

STRONG INCREASES CONTINUE BOTH IN EMPLOYMENT AND IN LABOR FORCE

Seyfettin Gürsel* Gökçe Uysal** ve Ayşenur Acar***

Abstract

According to the labor market data released by TurkSTAT, we observe sizeable increases in non-agricultural employment. However, unemployment on a year-on-year basis increased due to strong increases in labor force. Seasonally adjusted labor market data shows that the monthly unemployment rate has been stagnating. Non-agricultural unemployment rate remains at its previous level in the period of December 2012, i.e. it is still at 11.8 percent. Application per vacancy calculated by using Kariyer.net series indicates that stagnation in the non-agricultural unemployment rate will continue.

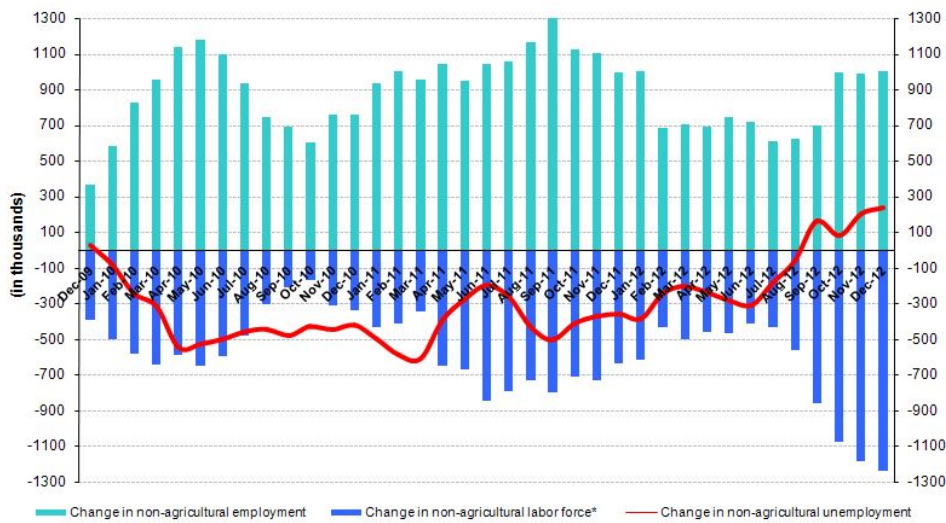
LABOR MARKET HIGHLIGHT Boom in Female Employment

A strong increase in female labor force participation is the pushing factor behind the increase in labor force. Parallel to this, we observe increases in both share of female employment in total employment and share of wage-earners in non-agricultural female employment. Despite this, we underline higher decline in female unemployment rate than total unemployment rate. This development shows that the common belief that increasing female labor force participation increases unemployment is unfounded.

Annual increase in non-agricultural labor force has been strengthening

According to the data released by TurkSTAT, non-agricultural labor force increased by 1 million 237 thousand (6 percent), the non-agricultural employment increased by 1 million one thousand (5.5 percent) and non-agricultural unemployment increased by 236 thousand to 2 million 701 thousand persons in the period of December 2012 on a year-on-year basis (Figure 1). Despite an increase of over 1 million in non-agricultural employment, an even stronger increase in the non-agricultural labor force leads to an increase in non-agricultural unemployment.

Figure 1 Year-on-year changes in non-agricultural labor force, employment and unemployment



Source: TurkSTAT, **Betam**

* Prof. Dr. Seyfettin Gürsel, Betam, Director, seyfettin.gursel@bahcesehir.edu.tr

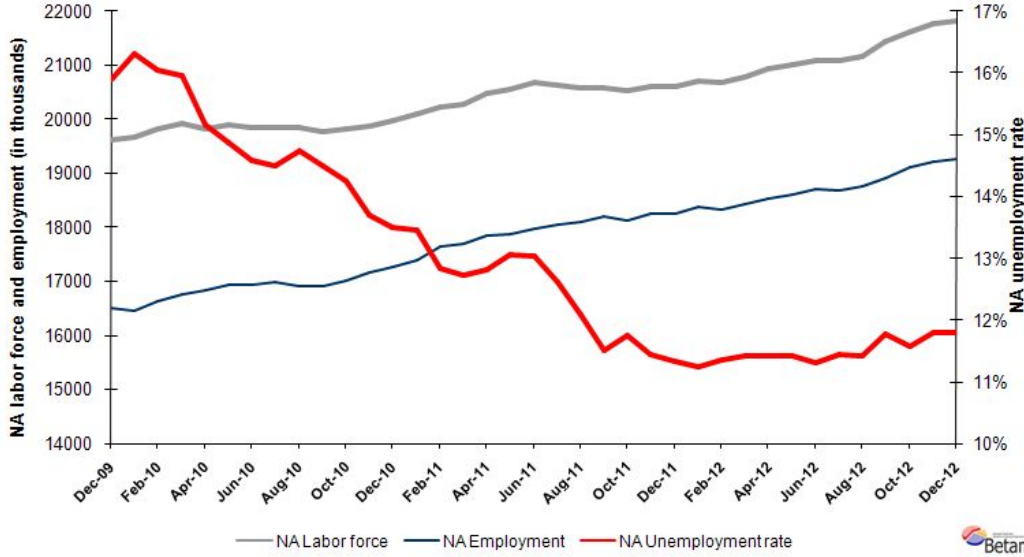
** Yrd. Doç. Dr. Gökçe Uysal, Betam, Vice Director, gokce.uysal@bahcesehir.edu.tr

*** Ayşenur Acar, Betam, Research Assistant, aysenur.acar@bahcesehir.edu.tr

Stagnation in seasonally adjusted non-agricultural unemployment continues

According to seasonally adjusted data, the non-agricultural labor force increased by 50 thousand to reach 21 million 829 thousand in the period of December 2012 compared to the period of November 2012 (Figure 2, Table 1). Non-agricultural employment increased by 44 thousand to reach 19 million 256 thousand. Consequently, the number of persons unemployed in non-agricultural sectors increased by 6 thousand and non-agricultural unemployment rate remained at 11.8 percent.

Figure 2 Seasonally adjusted non-agricultural labor force, employment and unemployment

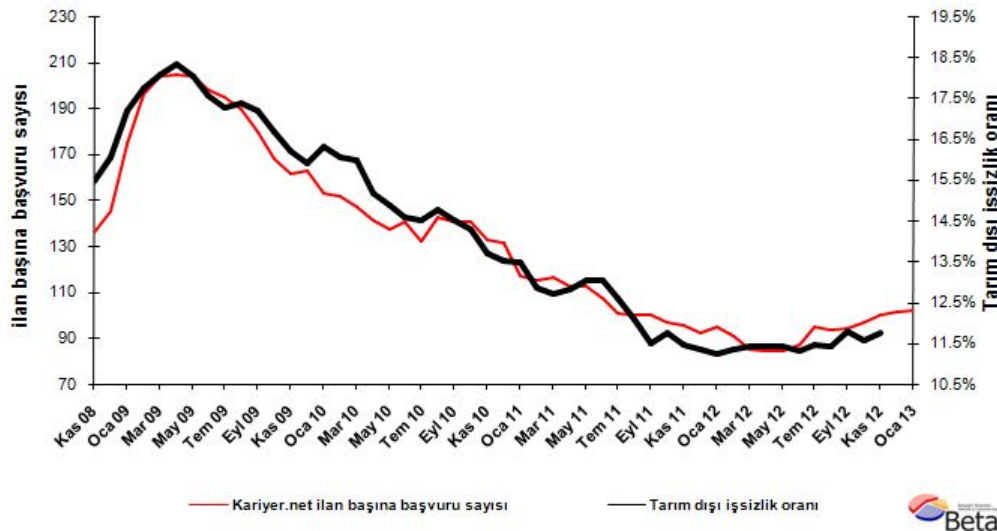


Source: TurkStat, **Betam**

According to Kariyer.net data, stagnation in non-agricultural unemployment continues

Application per vacancy calculated by using series released by Kariyer.net indicates that the stagnation in non-agricultural unemployment rate will continue in the period of January 2013.¹

Figure 1 Seasonally adjusted non-agricultural unemployment rate and application per vacancy



Source: Kariyer.net, TurkStat, **Betam**

¹ Betam has been calculating application per vacancy using series released by Kariyer.net for a while. Seasonal and calendar adjustment procedure is applied to application per vacancy series. A decrease in applications per vacancy may be caused by an increase in vacancies or by a decrease in the number of applications. An increase in vacancies signals economic growth while decreasing number of applications indicates a decrease in number of people looking for a job.

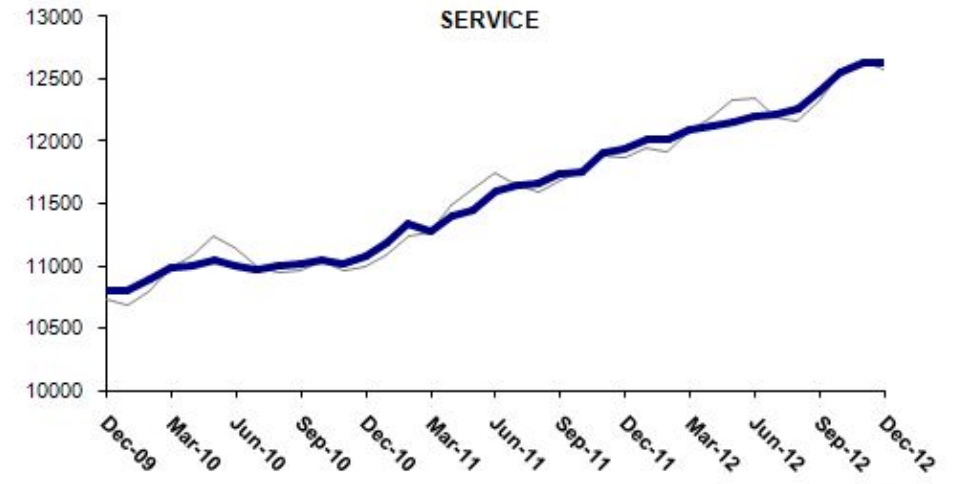
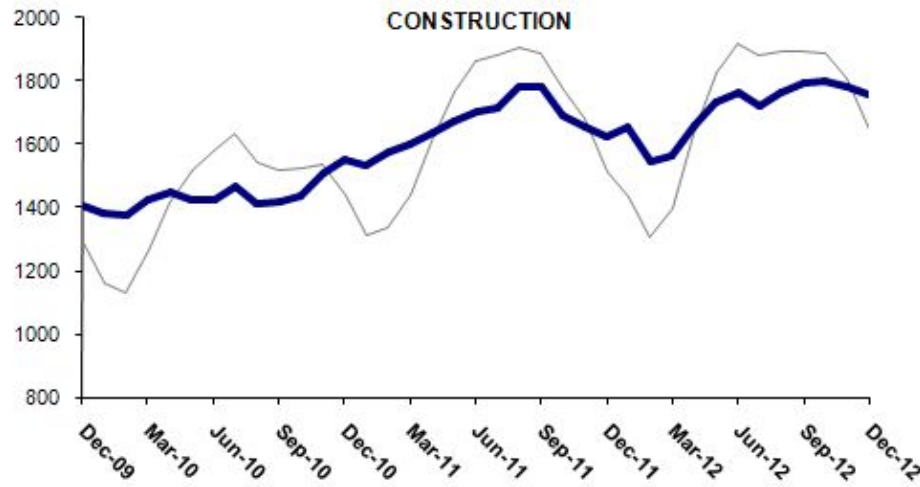
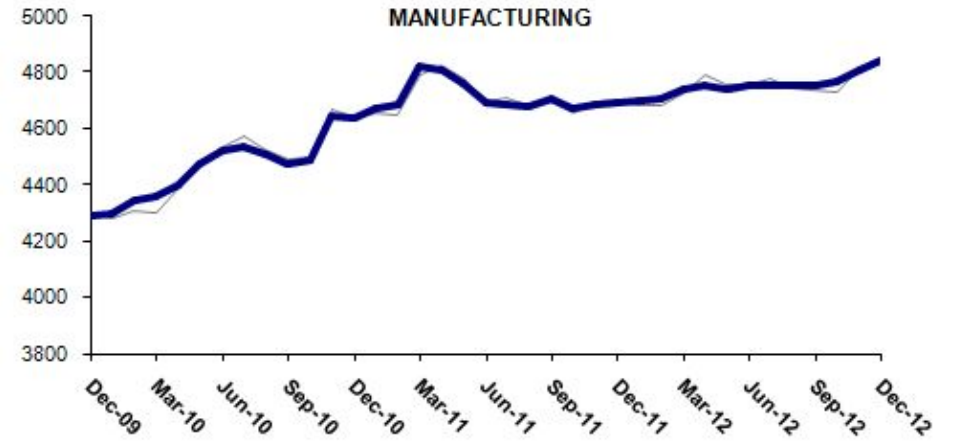
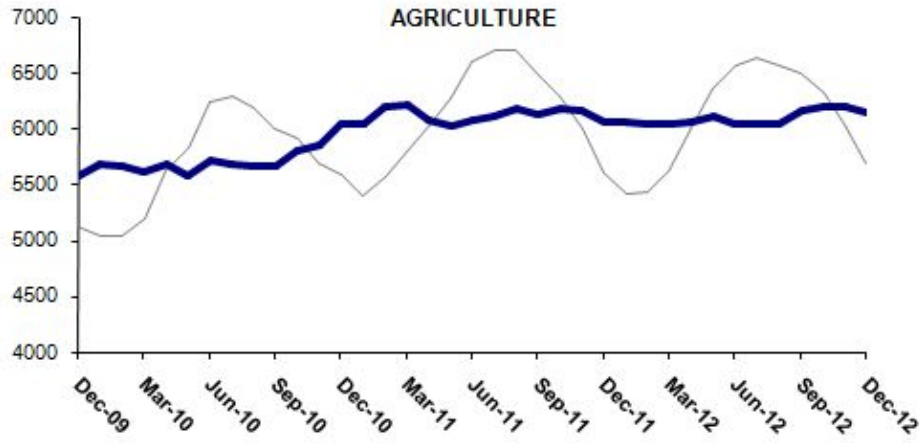
Manufacturing employment increased by 37 thousand

Seasonally adjusted data shows that employment in manufacturing increased by 37 thousand, while employment in services increased only by 7 thousand in the period of December 2012 compared to the period of November 2012 (Table 2, Figure 4).² Employment in construction decreased by 24 thousand during the same period. When we consider the slight increase in the manufacturing production index, the increase in manufacturing employment is surprising, especially given that it has been stagnating for some time. However, we observe that employment in services stagnated in the period of December 2012. Let us keep a closer watch on this as the increase in services has been strong over a prolonged period.

Stagnation in agricultural employment continues in the period of December 2012. Structural transformation dictates that employment and production both shift away from agriculture towards non-agricultural sectors. We had observed just the opposite from 2008 to 2011 as both increased. This seems to have stopped two years ago. However, we still do not observe a decline in agricultural employment.

² Employment in each sector is seasonally adjusted separately. Hence the sum of these series may differ from the seasonally adjusted series of total employment. The difference stems from the non-linearity of the seasonal adjustment process.

Figure 2 Employment by sectors (in thousands)³



Source: TurkStat, Betam

³ Grey lines indicate seasonally adjusted series, where dark blue lines represent raw data.

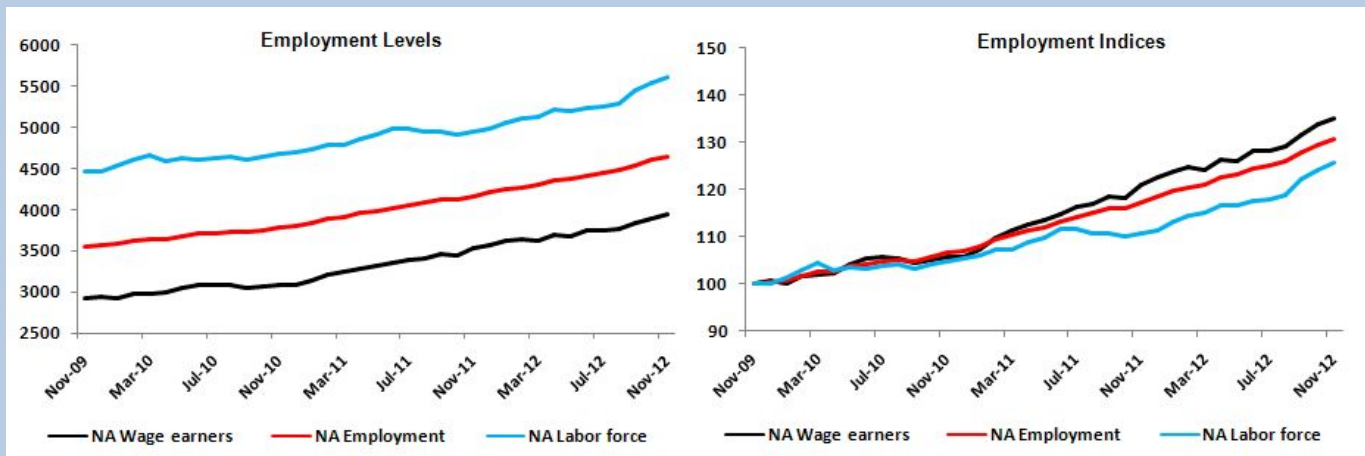
LABOR MARKET HIGHLIGHT Boom in Female Employment

We had observed strong increases in employment due to the high GDP growth rate after the crisis. We also know that the increases are mostly observed in non-agricultural sectors, especially in services. A less known fact is that the increase in female employment is main pushing force behind this development. Female labor force participation in non-agricultural sectors has accelerated after the crisis. Nevertheless, female unemployment rate decreased in line with the total unemployment rate. This shows that common belief that female unemployment increases with female labor force participation is unfounded.

Female labor force and employment have been rapidly increasing for 3 years

Figure A presents the evolution of seasonally adjusted non-agricultural female labor force, non-agricultural female employment and female wage earners from November 2009 to November 2012. Data points to an acceleration in the increase in non-agricultural female labor force. There are substantial increases in total female employment and female wage earners as well.

Figure A Seasonally adjusted female non-agricultural labor force and non-agricultural employment



Source: TurkStat; **Betam**

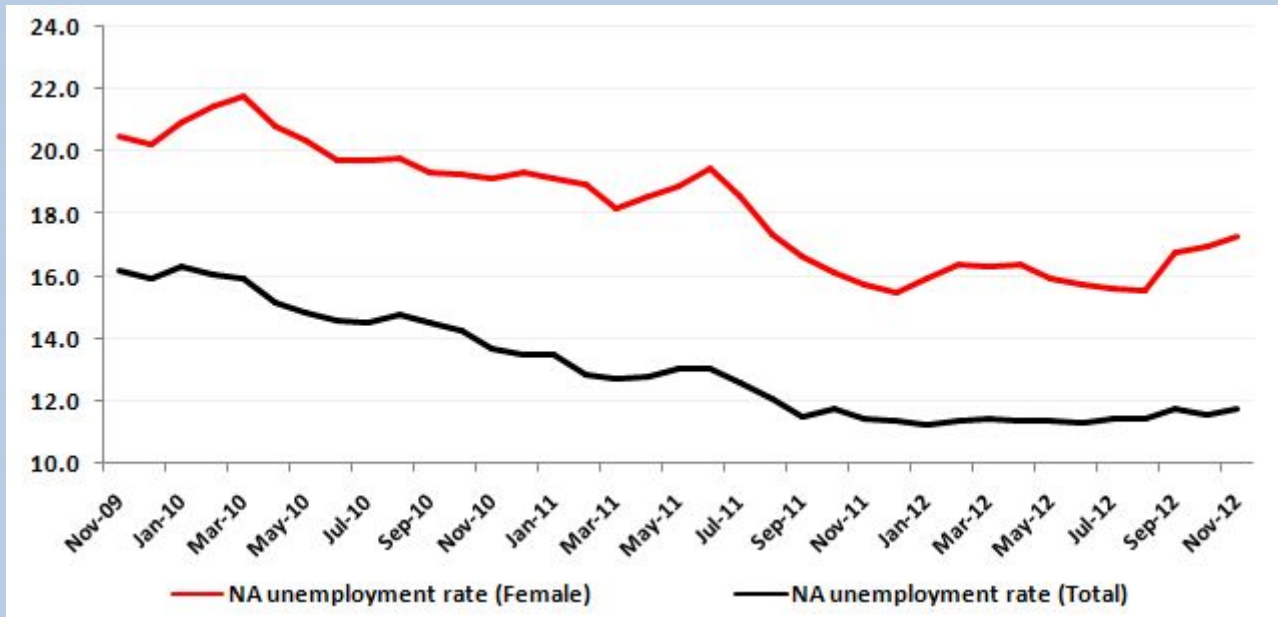
Let us examine these increases more closely by creating indices in which November 2009 constitutes the base. According to indices presented in Figure A, increase in employment has been considerably moving over the increase in labor force since the 4th quarter of 2010. While labor force increased by 26 percent in three years, employment increased by 31 percent. In other words, average annual increase in female employment is 9.5 percent, which is considerably higher than that before the crisis.

Another positive development is the increase in the share of female wage earners in total female employment. During the crisis, female employment increased among the self –employed group due to the added worker effect. Surprisingly, the recent increase is among the wage earners. Share of female wage earners in female non-agricultural employment increased from 82 percent in the period of November 2009 to 85 percent in the period of November 2012.

Decreasing trend in female unemployment rate

We underline that decline in female unemployment rate is due to a higher increase in employment than that in the labor force. Figure B presents the seasonally adjusted female non-agricultural and total non-agricultural unemployment rates. The data indicates that female non-agricultural unemployment rate decreased from about 21 percent in the late 2009 to about 16 percent in the first half of 2012. However, the decline seems to have stopped in the second half of 2012 and there is a small increase in female unemployment. Looking at monthly data may be misleading, especially if we concentrate on the medium term. However, we should keep an eye on the female unemployment rates in the future.

Figure B Seasonally adjusted non-agricultural unemployment rates

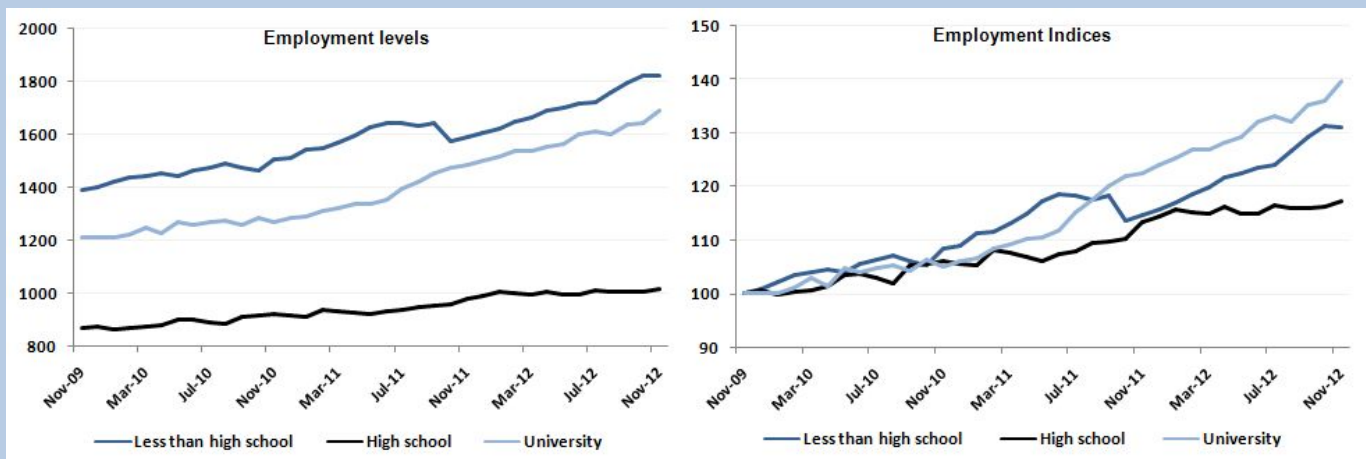


Source: TurkStat; Betam

Employment among uneducated and high educated females has been increasing more rapidly

Figure C presents both employment levels and employment indices based on November 2009 by education level. It is clear that female employment increased for all education levels, but note that the increase is not uniform across different education groups. Employment of university graduate women increased by 40 percent in three years, and this is not surprising. However, the second highest increase is not among women with high school degrees, but among women have less education (an increase by 30 percent). The increase in employment of high school graduate women is 18 percent. Moreover, it has been stagnant for a year. The differences across education levels are important and they should be studied more thoroughly.

Figure C Seasonally adjusted non-agricultural employment by education level



Source: TurkStat; Betam

Table 1 Seasonally adjusted non-agricultural labor force indicators (in thousands)

	Labor force	Employment	Unemployment	Unemployment rate	Monthly changes		
					Labor force	Employment	Unemployment
November-09	19561	16394	3167	16.2%			
December-09	19617	16497	3119	15.9%	56	103	-47
January-10	19669	16463	3207	16.3%	52	-35	87
February-10	19815	16635	3180	16.0%	146	172	-26
March-10	19936	16752	3183	16.0%	121	118	3
April-10	19832	16826	3006	15.2%	-104	73	-177
May-10	19896	16935	2961	14.9%	64	110	-46
June-10	19839	16947	2892	14.6%	-57	11	-69
July-10	19857	16978	2879	14.5%	19	32	-13
August-10	19849	16923	2927	14.7%	-8	-56	48
September-10	19778	16911	2866	14.5%	-72	-11	-60
October-10	19829	17002	2827	14.3%	51	90	-39
November-10	19879	17157	2721	13.7%	50	155	-106
December-10	19964	17270	2694	13.5%	85	112	-27
January-11	20104	17399	2705	13.5%	141	130	11
February-11	20232	17635	2597	12.8%	128	236	-108
March-11	20284	17704	2580	12.7%	52	69	-17
April-11	20470	17846	2624	12.8%	186	142	44
May-11	20551	17869	2682	13.1%	81	23	58
June-11	20672	17977	2696	13.0%	121	107	14
July-11	20645	18041	2604	12.6%	-27	65	-92
August-11	20591	18102	2489	12.1%	-54	61	-115
September-11	20575	18208	2367	11.5%	-16	106	-122
October-11	20541	18126	2416	11.8%	-33	-82	49
November-11	20602	18244	2358	11.4%	61	119	-58
December-11	20599	18264	2335	11.3%	-3	19	-23
January-12	20718	18389	2328	11.2%	119	126	-7
February-12	20675	18328	2347	11.4%	-43	-62	19
March-12	20792	18419	2373	11.4%	117	91	26
April-12	20928	18540	2389	11.4%	137	121	16
May-12	21017	18618	2399	11.4%	88	78	10
June-12	21084	18698	2385	11.3%	67	81	-13
July-12	21086	18674	2411	11.4%	2	-24	26
August-12	21166	18749	2417	11.4%	80	74	6
September-12	21432	18909	2523	11.8%	266	160	106
October-12	21610	19108	2502	11.6%	178	199	-20
November-12	21779	19212	2567	11.8%	169	105	64
December-12	21829	19256	2573	11.8%	50	44	6

Source: TurkStat, **Betam**

Table 2 Seasonally adjusted employment by sector (in thousands)

	Agriculture	Manufacturing	Construction	Service	Monthly changes			
					Agriculture	Manufacturing	Construction	Service
November-09	5500	4226	1384	10788				
December-09	5581	4290	1408	10798	81	64	24	10
January-10	5678	4299	1383	10794	98	9	-25	-4
February-10	5665	4349	1373	10895	-13	50	-9	101
March-10	5620	4357	1425	10990	-45	9	52	94
April-10	5672	4400	1446	10995	52	42	21	5
May-10	5575	4472	1423	11047	-97	73	-23	52
June-10	5711	4526	1422	11002	136	53	0	-44
July-10	5680	4539	1469	10967	-31	13	47	-35
August-10	5659	4509	1414	10999	-21	-30	-55	32
September-10	5656	4477	1416	11014	-3	-32	2	15
October-10	5795	4492	1437	11048	139	15	22	35
November-10	5851	4648	1507	11009	56	156	69	-39
December-10	6036	4639	1553	11078	185	-9	46	69
January-11	6039	4673	1535	11190	3	34	-18	112
February-11	6190	4684	1578	11335	151	11	44	145
March-11	6203	4826	1602	11279	13	142	24	-56
April-11	6083	4812	1639	11400	-121	-13	37	120
May-11	6021	4765	1675	11445	-62	-48	36	45
June-11	6082	4692	1705	11598	61	-72	31	153
July-11	6105	4685	1716	11653	23	-8	11	55
August-11	6186	4682	1780	11666	80	-3	64	13
September-11	6129	4709	1784	11734	-57	27	4	69
October-11	6173	4676	1688	11754	44	-34	-95	20
November-11	6154	4689	1655	11902	-20	14	-34	148
December-11	6055	4695	1623	11935	-99	6	-32	33
January-12	6058	4697	1657	12021	3	2	34	86
February-12	6046	4710	1546	12010	-11	13	-110	-11
March-12	6033	4741	1562	12092	-14	32	16	83
April-12	6065	4758	1659	12116	32	17	97	23
May-12	6110	4742	1734	12158	45	-16	75	42
June-12	6040	4755	1763	12206	-70	13	30	48
July-12	6042	4755	1719	12216	2	0	-44	10
August-12	6048	4755	1763	12268	6	0	44	52
September-12	6153	4751	1792	12400	106	-3	29	132
October-12	6198	4767	1799	12551	44	16	8	151
November-12	6187	4807	1782	12630	-11	40	-18	79
December-12	6143	4844	1758	12636	-44	37	-24	7

Source: TurkStat, **Betam**