**Quarterly Labor Market Outlook:**

**2022Q3**

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**THE END OF 2-YEAR-LONG INCREASE IN MANUFACTURING EMPLOYMENT COUPLED WITH THE DECREASE IN LABOR FORCE AND UNEMPLOYMENT**

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**Executive Summary**

According to the seasonally adjusted data, the number of employed persons increased by 123 thousand compared to the previous quarter and rose to 30 million 787 thousand in 2022 Q3, and the unemployment rate decreased from 10.7% to 10.0% following the decrease in the level of unemployed by 234 thousand. QoQ employment growth was 0.4%, implying a substantial deceleration in the employment growth. The deceleration in the employment growth is in line with the predictions that the QoQ economic growth will slow down.

Seasonally adjusted sectoral employment data reveals that, after lasting two years, the growth in manufacturing employment came to a halt. While the level of manufacturing employment fell by 107 thousand (by 1.6 percent) due to the decrease in male employment (119 thousand), the number of employed in the services sector increased by 247 thousand (by 1.4 percent). Lastly, while the level of agricultural employment went down by 26 thousand, the construction employment displayed a limited increase of 8 thousand.

The seasonally adjusted youth unemployment rate (ages 15-24) decreased by 0.8 pp to 19.1% thanks to the increases in the number of employed youths. The gender gap in unemployment rates for young females and males remained at 8.8 pp.

According to the seasonally unadjusted data, the unemployment rate of the “less than high school” and “high school” graduates dropped, whereas the unemployment rate of the “vocational high school” and “higher education” graduates rose. The increase of 3.1 pp in the unemployment rate of female higher education graduates is especially striking.

In the third quarter of 2022, the long-term unemployment rate decreased by 0.1 pp compared to the previous quarter and reached 24.4%. It is observed that the long-term unemployment rate for females decreased by 3.3 pp to 28.3%, and the long-term unemployment rate for males increased by 1.8 pp to 21.2%.

**Introduction**

In addition to its monthly Labor Market Outlook (LMO) reports, Betam publishes its quarterly LMO notes since November 2021. In January 2021, TurkStat started to publish monthly labor force statistics with "monthly" data instead of "quarterly averages". However, since the monthly data excludes many issues such as education levels, enrollment, and unemployment periods, TurkStat decided to publish quarterly statistics with much wider coverage starting in 2021. Then, after observing the highly erratic behavior of the monthly sectorial employment data, TurkStat left these data out of the scope of the monthly statistics and transferred them to the quarterly statistics.

In parallel to these developments, Betam also publishes quarterly LMO notes to analyze sectorial employment levels, the unemployment rate by the educational status as well as the long-term unemployment rate.

**The employment level went up, but the level of labor force decreased**

According to the seasonally adjusted data, the number of persons in employment increased by 123 thousand compared to the previous quarter, and reached 30 million 787 thousand. In the same period, the number of unemployed persons fell by 234 thousand to 3 million 433 thousand; as a result, the labor force decreased by 111 thousand and reached 34 million 220 thousand (Figure 1, Table 1). The QoQ employment increase turned out to be 0.4 %, which is significantly lower than the QoQ employment increase of the previous quarter. The implication of it is that the employment growth is about to stop soon.

 **Figure 1 : Seasonally adjusted main labor force indicators (000)**

 Source: Turkstat, Betam

**The reversal of the two-year-long increase of male employment**

According to the seasonally adjusted data, the headline unemployment rate decreased by 0.7 pp to 10.0 % in 2022 Q3 compared to the previous quarter. In the same period, while female employment increased by 126 thousand, the number of unemployed females decreased by 234 thousand (Table 2). As a result, the female unemployment rate decreased by 1.0 pp QoQ to 12.8%. Over the last five quarters, the female labor force increased by 1 million 162 thousand, while female employment increased by 1 million 158 thousand (Table 2).

In comparison, the male unemployment rate declined QoQ by 0.4 pp to 8.7% as the decrease in male employment (3 thousand) is relatively small compared to the decrease in male labor force (118 thousand). While male employment increased by 1 million 216 thousand over the last five quarters, the number of unemployed males decreased by 495 thousand and the male labor force increased by 721 thousand.

As the decrease in the female unemployment rate was stronger than the fall of male unemployment rate, the gender gap in unemployment rates dropped by 0.6 pp to 4.1%

**Figure 2: Seasonally adjusted unemployment rates (%)**

 Source: Turkstat, Betam

**The manufacturing employment decreased for the first time since 2020Q2**

The seasonally adjusted sectoral employment data shows that the increase in services employment more than compensated the decrease in manufacturing employment. Although the female manufacturing employment increased by 12 thousand, the male employment decreased by 119 thousand. The decline in manufacturing employment (1.6 percent) reflects the three-month-average decline in the seasonal and calendar adjusted industrial production (4.1 percent). In the services sector, male employment increased by 119 thousand, female employment by 128 thousand, and total employment went up by 247 thousand (2.3%) to 17 million 447 thousand. The employment in the agricultural sector decreased by 26 thousand QoQ, the employment in the construction sector increased only by 8 thousand (0.4%).

**Figure 3:** **Seasonally adjusted sectorial employment (000), Total[[4]](#footnote-4)**

Source: Turkstat, Betam

**Unemployment falls in youth males and females**

Seasonally adjusted youth (ages 15-24) labor force indicators show that the youth unemployment rate decreased by 0.8 pp to 19.1%. In this period, the youth employment rate rose to 34.7% with an increase of 0.2 pp. Nevertheless, it is still 1.1 pp below its maximum level in 2018 Q3 (35.8 %). While the youth unemployment rate of females decreased by 0.8 pp to 24.7 %, the employment rate increased by 0.2 pp to 23.0%. The youth employment rate of females is 1.0 pp below its 2018 Q3 level (24.0%). The youth employment rate of males rose by 0.2 pp, and the unemployment rate strongly fell by 0.8 pp to 16.1%. The youth employment rate of males (45.9%) is 1.4 pp below its level of the 2018Q3 (47.3%) (Table 4).

**Figure 4: Seasonally adjusted youth unemployment rates (15-24 age group, %)**

Source: Turkstat, Betam

**Unemployment decreased among low education levels but increased among high education graduates**

According to the seasonally unadjusted data, the headline unemployment rate decreased among lower than high school and high school graduates while increased among vocational high school and higher education graduates.in 2022 Q3 compared to the previous quarter[[5]](#footnote-5). The "higher education" group experienced the most striking quarterly increase in the unemployment rate following the jump from 10.5% to 12.1% (1.6 pp). While unemployment rates of “less than high school” and “high school” graduates decreased by 0.8 and 0.7 pp, respectively, the unemployment rate of “vocational high school” graduates rose by 0.4 pp to 10.9% (Table 5).

**Figure 5: Unemployment rates by educational level, Unadjusted (%)**

Source: Turkstat, Betam

Compared to the previous quarter, the female unemployment rate decreased in all groups but the “higher education” graduates. While the unemployment rate of female higher education graduates jumped sharply by 3.1 pp to 17.1%, The unemployment rate of “lower than high school”, “high school”, and “vocational high school” graduates decreased by 0.1, 0.9 and 1.0 pp to 9.4%, 18.2%, and 17.2%, respectively.

As for males, the unemployment rate of “lower than high school” and “high school” graduates decreased by 1.1 and 0.6 percent, respectively taking down the male unemployment rate to 8.1% and to 9.1%. However, the unemployment rate of “vocational high school” and “higher education” graduates increased by 0.9 and 0.4 pp, respectively rising up the unemployment rates to 8.8% and to 8.3%. The unemployment gender gap in the higher education group increased from 6.1 points to 8.8 points in three months. Thus, the high unemployment problem among higher education-graduate females worsened.

**Long-term unemployment decreased among females and increased among males**

The long-term unemployment rate denotes the share of the number of persons unemployed for one year or longer in the total number of unemployed persons. As of 2020 Q1, activity restrictions, within the scope of Covid-19 epidemic measures significantly reduced the demand for labor, especially in the services sector. As a result, the period of the currently unemployed persons lingered, and the share of this group in the total unemployed reached its highest level in 2021 Q2 (Figure 7). Following the end of the activity restrictions, this number tended to decrease because of the rapid increase in employment. Another factor in the decrease in the long-term unemployment rate was the rise in labor force entry with the relaxation of the activity restrictions. As a result, the share of the number of long-term unemployed persons in the total unemployed was in decline.

In 2022 Q3, the long-term unemployment rate decreased by 0.1 pp in total compared to the previous quarter and reached 24.4%. According to the seasonally unadjusted data, while the total number of unemployed increased by 29 thousand from 2022 Q2 to Q3, the increase in the number of long-term unemployed persons was limited to 3 thousand. On one side, the number of unemployed females increased by 121 thousand while the number of long-term unemployed persons decreased by 14 thousand. As a result, the share of long-term unemployed females decreased by 3.3 pp to 28.3%. On the other side, the number of unemployed males decreased by 88 thousand while the number of long-term unemployed males decreased by 14 thousand. Because of the relatively high decrease in the denominator, the long-term unemployment rate for males increased by 1.8 points to 21.2%. Although long-term unemployment for females remained substantially higher than for males, it is improving.

**Figure 6: Long term unemployment rates (Female, Male, Total) (%)**

Source: Turkstat, Betam

**Table 1: Seasonally adjusted main labour force indicators**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|   |   | Labor force | Employed | Unemployed | Unemployment rate |
| 2017 | I | 31093 | 27388 | 3706 | 11.9 |
| II | 31366 | 27853 | 3513 | 11.2 |
| III | 31666 | 28346 | 3320 | 10.5 |
| IV | 31866 | 28650 | 3216 | 10.1 |
| 2018 | I | 31878 | 28712 | 3165 | 9.9 |
| II | 32135 | 28755 | 3380 | 10.5 |
| III | 32432 | 28816 | 3616 | 11.1 |
| IV | 32354 | 28412 | 3942 | 12.2 |
| 2019 | I | 32471 | 28005 | 4466 | 13.8 |
| II | 32545 | 28074 | 4471 | 13.7 |
| III | 32484 | 27939 | 4544 | 14.0 |
| IV | 32526 | 28173 | 4354 | 13.4 |
| 2020 | I | 31263 | 27235 | 4028 | 12.9 |
| II | 29901 | 25887 | 4014 | 13.4 |
| III | 30799 | 26729 | 4070 | 13.2 |
| IV | 31134 | 27088 | 4047 | 13.0 |
| 2021 | I | 31897 | 27784 | 4113 | 12.9 |
| II | 32420 | 28413 | 4008 | 12.4 |
| III | 32934 | 29123 | 3810 | 11.6 |
| IV | 33541 | 29796 | 3745 | 11.2 |
| 2022 | I | 33656 | 29966 | 3691 | 11.0 |
| II | 34331 | 30664 | 3667 | 10.7 |
| III | 34220 | 30787 | 3433 | 10.0 |

Source: Turkstat, Betam

**Table 2: Seasonally adjusted main labour force indicators by gender**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|   |   | Employed | Unemployed | UR (%) | Employed, female | Unemployed, female | Female UR (%) | Employed, male | Unemployed, male | Male UR (%) |
| 2017 | I | 27388 | 3706 | 11.9 | 8517 | 1434 | 14.4 | 18870 | 2272 | 10.7 |
| II | 27853 | 3513 | 11.2 | 8543 | 1451 | 14.5 | 19310 | 2061 | 9.6 |
| III | 28346 | 3320 | 10.5 | 8735 | 1405 | 13.9 | 19611 | 1914 | 8.9 |
| IV | 28650 | 3216 | 10.1 | 8988 | 1340 | 13.0 | 19662 | 1877 | 8.7 |
| 2018 | I | 28712 | 3165 | 9.9 | 9006 | 1348 | 13.0 | 19706 | 1817 | 8.4 |
| II | 28755 | 3380 | 10.5 | 9036 | 1414 | 13.5 | 19720 | 1966 | 9.1 |
| III | 28816 | 3616 | 11.1 | 9034 | 1468 | 14.0 | 19782 | 2148 | 9.8 |
| IV | 28412 | 3942 | 12.2 | 8994 | 1505 | 14.3 | 19419 | 2437 | 11.1 |
| 2019 | I | 28005 | 4466 | 13.8 | 8960 | 1747 | 16.3 | 19045 | 2719 | 12.5 |
| II | 28074 | 4471 | 13.7 | 8959 | 1760 | 16.4 | 19114 | 2711 | 12.4 |
| III | 27939 | 4544 | 14.0 | 8904 | 1754 | 16.5 | 19035 | 2791 | 12.8 |
| IV | 28173 | 4354 | 13.4 | 8947 | 1727 | 16.2 | 19226 | 2626 | 12.0 |
| 2020 | I | 27235 | 4028 | 12.9 | 8477 | 1506 | 15.1 | 18757 | 2523 | 11.9 |
| II | 25887 | 4014 | 13.4 | 8022 | 1377 | 14.7 | 17864 | 2637 | 12.9 |
| III | 26729 | 4070 | 13.2 | 8300 | 1464 | 15.0 | 18429 | 2607 | 12.4 |
| IV | 27088 | 4047 | 13.0 | 8366 | 1416 | 14.5 | 18722 | 2630 | 12.3 |
| 2021 | I | 27784 | 4113 | 12.9 | 8605 | 1545 | 15.2 | 19179 | 2568 | 11.8 |
| II | 28413 | 4008 | 12.4 | 8818 | 1539 | 14.9 | 19595 | 2468 | 11.2 |
| III | 29123 | 3810 | 11.6 | 9198 | 1559 | 14.5 | 19925 | 2251 | 10.2 |
| IV | 29796 | 3745 | 11.2 | 9449 | 1559 | 14.2 | 20346 | 2186 | 9.7 |
| 2022 | I | 29966 | 3691 | 11.0 | 9522 | 1514 | 13.7 | 20443 | 2177 | 9.6 |
| II | 30664 | 3667 | 10.7 | 9850 | 1579 | 13.8 | 20814 | 2088 | 9.1 |
| III | 30787 | 3433 | 10.0 | 9976 | 1461 | 12.8 | 20811 | 1973 | 8.7 |

 Source: Turkstat, Betam

**Table 3: Seasonally adjusted sectorial employment by gender (000)**

|  |  |  |  |
| --- | --- | --- | --- |
|   |   | MALE | FEMALE |
|   |   | Total | Agriculture | Manufacturing | Construction | Services | Total | Agriculture | Manufacturing | Construction | Services |
| 2017 | I | 18870 | 2944 | 3964 | 1944 | 10018 | 8517 | 2439 | 1258 | 83 | 4737 |
| II | 19310 | 2948 | 4110 | 2003 | 10251 | 8543 | 2357 | 1266 | 79 | 4841 |
| III | 19611 | 2968 | 4189 | 2085 | 10369 | 8735 | 2422 | 1288 | 85 | 4940 |
| IV | 19662 | 2984 | 4163 | 2069 | 10446 | 8988 | 2518 | 1326 | 84 | 5061 |
| 2018 | I | 19706 | 2977 | 4235 | 2072 | 10423 | 9006 | 2407 | 1367 | 94 | 5138 |
| II | 19720 | 2953 | 4279 | 1989 | 10499 | 9036 | 2380 | 1368 | 90 | 5198 |
| III | 19782 | 2921 | 4418 | 1877 | 10566 | 9034 | 2327 | 1365 | 82 | 5259 |
| IV | 19419 | 2887 | 4325 | 1747 | 10459 | 8994 | 2285 | 1368 | 65 | 5274 |
| 2019 | I | 19045 | 2872 | 4042 | 1602 | 10528 | 8960 | 2258 | 1349 | 80 | 5274 |
| II | 19114 | 2850 | 4167 | 1520 | 10577 | 8959 | 2249 | 1383 | 70 | 5257 |
| III | 19035 | 2847 | 4227 | 1441 | 10520 | 8904 | 2250 | 1348 | 57 | 5250 |
| IV | 19226 | 2855 | 4435 | 1440 | 10496 | 8947 | 2249 | 1334 | 65 | 5299 |
| 2020 | I | 18757 | 2725 | 4247 | 1444 | 10341 | 8477 | 1863 | 1332 | 60 | 5224 |
| II | 17864 | 2865 | 4036 | 1334 | 9629 | 8022 | 1925 | 1279 | 79 | 4740 |
| III | 18429 | 2896 | 4109 | 1542 | 9882 | 8300 | 1934 | 1319 | 73 | 4974 |
| IV | 18722 | 2859 | 4311 | 1569 | 9983 | 8366 | 1934 | 1353 | 66 | 5013 |
| 2021 | I | 19179 | 2910 | 4515 | 1653 | 10101 | 8605 | 1989 | 1419 | 74 | 5123 |
| II | 19595 | 2881 | 4600 | 1685 | 10429 | 8818 | 2024 | 1477 | 83 | 5234 |
| III | 19925 | 2871 | 4681 | 1673 | 10700 | 9198 | 2067 | 1534 | 92 | 5506 |
| IV | 20346 | 2872 | 4862 | 1698 | 10914 | 9449 | 2078 | 1603 | 90 | 5679 |
| 2022 | I | 20443 | 2828 | 4907 | 1686 | 11023 | 9522 | 1965 | 1631 | 84 | 5841 |
| II | 20814 | 2855 | 5055 | 1714 | 11189 | 9850 | 2048 | 1696 | 94 | 6011 |
| III | 20811 | 2845 | 4936 | 1722 | 11308 | 9976 | 2033 | 1708 | 95 | 6139 |

Source: Turkstat, Betam

**Table 4: Seasonally adjusted youth employment and unemployment rates (%)**

|  |  |  |  |
| --- | --- | --- | --- |
|   |   | Employment rate | Unemployment rate |
|   |   | Total | Female | Male | Total | Female | Male |
| 2017 | I | 33.7 | 22.6 | 44.5 | 21.8 | 26.5 | 19.2 |
| II | 34.2 | 23.1 | 45.1 | 21.0 | 26.3 | 18.1 |
| III | 34.6 | 23.2 | 45.6 | 20.1 | 25.5 | 17.2 |
| IV | 35.2 | 23.9 | 46.2 | 18.8 | 24.0 | 15.9 |
| 2018 | I | 35.3 | 23.7 | 46.5 | 18.3 | 23.6 | 15.5 |
| II | 35.5 | 23.8 | 46.8 | 19.1 | 24.2 | 16.3 |
| III | 35.8 | 24.0 | 47.3 | 20.1 | 24.6 | 17.7 |
| IV | 34.5 | 23.1 | 45.5 | 22.8 | 27.3 | 20.3 |
| 2019 | I | 33.6 | 23.6 | 43.3 | 25.4 | 29.7 | 22.9 |
| II | 33.7 | 23.7 | 43.4 | 25.0 | 28.8 | 22.8 |
| III | 32.5 | 22.1 | 42.6 | 26.1 | 31.4 | 23.0 |
| IV | 32.2 | 21.7 | 42.5 | 24.7 | 30.8 | 21.4 |
| 2020 | I | 31.1 | 21.2 | 40.7 | 23.8 | 27.6 | 21.7 |
| II | 29.1 | 18.4 | 39.3 | 24.7 | 29.9 | 22.0 |
| III | 29.6 | 19.2 | 39.6 | 24.8 | 30.3 | 21.9 |
| IV | 29.8 | 19.5 | 39.6 | 25.3 | 30.1 | 22.8 |
| 2021 | I | 30.6 | 19.6 | 41.2 | 25.3 | 31.6 | 22.0 |
| II | 32.0 | 21.3 | 42.2 | 23.3 | 27.8 | 20.9 |
| III | 32.6 | 21.6 | 43.1 | 21.5 | 27.9 | 18.0 |
| IV | 33.6 | 22.2 | 44.4 | 21.1 | 27.7 | 17.5 |
| 2022 | I | 33.6 | 21.8 | 44.9 | 20.5 | 25.8 | 17.8 |
| II | 34.5 | 22.8 | 45.7 | 19.9 | 25.5 | 16.9 |
| III | 34.7 | 23.0 | 45.9 | 19.1 | 24.7 | 16.1 |

Source: Turkstat, Betam

**Table 5: Unemployment Rates by Educational and Gender Breakdown**

|  |
| --- |
| Total |
|  |
|   |   | Less than high school | High school | Vocational high school | Higher education |  |
| 2021 | I | 13.4 | 15.6 | 14.9 | 12.7 |  |
| II | 11.4 | 14.4 | 12.5 | 11.3 |  |
| III | 10.0 | 13.5 | 12.5 | 13.7 |  |
| IV | 9.9 | 13.0 | 11.7 | 11.9 |  |
| 2022 | I | 10.9 | 13.9 | 12.8 | 11.4 |  |
| II | 9.3 | 12.5 | 10.5 | 10.5 |  |
| III | 8.5 | 11.8 | 10.9 | 12.1 |  |
| Male |  |
|  |
|   |   | Less than high school | High school | Vocational high school | Higher education |  |
| 2021 | I | 13.6 | 13.4 | 12.8 | 9.8 |  |
| II | 11.6 | 11.8 | 10.5 | 8.7 |  |
| III | 9.8 | 11.1 | 8.6 | 9.8 |  |
| IV | 9.6 | 10.6 | 8.8 | 8.8 |  |
| 2022 | I | 10.8 | 11.1 | 10.0 | 9.4 |  |
| II | 9.2 | 9.7 | 7.9 | 7.9 |  |
| III | 8.1 | 9.1 | 8.8 | 8.3 |  |
| Female |  |
|  |
|   |   | Less than high school | High school | Vocational high school | Higher education |  |
| 2021 | I | 12.8 | 20.7 | 22.5 | 16.7 |  |
| II | 10.7 | 20.9 | 19.2 | 15.0 |  |
| III | 10.5 | 19.1 | 24.6 | 19.0 |  |
| IV | 10.7 | 18.6 | 20.9 | 16.1 |  |
| 2022 | I | 11.2 | 20.5 | 21.8 | 14.1 |  |
| II | 9.5 | 19.1 | 18.2 | 14.0 |  |
| III | 9.4 | 18.2 | 17.2 | 17.1 |  |

Source: Turkstat, Betam

**Table 6: Long term unemployment rates (Total, Female, Male) (%)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|   |  | Long term unemployment rate | Female long term unemployment rate | Male long term unemployment rate |
|   | I | 29.3 | 36.5 | 25.1 |
| 2021 | II | 34.6 | 41.9 | 30.2 |
|  | III | 31.7 | 36.5 | 28.0 |
|  | IV | 28.5 | 35.6 | 23.4 |
| 2022 | I | 24.4 | 33.1 | 18.8 |
| II | 24.5 | 31.6 | 19.4 |
| III | 24.4 | 28.3 | 21.2 |

Source: Turkstat, Betam

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4. Since the female employment in the construction sector is very low, we did not depict it. [↑](#footnote-ref-4)
5. As TurkStat does not back date these series to 2014, it is possible to seasonally adjust them. [↑](#footnote-ref-5)