

# Global Recession, Gender and Turkish Labour Market



ÖZGE İZDEŞ

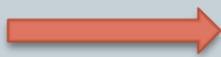
# Global Crisis



- 2002-2007 high growth years:
  - high growth in emerging economies and expansion in world exports  
(in expense of high financial fragility and growing trade imbalances)
  - High growth accompanied by high unemployment  
(Already in house Global Employment Crisis)
- 2008 financial crisis-2011 debt crisis-low growth prospects until 2017- 'Great Recession'
- Transmission of crisis to the developing world:
  - financial integration
  - trade (decrease in exports demand)
- Crisis-An Opportunity for New Policies? New Politics?

# Crisis and Global Employment Outcomes



- 2007-2012 : Global unemployment rose to 197.3 million
- 28.4 million job loss after the crisis could not be recovered.
- 39 million people left the labor market becoming hopeless about finding a job.
- 2007-2012: 67 million jobs gap.
- Structural Change in Unemployment:  
cyclical  structural ;  
Change in composition: increase in the share of long term unemployment and discouraged workers
- Deterioration of the working conditions; increase in workload, wage cuts
- Increase in vulnerable employment and working poor.

# Turkey is one of the most severely affected 'Emerging economies'



- Among Asia's and East Asia's (except China) emerging economies; Turkey ranks the 3rd in terms of the fall in production capacity (-4.7%) / Russia (-7.9%) and Mexico (-6.5%).
- The fall in exports caused GDP to shrink by %3.4 in 2008-2009. The most affected sectors were construction, retail trade and manufacturing. (Uygur, 2010).
- Manufacturing shrunk by %12 in the last quarter of 2008; and by 23% in the first quarter of 2009.- steepest fall in last 30 years. (TURKSTAT, 2010)

# SOCIAL COST OF THE CRISIS: LABOR MARKET



- The burden of the crisis was shared more unequally compared to the legendary 2001 crisis
- Unemployment rate in 2007 was %9.8 and in Feb-March 2009 it rose to %16.1 and %15.8 respectively. (non-agricultural unemployment in 2009 was %17.4)
- The ones who could keep their jobs were expected to be more productive and multi-tasking
- Shortening of paid work hour hours, unpaid leaves, the rise of the flexible employment have been recent forms of unemployment.
- Pay cuts-wage index has declined by %17.5 from Sept.2008 to Dec. 2009 (Öniş ve Güven, 2011)
- Formal jobs have been substituted with informal jobs in Turkey (DB, 2011)

Conclusions from a complementary prior analysis on Turkey based on Rubery and Tarling's 1988, '3 hypothesis framework'  
(1989-2007 HHLFS urban market data and 1990-2001 AMIS data):

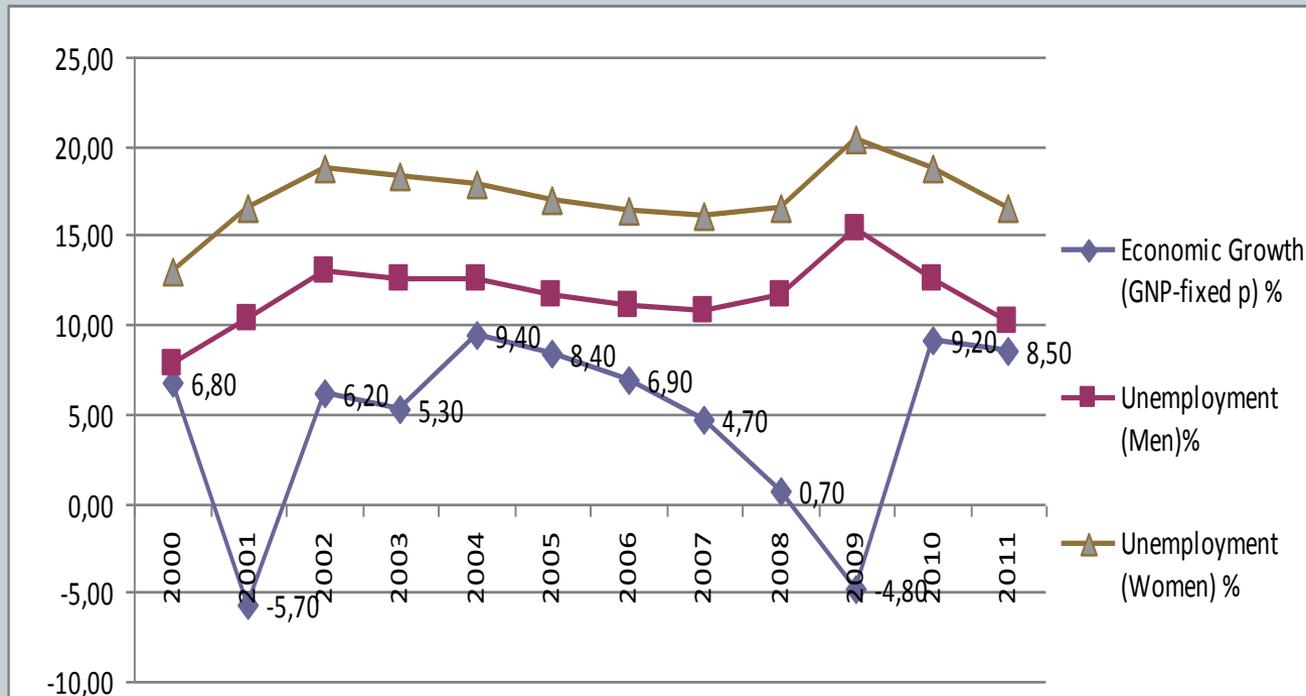


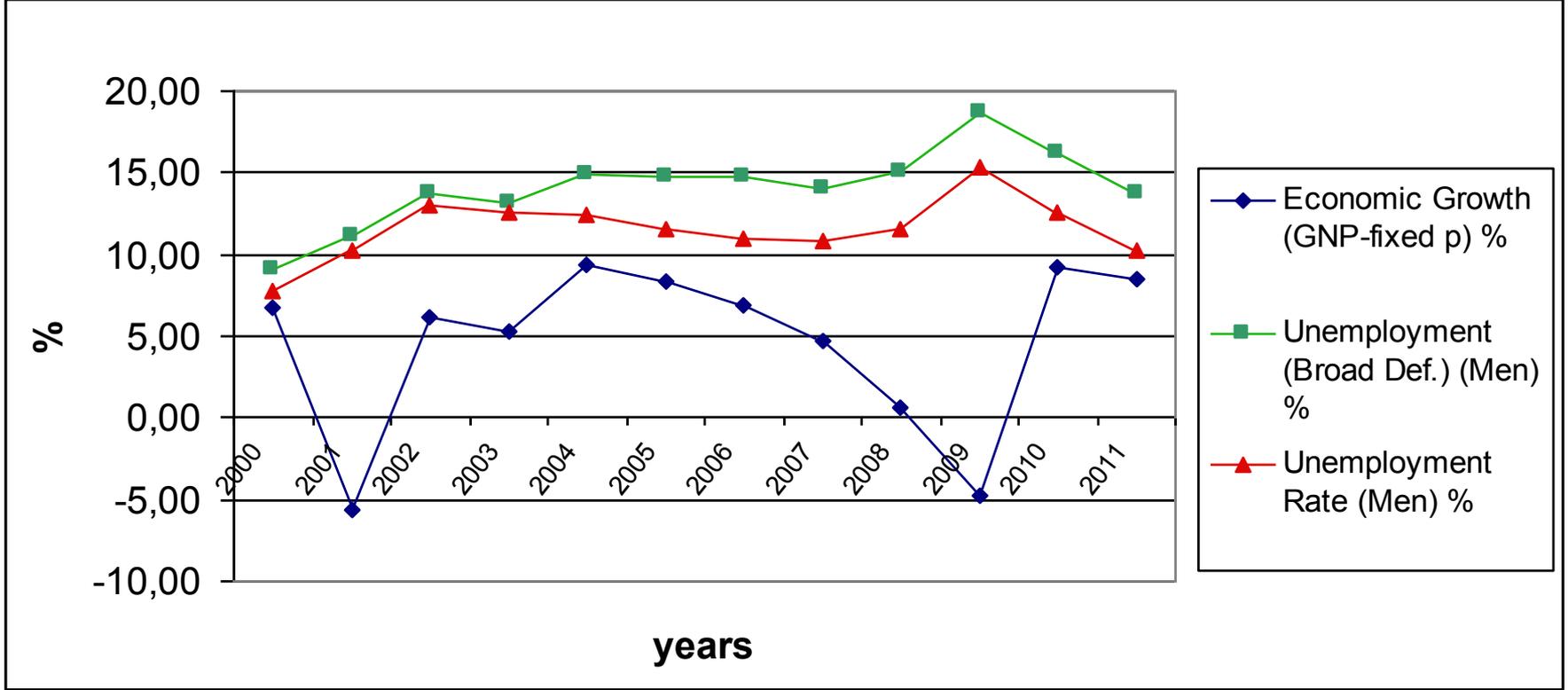
- In the urban economy: Women function as buffer in the urban economy as a whole and in the manufacturing sector.
- In manufacturing:
  - Women's employment is more sensitive to fluctuations than the average in booms and busts based on value added and employment cycles
  - The results on cycles based on capacity utilization rates present that women are disproportionately shed when employers decrease their capacity utilization rates
  - And in manufacturing sector women cannot benefit from the booms as much as they lose out in the busts

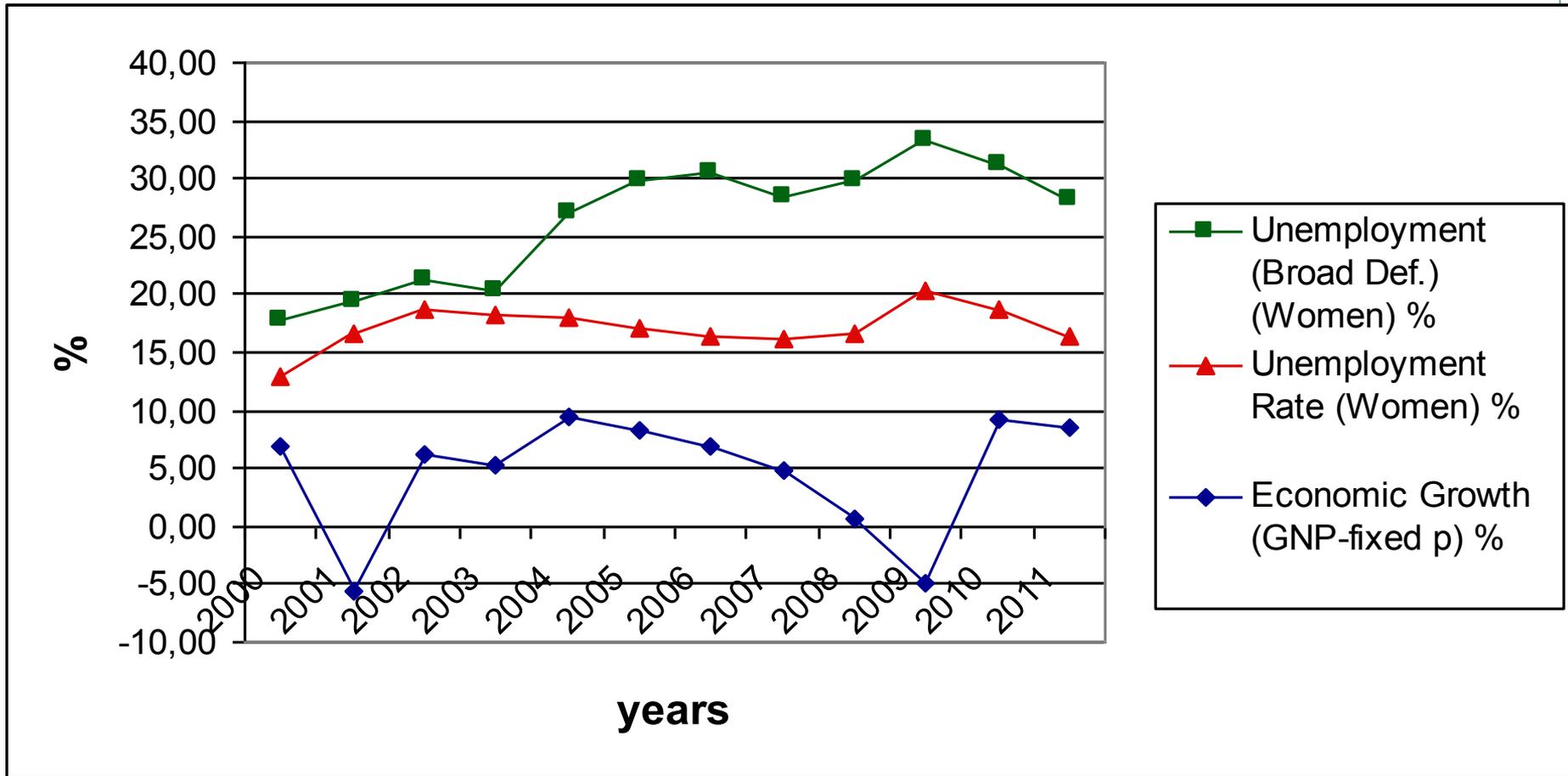
# In Subsectors of the Manufacturing Industry

- Overall manufacturing- reserve army of labor-buffer
- In sectors that have a relatively higher female share such as '*Textiles*', '*Wood and Wood Products*' and '*Other Manufacturing*'-buffer
- In sectors that have a relatively lower female share such as '*Pulp, Paper and Paper Products, Publishing*'; '*Chemicals, chemical Products, Rubber and Plactics*'; '*Manufacture of Glass and Pottery*'-less affected from employment fluctuations
- In sectors that women have less than %10 share: women are protected during the crisis.

# GNP Growth and Unemployment







Constructed Based On Household Labor Force Survey

# Decomposition Analysis (Rubery and Tarling, 1988)

If total female employment is  $F_t = \sum T_{it} p_{it}$ ,

$p_{it}$  = share of women in sector 'i' in time 't'

$T_{it}$  = employment in sector 'i' in time 't'

- $$\Delta F_t = F_t - F_{t-1} = (T_{it} - T_{it-1}) p_{it-1} + \sum (p_{it} - p_{it-1}) T_{it-1} + \sum (p_{it} - p_{it-1}) (T_{it} - T_{it-1}),$$

$\sum (T_{it} - T_{it-1}) p_{it-1} = \text{Growth Effect}$

$\sum (p_{it} - p_{it-1}) T_{it-1} = \text{Share effect}$

$\sum (p_{it} - p_{it-1}) (T_{it} - T_{it-1}) = \text{Interaction Effect}$

# What did absolute and relative changes in labor market indicators reveal in the prior crises :

- **1991 recession:** male unemp. increased (by 11.57%) and female unemp. decreased (by 3.41%). The relative change in employment for men is 5% increase, whereas there is no significant increase in female employment. The decrease in female unemployment is not due to gains in employment but is rather a result of decreasing LFPR (97% of the decrease is due to discouraged workers)-**buffer**

## Results of Decomposition Analysis

- 1) Growth effect is larger than the share effect, hence the change in female employment is more related with employment change than female labor preference.
- 2) However, share effect is very sizable , and:  
positive share effect in the boom  
negative share effect in the slump—BUFFER
- 3) Negative weight effect in slump indicate weight of sectors women work decreases in crises. –UNFAVORABLE SEGMENTATION

**BUFFER HYPOTHESIS AND/ DUE TO UNFAVORABLE SEGMENTATION**

# What did absolute and relative changes in labor market indicators reveal in the prior crises :



- **1994 crisis:** Female unemployment decreases by 10.5% and female emp. increases by 19%, female LFPR increases by 11% -**substitution, added worker effect** (in accordance with Onaran and Baslevent, 2004)  
broad definitions reveal that there is 17% difference between official and broad LFPR definitions, hence added worker effect coexists with discouraged worker effect

## Results of Decomposition Analysis

- 1) Share effect has a greater value than the growth effect.
- 2) Share effect is positive in the boom and in the slump showing the increasing female representation in the labor market. Is it due to favorable segmentation or substitution ?
- 3) Negative weight effect is in contradiction with favorable segmentation. Hence the answer for relative gains cannot be found in sheltered female jobs but is elsewhere

# What did absolute and relative changes in labor market indicators reveal in the prior crises :



- **1999 crisis:** male unemp. increased by 20% and female unemp slightly decreased. Also female emp. increased by 12% and Female LFPR increased by 5%-**substitution** (added worker effect for women) (using the broad definitions reveal that discouraged worker eff-sign for both genders)

## Results of Decomposition Analysis

- 1) Growth effect is dominant compared to the share effect.
- 2) However, the positive share effect in the slump and relatively smaller share effect in the boom suggests female workers are preferred in 1999 crisis.

# What did absolute and relative changes in labor market indicators reveal in the prior crises :



- **2001 crisis:** Unemployment increases by 1/3 for both genders and the % change in LFP shows that men carry the burden in the first round of the post 2001 crises. The unemployment cycles based on broad definitions gives 2000-2002 and 2003-2006 employment cycles addressing the jobless growth phenomena of the post 2000 period. The % change in broad unemployment is 51.68% for men and 19% for women. Due to very unfavorable conditions for both genders hard to conclude with a substitution or favorable segmentation scenario. Women carry the burden in the second round (female unemp.inc. by 52.24% and male unemployment increase by 11%) buffer hypothesis

## Results of Decomposition Analysis

- 1) Negative share effect in the slump and positive share effect in the boom– **BUFFER**
- 2) Negative weight effect in the boom show that the gain in female employment a is not due to expansion of female dominated sectors but is linked to a general rise in the employment
- 3) Positive weight effect in the slump together with negative share effect indicates even though women as a whole loose out , the lucky ones that keep their jobs are mostly employed in protected sectors –**FAVORABLE SEGMENTATION**

CHANGES IN LABOR MARKET INDICATORS ACROSS ECONOMIC CYCLES (based on official definitions)

ECONOMIC GROWTH CYCLES: Peak and Trough Years Are Determined According to GNP Growth

Official Unemployment URBAN		Absolute change in Official Unemp. Rate		% change in Official Unemp. Rate		Absolute change in numbers employed		% change in numbers employed		Absolute change LFPR		% change in LFPR	
						(in thousands)							
Peak Year	Trough Year	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
2007	2009	4,50	4,40	41,67%	27,33%	-230	305	-2,13%	10,35%	0,60	2,50	0,87%	12,63%

Constructed Based On Household Labor Force Survey

# 2007-2011 Decomposition Analysis



		Growth Effect	Share Effect	Interaction Effect	Scale Effect	Weight Effect	Residual
Downturn							
2007-2009	306	69.95	235.04	1.01	16.05	53.61	0.29
Upturn	%	22.86	76.81	0.33	22.95	76.63	0.42
2009-2011	631	396.23	216.86	17.91	392.20	3.60	0.43
	%	62.79	34.37	2.84	98.98	0.91	0.11

# Results of Decomposition Analysis for 2007-2009 downturn



## In downturn: 2007-2009

- 77% of the change in female employment is due to women's increasing share in employment vis à vis men. (positive and sizable share effect) **SUBSTITUTION**
- Given the total employment and distribution of women across sectors 76% of the remaining 23% of change is due to increasing weight of the sectors women are employed in. (positive and sizable weight effect)

## In recovery: 2009-2011

%63 of the increase in women's employment is due to growth effect; 37% is due to the increase in women's share relative to men.

# Sectoral Employment Distribution Impact of The Crisis



## 2007-2009 downturn:

- Men have primarily lost jobs in Manufacturing, Trade and Construction Sectors (the job loss in these sectors constitute 96% of total job loss; manufacturing's share alone is %90)
- Women have lost jobs in sectors that has higher share of female employment: Manufacturing, Wholesale and retail trade and Banking

## 2009-2011 upturn:

- Employment growth of women has been higher than that of men.
- Women's share in agriculture and services has increased significantly.
- The growth of women's employment in manufacturing has come from textiles and clothing leading to a greater segregation. (Yücel, 2013)

# Added Worker Phenomena:



- The share of added workers in total employed is 11% (in average)
- Women's share in added workers is 66.5% (in average)
- 74.5% of the added women workers used to be full-time home-makers (in average)
- The possibility of labor force participation of women doubles if the head of the hh is unemployed. (İlkkaracan, 2012)

# Gendered Labor Outcomes of the Global Financial Crisis



## WOMEN SUBSTITUTE MEN

- The statistics show that a significant amount of women fell out of the labor force due to high unemployment in the labor market.
- The statistics also reveal the fact that women start supplying their labor to compensate for the loss in the hh. Income.
- The increase in flfp has changed the gender composition of new entrants to the the labor market
- **But under which conditions?**
- The informal employment in 2008 is %38.3 for men and %58.3 for women.
- The %56 of the new jobs for women in 2009 were informal jobs. (TÜİK, 2010).
- Feminization of employment and informalization of employment.
- The increase in female employment took place in various forms of vulnerable employment (unregistered without social protection.) (Toksöz, 2009)
- One percentage point rise in spousal unemployment risk increases women's work time(paid and unpaid) more 7.5 times more than that of men's. (Bahçe and Memiş, 2013)

# Policy Response to Crisis in Turkey



- After 6 month of the emergence of the crisis, in 2009 March, a rather modest and unsatisfactory fiscal package in terms of easing the social costs.
- %20 of the budget - employment policies:
  - %18 of which has been for policies to decrease the burden of the employers (employers' share of social security payments for new employees were paid from Unemployment Fund);
  - active labor market policies to preserve and create new employment constitutes %2 of the budget
- Job creation role is given to the private sector with state support; state's role of active job creation applied in many countries and suggested in IMF and WB reports was ignored. (DB, Jobs in Crisis, 2011)
- Industry Strategy Document-National Employment Strategy :  
Flexibility

# World Economic Forum Global Gender Gap Report



- In 135 countries Turkey was 105<sup>th</sup> in 2006; 129<sup>th</sup> in 2009; and 129<sup>th</sup> in *Economic Participation* in 2012.
- Turkey as one of the High-Middle Income countries ranks just over Iran which is in the end of the list. (even behind Iran in 2009 and 2010)
- In its geographical region Europe-Mid Asia Turkey is in the bottom.

# Regulations to Promote Women's Employment



Policy framework: education, entrepreneurship, flexibility

5763 Labor Law:

-To encourage women's and youth employment cuts in social security payments.

-İŞKUR's women's employment initiative:

- a) Increase in women's share in those 'presented to the employers', and 'placed in jobs'
- b) Job trainings

# Have numerous children, Work Hard, Earn Little, Depend On Men



- Demographic Targets
- Flexible Employment
- Deepening Segregation Problem

# Why Many Kids-Demographic Target



- Demographic window of opportunity: dependency rate

Dependency Rate:

Dependent Pop/ Working Age Group (15-64)

Until 2030-2040.

For the window of opportunity to function 2 requirements:

- 1) Education opportunity
- 2) Employment opportunity

Turkey can meet neither of them  
(Youth Employment %32)



# Flexible employment



- Working + ‘womenly duties’
- Flexibilization demand of private sector is advocated and legitimized as the way to increase women’s employment
- Possible Outcomes:
  - low wages
  - less chance to have on the job training
  - longer periods of social security payment- low retirement income
  - Low promotion prospects
  - Less chance of organizing
  - occupational/Sectoral Segregation : wage gap

# Applied policies-Fixation of Segregation



- In job placements women are directed to jobs considered to be 'women's work' : (education, social services, real-estate agency, health)
- Job trainings reinforces segregation instead of breaking:  
Job trainings that women's participation share is %75 to %100 are cosmetics, care, textiles-clothing, secreteryship  
Job trainings that women's participation share is %50-74 are office-related work, accounting, pastry-making, cooking, cleaning, marketing .  
Women almost do not exist in manufacturing, machinery and maintenance sectors.(Yücel, 2013)

# FINAL THOUGHTS



- **CONTRARY TO THE CURRENT PRACTICE:** The authorities should take the responsibility of offering women broader occupational choices to break the segregation.
- The contraction in male dominated sectors during 2008 crisis; substitution of men by women could have been more affective and lead to a positive way of breaking segregation if the employment policies aimed to alter women's inferior position in the labor market.
- The liberal-conservative perspective policy prospects are limited with improving labor market indicators of women without threatening the gender division of labor in the society.
- %35 of female labor force participation? Final target ?

Thank You For Your Attention!

