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**Labor Market Outlook:**

**March 2023**

**10 March 2023**

**UNDERSTANDING THE FACTORS BEHIND THE STRONG DECREASE IN UNEMPLOYMENT**

**Seyfettin Gürsel[[1]](#footnote-1)\*, Hamza Mutluay[[2]](#footnote-2)\*\* ,** **Mehmet Cem Şahin[[3]](#footnote-3)\*\*\***

**Executive Summary**

Since the number of unemployed persons decreased by 166 thousand and the number of employed persons increased by 354 thousand, the labor force grew by 188 thousand. As a result, the unemployment rate fell by 0.5 pp. to 9.7% in January. In August, the unemployment rate had last decreased to 9.7 percent, marking the beginning of a subsequent rise that culminated in reaching 10.2 percent by December. The seasonally adjusted female unemployment rate decreased by 0.7 pp to 13.7%, as female employment rose by 28 and unemployment dropped by 90 thousand. As for males, the seasonally adjusted unemployment rate decreased by 0.4 pp to 7.7%, following the increase in male employment (326 thousand) and the decrease in unemployment (62 thousand). Female labor force growth dropped by 62 thousand while male labor force grew by 251 thousand in January. After December, there was a further decline in the female labor force level observed in January. It is evident that the significant decrease in the female unemployment rate can be attributed to the decline in the labor force rather than an increase in employment. Following these developments, the gender gap in the unemployment rates of females and males fell by 0.3 pp to 6.0% in November.

# Strong increase in employment

According to the monthly seasonally adjusted data, the number of employed persons was up by 354 thousand MoM to 31 million 837 thousand, and the number of unemployed persons decreased by 166 thousand to 3 million 424 thousand. Following these developments, the unemployment rate experienced a notable decrease of 0.5 percentage points from December to January, reaching a level of 9.7 percent. It is worth noting that the unemployment rate had dropped to 9.7 percent in August but saw a subsequent increase to 10.2 percent in December, primarily due to the more rapid growth of the labor force compared to employment since September.

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

Source: Turkstat, Betam

# Developments in the alternative unemployment rates

Box 1 reports the methods Turkstat used to calculate the alternative unemployment rates. These measures consider both the time-related underemployment (those who are employed for less than 40 hours a week but would like to increase their working hours but fail to do so) and the potential labor force (the individuals who are neither employed nor looking for a job but wish to work).

According to the seasonally adjusted data, the general unemployment rate decreased to 9.7% in January. The level of the potential labor force dropped by 0.4 pp. to 16.7%. The combined rate of time-related underemployment and unemployment increased by 0.5 pp and reached 15.3%. The composite measure of labor underutilization, which combines the two previous alternative unemployment metrics increased by 0.6 pp. to 21.9% due to the increase of 370 thousand in time-related underemployment (Figure 2, Table 4).

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

Source: Turkstat, Betam

**Decrease in female labor force, increase in male employment**

Figure 3 shows the seasonally adjusted unemployment rate for males and females. While there was a modest increase of 28 thousand in female employment from December to January, the number of unemployed individuals decreased by 90 thousand, and the labor force saw a decline of 62 thousand. Consequently, the female unemployment rate experienced a significant decrease of 0.7 percentage points, reaching 13.7 percent in January. This sharp decline can be attributed to the loss in the labor force, as it is notable that the female labor force has been continuously decreasing (-92 thousand) since December. On the other hand, male employment increased by 326 thousand in January, accompanied by a decrease of 75 thousand in the number of unemployed males. As a result, the male unemployment rate decreased from 8.1% to 7.7% (Figure 3).

Figure 3: Seasonally adjusted unemployment rate by gender (%)

Source: Turkstat, Betam

As a result of 28 thousand increase in employment, female employment rate was up 0.1 pp. to 31.2% in January. The male employment rate continued its positive trend of growth for the third consecutive month, registering a remarkable increase of 1 pp. to reach 66.9%. This surge in male employment can be attributed to strong employment growth during the period (Figure 4).

Figure 4: 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 |
| Jan-20 | 31 938 | 27 778 | 4 160 | 13.0 | Labor Force | Employment | Unemployment |
| Feb-20 | 31 936 | 27 926 | 4 010 | 12.6 | - 2 |  148 | - 150 |
| Mar-20 | 30 282 | 26 343 | 3 939 | 13.0 | -1 654 | -1 583 | - 71 |
| Apr-20 | 29 000 | 25 078 | 3 922 | 13.5 | -1 282 | -1 265 | - 17 |
| May-20 | 29 607 | 25 586 | 4 021 | 13.6 |  607 |  508 |  99 |
| Jun-20 | 30 588 | 26 403 | 4 185 | 13.7 |  981 |  817 |  164 |
| Jul-20 | 30 463 | 26 126 | 4 337 | 14.2 | - 125 | - 277 |  152 |
| Aug-20 | 30 963 | 26 958 | 4 005 | 12.9 |  500 |  832 | - 332 |
| Sep-20 | 31 086 | 27 172 | 3 914 | 12.6 |  123 |  214 | - 91 |
| Oct-20 | 31 037 | 27 002 | 4 036 | 13.0 | - 49 | - 170 |  122 |
| Nov-20 | 31 071 | 27 026 | 4 045 | 13.0 |  34 |  24 |  9 |
| Dec-20 | 31 015 | 27 117 | 3 898 | 12.6 | - 56 |  91 | - 147 |
| Jan-21 | 31 607 | 27 647 | 3 961 | 12.5 |  592 |  530 |  63 |
| Feb-21 | 31 904 | 27 666 | 4 238 | 13.3 |  297 |  19 |  277 |
| Mar-21 | 32 599 | 28 380 | 4 220 | 12.9 |  695 |  714 | - 18 |
| Apr-21 | 32 676 | 28 278 | 4 398 | 13.5 |  77 | - 102 |  178 |
| May-21 | 32 276 | 28 007 | 4 269 | 13.2 | - 400 | - 271 | - 129 |
| Jun-21 | 32 172 | 28 620 | 3 552 | 11.0 | - 104 |  613 | - 717 |
| Jul-21 | 32 592 | 28 813 | 3 779 | 11.6 |  420 |  193 |  227 |
| Aug-21 | 32 910 | 28 997 | 3 912 | 11.9 |  318 |  184 |  133 |
| Sep-21 | 33 306 | 29 569 | 3 737 | 11.2 |  396 |  572 | - 175 |
| Oct-21 | 33 253 | 29 610 | 3 643 | 11.0 | - 53 |  41 | - 94 |
| Nov-21 | 33 323 | 29 619 | 3 704 | 11.1 |  70 |  9 |  61 |
| Dec-21 | 33 755 | 30 053 | 3 701 | 11.0 |  432 |  434 | - 3 |
| Jan-22 | 33 791 | 29 995 | 3 796 | 11.2 |  36 | - 58 |  95 |
| Feb-22 | 33 573 | 29 951 | 3 622 | 10.8 | - 218 | - 44 | - 174 |
| Mar-22 | 33 832 | 30 030 | 3 802 | 11.2 |  259 |  79 |  180 |
| Apr-22 | 34 223 | 30 436 | 3 787 | 11.1 |  391 |  406 | - 15 |
| May-22 | 34 583 | 30 850 | 3 733 | 10.8 |  360 |  414 | - 54 |
| Jun-22 | 34 270 | 30 711 | 3 559 | 10.4 | - 313 | - 139 | - 174 |
| Jul-22 | 33 985 | 30 522 | 3 463 | 10.2 | - 285 | - 189 | - 96 |
| Aug-22 | 34 417 | 31 076 | 3 340 | 9.7 |  432 |  554 | - 123 |
| Sep-22 | 34 457 | 31 028 | 3 429 | 10.0 |  40 | - 48 |  89 |
| Oct-22 | 34 574 | 31 107 | 3 467 | 10.0 |  117 |  79 |  38 |
| Nov-22 | 35 114 | 31 584 | 3 530 | 10.1 |  540 |  477 |  63 |
| Dec-22 | 35 072 | 31 483 | 3 590 | 10.2 | - 42 | - 101 |  60 |
| Jan-23 | 35 260 | 31 837 | 3 424 | 9.7 |  188 |  354 | - 166 |

 Source: Turkstat, Betam

Table 2: 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 (%) | Composite Measure of Labor Underutilization (in thousand) |
| Jan-20 | 13.0 | 4 160 | 15.6 |  822 | 19.0 | 2 356 | 21.4 | 7 338 |
| Feb-20 | 12.6 | 4 010 | 14.8 |  717 | 18.5 | 2 329 | 20.6 | 7 056 |
| Mar-20 | 13.0 | 3 939 | 16.0 |  906 | 20.4 | 2 812 | 23.2 | 7 657 |
| Apr-20 | 13.5 | 3 922 | 18.4 | 1 414 | 23.5 | 3 782 | 27.8 | 9 118 |
| May-20 | 13.6 | 4 021 | 19.3 | 1 693 | 24.4 | 4 237 | 29.4 | 9 951 |
| Jun-20 | 13.7 | 4 185 | 17.4 | 1 137 | 22.7 | 3 569 | 26.1 | 8 891 |
| Jul-20 | 14.2 | 4 337 | 18.3 | 1 238 | 22.5 | 3 248 | 26.2 | 8 823 |
| Aug-20 | 12.9 | 4 005 | 16.9 | 1 228 | 21.5 | 3 378 | 25.1 | 8 611 |
| Sep-20 | 12.6 | 3 914 | 15.8 |  998 | 21.2 | 3 396 | 24.1 | 8 308 |
| Oct-20 | 13.0 | 4 036 | 17.3 | 1 333 | 21.8 | 3 491 | 25.7 | 8 861 |
| Nov-20 | 13.0 | 4 045 | 17.0 | 1 237 | 23.0 | 4 028 | 26.6 | 9 310 |
| Dec-20 | 12.6 | 3 898 | 17.7 | 1 592 | 23.8 | 4 572 | 28.3 | 10 061 |
| Jan-21 | 12.5 | 3 961 | 20.0 | 2 360 | 22.8 | 4 204 | 29.3 | 10 525 |
| Feb-21 | 13.3 | 4 238 | 19.7 | 2 047 | 22.4 | 3 748 | 28.1 | 10 033 |
| Mar-21 | 12.9 | 4 220 | 18.0 | 1 648 | 21.0 | 3 324 | 25.5 | 9 192 |
| Apr-21 | 13.5 | 4 398 | 19.5 | 1 974 | 21.6 | 3 393 | 27.0 | 9 765 |
| May-21 | 13.2 | 4 269 | 19.3 | 1 960 | 21.7 | 3 493 | 27.2 | 9 722 |
| Jun-21 | 11.0 | 3 552 | 15.0 | 1 274 | 19.1 | 3 205 | 22.7 | 8 031 |
| Jul-21 | 11.6 | 3 779 | 16.0 | 1 436 | 19.3 | 3 112 | 23.3 | 8 327 |
| Aug-21 | 11.9 | 3 912 | 15.0 | 1 025 | 18.9 | 2 846 | 21.7 | 7 782 |
| Sep-21 | 11.2 | 3 737 | 14.9 | 1 226 | 18.3 | 2 886 | 21.6 | 7 849 |
| Oct-21 | 11.0 | 3 643 | 15.4 | 1 478 | 18.5 | 3 078 | 22.6 | 8 199 |
| Nov-21 | 11.1 | 3 704 | 15.3 | 1 394 | 18.2 | 2 886 | 22.1 | 7 984 |
| Dec-21 | 11.0 | 3 701 | 15.2 | 1 430 | 18.6 | 3 166 | 22.4 | 8 297 |
| Jan-22 | 11.2 | 3 796 | 15.5 | 1 442 | 18.8 | 3 149 | 22.7 | 8 386 |
| Feb-22 | 10.8 | 3 622 | 14.9 | 1 380 | 18.2 | 3 042 | 21.9 | 8 044 |
| Mar-22 | 11.2 | 3 802 | 15.5 | 1 442 | 18.5 | 3 015 | 22.4 | 8 259 |
| Apr-22 | 11.1 | 3 787 | 14.6 | 1 210 | 18.3 | 3 030 | 21.5 | 8 027 |
| May-22 | 10.8 | 3 733 | 15.9 | 1 766 | 17.6 | 2 856 | 22.3 | 8 355 |
| Jun-22 | 10.4 | 3 559 | 14.0 | 1 239 | 17.2 | 2 821 | 20.6 | 7 618 |
| Jul-22 | 10.2 | 3 463 | 15.2 | 1 703 | 18.0 | 3 237 | 22.6 | 8 403 |
| Aug-22 | 9.7 | 3 340 | 13.4 | 1 272 | 16.4 | 2 756 | 19.8 | 7 368 |
| Sep-22 | 10.0 | 3 429 | 13.8 | 1 326 | 16.6 | 2 747 | 20.1 | 7 502 |
| Oct-22 | 10.0 | 3 467 | 14.1 | 1 408 | 16.5 | 2 680 | 20.2 | 7 555 |
| Nov-22 | 10.1 | 3 530 | 14.2 | 1 456 | 16.8 | 2 848 | 20.7 | 7 834 |
| Dec-22 | 10.2 | 3 590 | 14.8 | 1 601 | 17.1 | 2 904 | 21.3 | 8 095 |
| Jan-23 | 9.7 | 3 424 | 15.3 | 1 971 | 16.7 | 2 958 | 21.9 | 8 353 |

 Source: Turkstat, Betam

Table 3: Seasonally adjusted female and male labor market indicators (thousands)

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|   | Female labor force | Female employment | Female unemployment | Male labor force | Male employment | Male unemployment | Female LFPR | Female Employment Rate | Male LFPR | Male Employment Rate |
| Jan-20 | 10 411 | 8 742 | 1 669 | 21 528 | 19 036 | 2 492 | 33.2 | 27.9 | 70.3 | 62.1 |
| Feb-20 | 10 314 | 8 841 | 1 473 | 21 623 | 19 086 | 2 537 | 32.8 | 28.1 | 70.4 | 62.2 |
| Mar-20 | 9 412 | 8 020 | 1 391 | 20 870 | 18 323 | 2 547 | 29.9 | 25.5 | 67.9 | 59.6 |
| Apr-20 | 9 144 | 7 863 | 1 281 | 19 855 | 17 215 | 2 640 | 29.0 | 25.0 | 64.4 | 55.9 |
| May-20 | 9 331 | 8 004 | 1 327 | 20 276 | 17 582 | 2 693 | 29.6 | 25.4 | 65.7 | 57.0 |
| Jun-20 | 9 648 | 8 151 | 1 497 | 20 940 | 18 251 | 2 689 | 30.5 | 25.8 | 67.7 | 59.0 |
| Jul-20 | 9 861 | 8 302 | 1 559 | 20 602 | 17 824 | 2 778 | 31.2 | 26.2 | 66.5 | 57.5 |
| Aug-20 | 9 916 | 8 452 | 1 463 | 21 048 | 18 506 | 2 542 | 31.3 | 26.7 | 67.8 | 59.6 |
| Sep-20 | 9 807 | 8 387 | 1 420 | 21 279 | 18 785 | 2 494 | 30.9 | 26.4 | 68.4 | 60.4 |
| Oct-20 | 9 674 | 8 232 | 1 442 | 21 363 | 18 770 | 2 593 | 30.4 | 25.9 | 68.6 | 60.2 |
| Nov-20 | 9 565 | 8 164 | 1 402 | 21 506 | 18 862 | 2 644 | 30.1 | 25.7 | 68.9 | 60.4 |
| Dec-20 | 9 724 | 8 374 | 1 350 | 21 291 | 18 744 | 2 547 | 30.5 | 26.3 | 68.1 | 59.9 |
| Jan-21 | 10 057 | 8 605 | 1 451 | 21 551 | 19 041 | 2 510 | 31.5 | 27.0 | 68.8 | 60.8 |
| Feb-21 | 10 265 | 8 697 | 1 568 | 21 639 | 18 969 | 2 670 | 32.1 | 27.2 | 69.0 | 60.5 |
| Mar-21 | 10 184 | 8 542 | 1 642 | 22 415 | 19 837 | 2 578 | 31.8 | 26.7 | 71.4 | 63.2 |
| Apr-21 | 10 510 | 8 870 | 1 640 | 22 165 | 19 408 | 2 758 | 32.8 | 27.7 | 70.5 | 61.7 |
| May-21 | 10 145 | 8 588 | 1 557 | 22 131 | 19 419 | 2 712 | 31.6 | 26.8 | 70.3 | 61.7 |
| Jun-21 | 10 276 | 8 826 | 1 451 | 21 896 | 19 794 | 2 102 | 32.0 | 27.5 | 69.5 | 62.8 |
| Jul-21 | 10 796 | 9 246 | 1 549 | 21 797 | 19 567 | 2 230 | 33.5 | 28.7 | 69.1 | 62.0 |
| Aug-21 | 10 704 | 9 110 | 1 594 | 22 205 | 19 887 | 2 318 | 33.2 | 28.3 | 70.3 | 63.0 |
| Sep-21 | 10 939 | 9 374 | 1 566 | 22 366 | 20 195 | 2 171 | 33.9 | 29.0 | 70.7 | 63.8 |
| Oct-21 | 10 953 | 9 448 | 1 505 | 22 300 | 20 162 | 2 138 | 33.9 | 29.2 | 70.4 | 63.7 |
| Nov-21 | 10 921 | 9 331 | 1 590 | 22 402 | 20 287 | 2 114 | 33.7 | 28.8 | 70.6 | 64.0 |
| Dec-21 | 11 141 | 9 637 | 1 504 | 22 614 | 20 416 | 2 198 | 34.4 | 29.7 | 71.2 | 64.3 |
| Jan-22 | 11 186 | 9 664 | 1 521 | 22 605 | 20 331 | 2 275 | 34.5 | 29.8 | 71.1 | 64.0 |
| Feb-22 | 11 075 | 9 579 | 1 496 | 22 499 | 20 372 | 2 127 | 34.1 | 29.5 | 70.7 | 64.0 |
| Mar-22 | 10 914 | 9 371 | 1 544 | 22 918 | 20 660 | 2 258 | 33.5 | 28.8 | 71.9 | 64.8 |
| Apr-22 | 11 369 | 9 728 | 1 641 | 22 854 | 20 708 | 2 147 | 34.9 | 29.9 | 71.6 | 64.9 |
| May-22 | 11 517 | 9 941 | 1 576 | 23 066 | 20 909 | 2 156 | 35.3 | 30.5 | 72.2 | 65.5 |
| Jun-22 | 11 451 | 9 878 | 1 573 | 22 819 | 20 833 | 1 986 | 35.1 | 30.3 | 71.3 | 65.1 |
| Jul-22 | 11 337 | 9 835 | 1 502 | 22 648 | 20 687 | 1 960 | 34.7 | 30.1 | 70.7 | 64.6 |
| Aug-22 | 11 530 | 10 091 | 1 438 | 22 887 | 20 985 | 1 902 | 35.2 | 30.8 | 71.4 | 65.4 |
| Sep-22 | 11 548 | 10 088 | 1 460 | 22 909 | 20 940 | 1 969 | 35.2 | 30.8 | 71.4 | 65.2 |
| Oct-22 | 11 630 | 10 101 | 1 530 | 22 944 | 21 007 | 1 937 | 35.5 | 30.8 | 71.4 | 65.4 |
| Nov-22 | 11 977 | 10 430 | 1 546 | 23 138 | 21 154 | 1 984 | 36.5 | 31.8 | 71.9 | 65.7 |
| Dec-22 | 11 947 | 10 232 | 1 715 | 23 125 | 21 251 | 1 874 | 36.3 | 31.1 | 71.8 | 65.9 |
| Jan-23 | 11 885 | 10 260 | 1 625 | 23 376 | 21 577 | 1 799 | 36.1 | 31.2 | 72.5 | 66.9 |

Source: Turkstat, Betam

**Box 1: Definitions of alternative unemployment rates[[4]](#footnote-4)**

**The time-related underemployment**: Persons employed in the reference week who worked less than 40 hours in 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 =**

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

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

 [(persons in unemployment + potential labor force)/ (labor force+ potential labor force)] x 100

**4) Composite measure of labor underutilization =**

[(persons in time-related underemployment + persons in unemployment + potential labor force) / (labor force+ potential labor force)] x 100

1. \* Prof. Dr. Seyfettin Gürsel, Betam, Director, seyfettin.gursel@eas.bau.edu.tr [↑](#footnote-ref-1)
2. \*\* Hamza Mutluay, Betam, Research Assistant, hamza.mutluay@eas.bau.edu.tr [↑](#footnote-ref-2)
3. \*\*\*Mehmet Cem Şahin, Betam, Research Assistant, mehmetcem.sahin@eas.bau.edu.tr [↑](#footnote-ref-3)
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