2,594	30.9	26.4	68.4	60.0
Nov-20	9,819	8,404	1,415	21,452	18,806	2,646	30.9	26.4	68.7	60.3
Dec-20	9,895	8,516	1,379	21,119	18,556	2,563	31.0	26.7	67.5	59.3
Jan-21	10,030	8,571	1,459	21,614	19,069	2,545	31.4	26.9	69.0	60.9
Feb-21	10,187	8,616	1,571	21,676	19,055	2,621	31.9	27.0	69.1	60.8
Mar-21	10,250	8,591	1,659	22,219	19,647	2,572	32.0	26.8	70.8	62.6
Apr-21	10,374	8,741	1,633	22,078	19,340	2,738	32.4	27.3	70.2	61.5
May-21	10,112	8,564	1,548	22,001	19,458	2,543	31.5	26.7	69.9	61.8
Jun-21	10,226	8,773	1,453	21,775	19,832	1,943	31.8	27.3	69.1	62.9
Jul-21	10,616	9,089	1,527	22,016	19,641	2,375	33.0	28.2	69.8	62.3

Source: Turkstat, Betam