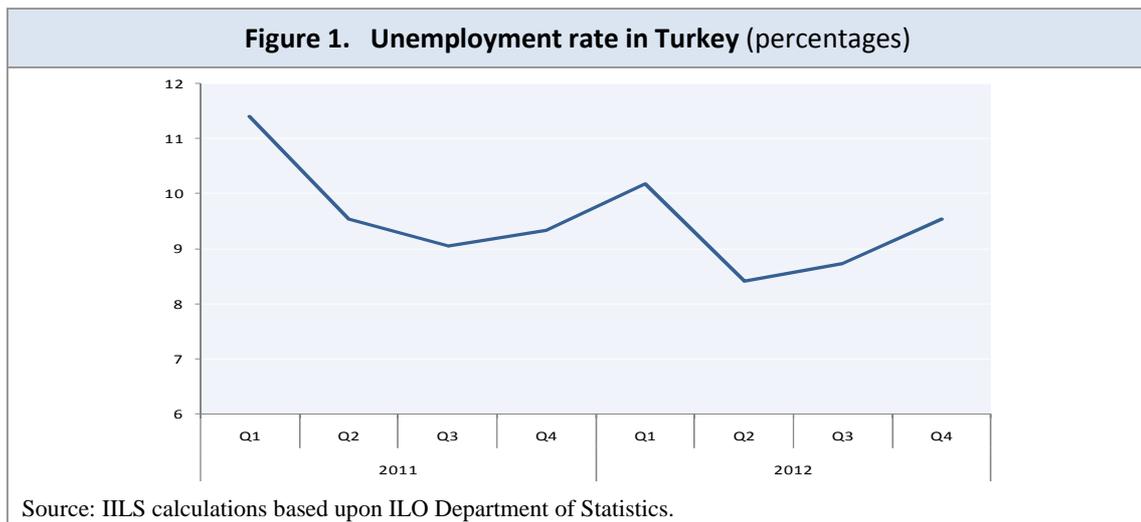


World of Work Report 2013

Snapshot of Turkey

Employment remains above pre-crisis rates, but has started to decelerate...

- Turkey recovered relatively fast from the global financial crisis reaching a growth rate of 9.2 % in 2010 after a slump of -4.8% in 2009. The country is also one of the few where employment has increased continuously since the crisis. The employment rate increased between the fourth quarters of 2007, 2010 and 2012, from 40.7 to 43.2 and 45.9 %, respectively, reflecting the creation of more than 4 million jobs during this period. In addition, the rate of unemployment is still below its pre-crisis levels as indicated in the Report.
- However, growth has recently been decelerating; while GDP grew at an annual pace of 8.8% in 2011, it slowed to 2.2% in 2012. This has affected employment growth as 257 thousand jobs were lost between the third and fourth quarters of 2012. Additionally, since the second quarter of 2012, the unemployment rate has trended upwards – increasing from 8.4 to 9.5% in the fourth quarter of 2012. Youth, in particular are bearing the brunt of the slowdown: in January 2013 the youth unemployment rate (aged 15-24) rose to 20.7%, 2.3 percentage points higher than in January of 2012.



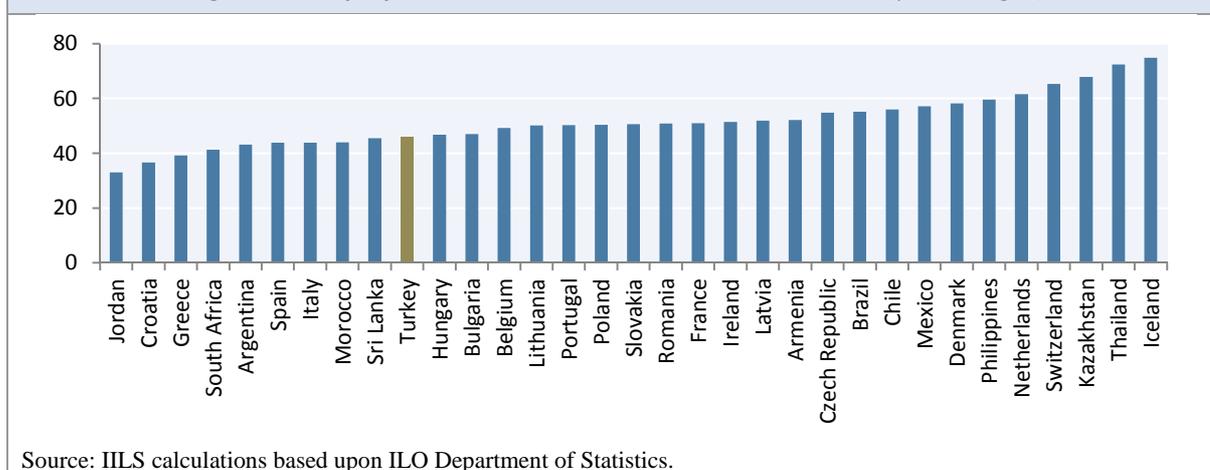
...and there have been slight improvements in labour market imbalances.

- *Employment rates for women have improved slightly:* An upward trend in labour force participation rate of women from 28.8% to 29.5% as well as in women's employment rate from 25.6% to 26.3% is observed between 2011 and 2012. However, the participation of women in the labour market remains extremely low by international standards, 29.5% in 2012, and has decreased in comparison to the early 90s (around 35%). Also, the total employment rate of 45.4% (and labour force participation rate of 50%) is relatively low when compared with international counterparts (Figure 2).
- *Inequalities and informality improve, but remain high:* Inequalities in terms of the Gini coefficient improved in the last decade registering a slight increase from 40.2 to 40.4 between 2010 and 2011¹; however it is still in the middle range among countries with similar income levels (around

¹ The Gini coefficient is the most commonly used measure of income inequality. The coefficient ranges between 0 to 1, with 0 being perfect equality and 1 being perfect inequality. In conformity with the literature, coefficients are referred to between 0 and 100.

30 in Eastern Europe, more than 50 in Latin American countries). Another challenge for the country is informal employment which decreased by 3 percentage points between 2011 and 2012, remaining at 39% in 2012. The poverty rate² which fluctuated around 23% between 2007 and 2011 is also relatively high compared to both advanced and upper-middle-income countries.

Figure 2. Employment rates in selected countries, 2012 Q4 (percentages)



Moving forward, key labour market challenges remain ...

Turkey fared remarkably well during the crisis period, but the continued slowdown in advanced economies, most notably Europe, might affect economic and employment prospects as the downward trend at the end of 2012 suggests. Yet, given that Turkey is in a rather enviable position in terms of fiscal space (debt to GDP is less than 40%), the government could consider putting in place additional measures to support employment:

- *Improving education and employment services for youth:* Reorienting the education system towards better preparation of the youth to the labour market. Adjusting vocational training programmes in line with the analysis of robust labour market data and with input from social partners (as indicated in the Report) could help. Moreover, public employment services could be enhanced to provide up-to-date information and advice to youth with the aim of facilitating the school-to-work transition and preventing labour market detachment.
- *Improving women employment rates:* More equitable access to education as well as specific vocational training programmes targeting women could help improve labour market participation. In addition, the provision of affordable child care (such as pre-school facilities) is important in order to prevent women from dropping out of the labour market after having children.
- *Reducing informal employment:* Facilitating administrative procedures and reducing the labour costs for SMEs through a reduction of social security premiums paid by employers (as has already been implemented for women and youth, initially as a crisis response measure) could be relevant as these enterprises employ the majority of informal workers. A better information exchange between public institutions would also help to reduce the cases of non-declaration. Those in the informal economy often underestimate the benefits of social protection coverage—thus, information campaigns could contribute to raising awareness.

World of Work 2013: Repairing the economic and social fabric is available at (www.ilo.org/INST). For further comment, journalists are invited to contact Raymond Torres (tel: +41 22 799 7908; email: torresr@ilo.org), Director of the ILO's International Institute for Labour Studies.

² Defined as the share of those living with less than 60 per cent of median equivalised income, source: TUIK.