

TURKEY'S LABOR FORCE BOOM

While the world's economies have been struggling to recover from the recession, Turkey's emerging economy has continued to grow. The OECD's data regarding labor force demographics in Turkey, the United States, and the European Union provides an overview of how economic changes have impacted the workforces of these countries differently. This article compares the makeup of Turkey's labor force with the labor forces of the US and the EU to shed light on why there has been significant growth in the former and stagnation in the latter. The author also highlights opportunities for workforce development that could help secure long-term economic success for Turkey.

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In recent years, Turkey's emerging economy has experienced a rate of expansion that has quickly made it one of the fastest growing economies in the world. Despite the political strife of its Middle Eastern neighbors and the economic struggles of many Western countries, Turkey is booming. In the past decade, the country's gross domestic product grew by an annual average of 6 percent,¹ and in the first quarter of 2014 alone, it rose by 4.3 percent.² Decreased government involvement in industry, banking, communications, and transportation sectors has made way for private commerce, resulting in a prosperous middle class and an increase in jobs and consumer demand. Among the industries driving Turkey's success are the traditional agriculture, textile, and clothing sectors, along with automotive, construction, and electronics.³ The country's advantageous geographic location gives it easy access to both Europe and the Middle East, attracting foreign investors and companies that contribute to its economic success.

While the established economies of the US and the EU have seen a lag in available jobs in the wake of the recession, Turkey's labor force has steadily increased for both men and women in all age groups. A large portion of the country's relatively young population has migrated from rural, agricultural areas to cities for higher-paying jobs. Despite these advancements, a pronounced gender gap and low education rates raise concern over the strength of Turkey's workforce and its ability to sustain its economy long-term.

As professional and service sector jobs grow with the economy, there is an increased need for an educated and higher skilled workforce. In order to continue to compete economically on a global scale, Turkey needs to ensure its young workforce has the high-tech skills necessary to attract companies and encourage innovation.

Using data from the Organization for Economic Cooperation and Development (OECD), this report examines the industry, age, and gender demographics of the Turkish workforce, and compares the data to the workforces of the established economies of the US and countries in the EU.⁴ This research highlights

1 "GDP growth (annual %)," *The World Bank*, <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>

2 Yeliz Candemir and Emre Peker, "Turkish Growth Beats Expectations," *The Wall Street Journal Online*, 10 June 2014, <http://online.wsj.com/articles/turkish-growth-beats-expectations-1402416979>

3 "The World Factbook: Turkey," *Central Intelligence Agency*, <https://www.cia.gov/library/publications/the-world-factbook/geos/tu.html>

4 Stats from the Organization for Economic Cooperation and Development, <http://stats.oecd.org>

opportunities for workforce development that could help secure long-term economic success for Turkey.

The Labor Force and Select Industries

Much of the Turkish economy still centers on agriculture, which accounts for a quarter of its labor force. This has remained steady over the past decade, while manufacturing's share has gone down and the construction and service industry labor forces have slightly increased. In contrast, in the US agriculture makes up just 2 percent of the labor force, and construction and manufacturing have decreased to 6 percent and 12 percent, respectively. The service industry labor force, however, has increased to 82 percent. The EU also has had consistent growth in service jobs – currently at 72 percent – while manufacturing has decreased to 16 percent and construction and manufacturing have remained less than 10 percent.

Closing the Gender Gap

As the US and EU have experienced a rise in unemployment across all demographic groups in recent years, Turkey has seen a rise in labor force participation in all age and gender groups. Historically, there has been a pronounced gender gap in Turkey's labor force, but it has begun to gradually close. In 2005, 74 percent of the labor force was male; in 2013, 69 percent was male. However, the country has a lot of catching up to do when compared to the US and EU countries, where the labor force is closer to being equally divided, with 53 percent to 55 percent male. Indicative of its low female employment rates, Turkey is ranked as one of the lowest-scoring countries in the World Economic Forum Gender Equality Gap Report. This report takes into account labor participation, literacy rates, education levels, health, marriage, and childbearing data.⁵

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Despite this gap, girls in Turkey outperform boys in literacy, math, and science on the Program for International Student Assessment (PISA), signifying a need

⁵ “The Global Gender Gap Report,” *World Economic Forum*, 2013, <http://www.weforum.org/issues/global-gender-gap>

“In order to fully utilize its young workforce and attract the high-tech jobs that will drive its economy into the future, Turkey needs to address its education needs.”

for stronger encouragement of female education and employment.⁶ Studies have cited family pressures, lack of affordable childcare and gender discrimination as contributing to Turkey’s low female workforce participation rate.⁷ Because gender equality is a strong indicator of prolonged success in established economies, Turkey’s progress could be stymied if it continues to underutilize its female workforce.

Opportunity for a Young Workforce

With almost half of its population under the age of 25, Turkey has a ripe opportunity to build the workforce needed to support a thriving economy.⁸ In the past decade, its labor force participation rates steadily increased as unemployment rates have gone down in all age groups. For 15 to 19 year-olds in Turkey, employment has remained stable, while in the US and the EU, employment levels have plummeted for this age group following the economic recession. In the 25 to 54 age group, Turkey’s employment rate has increased by 10 percent since 2005, while in the US it has dropped 4.54 percent.

In Turkey, employment in the 55 to 64 age group has decreased to 31.9 percent, while in the US this number has risen to a 60.7 percent employment rate for this demographic. These patterns may indicate that while the recession has negatively impacted younger workers in the US and has resulted in delayed retirement for older workers, Turkey’s economic growth during the same period has benefited its young workforce. Younger age groups in EU countries experienced trends similar to that of the US, but labor force participation for older workers also is low. Low participation by older workers in Turkey and the EU may also be the result of more generous pension plans and social programs for this age group.

6 OECD Better Life Index, *Turkey*, <http://www.oecdbetterlifeindex.org/countries/turkey/>

7 Asli Gurkan, “Low Female Participation in the Workforce: Solving the Turkish Dilemma,” *The World Bank*, 11 August 2011,

<http://blogs.worldbank.org/developmenttalk/low-female-participation-in-the-workforce-solving-the-turkish-dilemma>

8 “The World Factbook: Turkey,” *Central Intelligence Agency*,

<https://www.cia.gov/library/publications/the-world-factbook/geos/tu.html>

Addressing Education Needs

In order to fully utilize its young workforce and attract the high-tech jobs that will drive its economy into the future, Turkey needs to address its education needs. Only 36 percent of men and 27 percent of women ages 25 to 64 in Turkey have completed secondary education,⁹ and only 14 percent of men and 11 percent of women have attained post-secondary education.¹⁰ In contrast, in the United States, 88 percent of men and 90 percent of women have completed secondary education, and 39 percent of men and 44 percent of women hold post-secondary degrees.

In many countries throughout the European Union, the number of students, especially women, entering post-secondary education has risen steadily in the past few years.¹¹

According to the report “Occupational Outlook in Turkey,” the median level of education of Turkey’s workforce is only a primary education.¹² For employers in Turkey, the median level of education is junior high, and for wage-salary workers, it is high school. As expected, wage-salary workers also have the highest number of post-secondary degrees, with 14.6 percent having completed vocational school and 23.3 percent having completed college.¹³ However, these numbers are not high enough to compete with the educated workforces of the United States or European Union. Although prior to Turkey’s economic growth, there was more demand for lower-wage (and thus lower-education level) jobs, economic changes have created demand for workers with a stronger skills set.

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9 OECD Better Life Index, <http://www.oecdbetterlifeindex.org/countries/turkey/>

10 “Education at a Glance 2013: Turkey,” *Organization for Economic Cooperation and Development*, http://www.oecd.org/edu/Turkey_EAG2013%20Country%20Note.pdf

11 Education Statics, *Eurostat*,

http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Education_statistics#Compulsory_education

12 Hakan Ercan, “Occupational Outlook in Turkey,” *International Labor Organisation*, 2011,

<http://www.ilo.org/public/english/region/eurpro/ankara/areas/occupationaloutlookinturkeywithoutcover.pdf>

13 Ercan (2011).

“Given its young population and the increased economic power of its middle class, Turkey has strong potential to create the workforce needed to propel its flourishing economy.”

Conclusion

The OECD’s data regarding labor force demographics in Turkey, the United States, and the European Union provides an overview of how economic changes have impacted the workforces of these countries differently. While the established economies of the US and the EU have suffered from recession in recent years, Turkey’s emerging economy has grown. With its position as a nexus of Europe and the Middle East, Turkey’s geographically advantageous

location makes it an attractive place to do business, despite the political turmoil in surrounding regions.

Agriculture remains a mainstay of the Turkish workforce, but service industry jobs have become more plentiful in Turkey, sending increasing numbers of young people to urban areas for employment. A significant gender gap still exists in the job market in comparison to the US and many EU countries, but Turkey is taking steps to ensure higher rates of female employment, which has been gradually increasing. To encourage stronger education levels and school attendance of girls, the Turkish government expanded compulsory education from eight years to twelve years in 2012 and programs have been established to increase enrollment and retention rates.¹⁴ While the recession has caused a dearth of job opportunities for young workers in more established economies, employment has increased for both men and women in this age group in Turkey – a factor that has helped the country to build a robust middle class.

Some economists doubt the staying power of Turkey’s current economy.¹⁵ If the country is indeed to sustain the accomplishments of the past decade and become economically established over the long-term, it may be necessary to continue to develop a workforce that is comparable to those in established economies in terms

14 Education Policy Outlook: Turkey, *Organization for Economic Cooperation and Development*, October 2013, http://www.oecd.org/edu/EDUCATION%20POLICY%20OUTLOOK%20TURKEY_EN.pdf

15 Jesse Colombo, “Why the Worst is Still Ahead for Turkey’s Bubble Economy,” *Forbes*, 5 March 2014, <http://www.forbes.com/sites/jessecolombo/2014/03/05/why-the-worst-is-still-ahead-for-turkeys-bubble-economy/>

of education, skills, and gender. Specifically, there is a need for an improved high-tech skilled workforce to encourage innovation and technology. One may start by establishing pilot training programs in schools sponsored by technology firms. The government can provide tax incentives to such companies to support these programs. This would ensure the young labor force has high technical skills that can increase Turkey's attractiveness in global markets. Given its young population and the increased economic power of its middle class, Turkey has strong potential to create the workforce needed to propel its flourishing economy.