



Theme Look

Building long-term prosperity
through investing in women's skills

March 2020

Prepared By

Cihan Urhan
Gül Yücel

| urhanc@tskb.com.tr
| yucelg@tskb.com.tr

This document was produced by Turkiye Sinai Kalkinma Bankasi A.S. ("Industrial Development Bank of Turkey") ("TSKB") solely for information purposes and for the use of registered broker or dealer, whether the registered broker or dealer is acting as principal for its own account or as agent for others, or a bank acting in a broker or dealer capacity as permitted by U.S.A. law. This document shall not to be reproduced under any circumstances and is not to be copied or made available to any person other than the recipient. It is produced and distributed in the Republic of Turkey. This document does not constitute an offer of, or an invitation by or on behalf of TSKB or any other company to any person, to buy or sell any security. The information contained herein has been obtained from published information and other sources which TSKB considers to be reliable. No liability or responsibility whatsoever is accepted by TSKB for the accuracy or completeness of any such information. All estimates, expressions of opinion and other subjective judgments contained herein are made as of the date of this document. TSKB may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon either on their own account or on behalf of their clients. TSKB may, to the extent permitted by law, act upon or use the above material or the conclusions stated above or the research or analysis on which they are based before the material is published to recipients and from time to time provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this document.

Any customer wishing to effect transactions in any securities referred to herein or options thereon should do so only by contacting a representative of TSKB.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior consent of Turkiye Sinai Kalkinma Bankasi A.S. This document does not constitute an offer to sell, or an invitation to subscribe for or purchase, any of the offer shares in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by TSKB and the managers to inform themselves about and to observe any such restrictions. No person has been authorized to give any information or to make any representation except as contained in this publication.

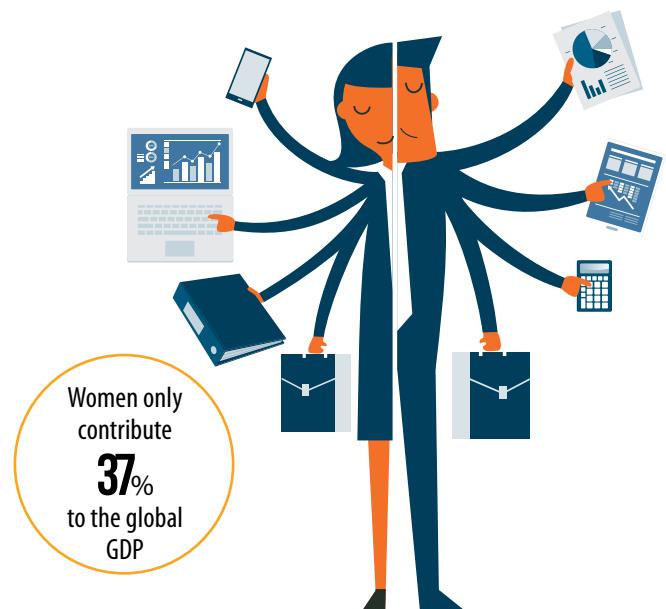
In making an investment decision investors must rely on their own examination of the Company and the terms of the offering including the merits and risk involved.

Building long-term prosperity through investing in women's skills

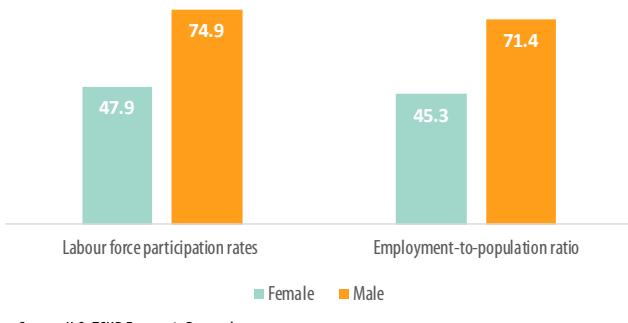
Women constitute half of the world's human capital(49.6%).¹ Despite this, they only contribute 37% to the global GDP, as they are underrepresented in the workforce.²

Empowerment of the world's female population results in increased economic growth, reduced poverty, advancement in societal well-being, and ensuring sustainable development in all countries. Sustainable economic growth at national and global levels depends on women joining the labour force and maximizing the use of their skills and qualifications. Demonstrating the potential for female employment to boost economic growth and prosperity, in 2014 G20 leaders set a goal of reducing the gap in labour force participation rates by 25% between men and women by 2025. Achieving this goal of "25 by 25" would, it is estimated, generate USD 5.8 trillion for the global economy.³

Despite the recovery in the global economy, the rate of unemployment unfortunately remains high and the female labour force participation is insufficient. The gender gap in labour force participation rates stood at 27 percentage points with 73.3 million women unemployed in 2018.⁴ Meanwhile, the male employment-to-population ratio stood at 71.4%, while the ratio for women was 45.3% in 2018.⁵



Graph 1. Labour Force and Employment to Population Ratios by Gender (2018, %)



Source: ILO, TSKB Economic Research

Turkey is characterized by a significant gender gap with low female participation in workforce

Low female participation in the workforce is a global phenomenon, but the Turkish economy faces a more challenging outlook for labour markets with lower female labor force participation rates compared to many countries. Turkey's gender gap overall places in 130th of 153 countries, according to the Global Gender Gap Report 2020 of the World Economic Forum and it ranks 136th in economic participation and opportunity.⁶

Turkey has the lowest female labour force participation rate among OECD countries, at 38.3%, comparing with the OECD average of 64.6% (Graph 2). According to surveys, the most prominent reason cited by more than half (55%) of women in Turkey for not participating in the labour force is "being occupied with housework".⁷

¹ World Bank, as of 2018

² Statista, as of 2015

³ ILO (2017); World Employment Social Outlook, Trends for Women

⁴ ILO (2019); World Employment Social Outlook, Trends 2019

⁵ ILO (2019); World Employment Social Outlook, Trends 2019

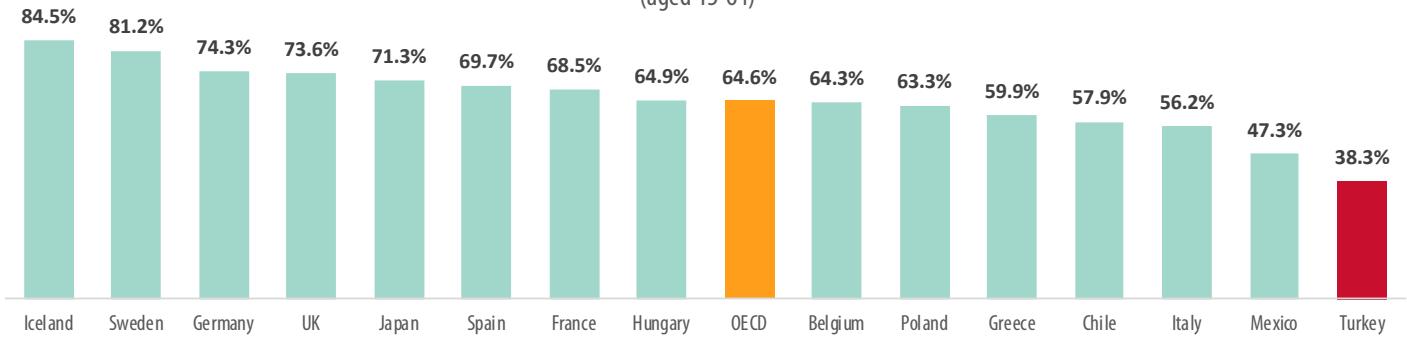
⁶ World Economic Forum, Global Gender Gap Report 2020

⁷ TurkStat, Labour Force Statistics, 2018

The low participation rates are not the only problems women faces in Turkey in terms of workforce participation; 42% of the women who are employed (nearly 4 million women) are working in informal positions. This rate appears as 24% in non-agricultural industries.⁸ Furthermore, according to International Labour Organization (ILO) estimates, women earn 13.2% less than men in Turkey.⁹ Another important issue is the underrepresentation of women in managerial positions in Turkey. Only 16.3% of managers are women in Turkey.¹⁰



Graph 2. Female Labor Force Participation Rate (%), Selected Countries, 2018
(aged 15-64)



Source: OECD, TSKB Economic Research

Advancing women's skills through improving the education of women is a critical factor in enhancing female labour force participation and improving employment opportunities

Developing up-skilling and re-skilling programs ensures continuous adaptability to diverse skill requirement brought about by rapid technological change. Even though developed countries are now dealing with the direct consequences of a technology-intensive economy, in developing countries like Turkey, which are currently indirectly affected by digital technologies, market transformations driven by technological change are expected to be seen in the near future. The potential negative impact of technology on the workforce in developing countries may be more severe because of the relatively lower level of education and large populations in these countries. Future labour trends notwithstanding, developing countries need to foster new skills to bridge the gap between themselves and developed countries; otherwise they risk unemployment resulting from negative spillover as the skills mismatch expands. Such capabilities in developing countries are also crucial in ensuring stable growth and enhancing competitiveness in the global economy. Considering the gender gap in education enrolment and inequality of opportunity for acquiring skills, it becomes more imperative to identify workable solutions in preparing women with future ready skills.

⁸ TurkStat, Labour Force Statistics, 2018

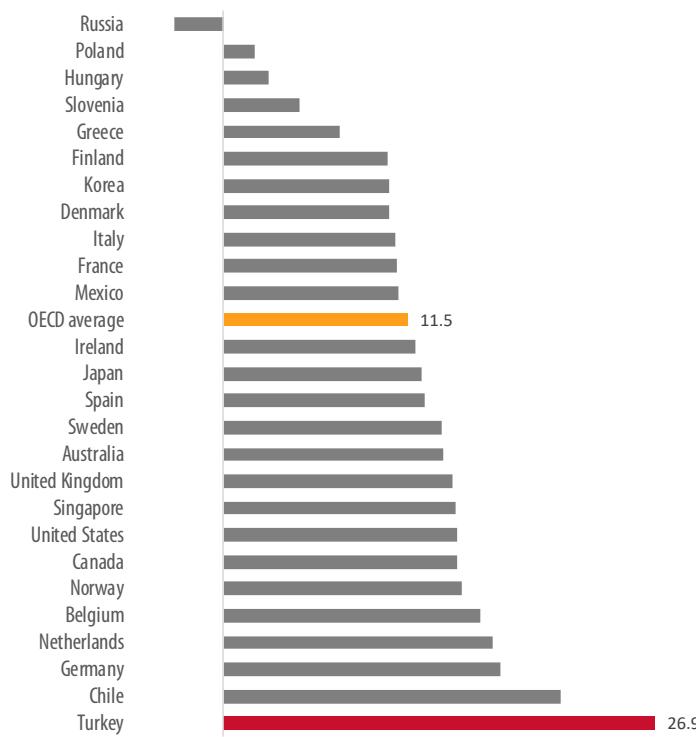
⁹ ILO, Global Wage Report 2018/19

¹⁰ TurkStat, Sustainable Development Indicators, 2018

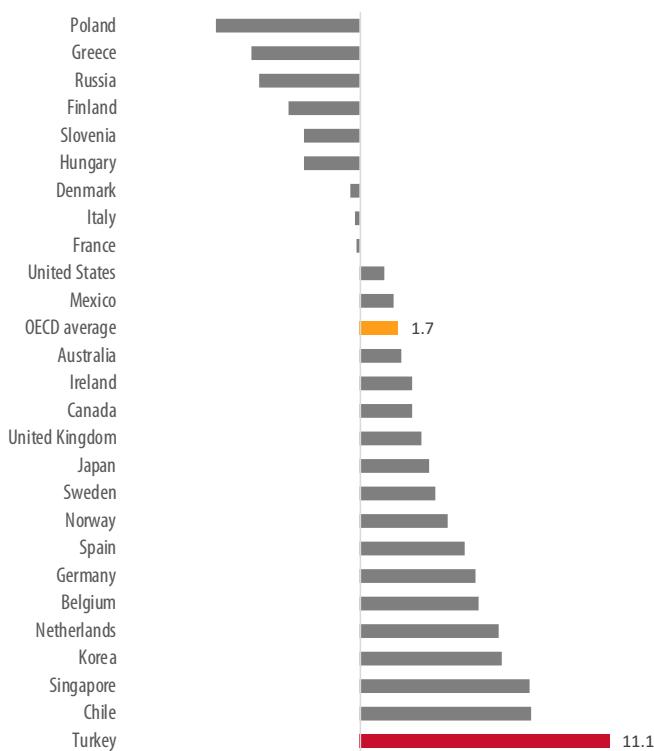
The gender gap in adult skills and the “digital gender divide”

Around the globe, women aged between 15 and 64 underscore men both in literacy and numeracy proficiencies. Turkey ranks as the lowest in the Survey of Adult Skills participant countries in terms of the gender gap in these proficiencies (Graph 3 & 4).¹¹

Graph 3. Gender Gap* in Numeracy Proficiency



Graph 4. Gender Gap in Literacy Proficiency



Source: Survey of Adult Skills (PIAAC), TSKB Economic Research

*percentage difference between men and women

Source: Survey of Adult Skills (PIAAC), TSKB Economic Research

Competence in literacy, numeracy and analytical skills constitutes an integral part of adaptation to digital technologies. Women, who lag behind men in these basic skills, are also lagging behind men in digital technologies. The situation in which women are in a less privileged position than men in terms of access to digital technologies is referred to as the “digital gender divide”.¹¹ Latest statistics show that Turkey languishes with the lowest rank in terms of the percentage of women using the Internet, and reports widest gender gap in daily Internet usage, with a 13.8 percentage point difference.¹²

Women have been underrepresented in high tech jobs including high tech manufacturing and knowledge-intensive services jobs. In the EU overall, only 2.9% of women are employed in high technology sectors, compared to 5.1% for men.¹³ The reason behind low female employment levels in high tech sectors is associated with the low tertiary education attainment of women in science, engineering, mathematics and computing. Indeed, in Turkey only 13% of women enrolled in tertiary education graduate with degrees from information and communication technologies (ICT) subjects, engineering or natural sciences, whereas 27% of men enrolled in tertiary education graduate with degrees from the same fields. However, it is also important to note that Turkey has the lowest gender gap among OECD countries in terms of the share of tertiary graduates in ICT, engineering and natural sciences, with a 14 percentage point difference.¹⁴ Gender disparity in academic enrolments in scientific fields can be traced to differing career aspirations between girls and boys, in which socio-cultural stereotypes play an important role. According to PISA results, 4.8% of boys expect to work in ICT-related sectors in the future, whereas, only 0.4% of girls expect to work in the same sectors.¹⁵

¹¹ UNWomen, Women2000 and Beyond, 2005

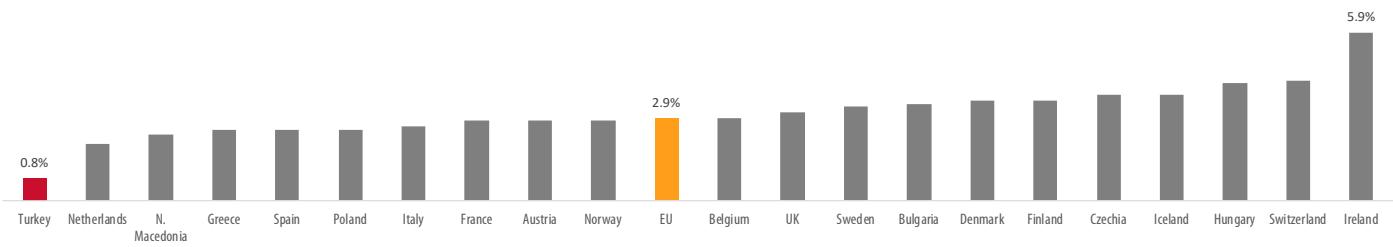
¹² OECDstat, ICT Access and Usage by Households and Individuals, 2018

¹³ EuroStat

¹⁴ OECDstat, Distribution of Graduates and Entrants by Field, 2017

¹⁵ OECD, Empowering Women in the Digital Age: Where Do We Stand, 2018

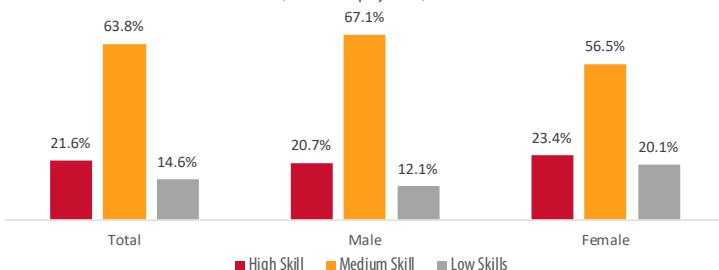
Graph 5. Percentage of female employment in high technology sectors (high-technology manufacturing and knowledge-intensive high-technology services)



Source: Eurostat, TSKB Economic Research

Despite their underrepresentation in technology sectors, women employed in high skilled jobs – being managers, professionals and technicians and associate professionals, as a percentage of total female employment is higher compared to men. However, 57% of female workers are employed in jobs with medium skills, where gender wage gap is widest at 34% (Graph 6 and 7). Academic studies point to the positive correlation between skills and wage levels, where workers with higher skills receive higher pay.¹⁶ Differences in skills are found to be a statistically significant explanatory variable of the pay gap. Therefore, encouraging women workers to acquire skills to jump up to high skill occupations where the gender pay gap is the lowest compared to other occupation groups, is crucial for levelling women's relative financial status with respect to men.

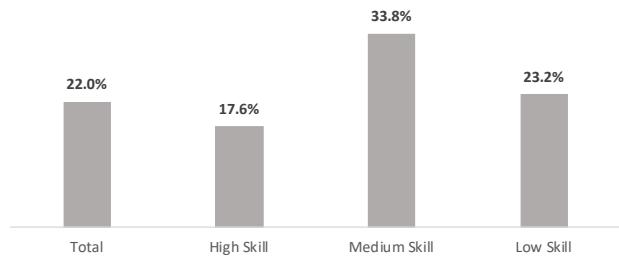
Graph 6. Employment Rates by Skill Groups* (% total employment)



Source: Turkstat, TSKB Economic Research

*International Labor Organization classifies 1-3 ISCO-08 classifications as high skilled, 4-8 as medium skilled and 9 as low skilled occupations

Graph 7. Gender Wage Gap by Skill Groups*



Source: Turkstat, Income and Living Conditions Survey 2018, TSKB Economic Research

*International Labor Organization classifies 1-3 ISCO-08 classifications as high skilled, 4-8 as medium skilled and 9 as low skilled occupations.

Academic studies show that the technological transformation along with forces of globalization may shift the demand for labour towards workers with higher skills.¹⁷ This may result in employment losses in middle skilled jobs, particularly affecting women working in labour-intensive sectors such as textiles or relatively unskilled services sectors. Moreover, a recent study conducted by the IMF¹⁸ found that female labor had a higher risk of being displaced by automation, with 11% of all female workers at risk, corresponding to 26 million female jobs, compared to 9% of all male workers, corresponding to 28 million male jobs. These studies stress the fact that women may be on the "losing side" in the technological transformation of jobs.

The issues discussed above are crucial in detecting and tackling the possible threats that automation and technology pose to female employment. Upgrading female labour skills to new technological components of occupations is therefore important in encouraging higher female participation with higher productivity in high skilled high technology sectors as well as sustaining their employment positions while improving their economic status.

¹⁶ Broecke, Stijn. Do skills matter for wage inequality? France, OECD, 2016. IZA World of Labor 232.

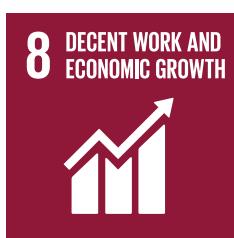
¹⁷ Acemoğlu, Daron, and David Autor. Skills, Tasks and Technologies: Implications for Employment and Earnings. NBER Working Paper Series 16082.

¹⁸ Brussevich, Mariya, et al. Gender, Technology, and the Future of Work. IMF Staff Discussion Notes 18.

Supporting female skills as a sustainable development goal

Turkey has achieved a considerable amount of progress increasing its female labour force participation in recent decades. Nevertheless, sustaining and securing women's employment status is just as important as including them in the labour force. Undoubtedly, the technological transformation and changing patterns in demand for higher skills in the labour force will constitute major challenges facing female employment. The United Nation's SDG 4 focuses on tackling these challenges by ensuring inclusive and equitable quality education for all girls and boys as well as promoting lifelong learning opportunities for women and men. Further, G20 countries have included efforts to "bridge the digital gender divide" in their policy agendas. Policy recommendations for including women in digital jobs include eliminating gender biases from schools' curricula, implementing vocational training and skills development strategies to support women in their pursuit of careers in STEM fields.

Improving women's access to technology and use of ICT should be among the core topics of gender equality agenda, as these will be the key factors in strengthening female employment and reducing the pay gap by shifting female labour towards occupations with higher skills. From this perspective, supporting the acquisition of skills among women and improvement would therefore serve to empower women and achieve gender equality.





Advisory Services

Economic Research
ekonomikarastirmalar@tskb.com.tr

Meclisi Mebusan Cad. No: 81
Fındıklı İstanbul 34427, Türkiye
T: +90 (212) 334 5041 F: +90 (212) 334 5234

In order to access TSKB Economic Research products please use the QR code below:



Industrial Development Bank of Turkey

www.tskb.com

P: +90 212 334 50 50 F: +90 212 334 52 34

E: info@tskb.com.tr