

## Earthquake affected provinces display job creation amid overall employment losses

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### Executive summary

BETAM starts a new monthly brief series with information from the Social Security Institute on formal employment. It worths to note that this data allows the monitoring of employment at the provincial level. Türkiye has attested the destruction of 645,941 formal jobs since September 2024 until the end of February 2025. The slump, even though expected due to the low season in the tourism sector, has also probably affected by a negative economic outlook and economic uncertainty. On the one hand, strong employment falls have been observed in Antalya, Istanbul, Muğla and İzmir. On the other hand, the earthquake affected region is experimenting a worth noting economic recovery in the form of employment generation. Employment losses in high value-added economic activities such as those related to consultancy services (not related to tourism) are interpreted as a negative signal for the coming months.

### Introduction

BETAM starts a new monthly brief series with information from the Social Security Institute. Availability of detailed and reliable employment figures by province, by economic activity and by type of contract is ideal to better understand the latest changes that occur in the labour market. This depth in knowledge allows us to monitor the economic recovery in the provinces affected by the February 2023 earthquakes, the economic activities that lead employment losses or gains, and the impact of tourism in local unemployment among other issues. This brief has changed the data source from Turkstat's HLFS to SGK monthly reports. Evidence regarding the lack of reliability of the HLFS's monthly reports together with its lack of provincial disaggregation makes Turkstat's monthly report hard to translate to policy relevant language. In addition, the steady increase in Türkiye's formal employment dispels the major critique regarding the use of formal employment data, the fact that not all workers are included. All together, these facts and BETAM's willingness to provide meaningful, reliable and policy relevant analysis prompted to this shift in data sources.

### The fall is stronger than expected

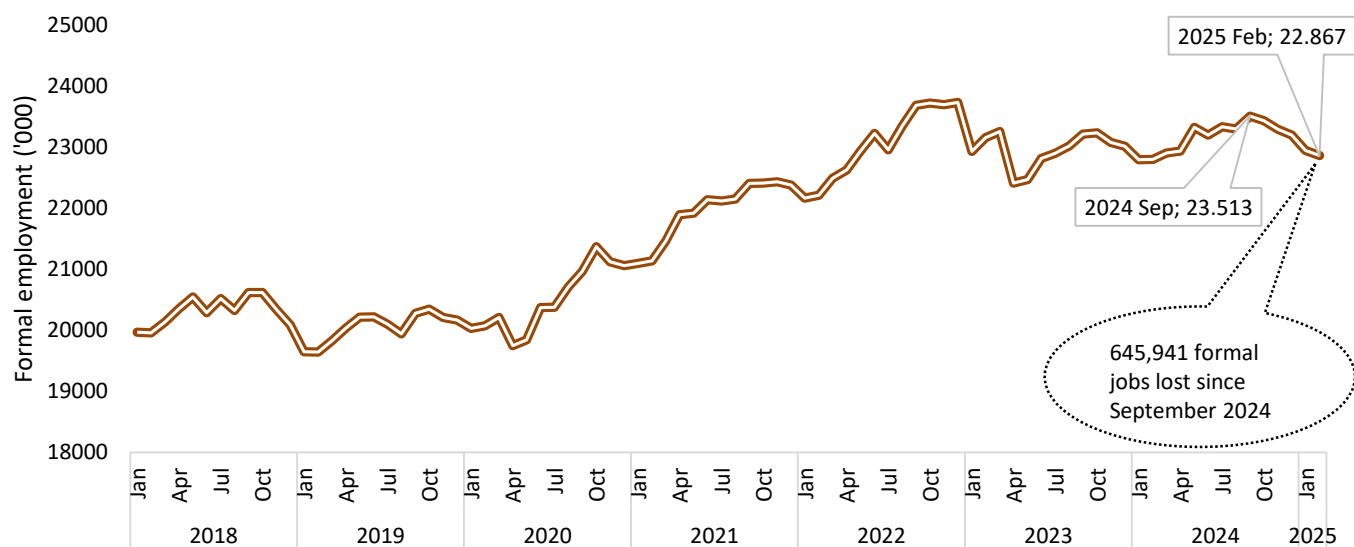
Employment growth has been dismal since 2016, affected by an economic crisis in 2019, and with a COVID-19 impact that is not even reflected on official figures due to the regulations enacted during the pandemic banning dismissals. The most recent employment growth spurt occurred right after the pandemic, bringing employment back to its more

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likely long-term path but that has now been halted again with the country experimenting a current loss of 645,941 job, which is equal to 4,1% of total jobs, losses since September 2024 until February 2025.

**Figure 1 : Number of compulsory insured employees**

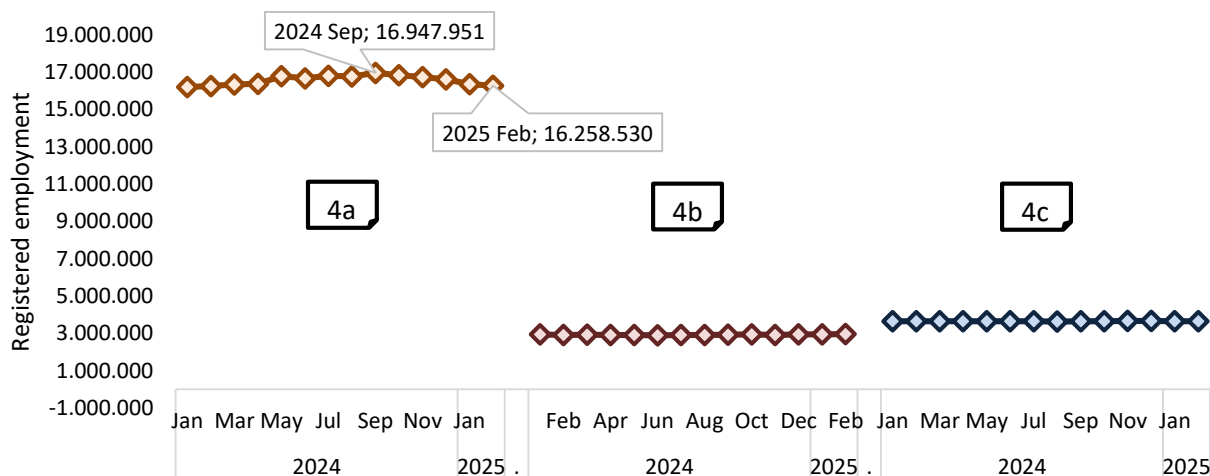


Kaynak: SGK and Betam own calculations.

## Source of the decrease

**Category.** The observed employment loss is entirely attributable to job destruction among private sector employees (4a), with self-employment (4b) and civil servant (4c) figures left untouched as it can be seen in Figure 2.

**Figure 2 : Employment level by category**

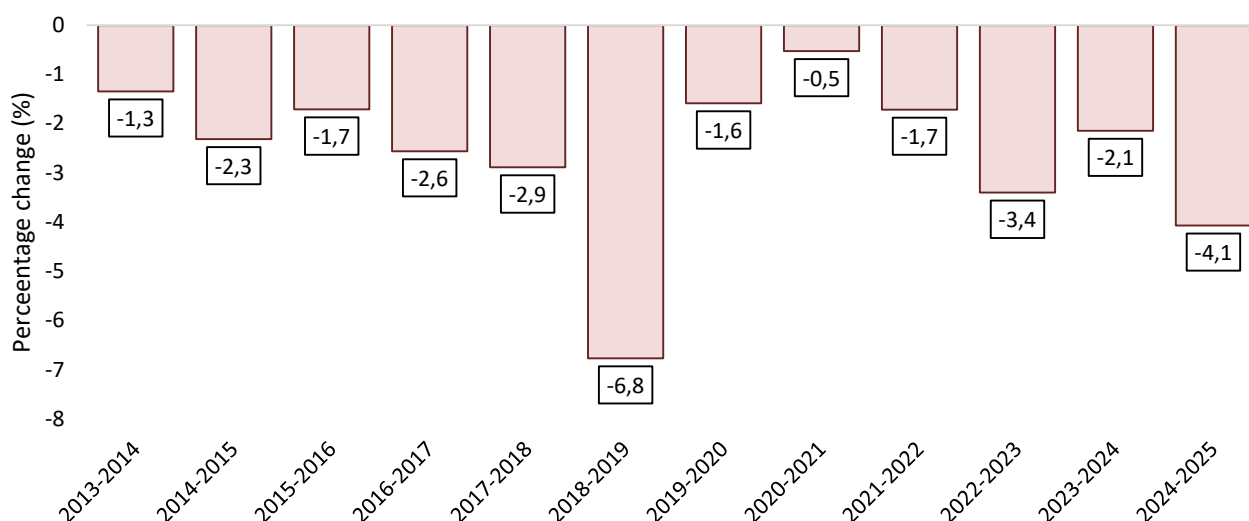


Source: SGK and Betam's own calculations. Notes: 4a refers to private sector employees, 4b to self-employed individuals and 4c to civil servants.

At 4.1 percentage points, it is worth noting that the September-February drop is the second largest one in the last decade. The largest fall is the one attested during the 2018-2019 economic crisis (Figure 3) that stood at 6.8 percentage points, probably led by a decrease in the tourism sector, paired with a weak construction sector and followed by other economic activities. That is, this year's employment losses suggest we may be going through a soft crisis that is being

contained, for now. On an annual basis, Türkiye has witnessed the creation of 64,515 formal jobs among private sector workers, reflecting a modest yet notable growth of 0.3% in total employment.

**Figure 3: Change (%) in the number of formal private sector employees**



Source: SGK and Betam's own calculations. Notes: The figure shows the percentage change in employment from September to February of the respective year.

**Economic activity.** The low season in the tourism sector explains sharp drops in the hospitality sector as well as -more moderate- negative impacts in the bar and restaurants as well as the retail sales sector. Interestingly sectors not so related to tourism also suffered falls in activity, with the metal manufacturing and consultancy services leading the losses. The construction sector is also on a slump, but only with regards to the services related to the construction of buildings and infrastructures; activities related to home services (plumbing, electrical works) have not been affected. The education sector is the remarkable exception in terms of employment generation during the 6-month period under analysis.

**Table 1. Main changes in employment by activity (September 2024-January 2025)**

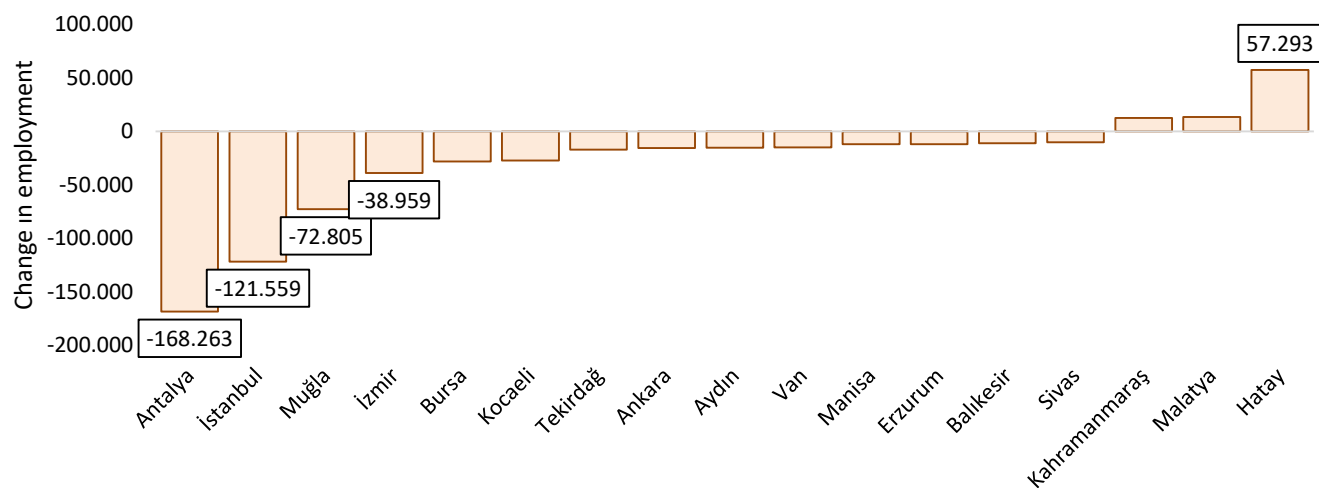
Activity	% change	Drop in employment	Activity	% change	Rise in employment
Hospitality	-39.8	-202,255	Education	7.3	45,230
Construction	-6.5	-131,701	Cleaners in households	16.2	5,043
Retail sale	-2.6	-40,037	Activities of law and accounting	2.1	3,205
Restaurants	-5.3	-26,032	Cinema	7.7	1,615
Services to buildings and landscapes	-2.5	-22,068			
Consultancy services	-4.1	-20,930			
Manufacturing of metals	-5.9	-18,731			

Source: SGK and Betam's own calculations.

**Provincial distribution.** Most provinces, especially those with close links to the tourism sector has experimented strong seasonal declines in employment since September. This seasonal ranking is led by Antalya with a decrease in formal employment of 168 thousand, Istanbul at 121 thousand and Muğla with 72 thousand. It is also remarkable to observe strong employment growth in the area affected by the 2023 earthquake. Three of the four most punished

provinces experienced positive employment growth in spite of the negative national employment outlook, with Hatay leading the way with the creation of more than 57 thousand jobs.

**Table 1. Main changes in employment by province (September 2024-February 2025)**



Source: SGK and Betam's own calculations.