



## Paving the Way for Women to Enter the Labor Force

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## Prepared By

Cihan Urhan  
Gül Yücel

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

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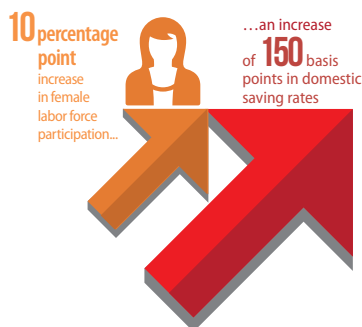
## Paving the Way for Women to Enter the Labor Force

Encouraging women to enter the labor force is a crucial step in fighting poverty and inequality. Studies prove a strong negative correlation between female employment and income inequality in many OECD countries<sup>1</sup>.

Demonstrating the potential for female employment to boost economic growth and prosperity, in 2014 G20 leaders set a goal of reducing the gap in labor force participation rates between men and women by 25% by 2025. Achieving this goal of “25 by 25” would, it is estimated, generate USD 5.8 trillion for the global economy<sup>2</sup>. Similarly, if Turkey were to increase its female labor participation rate to a level close to the OECD average, Turkish GDP would increase by 20% by 2025<sup>3</sup>.

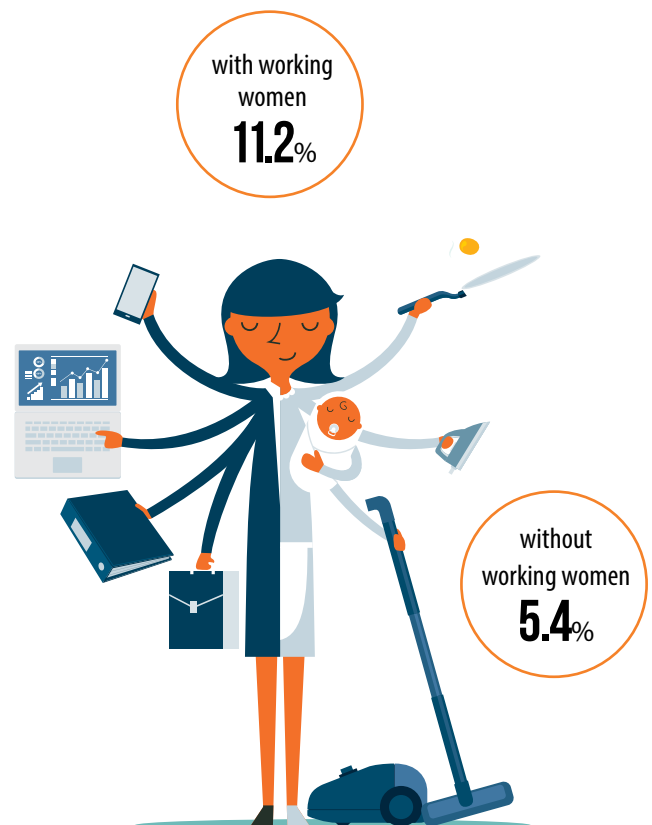
### Turkey Needs More Women in the Labor Markets to Support Domestic Savings

The high current account deficit remains a serious problem in Turkey, even though it has recently been reduced mainly due to the rebalancing in the economy. The size of the current account deficit is not the only problem. The extent of the reliance on debt-creating inflows to finance the deficit leaves the external equilibrium vulnerable. The low level of domestic savings is one of the key reasons behind the gaping current account deficit and women have considerable potential in reducing this deficit, given that they tend to have a higher propensity to save<sup>4</sup>. According to the household budget survey conducted by Turkstat, the savings rate among households with working women stands at 11.2%, while this rate decreases to 5.4% in households where no women are working. Furthermore, the researchers found that for each ten-percentage point increase in the female labor force participation, there is a 150 basis point increase in the saving rate<sup>5</sup>.



Source: World Bank, Ministry of Development, TSKB Economic Research

### Saving Rates in Households



Source: Turkstat, TSKB Economic Research

<sup>1</sup> Harkness, S. 2014. "Women's Employment and Household Income Inequality." In *Income Inequality: Economic Disparities and the Middle Class in Affluent Countries*, edited by J. Gornick and M. Jantti, 207-233. Stanford, CA: Stanford University Press.

<sup>2</sup> ILO (2017); *World Employment Social Outlook, Trends for Women*

<sup>3</sup> McKinsey & Company (2016), *Women Matter, Turkey's Potential for the Future: Women in Business*

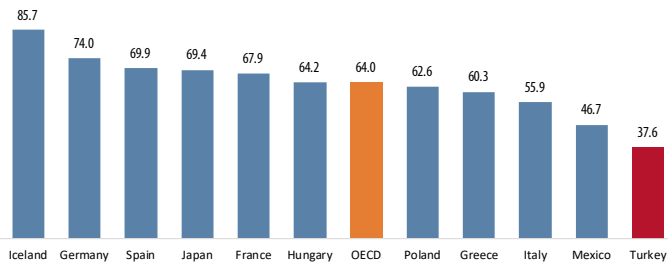
<sup>4</sup> Goldman Sachs: Global Markets Institute (2009); *The Power of the Purse: And the Middle-Class Spending*

<sup>5</sup> World Bank and Republic of Turkey Ministry of Development (2011); *Sustainability of High Growth: The Role of Domestic Savings, Economic Outlook of Turkey*

## Despite Recent Progress, Female Unemployment Remains a Concern

Turkey has the lowest labor force participation rate in the OECD, at 58% as of 2017. Turkey's low labor force participation rate can be attributed to the relatively low level of female labor force participation. Turkey also has the lowest female labor force participation rate among OECD countries, at 37.6%, comparing with the OECD average of 64% (Graph 1).

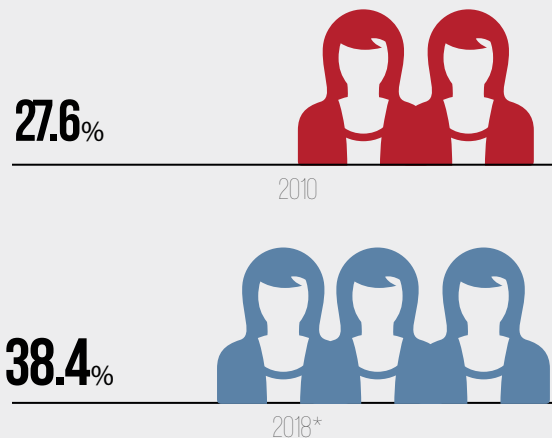
Graph 1. Female Labor Force Participation Rate (%), Selected Countries, 2017  
(aged 15-64)



Source: OECD, TSKB Economic Research

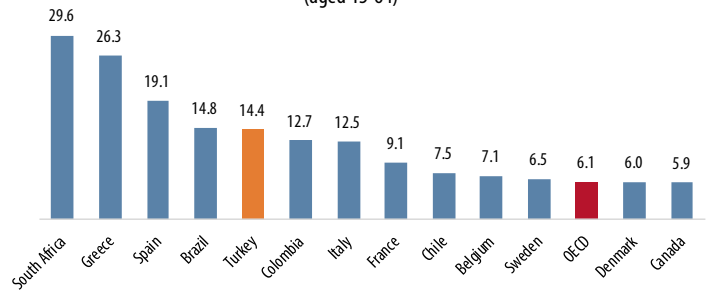
In a historical perspective, however, it is apparent that Turkey, through effective labor policies, has managed to increase its female labor force participation rate by about 11 percentage points in the last 8 years (Graph 2). On the other hand, the rate of female unemployment in Turkey remains relatively high, at 14.4% compared to the OECD average of 6% (Graph 3). These findings demonstrate that labor market policies in Turkey could not create enough number of jobs for women, despite encouraging labor force participation.

Graph 2. Female Labor Force Participation Rate (%), Turkey



\*First 10 months average  
Source: Turkstat, TSKB Economic Research

Graph 3. Female Unemployment Rate (%), Selected Countries, 2017  
(aged 15-64)

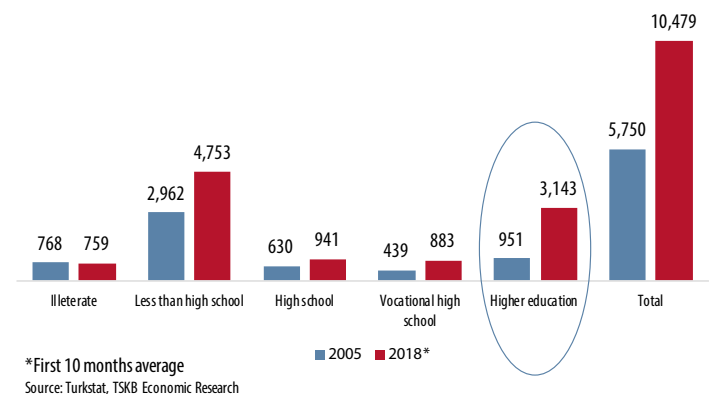


Source: OECD, TSKB Economic Research

## Education Key in Driving More Women into the Labor Force

Numbers of the female labor force by educational level reveal that female workers who have not completed a high school education represent the largest group in the labor force with a 53% share, while female workers who have completed higher education represent a 30% share. The group to increase their participation rate in the labor force the most were women with higher education, with a 9.6% CAGR in their numbers over the last 13 years (Graph 4).

Graph 4. Female Labor Force by Educational Level (#, thousand)

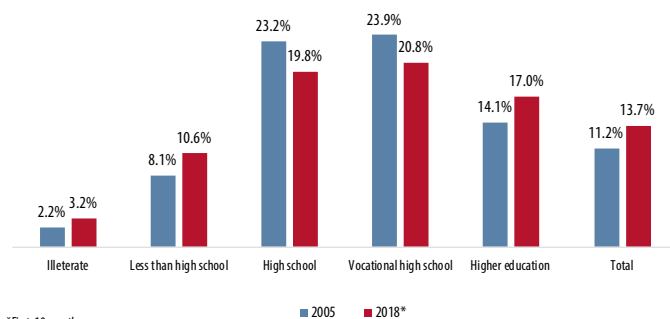


\*First 10 months average  
Source: Turkstat, TSKB Economic Research

## The Most Challenging Group in the Unemployment Puzzle: Women with Higher Education

Women, who are high school and vocational high school graduates, are also the ones with the highest unemployment rate, of 20% and 21% respectively, in first 10 months of 2018 (Graph 5). However, there has been a slight decrease in unemployment rate in both of these groups. However, there has been a slight decrease in unemployment rate of vocational high school graduates. Rising unemployment seems to be the problem of higher education graduates with 2.9 percentage point increase in their unemployment, the highest increase among all other categories. Hence, labor policies should primarily focus on decreasing unemployment rate among females who are higher education graduates.

Graph 5. Female Unemployment Rate by Educational Level (%), Turkey



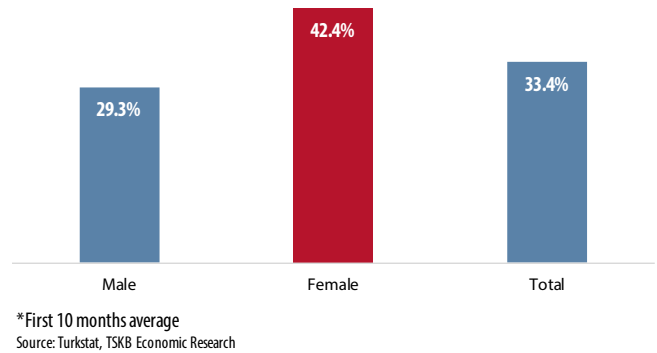
## Women's Challenges in Labor Market

As women enter into labor force they face a number of challenges such as informality, wage gap and "glass ceiling". Even though their financial well-being improves as they enter into labor force, women still have to put an extra effort to secure their position in the workplace against traditional stereotypes attached to their feminine nature. While men's working day ends as they arrive home, women, after having worked full-time, start their second shift as they arrive home, doing the housework and caring for their children or elders.

### • Informality

A large share (64.9%) of women adults (25-64 year-olds) still have below upper secondary education in Turkey.<sup>6</sup> Because women have lower level of access to higher education, they end up at labor-intensive occupations with relatively less skill requirements, where they also work without any social security. Informal employment is considered to be one of the major causes of unemployment in emerging and developing countries. According to recent studies, there are 2 billion workers who are informally employed in the world, 58.1% of which are women and 93% of world's informal employment is in emerging economies.<sup>7</sup> As an emerging economy, Turkey's informal employment rate is

Graph 6. Informal Employment Rate (%), 2018\*, Turkey

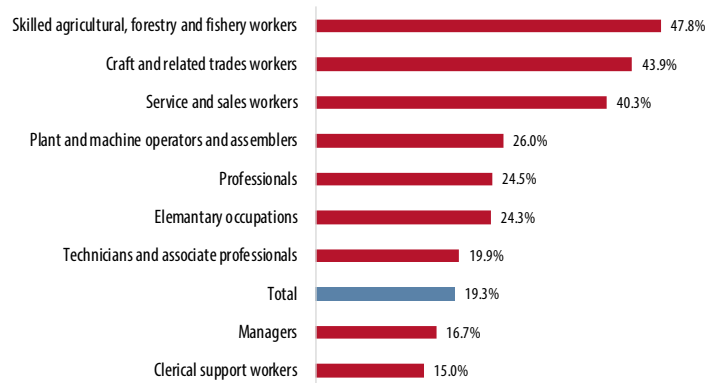


33.4% as of October 2018, whereas informal employment rate among females is 42.4%, way higher than country's average.

### • Wage Gap

Wage gap faced by working women is another dimension to the female labor force participation problem. Gender wage gap across all occupations in Turkey was recorded as 19.3% in 2017<sup>8</sup>. When this gap is decomposed into occupational groups, economic activity with the highest contribution to gender wage gap is skilled agricultural, forestry and fishery workers (Graph 7). This might be due to the fact that women living in rural areas share the burden of agricultural activities with men, however they either get paid very little or not at all. Indeed, in the first 10 months average of 2018, unpaid family workers constitute 79% of total female workers in agricultural sector.

Graph 7. Gender Wage Gap by Occupation, Turkey, 2017



Source: Turkstat, Income and Living Conditions Survey, 2017, TSKB Economic Research

### • Responsibility of Family Care

On top of being underpaid, women also face higher portion of unpaid work at home. Turkey is the fifth among OECD countries in terms of difference between female and male hours of unpaid work. In Turkey, women spend 3.7 more hours doing unpaid work than men, 1.6 hours more than the OECD average gap of 2.1 hours (Graph 8).

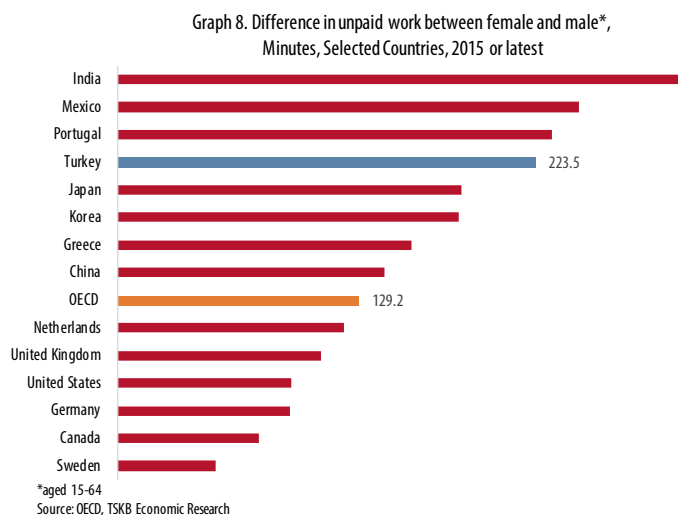
Overall, women spend 19% of their day on household and family care activities, whereas working women spend 30%

<sup>6</sup> OECD Statistics, Educational Attainment and Labor-Force Status, 2017

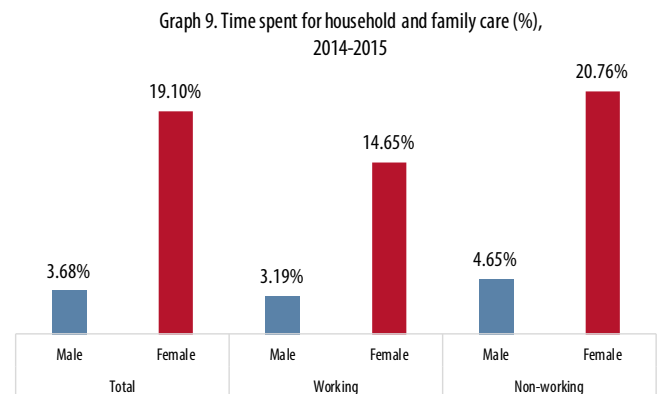
<sup>7</sup> ILO (2018); Women and Men in the Informal Economy: A Statistical Picture

<sup>8</sup> Turkstat, Income and Living Conditions Survey, 2017

less of their time on household and family care compared to non-working women (Graph 9). Nevertheless, women spend 5 times more hours than men for housework which might be discouraging for them to participate in labor force, considering the fact that 54% of women who are not included in the labor force report that housework is the reason why they do not look for a job.



management positions. The tasks that are performed by women in the workplace are discarded more frequently than those of men. For example, a survey conducted on women reveal that 36% of women workers report that their



Source: Turkstat, TSKB Economic Research

judgement in their area of expertise is questioned, whereas 31% of women state that they need to provide more evidence of their competence than others do<sup>9</sup>. Further, researchers find that females tend to receive requests with "low promotability" while men are requested to perform more "promotable" tasks<sup>10</sup>.

#### • "Glass Ceiling" at the Workplace

Women are underrepresented in labor markets and face lower wages compared to men. In addition to these challenges, the low numbers of women are occupied in senior decision-making positions. The term "glass ceiling" was coined to describe current situation of female workers in the workplace where they are situated in either low or middle management positions and hold very few of top

In Turkey, women constitute only 14.6% of top managerial positions as of first 10 months average of 2018. According to interviews held with Turkish women executives, one of the reasons why women at the middle management positions do not prefer to apply for higher positions is that they do not want to put their career as a priority over their family life, as they are the bearers of disproportionate responsibility of housework and family care<sup>11</sup>.



<sup>9</sup> McKinsey (2018), Women in the Workplace

<sup>10</sup> Babcock, Linda, Maria P. Recalde, Lise Vesterlund, and Laurie Weingart. 2017. "Gender Differences in Accepting and Receiving Requests for Tasks with Low Promotability." American Economic Review, 107 (3): 714-47.

<sup>11</sup> Cansu Akpınar-Sposito. The Glass Ceiling: Structural, Cultural and Organizational Career Barriers for French and Turkish Women Executives. Le 24ème congrès de l'AGRH 2013, Nov 2013, PARIS, France. 2013.

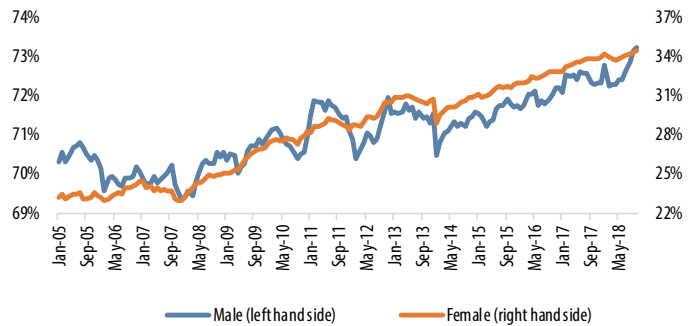
## Women are the Key for Sustainable Development

Turkey showed a considerable progress at increasing both male and female labor force participation rate over the past decade through effective policies. Yet, female labor force participation rate portrays a considerably steadier increase compared to males within this period simply because of the fact that female employment has been greatly shifted from agriculture to service sector. Seasonally adjusted series prove that the female labor force participation rate has edged up slowly; Turkey has been witnessing a stable rise in female labor force participation regardless of seasonal effects (Graph10). This confirms that it is highly possible to ensure more women participate in job markets by developing accurate structural reforms.

However, improvements in labor force participation do not directly turn into improvements in employment. Female unemployment in Turkey remains to be a big issue, especially for educated women, since the economy fails to supply enough job vacancies for female labor force, which has been in a substantial transformation. Also, having said that women who find jobs in manufacturing and agriculture sectors tend to work informally, without any social insurance and get paid pretty below men's average salary.

Once women find a job, their struggle gains another dimension, climbing the career ladder while carrying the housework and family care on their shoulders. Although workplace seem to provide equal opportunities for both men and women, female workers take the bigger portion

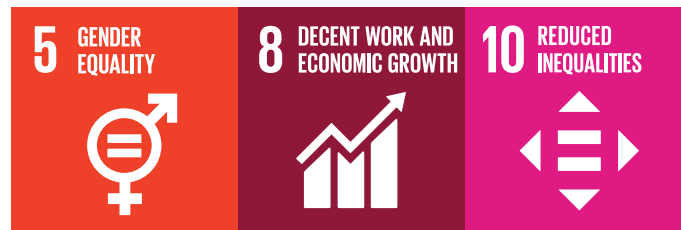
Graph 10. Seasonally Adjusted Labor Force Participation Rate by Gender (%)



Source: Turkstat, TSKB Economic Research

of the responsibility of family care, putting them at a disadvantageous position in the workplace. Women, while they are performing their job, feel the need to prove that they are capable of doing the job, unlike most of men. All of these factors bundled together hold women back in the workplace, discouraging many other females to enter into labor force.

Encouraging female labor force participation and tackling female unemployment are crucial for achieving SDG targets set out by United Nations. In this respect, creating decent jobs for women not only would develop women's economic status but also help countries reducing inequalities between men and women. Inclusion of women in labor markets is the key factor to ensure inclusive economic growth and increase productivity.





Economic Research  
research@tskb.com.tr

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

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