

## UNDERSTANDING THE FACTORS BEHIND THE STRONG DECREASE IN UNEMPLOYMENT

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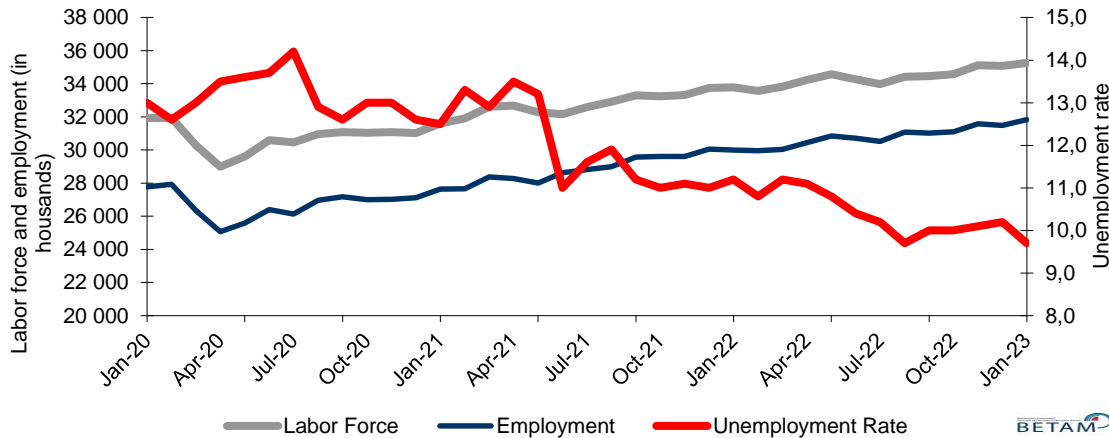
### Executive Summary

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

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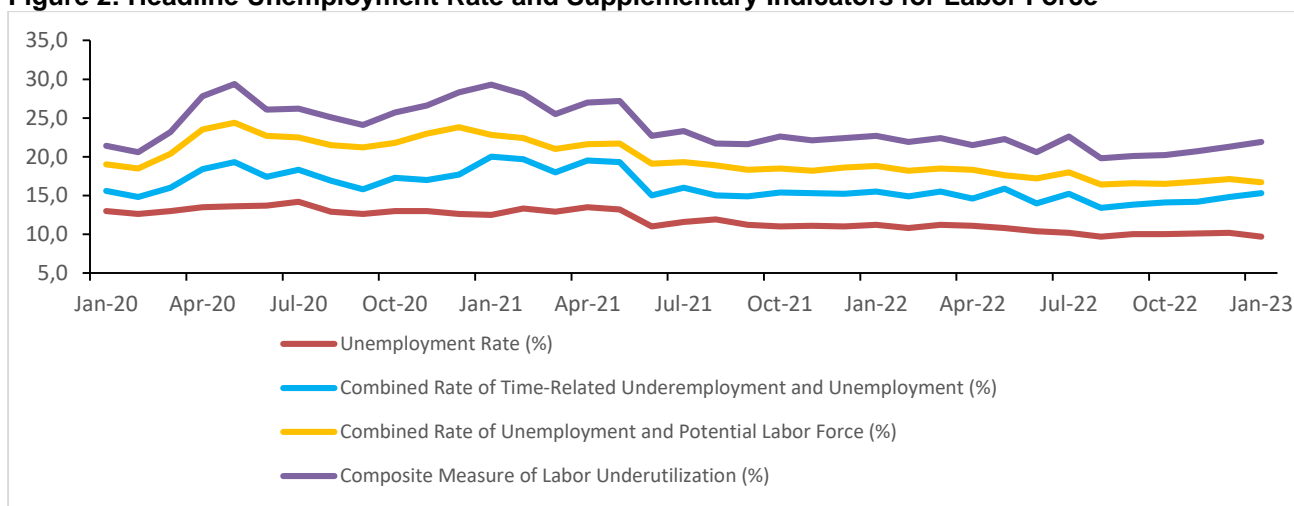
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## Developments in the alternative unemployment rates

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**

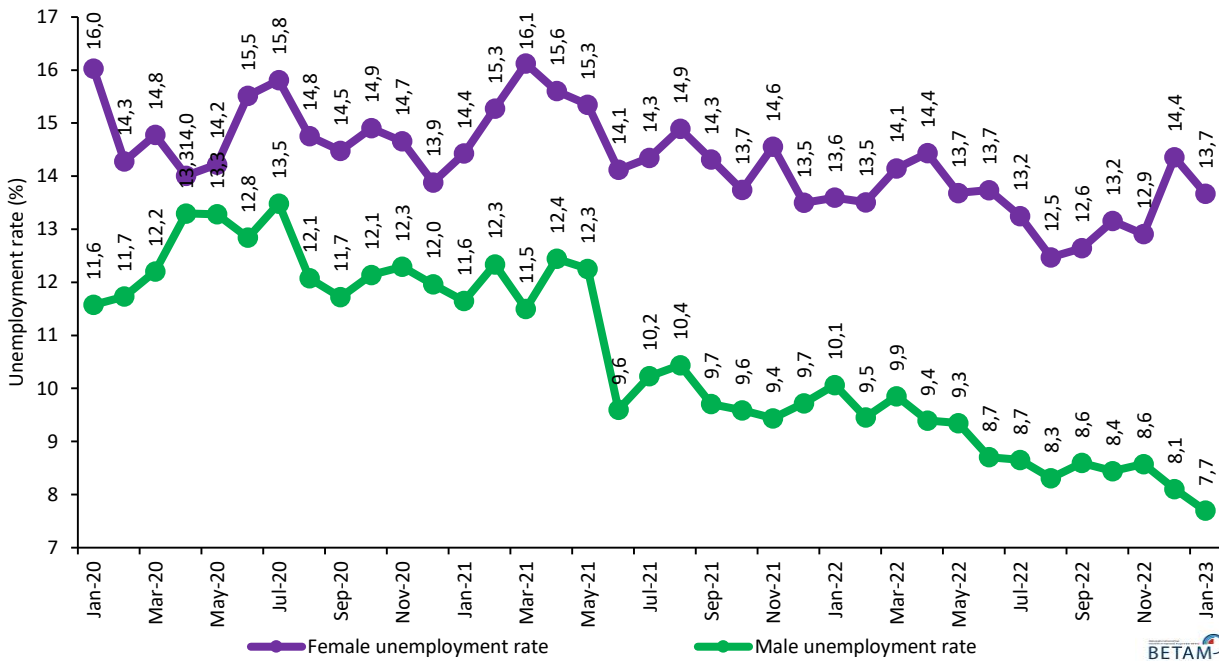


Source: Turkstat, Betam

## 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).

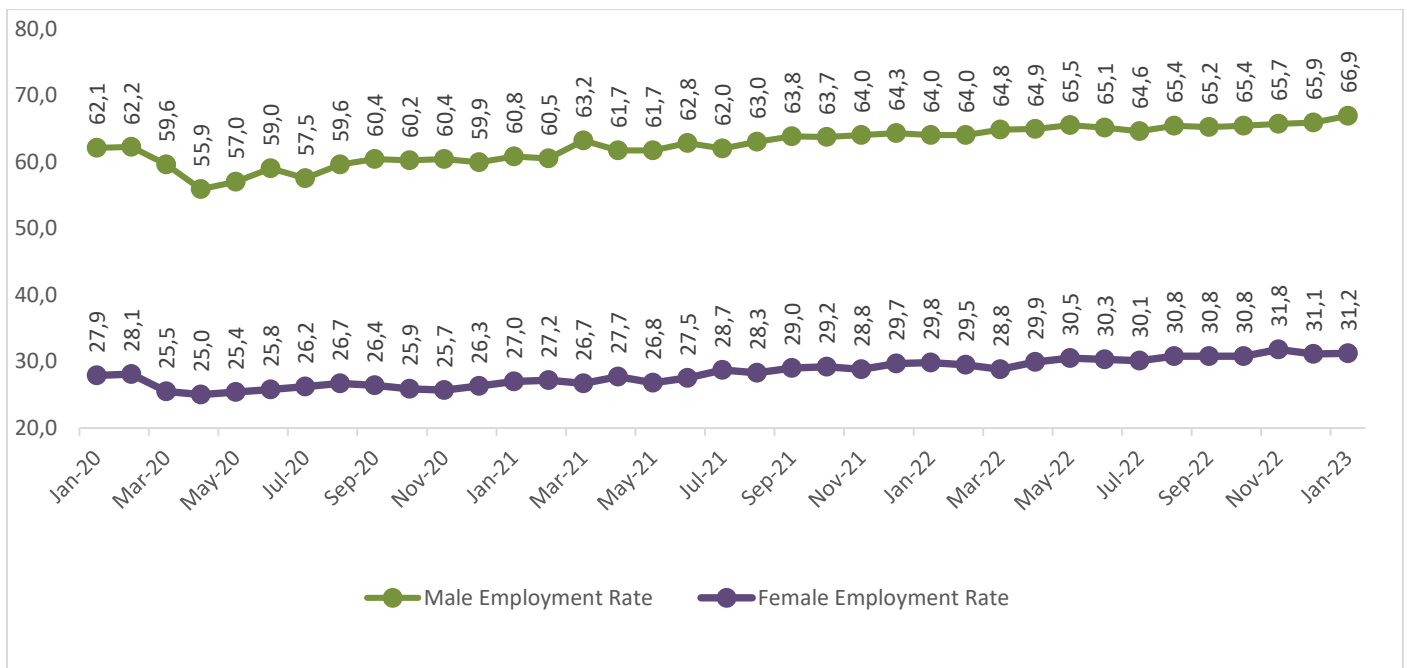
**Figure 3: Seasonally adjusted unemployment rate by gender (%)**



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		
					Labor Force	Employment	Unemployment
Jan-20	31 938	27 778	4 160	13.0			
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<sup>1</sup>

**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 =**

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

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

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

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

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

<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>