

Global Recession, Gender and Turkish Labour Market



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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):

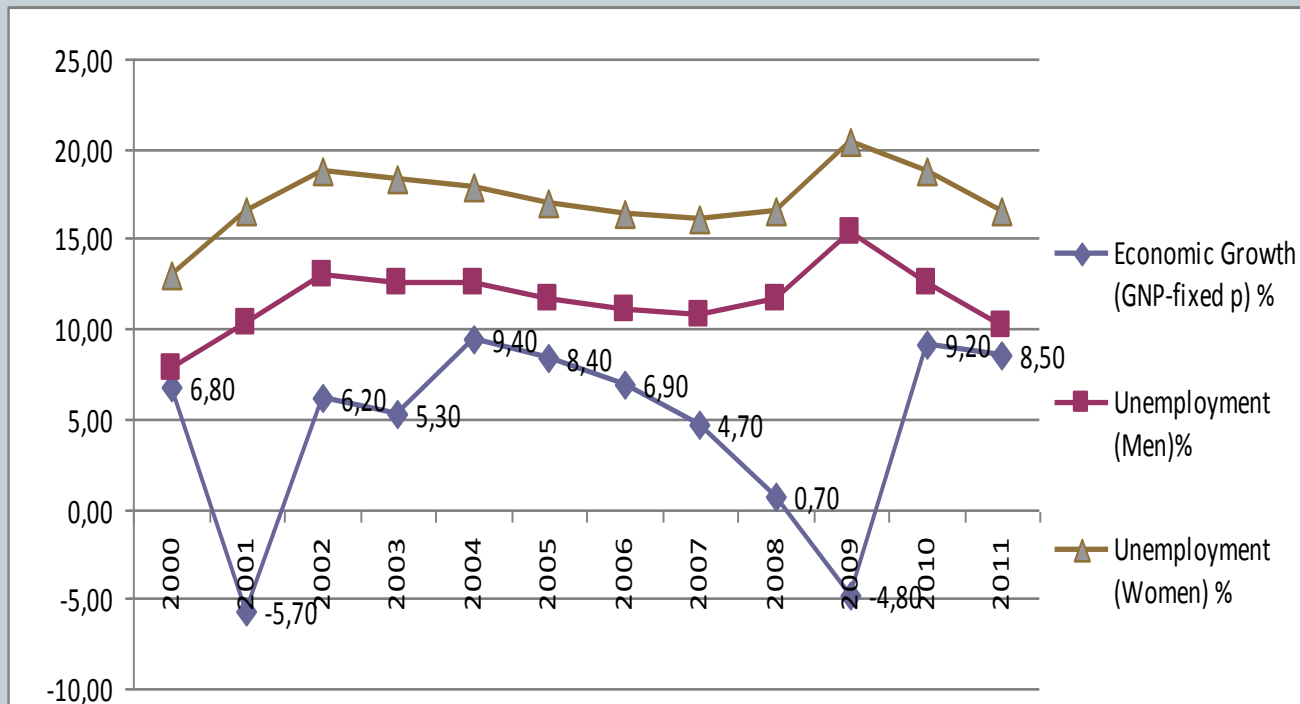


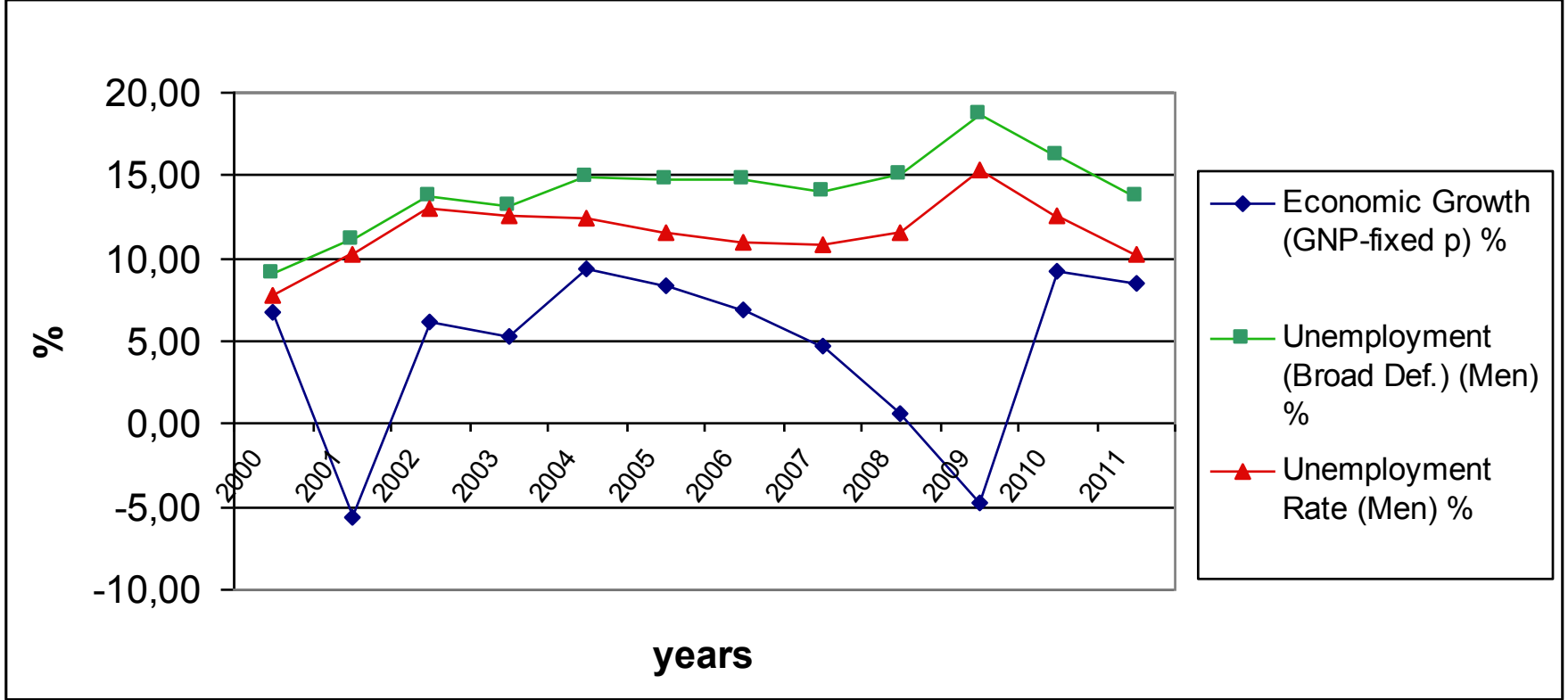
- In the urban economy: Women function as buffer in the urban economy as a whole and in the manufacturing sector.
- In manufacturing:
 - Women's employment is more sensitive to fluctuations than the average in booms and busts based on value added and employment cycles
 - The results on cycles based on 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

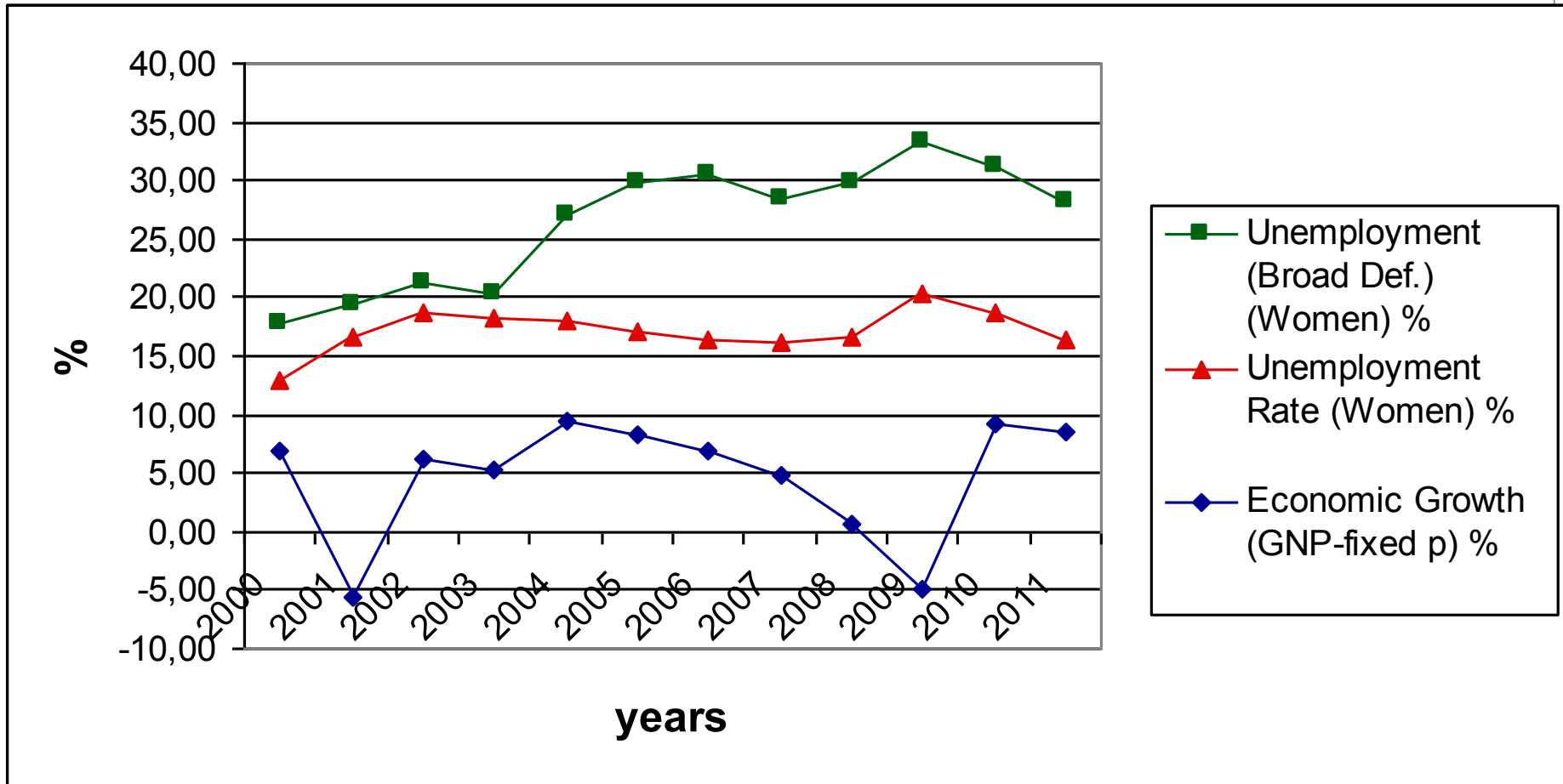
In Subsectors of the Manufacturing Industry

- 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 Plastics*'; '*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 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 lose 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 months of the emergence of the crisis, in March 2009, 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 105th in 2006; 129th in 2009; and 129th 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!

