

# What are the Trends in Women's Labour Force Participation in Turkey?

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## Abstract

Labour force participation (LFP) by women is an important driving force of the economic growth and sustainable development. However, one of the salient characteristics of Turkish labour market is the distinctly lower female labour force participation rate (FLFPR). In 1955, the FLFPR was 72%, which decreased to 32.5 % in 2016. Further, it is very low as per the EU-28 (52%) and OECD (51.9%) standards. The reasons of low FLFPR in Turkey are multidimensional. On the one hand, it could relate, to some extent, to the deep-rooted traditional gender roles (socio-cultural), and on the other hand, to the economic barriers. The process of urbanization and agricultural shedding are the two driving forces contributing to this decreasing trend. Thus, FLFPR in Turkey need to be improved through sustaining investment on education and creating job opportunities for the women. Government regulations should aim at promoting formal employment for undereducated women and increasing the quality of jobs. Many women could be encouraged to work by offering affordable childcare. Sustaining investment on the education of girls and women would also improve FLFPR and access to higher education would increase the LFP of women in Turkey.

*Keywords: female labour force participation rate, labour market, Turkey*

## 1. Introduction

The driving forces of economic development and sustainable growth include the quality of human capital, functioning of labour markets, hence improving employment, decreasing unemployment, and increasing labour force participation rate (LFPR). These indicators are directly related to how well an economy operates and the welfare of individuals and societies. LFPR is a parameter indicating the proportion of a country's working-age population that engages actively in the labour market, either by working or looking for the work. It provides an indication of the size of the supply of labour available to engage in the production of goods and services, relative to the population at working age (ILO, 2017). An increase in the LFPR indicates an increase in the rate of economic activity, while the decrease indicates that a large fraction of the active population in the working age is not participating in the national economic activity. However, Turkish labour market is generally characterized by a low LFPR due to the low labour force participation (LFP) of women. Although FLFPR is an important driver for the growth and development, there is a major bottleneck in the LFP of women in Turkey. Unfortunately, FLFPR is decreasing in Turkey, as it was 72% in 1955 (Tansel, 2002, p.3), which decreased to 33.4% in April 2017. Moreover, FLFPR in Turkey is quite low as per the EU-28 and OECD standards. In 2016, FLFPR was 52% in EU-28 and 51.9% in OECD countries; it was only 31.5% in Turkey (OECD, 2017). In this context, the objective of this study was to analyse the trends of FLFPR for Turkey over the

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period of 1988–2016. This paper is organized in the following order: Section 2 presents the importance of FLFPR; Section 3 presents an overview of the determinants of LFP of women in Turkey. Section 4 analyses the data and Section 5 concludes the study.

## **2. The Importance of Labour Force Participation of Women**

Sustainable development can only be achieved through long-term investments in economic, human, and environmental capital. In this context, a sustainable development focuses on the human capital, which is also a key to growth and development. However, women, who constitute half of the human capital, are one of its most underutilized and undervalued resources. The sustainable economic growth at the national and global levels depends on the joining of women to the labour force and making complete use of their skills and qualifications. The better use of the female population, increasing the FLFPR and decreasing the economic inequalities between men and women can boost the economic growth, per capita income, reduction of poverty and income inequality, better governance, business performance and innovation, social well-being, and sustainable development in all countries (OECD, 2008:3). An economy, with a higher participation of women in the labour market, can make a greater use of its productive potential. Since the participation of women is considered as the workforce and indicates a country's potential labour supply, a country's competitiveness in the long term also depends on whether and how women are educated and engaged (ILO, 2016: 26). Moreover, ILO Report (2016) states that the developed economies, which are facing a rapidly ageing and shrinking workforce, can overcome this problem by increasing women's LFPR (Steinberg and Nakane, 2012).

Moreover, a strong correlation is found between the education of mothers and their children. It has been found that more-educated and working women are more likely to provide better education, opportunities, and healthcare to their children. Many studies state that the investment on women's education decreases child mortality and the prevalence of various diseases and increases immunization rates (World Bank, 2009:5). According to role incompatibility hypothesis, the number of children and the opportunity cost of childbearing discourage mothers from seeking a job and participate in the labour market, especially, if women have a low education and a low paid job (Bratti, 2003, 540). Education increases LFP of women. Moreover, working women who bring additional income to the household also have more participation in the decision-making process in the family. In this context, increasing female labour participation (FLP), raising the employment rate of women and decreasing the gaps in pay and earning are the major policy objectives both in Turkey and the other countries.

Cuberes and Teignier (2016) state that the expected income loss in Europe from excluding 5% of women is 2.5%, while the loss is 10% if they are all employers. Moreover, gender gaps cause an average income loss of 15% in the OECD. Microsimulations for Turkey indicate that increasing the FLFPR to 29% will reduce poverty by up to 15% (8%) if new entrants take full-time (part-time) jobs (World Bank, 2009). Turkey is one of the few countries that can derive benefits from the demographic window of opportunity in terms of labour potential by 2030. Turkey can benefit from

this opportunity better if education-industry policies are developed to strengthen qualified human capital with increasing LFP of women.

### 3. Determinants of Labour Force Participation of Women in Turkey

FLFPR is affected by a wide variety of micro-macroeconomic and social factors. More specifically by the factors that affect the LFP decision of women are age, marital status, educational attainment, fertility rate, the number and age of children and the number of dependents, household size and assets, salary and economic activities of husband, being unpaid family worker, unemployment rate, economic development, urbanization, industrialization, employment structure, labour market regulations (social security), economic crises, wages, income and wage inequalities. The World Bank's Report (2009) states that the reasons of low FLFPR in Turkey are multifactorial. It could be, to some extent, due to deep-rooted traditional gender roles (socio-cultural) as well as, economic constraints. Accordingly, the conflict between the traditional roles of women and working outside is also notable in Turkey. Besides this, the urbanization and agricultural shedding are other factors that may contribute to this decreasing trend. In this context, a U-shaped relationship between FLFPR and the economic development of countries can be perceived for Turkey. The U-shaped hypothesis describes the relationship between FLFPR and the economic development (structural shifts in economic sectors and changes to household labour supply and attitudes about women working outside the home). This hypothesis postulates that female participation rates are highest in poor countries, where women are engaged in agricultural activities as unpaid family workers and are lower in middle-income countries because of the transition of (mainly) men to women in industrial jobs (Verick, 2014:2). After the migration of households from rural areas to urban, either women remain out of the labour market or get involved in the informal economy because of not possessing the qualifications required by the labour force in the city. This could be explained by the fact that, the market wage level is below the reservation wage of women which corresponds to the total value of house works (Dayioğlu and Kırdar, 2010, p.55–56, World Bank, 2009, p.2). Following the economic development, as education levels increase and fertility rates decrease, women become able to join the labour force in response to the growing demand in the service sector. This leads to an increase in FLFPR again (Verick, 2014, p.2). However, through the transformation of Turkish economy from agricultural based production to the industrial sectors, the FLFPR has gone down in Turkey. This situation places a country to the left side of the U-shape (Goldin, 1995; Tansel, 2002; T.C. Maliye Bakanlığı, 2014). In addition to above-mentioned factors, glass ceilings are worth to indicate that also prevent women from advancing higher in the business world in Turkey.

### 4. Trends in Labour Force Participation of Women

One of the salient features of the Turkish labour market is the low total LFP because of the distinctly lower LFP of women. As of April 2017, the total LFP and FLFPR in Turkey was 52.7% and 33.4%, respectively (TURKSTAT, 2017a). As a benchmark, the total FLFPR among OECD and EU–28 countries averaged 51.9% and

52%, respectively in 2016 (OECD, 2017). While a male LFPR near to that of the EU and OECD countries was observed in Turkey, indicating that the inequality between women and men persists in the global labour markets. Not only Turkey but also in the EU and OECD countries, FLFP is lower than that of men (Figure 1).

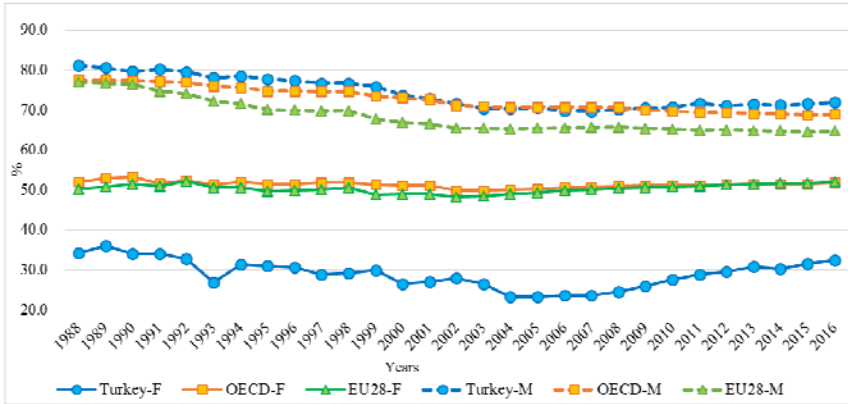


Figure 1. Gender Disparities in LFPR aged 15+ (%)  
 Source: Own elaboration based on OECD (2017), Labour Force Statistics  
 Note: F: Female, M: Male

Over the last three decades, while the average FLFPR in EU and OECD has increased slightly, Turkey’s LFPR of women has experienced a decrease from 34.3% in 1988 to 23.3% in 2004, though it increased to 32.5% in 2016. A downward trend was especially apparent until 2004. Although 2004 was a breakpoint, there were many social, legal, and economic reasons behind the decline over the years. This downward trend can specifically be explained by the structural transformation caused by the shrinking of the agricultural sector, rising urbanization, and migration. In rural areas, women are employed as unpaid workers in the family business and provide childcare and carry out agricultural work simultaneously and are included in the labour figures. Thus when households move from rural to urban areas, the women who have migrated from the rural area cannot participate in the labour market of cities and become housewives or sometimes participate in the informal economy. Such withdrawal of women from the labour force leads to a decrease in the labour figures. After 2005, Turkish women started to re-join the labour force, the FLFPR, driven by a growing number of women in salaried work, started to increase faster than the number of women working in agriculture. Between 2004 and 2012, many women moved from agricultural and informal sector jobs to the formal economy, although informality (54%) was still very high for women in 2012 (İnan and Aşık, 2014, p.4). Moreover, the factor behind the increase of LFPR of women could be the legislative arrangements aimed at increasing women employment and protecting working women, and also better social security premium incentives for the employers employing women over the age of 18 (Önder, 2013, p.58). As discussed above, the time series data also suggest that FLFP in Turkey is following a U-shaped pattern that relates female labour force participation rates (FLFPRs) to the changing composition of the labour force from agriculture to the non-agricultural

activities (Dayıođlu and Kırdar, 2009; World Bank, 2009; Tansel, 2012; T.C. Maliye Bakanlıđı, 2014; Verick, 2014). After the 1980s, through the transformation of the Turkish economy, the FLFPR went down and Turkey was considered on the left side of the U-shape. However, while at present Turkey is at the bottom of the U-shape. In future, it is expected to be at the increasing (right) side of the U-shape (Can and Özer, 2012; Tansel, 2002; T.C. Maliye Bakanlıđı, 2014). The report of Ministry of Finance states that FLFPR in Turkey is expected to increase by 41% by 2023 (T.C. Maliye Bakanlıđı, 2014).

Accordingly, there has been a significant increase in the LFPR of women in Turkey, especially after the 2008 crisis. This significant increase could be attributed to the ‘additional worker effect’ that emerged in the post-crisis period. However, this effect weakened in 2010 and had no power after 2011 (Gürsel, Uysal and Acar, 2014). For this reason, the on-going increase in LFPR of women is seen as a sign of structural transformation of Turkey (T.C. Maliye Bakanlıđı, 2014). However, despite the progress, the increasing FLFP does not necessarily promote gender equality or empowerment for women. As of April 2017, more women (13.2%) than men (9.1%) are unemployed and the employment rate of women (29%) is also far below that of their male counterparts (65.7%). Moreover, young women face the highest risk of unemployment in Turkey (24.9%) (TURKSTAT, 2017a).

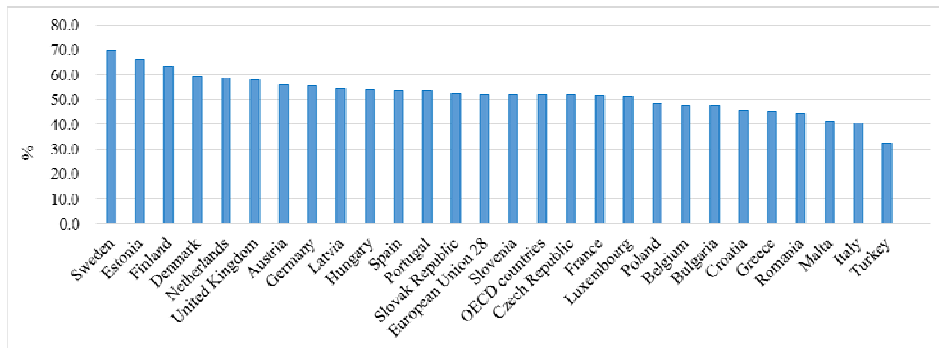


Figure 2. LFPR of Women in Selected Countries (2016) (%)

Source: Own elaboration based on OECD (2017), Labour Force Statistics

The rate of female participation in the labour force is significantly lower than that of men for all EU countries (OECD, 2017). On an average in the OECD and EU countries, about 52% women participate in the labour force. Though, a wide variation can be observed among the EU countries (Figure 2). The difference in the LFPR gender gap is most pronounced in Italy, Malta, Greece, Romania, Greece, Croatia and Bulgaria. Moreover, LFPR of women in Turkey is lowest among all EU countries. FLFPR is the highest in Sweden, Estonia, Finland, Denmark, Netherlands, and United Kingdom.

### 4.1 Labour Force Participation Rates by Gender and Age Groups

An important demographic factor that affects labour participation rates (LFPRs) is the population's age composition. The proportion of the population aged between 15–64 lead to increase the LFPR. In general, among all age groups, male labour force participation rates (MLFPRs) are higher than the female labour force participation rates (FLFPRs). In all age groups, LFPR of women in EU countries are higher than OECD countries.

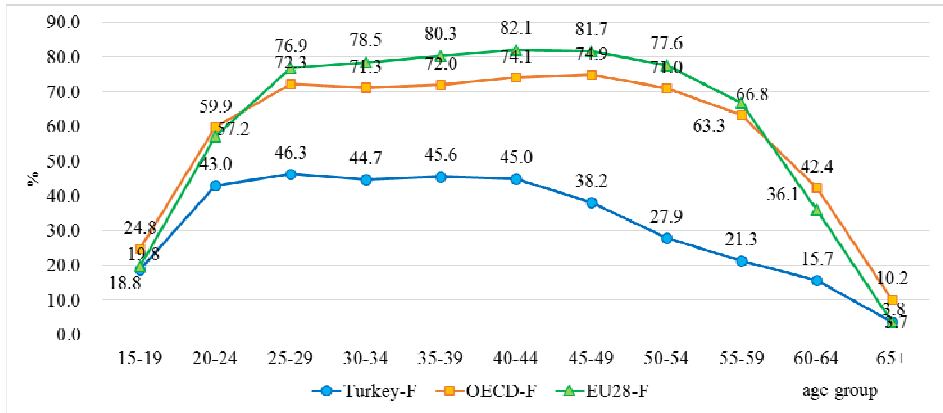


Figure 3. LFPR of Women by Age Groups (2016) (%)  
 Source: Own elaboration based on OECD (2017), Labour Force Statistics

Compared to the EU and OECD countries, LFPR of women in Turkey is very low in all age groups. The LFPR of women is the highest in the age group of 40–44 in EU and OECD countries, but it is highest in the age group of 25–29 in Turkey. In Turkey, most young women, especially low educated, initially participate in the labour market but eventually leave after they get married due to the low wages, household responsibilities, and the lack of childcare supports. Moreover, the women in Turkey immediately leave the labour force after the age of 45. According to the TURKSTAT (2017b) Labour Force Statistics, the main reasons for not being in labour force for women are to engage in the housework (55.3%), being disabled, ill or old (13.4%) and to continue education (11.6%) in 2016.

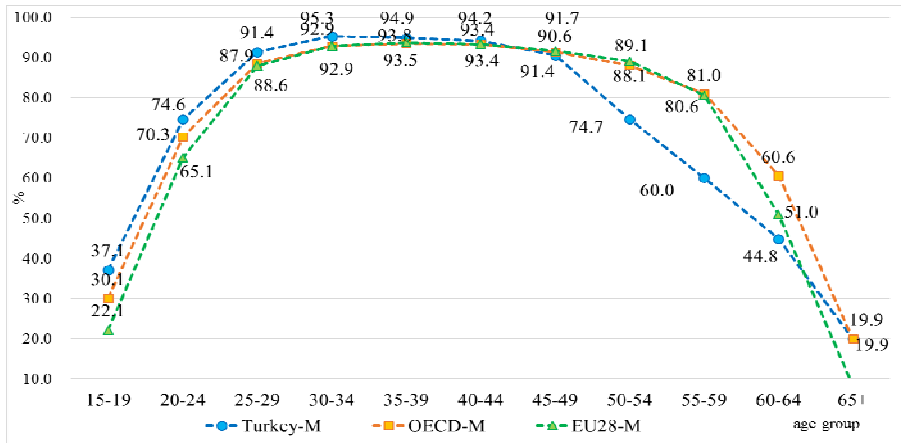


Figure 4. LFPR of Men by Age Groups (2015) (%)

Source: Own elaboration based on OECD (2017), *Labour Force Statistics*

The trends of MLFPR in Turkey by age groups also differ from the EU and OECD countries (Figure 4). The young age LFPR of men is higher in Turkey. This can be explained by the fact that young men in Turkey do not continue their education and participate the labour force earlier than their European counterparts. Moreover, a downward trend is apparent in the 45–64 age group in Turkey. The adults retire from the labour force at an early age. TURKSTAT (2017b) Labour Force Statistics of 2016 also indicate that the main reasons for not being labour force for men in Turkey are retirement (39%), education (27%), and being disabled, ill or old (13.4%). However, in Turkey, the MLFPR over the age of 65 is higher than EU and OECD countries. In many developed countries, the elderly people are supported through pensions or retirement schemes, this leads to lower MLFPR in the developed countries than in developing countries at later ages (UN, 2010, p.21). However, with the reforms envisaged to be made in the pension system in the EU countries, it is estimated that LFPR of the 55–64 age group will gradually increase by 2020, 2040, and 2060 (European Commission, 2014, p.52).

#### 4.2 Labour Force Participation Rates by Gender and Education

A strong relationship could be observed between the rise of LFPR and education in Turkey. The group with the highest LFPR includes higher education graduates for both men and women. However, the LFPR of higher education and vocational high school graduate men is higher than the higher education graduate women in Turkey (Figure 5).

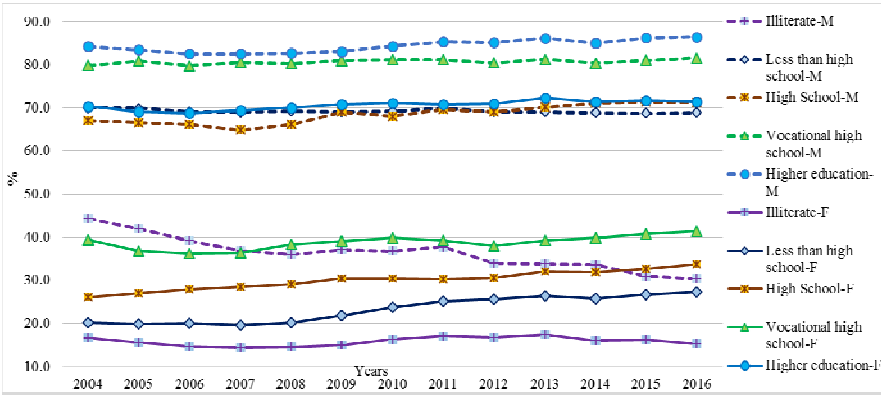


Figure 5. LFPR by Gender and Educational Attainment in Turkey (%)

Source: Own elaboration based on TURKSTAT (2017), Labour Force Statistics

Although women's participation in the labour force has increased in all education groups, there is a gap between the highly educated women and other educational levels. The LFP of higher educated women is highest in Turkey. The increase in the education levels of women accompanied with the increase in the quality of employment and wages in urban areas results in the increases the LFP of women. In this context, the improvements in the education levels of girls will help the Turkish women in overcoming the socio-economic constraints and will contribute Turkish labour market and economy with the rising proportion of LFPR of women in the medium and long-run.

### 4.3 Labour Force Participation Rates by Gender and Marital Status

The change in the marital status significantly affects women's participation in the workforce. Never married women have higher participation in the labour force than married women in Turkey (Figure 6).

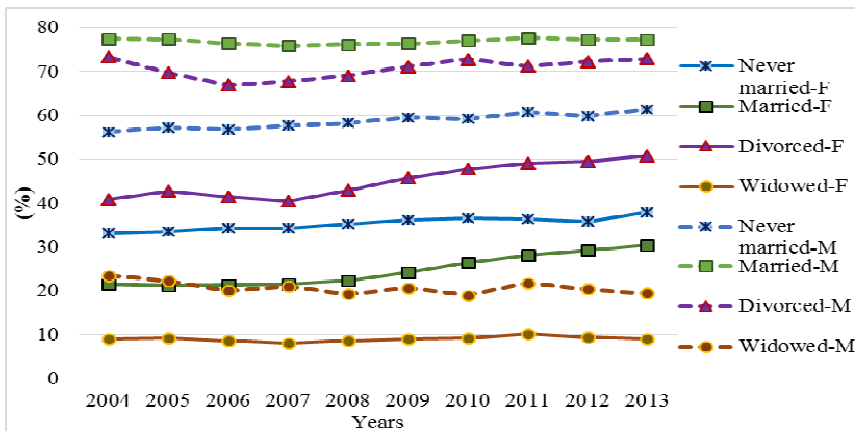


Figure 6. LFPR by Gender and Marital Status in Turkey (%)

Source: Own elaboration based on TURKSTAT (2017), Labour Force Statistics



The fact that the women with children and a low education level face more socio-cultural obstacles emphasize that women's domestic roles restrict their participation in the labour force after marriage. For this reason, the majority of working young and single women leave their jobs when they get married (or have a child) and are out of the labour market. Thus, while the rate of participation in the labour force is high in mostly single and divorced women, the LFPR of married women is relatively low in Turkey. On the contrary, the LFPR of married men is the highest. After the 2008 economic crisis, the LFP of divorced and married women is increasing rapidly. This can be explained by "additional work effect" in the households.

## Conclusion

Women play an important role in the development of countries as mothers, employees, entrepreneurs, and agents in the economy. However, in developing countries, they are not completely utilized and unvalued and also face discrimination in many areas of daily and economic life. The integration of women into the economy and gender equality should be vital in all aspects because it can increase the overall productivity in the economy, improve development outcomes for future, reduce poverty, enhance social well-being and help ensure sustainable development.

Turkey as a developing country also suffers from the low LFP of women. The FLFPR of Turkey is exceptionally low by international standards. It has decreased from 34.3% in 1988 to 32.5% in 2016. Since the 1980s, throughout the transformation of the Turkish economy, FLFPR has gone down and at present Turkey is placed at the left side of the U-shape. However, after 2005 an upward trend was observed in FLFPR of Turkey, where it was placed at the bottom side of the U-shape, and in future, it is expected to be at the increasing (right) side of the U-shape. There are several socio-economic and cultural reasons for low FLFPR in Turkey such as of the structural transformation, agricultural shedding, migration, urbanization, the conflict between the traditional roles of women and working outside (especially for married and/or low educated women), insufficient education, low wages, and the lack of social security.

FLFPR in Turkey should be improved through creating job opportunities for the first time job seekers. Government regulations should aim at promoting formal employment for undereducated women and increasing the quality of jobs. The implementation of a special holistic support program for female entrepreneurs is also necessary. Under the scope of enabling employment incentives for women, according to Decree Law No. 689 dated 09.02.2017, until 31.12.2020, private sector employers' premiums for women over 18 and young people between the age of 18–29 are covered in the unemployment insurance fund up to 48 months. Moreover, women could be encouraged to work by having access to affordable childcare and providing child, sick and elderly care services. The continuous investment in the education of girls and women is also vital for the FLFPR in Turkey. An access to higher education increases the LFP of women and raises the reservation wage. However, the education needs to be matched by creating jobs in the economy. Improving the quality education is critical to achieve gains in employment outcomes and opportunities for better jobs for women.

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