

EMPLOYMENT IN SERVICES SECTOR SLUMPS

Seyfettin Gürsel^{*}, Hamza Mutluay^{**}, Mehmet Cem Şahin^{***}

Executive Summary

The increase in the number of unemployed persons by 11 thousand as opposed to the decrease in the employment level by 14 thousand reduced the labor force by 4 thousand. As a result, the unemployment rate remained at 12.1%. There was a decrease in the labor force in contrast to the high increase in the last month. The employment level fell after the increases in the last two months. According to the sectorial data, the employment levels in all the sectors except for the services sector increased. The employment level in the services sector sharply declined by 341 thousand. The employment levels in the manufacturing and construction sectors rose by 217 thousand and 83 thousand, respectively. The employment level in the agriculture increased by 26 thousand.

Seasonally adjusted female unemployment rate rose by 0.5 percentage points (pp) to 15% as a result of a severe loss about 225 thousand in employment. On the other hand, seasonally adjusted male unemployment rate reduced by 0.2 pp to 10.8% because of the rises in the employment and labor force by 193 thousand and 211 thousand, respectively. In this period, employment levels and labor forces of female and male decoupled. The gender gap increased by 0.7 pp to 4.2%.

Unemployment rate did not change

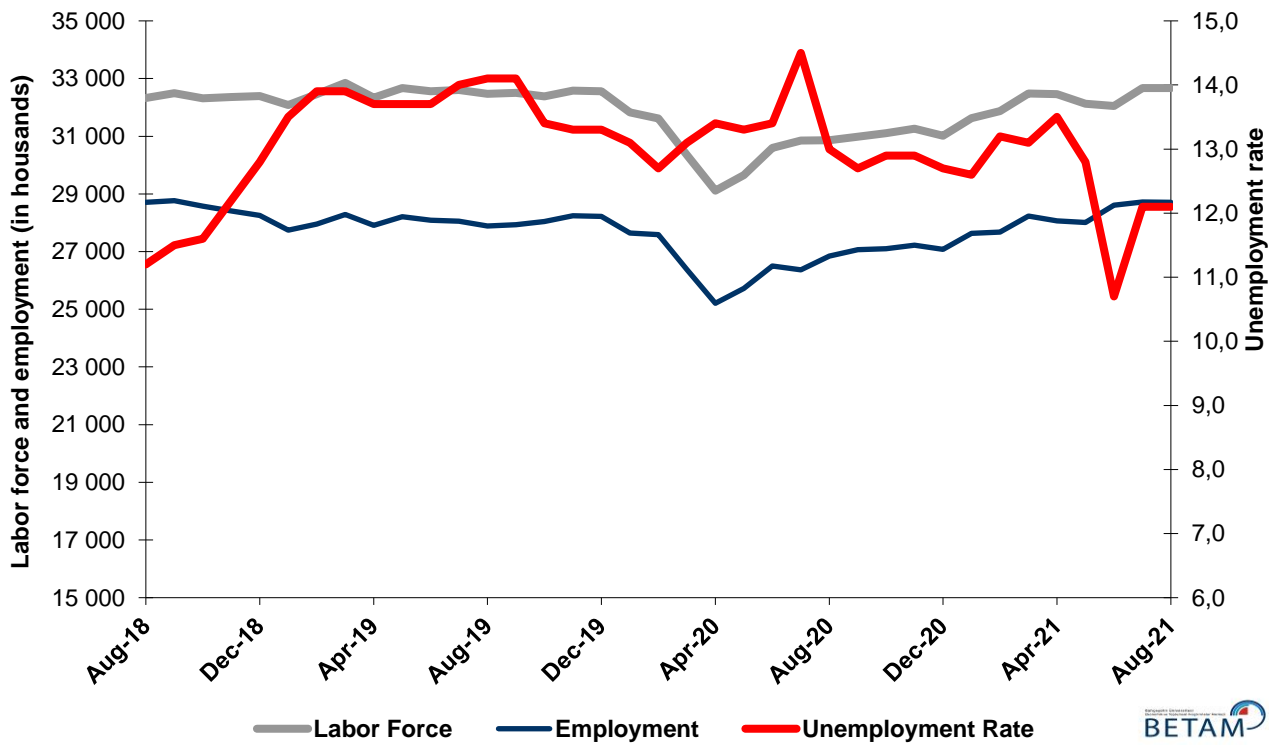
According to the monthly seasonally adjusted data, the number of employed persons rose by 14 thousand to 28 million 706 thousand, the number of unemployed persons increased by 11 thousand to 3 million 965 thousand. Therefore, labor force reduced by 4 thousand to 32 million 671 thousand (Figure 1, Table 1). As a result, unemployment rate stayed at 12.1% in August.

^{*} Prof. Dr. Seyfettin Gürsel, Betam, Director, seyfettin.gursel@eas.bau.edu.tr

^{**} Hamza Mutluay, Betam, Research Assistant, hamza.mutluay@eas.bau.edu.tr

^{***} Mehmet Cem Şahin, Betam, Research Assistant, 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 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>
www.betam.bahcesehir.edu.tr

3) Combined rate of unemployment and potential labor force =

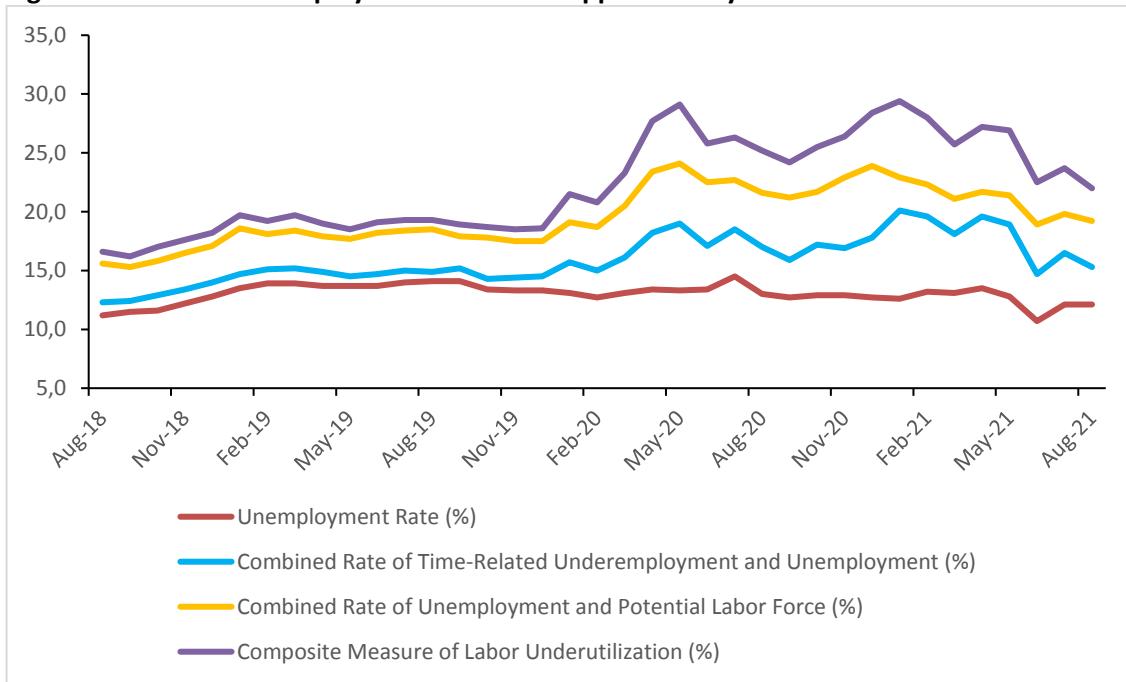
$$\left[\frac{\text{persons in unemployment} + \text{potential labor force}}{\text{labor force} + \text{potential labor force}} \right] \times 100$$

4) Composite measure of labor underutilization =

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

Unemployment rate was 12.1% and it did not change from July to August. However, three alternative definitions of unemployment rate fell. According to the seasonally adjusted data, "the combined rate of time-related underemployment and unemployment" dropped by 1.2 pp to 15.3%, whereas "the combined rate of unemployment and the potential labor force" decreased by 0.6 pp to 19.2%. "The composite rate of labor underutilization", which consists of the previous two definitions, declined by 1.7 pp to 22% (Figure 2, Table 4).

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

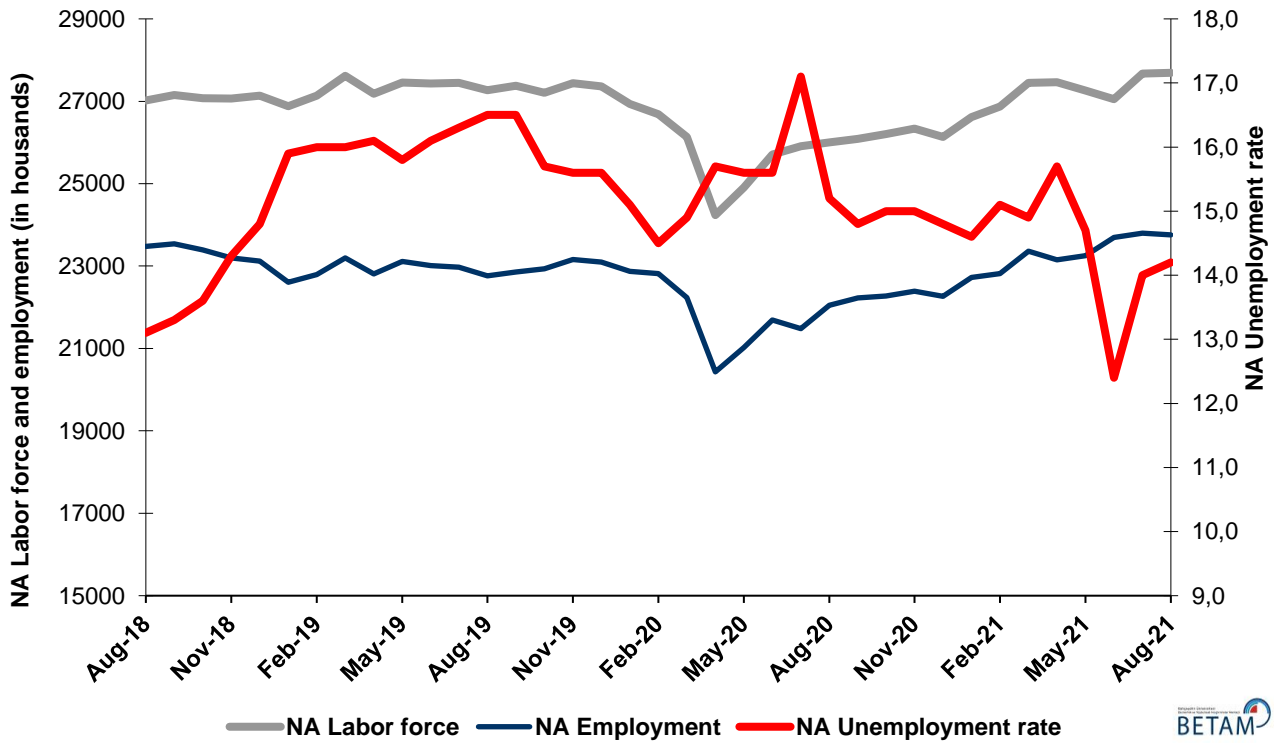


Source: Turkstat, Betam

Slump in the employment in the services sector increased the non-agricultural unemployment

Seasonally adjusted non-agricultural employment fell by 40 thousand to 23 million 759 thousand (Figure 3, Table 2). The number of non-agricultural unemployed persons rose by 58 thousand to 3 million 992 thousand. As a result, the non-agricultural unemployment rate increased by 0.2 pp to 14.2%.

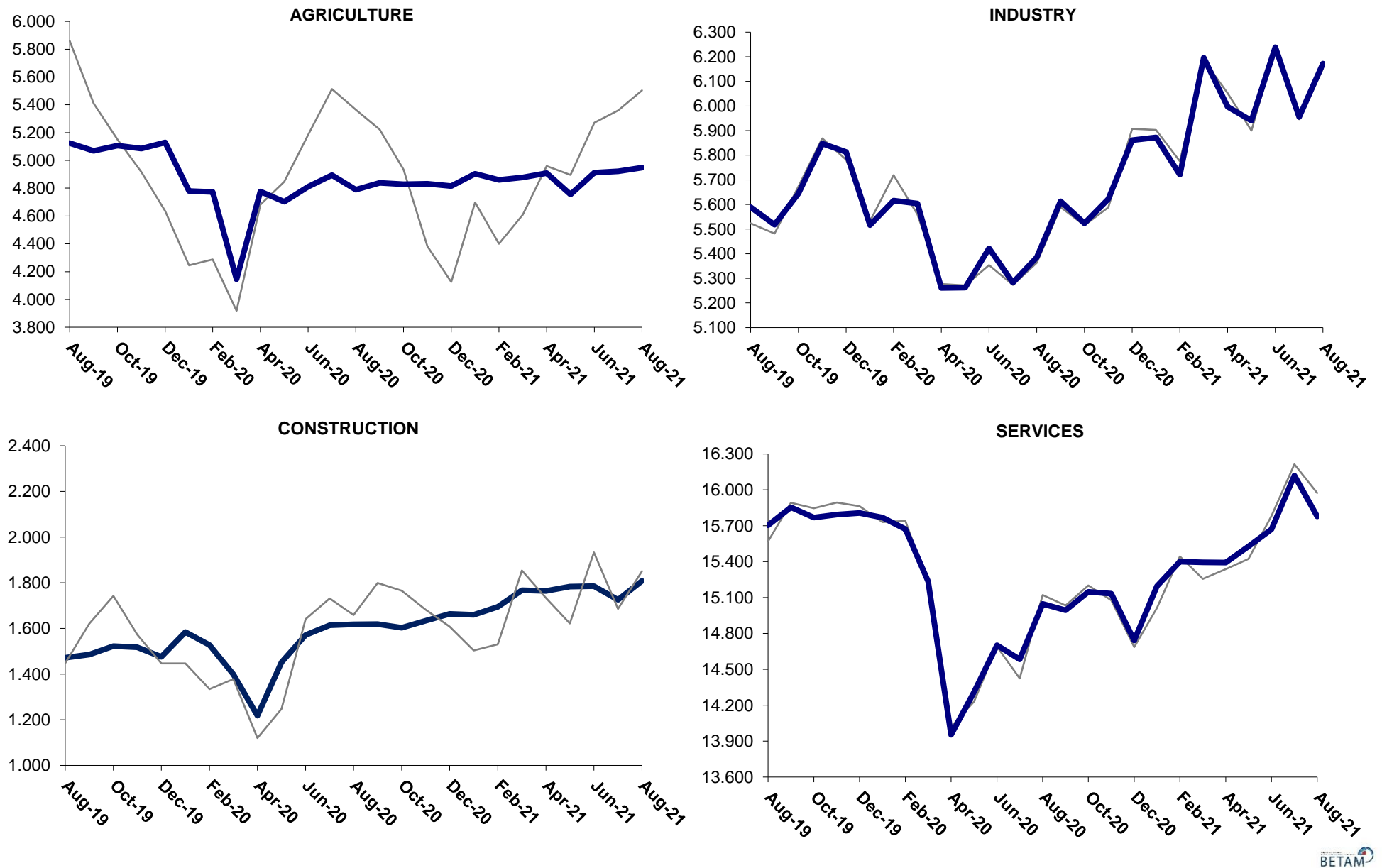
Figure 3 : Seasonally adjusted labor force, employment, and unemployment rate



Source: Turkstat, Betam

In August, all the sectors except for the services sector experienced a rise in employment. The employment in the services sector severely declined. In July, the employment in the services sector had risen by 450 thousand; however, it reduced by 341 thousand in August. On the other hand, the employment in the construction sector increased by 83 thousand after the decline by 60 thousand in July. It is not possible to attribute the high volatility in the employment figures in subsequent months to job market dynamics. Since the beginning of this year, Turkstat announces labor statistics monthly. There was high volatility in monthly labor statistics. The erratic behavior of monthly series is open to discussion.

Figure 4 : Employment by sectors (in thousands)

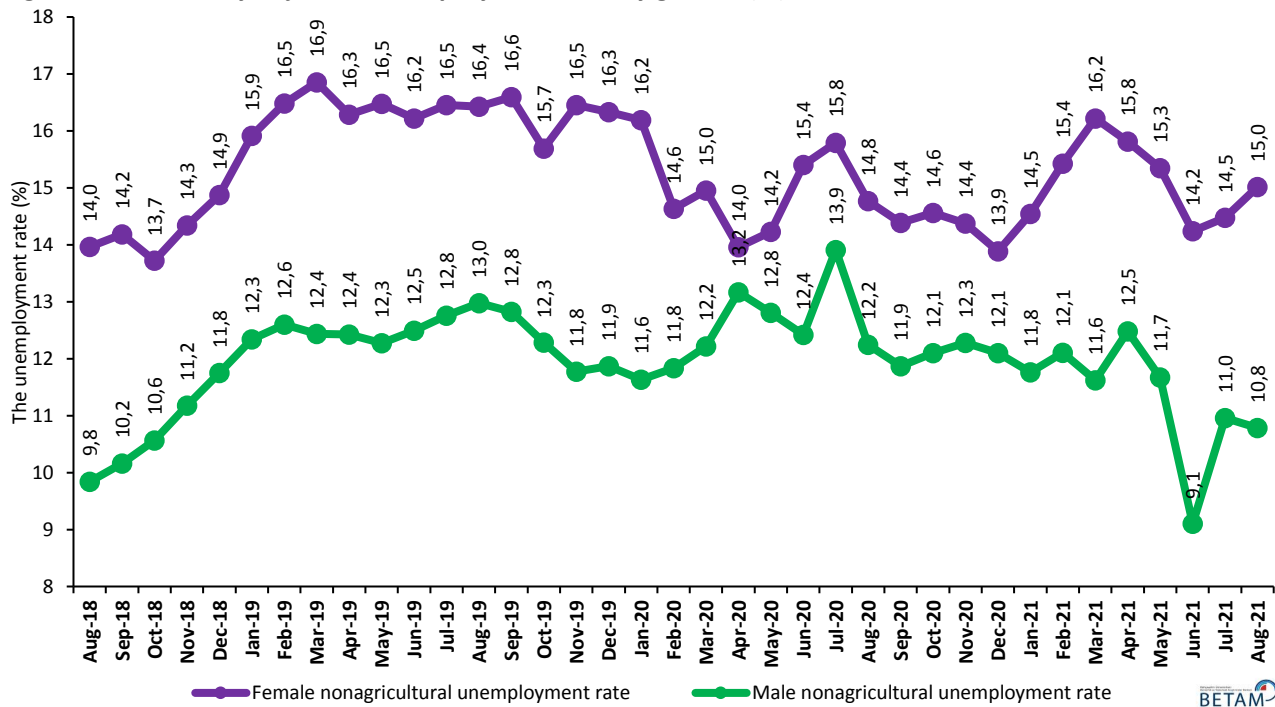


Source: Turkstat, Betam

Female employment fell as male employment rose

Figure 5 shows seasonally adjusted unemployment rate for males (green) and for females (purple). In August, female employment fell by 225 thousand and the number of unemployed females rose 28 thousand. It is worth noting that the female employment in the services sector declined by 270 thousand. Due to the fall in employment level, female unemployment rate rose by 0.5 pp to 15%. In August, the number of unemployed male reduced by 18 thousand while male employment increased by 211 thousand (Table 5). As a result, male unemployment rate declined by 0.2 pp to 18%.

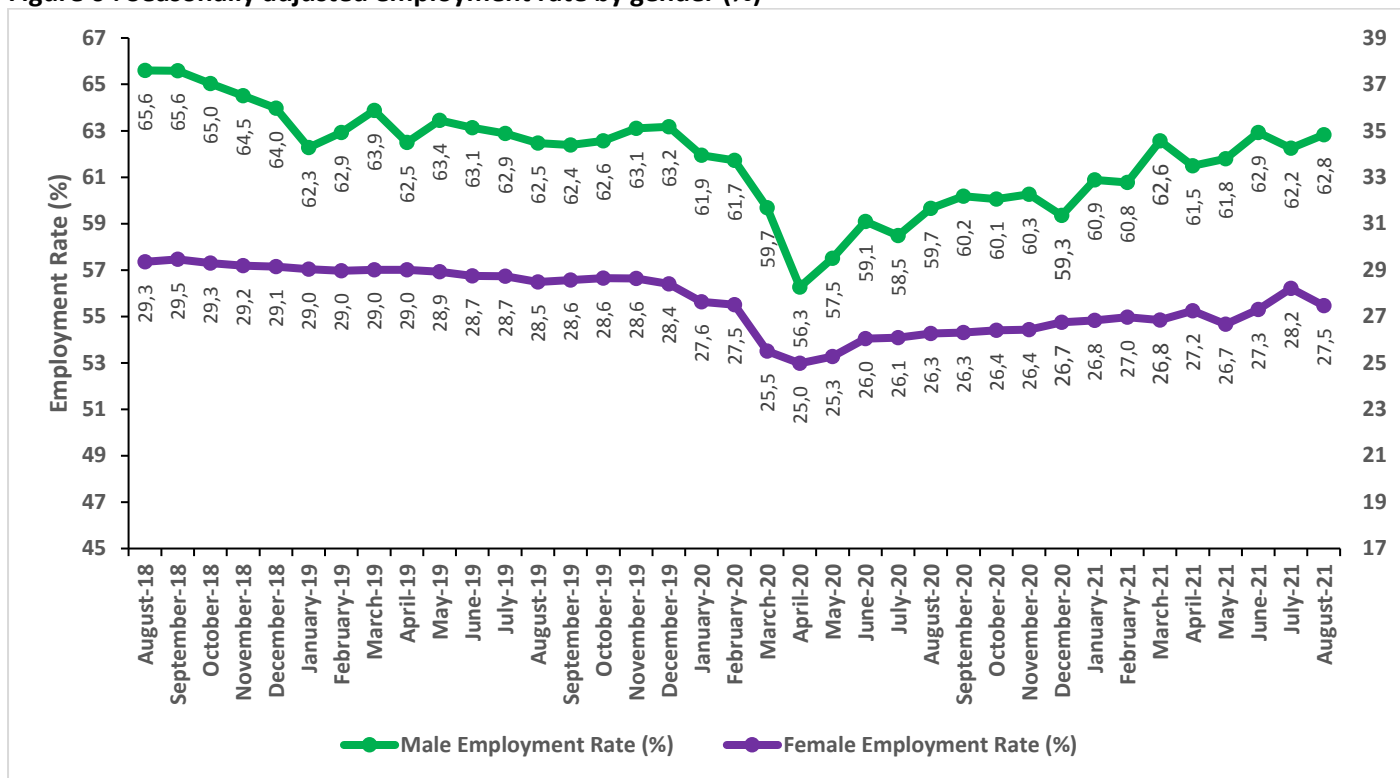
Figure 5 : Seasonally adjusted unemployment rate by gender (%)



Source: Turkstat, Betam

In line with those developments, female employment rate fell by 0.7 pp and male employment rate rose by 0.6 pp. Female employment reduced after the increases in June and July. Therefore, female employment rate decreased from 28.2% in July to 27.5% in August. Female employment rate receded below its pre-pandemic level (it was 27.6% in January 2020). On the other hand, the male employment rate recovered from the decline in July and became 62.8%.

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
August-18	32327	28713	3614	11,2%			
September-18	32491	28766	3725	11,5%	164	53	111
October-18	32319	28575	3744	11,6%	-172	-191	19
November-18	32356	28407	3948	12,2%	37	-168	204
December-18	32392	28256	4135	12,8%	36	-151	187
January-19	32078	27739	4339	13,5%	-314	-517	204
February-19	32458	27952	4505	13,9%	380	213	166
March-19	32850	28287	4563	13,9%	392	335	58
April-19	32342	27909	4434	13,7%	-508	-378	-129
May-19	32670	28208	4463	13,7%	328	299	29
June-19	32558	28092	4465	13,7%	-112	-116	2
July-19	32607	28051	4556	14,0%	49	-41	91
August-19	32470	27890	4580	14,1%	-137	-161	24
September-19	32499	27928	4572	14,1%	29	38	-8
October-19	32379	28041	4339	13,4%	-120	113	-233
November-19	32580	28242	4338	13,3%	201	201	-1
December-19	32564	28225	4340	13,3%	-16	-17	2
January-20	31822	27649	4173	13,1%	-742	-576	-167
February-20	31612	27588	4024	12,7%	-210	-61	-149
March-20	30348	26383	3966	13,1%	-1264	-1205	-58
April-20	29113	25208	3905	13,4%	-1235	-1175	-61
May-20	29656	25726	3930	13,3%	543	518	25
June-20	30596	26506	4090	13,4%	940	780	160
July-20	30849	26373	4476	14,5%	253	-133	386
August-20	30867	26841	4026	13,0%	18	468	-450
September-20	30989	27065	3924	12,7%	122	224	-102
October-20	31107	27102	4006	12,9%	118	37	82
November-20	31264	27219	4044	12,9%	157	117	38
December-20	31013	27083	3930	12,7%	-251	-136	-114
January-21	31632	27632	4000	12,6%	619	549	70
February-21	31873	27676	4197	13,2%	241	44	197
March-21	32480	28235	4245	13,1%	607	559	48
April-21	32459	28062	4397	13,5%	-21	-173	152
May-21	32128	28006	4122	12,8%	-331	-56	-275
June-21	32047	28605	3443	10,7%	-81	599	-679
July-21	32675	28720	3954	12,1%	628	115	511
August-21	32671	28706	3965	12,1%	-4	-14	11

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
August-18	27.021	23.481	3.540	13,1%			
September-18	27.149	23.538	3.611	13,3%	128	57	71
October-18	27.078	23.395	3.683	13,6%	-71	-143	72
November-18	27.068	23.197	3.871	14,3%	-10	-198	188
December-18	27.134	23.118	4.016	14,8%	66	-79	145
January-19	26.881	22.607	4.274	15,9%	-253	-511	258
February-19	27.138	22.796	4.342	16,0%	257	189	68
March-19	27.618	23.199	4.419	16,0%	480	403	77
April-19	27.182	22.806	4.376	16,1%	-435	-393	-42
May-19	27.452	23.115	4.337	15,8%	270	309	-39
June-19	27.428	23.012	4.416	16,1%	-25	-103	78
July-19	27.444	22.971	4.473	16,3%	17	-41	58
August-19	27.265	22.766	4.499	16,5%	-180	-205	25
September-19	27.376	22.859	4.517	16,5%	111	93	18
October-19	27.206	22.935	4.271	15,7%	-170	76	-246
November-19	27.437	23.157	4.280	15,6%	231	222	9
December-19	27.365	23.096	4.269	15,6%	-72	-61	-11
January-20	26.936	22.869	4.067	15,1%	-429	-227	-202
February-20	26.684	22.815	3.869	14,5%	-252	-54	-198
March-20	26.132	22.238	3.894	14,9%	-553	-577	24
April-20	24.237	20.432	3.805	15,7%	-1894	-1806	-88
May-20	24.909	21.023	3.886	15,6%	672	591	81
June-20	25.705	21.695	4.010	15,6%	796	672	124
July-20	25.910	21.479	4.431	17,1%	205	-216	421
August-20	26.004	22.051	3.953	15,2%	94	572	-478
September-20	26.087	22.226	3.861	14,8%	83	175	-92
October-20	26.204	22.273	3.931	15,0%	117	47	70
November-20	26.338	22.387	3.951	15,0%	134	114	20
December-20	26.135	22.267	3.868	14,8%	-203	-120	-83
January-21	26.614	22.728	3.886	14,6%	479	461	18
February-21	26.874	22.816	4.058	15,1%	260	88	172
March-21	27.448	23.358	4.090	14,9%	574	542	32
April-21	27.466	23.154	4.312	15,7%	18	-204	222
May-21	27.258	23.251	4.007	14,7%	-208	97	-305
June-21	27.048	23.694	3.354	12,4%	-210	443	-653
July-21	27.673	23.799	3.874	14,0%	625	105	520
August-21	27.691	23.759	3.932	14,2%	18	-40	58

Source: Turkstat, Betam

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

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
August-18	5232	5751	1912	15817				
September-18	5228	5753	1950	15835	-4	2	38	18
October-18	5180	5790	1887	15718	-48	37	-63	-117
November-18	5210	5659	1764	15775	30	-131	-123	57
December-18	5138	5629	1787	15703	-72	-30	23	-72
January-19	5132	5195	1676	15738	-6	-434	-111	35
February-19	5156	5369	1653	15774	24	174	-23	36
March-19	5088	5610	1719	15871	-68	241	66	97
April-19	5103	5366	1597	15843	15	-244	-122	-28
May-19	5093	5618	1628	15868	-10	252	31	25
June-19	5080	5663	1546	15803	-13	45	-82	-65
July-19	5080	5615	1535	15822	0	-48	-11	19
August-19	5124	5589	1472	15705	44	-26	-63	-117
September-19	5069	5518	1486	15854	-55	-71	14	149
October-19	5106	5644	1522	15769	37	126	36	-85
November-19	5085	5847	1517	15793	-21	203	-5	24
December-19	5129	5813	1476	15807	44	-34	-41	14
January-20	4780	5516	1584	15769	-349	-297	108	-38
February-20	4773	5616	1527	15672	-7	100	-57	-97
March-20	4145	5604	1399	15235	-628	-12	-128	-437
April-20	4776	5261	1218	13953	631	-343	-181	-1282
May-20	4703	5262	1452	14310	-73	1	234	357
June-20	4811	5422	1571	14702	108	160	119	392
July-20	4894	5283	1614	14583	83	-139	43	-119
August-20	4790	5385	1618	15048	-104	102	4	465
September-20	4839	5613	1619	14993	49	228	1	-55
October-20	4829	5523	1603	15147	-10	-90	-16	154
November-20	4832	5622	1634	15132	3	99	31	-15
December-20	4816	5861	1664	14742	-16	239	30	-390
January-21	4904	5872	1660	15195	88	11	-4	453
February-21	4860	5721	1695	15400	-44	-151	35	205
March-21	4877	6196	1767	15394	17	475	72	-6
April-21	4908	5997	1764	15393	31	-199	-3	-1
May-21	4755	5941	1783	15528	-153	-56	19	135
June-21	4911	6239	1785	15670	156	298	2	142
July-21	4921	5955	1725	16120	10	-284	-60	450
August-21	4947	6172	1808	15779	26	217	83	-341

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
Aug-18	11,2	3614	12,3	362	15,6	1693	16,6	5669
Sep-18	11,5	3725	12,4	304	15,3	1471	16,2	5500
Oct-18	11,6	3744	12,9	425	15,8	1618	17,0	5787
Nov-18	12,2	3948	13,4	388	16,5	1666	17,6	6001
Dec-18	12,8	4135	14,0	400	17,1	1694	18,2	6229
Jan-19	13,5	4339	14,7	376	18,6	1999	19,7	6715
Feb-19	13,9	4505	15,1	396	18,1	1673	19,2	6574
Mar-19	13,9	4563	15,2	430	18,4	1815	19,7	6809
Apr-19	13,7	4434	14,9	385	17,9	1651	19,0	6470
May-19	13,7	4463	14,5	274	17,7	1603	18,5	6341
Jun-19	13,7	4465	14,7	321	18,2	1786	19,1	6572
Jul-19	14,0	4556	15,0	335	18,4	1769	19,3	6660
Aug-19	14,1	4580	14,9	258	18,5	1751	19,3	6589
Sep-19	14,1	4572	15,2	368	17,9	1517	18,9	6457
Oct-19	13,4	4339	14,3	291	17,8	1733	18,7	6363
Nov-19	13,3	4338	14,4	354	17,5	1653	18,5	6344
Dec-19	13,3	4340	14,5	382	17,5	1647	18,6	6369
Jan-20	13,1	4173	15,7	823	19,1	2355	21,5	7351
Feb-20	12,7	4024	15,0	718	18,7	2322	20,8	7063
Mar-20	13,1	3966	16,1	920	20,5	2837	23,3	7723
Apr-20	13,4	3905	18,2	1394	23,4	3796	27,7	9094
May-20	13,3	3930	19,0	1705	24,1	4239	29,1	9873
Jun-20	13,4	4090	17,1	1142	22,5	3605	25,8	8837
Jul-20	14,5	4476	18,5	1231	22,7	3269	26,3	8976
Aug-20	13,0	4026	17,0	1221	21,6	3369	25,2	8616
Sep-20	12,7	3924	15,9	1003	21,2	3357	24,2	8285
Oct-20	12,9	4006	17,2	1344	21,7	3505	25,5	8855
Nov-20	12,9	4044	16,9	1240	22,9	4041	26,4	9324
Dec-20	12,7	3930	17,8	1590	23,9	4576	28,4	10096
Jan-21	12,6	4000	20,1	2358	22,9	4207	29,4	10565
Feb-21	13,2	4197	19,6	2050	22,3	3746	28,0	9993
Mar-21	13,1	4245	18,1	1634	21,1	3306	25,7	9185
Apr-21	13,5	4397	19,6	1965	21,7	3380	27,2	9742
May-21	12,8	4122	18,9	1950	21,4	3503	26,9	9575
Jun-21	10,7	3443	14,7	1268	18,9	3223	22,5	7934
Jul-21	12,1	3954	16,5	1437	19,8	3137	23,7	8528
Aug-21	12,1	3965	15,3	1034	19,2	2856	22,0	7855

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
Aug-18	10.470	9.008	1.462	21.856	19.705	2.151	34,1	29,3	72,8	65,6
Sep-18	10.548	9.052	1.496	21.943	19.714	2.229	34,3	29,5	73,0	65,6
Oct-18	10.444	9.011	1.433	21.875	19.564	2.311	34,0	29,3	72,7	65,0
Nov-18	10.494	8.989	1.505	21.861	19.418	2.443	34,1	29,2	72,6	64,5
Dec-18	10.556	8.986	1.570	21.836	19.270	2.566	34,2	29,1	72,5	64,0
Jan-19	10.658	8.962	1.696	21.421	18.778	2.643	34,5	29,0	71,0	62,3
Feb-19	10.719	8.952	1.767	21.739	19.000	2.739	34,7	29,0	72,0	62,9
Mar-19	10.798	8.978	1.820	22.052	19.309	2.743	34,9	29,0	72,9	63,9
Apr-19	10.739	8.990	1.749	21.604	18.919	2.685	34,7	29,0	71,4	62,5
May-19	10.747	8.976	1.771	21.923	19.232	2.691	34,6	28,9	72,3	63,4
Jun-19	10.662	8.933	1.729	21.896	19.160	2.736	34,3	28,7	72,1	63,1
Jul-19	10.701	8.940	1.761	21.906	19.111	2.795	34,4	28,7	72,1	62,9
Aug-19	10.622	8.877	1.745	21.847	19.012	2.835	34,1	28,5	71,8	62,5
Sep-19	10.689	8.915	1.774	21.810	19.013	2.797	34,3	28,6	71,6	62,4
Oct-19	10.617	8.951	1.666	21.763	19.090	2.673	34,0	28,6	71,3	62,6
Nov-19	10.726	8.961	1.765	21.854	19.281	2.573	34,3	28,6	71,5	63,1
Dec-19	10.636	8.899	1.737	21.928	19.325	2.603	33,9	28,4	71,7	63,2
Jan-20	10.344	8.669	1.675	21.479	18.980	2.499	33,0	27,6	70,1	61,9
Feb-20	10.122	8.641	1.481	21.490	18.947	2.543	32,2	27,5	70,0	61,7
Mar-20	9.437	8.026	1.411	20.912	18.357	2.555	30,0	25,5	68,0	59,7
Apr-20	9.148	7.871	1.277	19.966	17.337	2.629	29,0	25,0	64,8	56,3
May-20	9.299	7.976	1.323	20.357	17.750	2.607	29,5	25,3	65,9	57,5
Jun-20	9.730	8.231	1.499	20.866	18.275	2.591	30,8	26,0	67,5	59,1
Jul-20	9.801	8.253	1.548	21.048	18.120	2.928	31,0	26,1	67,9	58,5
Aug-20	9.765	8.323	1.442	21.102	18.518	2.584	30,8	26,3	68,0	59,7
Sep-20	9.753	8.350	1.403	21.236	18.715	2.521	30,7	26,3	68,3	60,2
Oct-20	9.820	8.390	1.430	21.288	18.712	2.576	30,9	26,4	68,3	60,1
Nov-20	9.823	8.411	1.412	21.441	18.808	2.633	30,9	26,4	68,7	60,3
Dec-20	9.900	8.525	1.375	21.113	18.558	2.555	31,1	26,7	67,5	59,3
Jan-21	10.023	8.565	1.458	21.608	19.066	2.542	31,4	26,8	69,0	60,9
Feb-21	10.191	8.619	1.572	21.682	19.057	2.625	31,9	27,0	69,1	60,8
Mar-21	10.255	8.592	1.663	22.226	19.643	2.583	32,0	26,8	70,8	62,6
Apr-21	10.372	8.732	1.640	22.088	19.331	2.757	32,4	27,2	70,3	61,5
May-21	10.111	8.559	1.552	22.018	19.448	2.570	31,5	26,7	70,0	61,8
Jun-21	10.233	8.776	1.457	21.815	19.829	1.986	31,8	27,3	69,2	62,9
Jul-21	10.618	9.081	1.537	22.056	19.639	2.417	33,0	28,2	69,9	62,2
Aug-21	10.421	8.856	1.565	22.249	19.850	2.399	32,3	27,5	70,4	62,8

Source: Turkstat, Betam