



# World of Work 2009

## Snapshot of Turkey

### What has happened in the world of work?

- *Severe employment losses with recent moderate gains:* employment levels showed some sluggish recovery from their loss of over 2 million jobs between August 2008 and February 2009. The most recent data from August 2009 suggest that jobs had increased by over 40,000 as compared to August 2008.
- *Increase in unemployment rate:* despite gains in the number of jobs, the seasonally adjusted unemployment rate has substantially increased, moving from 10.2 per cent in August 2008 to 13.4 per cent in August 2009. Furthermore, this figure climbs to 19.3 per cent if one adds discouraged workers and others who are not seeking a job but available to start work.

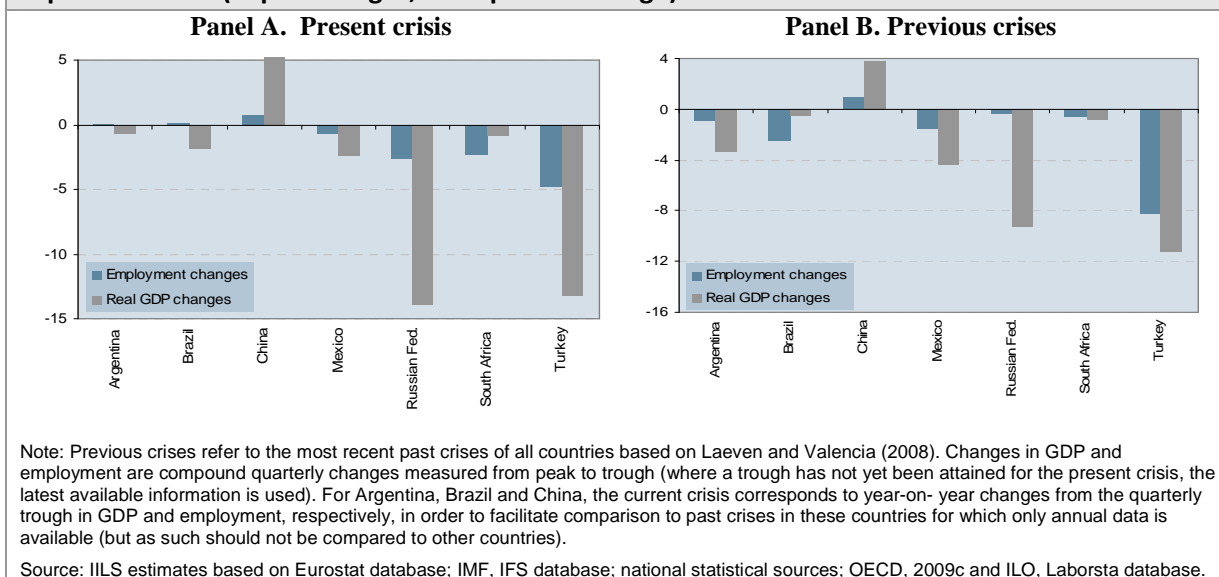
### What are the near-term implications for employment?

- *Expanding informal sector:* past experience indicates that during crises when formal jobs are scarce, workers tend to move into the informal sector. The proportion of workers without social security related to their main job increased by 0.4 percentage points over August 2008/August 2009, reaching 45.7 per cent.
- *Low female and youth participation rates:* roughly a quarter of Turkish women and a just over a third of Turkish youth participate in the labour force --which is low by international comparison. In reaction to the crisis, social security contributions for these groups were reduced, but more needs to be done to provide employment opportunities for these groups.

### How has the government mitigated the crisis impact?

- *Strengthened social protection:* the government introduced mandatory health insurance in October 2008, creating universal coverage in medical benefits. Contributions are fully subsidized for poor households, but other households must pay insurance premiums.
- *Providing credit for SMEs:* since October 2008, commercial loans to small and medium-sized enterprises have sharply declined – constraining this employment-intensive sector. To counter this trend, the government has provided over 730 million TL of zero interest loans to SMEs and increased guarantee limits to support exports and SMEs.
- *Boosting domestic demand:* the government has reduced indirect and direct taxes, as well as social security contributions, benefiting both enterprises and individuals. The government also increased average unemployment insurance payments by around 12 per cent. Additionally, a temporary public works program was introduced focusing on infrastructure development (July 2009).
- *Decreased working hours and incentives for hiring helped curb employment loss:* the government supported firms in hiring and reducing operating days, as means of maintaining employment. Part-time employment as a share of total employment increased from 9.5 per cent in Q2 2008 to 11.3 per cent in Q2 2009. Over the same period, the average number of hours worked per employee fell by 2.62 per cent. Thus employment has not fallen as much as GDP (see figure 1).

**Figure 1. Impact of current and previous crises on employment and GDP in medium GDP per-capita countries (in percentages, from peak to trough)**



### *More still could be done to strengthen social protection*

- *Large gaps exist in unemployment insurance coverage and other benefits:* informal wage workers and self-employed are excluded from unemployment benefits, while formal workers face strict qualifying conditions. In fact, in 2007 only 5 per cent of unemployed were receiving unemployment benefits. In addition, informal wage workers are excluded from old age and widow's pensions, and work injury and disability benefits.
- *In the face of limited protection, the social fallout may be severe:* The reality is that the majority of workers do not have a safety net to rely on in times of need. So, the schism is twofold – not just between employed and unemployed, but also dividing those who have access to social protection and those who do not. Given the time it will take for the labour market to recover, this disparity may widen unless appropriate action is taken.

### *Green policies, not only for a sustainable future, but also for jobs.*

- The move to a low-carbon economy presents an opportunity for substantial job creation, by opening new markets and stimulating eco-innovation and investment in more efficient production techniques. Turkey will take tentative steps in this direction in encouraging electronic cars, yet much more could be done to move away from carbon-intensive production. The *World of Work 2009* report shows that if a price on CO<sub>2</sub> emissions was imposed, and if the resulting revenues were used to cut labour taxes, then employment would rise by 0.5 per cent world wide by 2014.

*World of Work 2009: Global Jobs Crisis and Beyond is available at ([www.ilo.org/INST](http://www.ilo.org/INST)). For further comment, journalists are invited to contact Marva Corley-Coulibaly (tel +41 22 799 6308; email: [corley@ilo.org](mailto:corley@ilo.org)) or Raymond Torres (tel: +41 22 799 7908; email: [torres@ilo.org](mailto:torres@ilo.org)), Director of the ILO's International Institute for Labour Studies.*