

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/315457742>

THE PROBLEMATIC OF YOUTH UNEMPLOYMENT IN TURKEY

Conference Paper · November 2015

CITATIONS

0

READS

2,606

1 author:



Işıl Alkan

Ondokuz Mayıs Üniversitesi

33 PUBLICATIONS 46 CITATIONS

SEE PROFILE

Paper prepared for the
EY International Congress on Economics II
"GROWTH, INEQUALITY AND POVERTY"
Ankara, November 5-6, 2015



EKONOMİK YAKLAŞIM
Quarterly Peer-Reviewed Scientific Journal
Department of Economics - Gazi University

**THE PROBLEMATIC OF YOUTH UNEMPLOYMENT
IN TURKEY**

ALKAN, I.

1 Ondokuz Mayıs University, Department of Economics, Samsun, Turkey

isilalkan@omu.edu.tr

THE PROBLEMATIC OF YOUTH UNEMPLOYMENT IN TURKEY

ALKAN, I.

Abstract

Youth unemployment is one of the major issues for governments and international institutions in worldwide. Young people are almost three times more likely than adults to be unemployed globally. Youth unemployment is a substantial problem in Turkey as the rate of youth unemployment in the country is much more than the world average. Apparently, the high proportion of youth who are neither in employment nor in education or training is a significant issue in Turkey. The aim of this study is to give information about the recent global labour market trends concerning youth and enlighten the structure of youth employment and the characteristics of youth unemployment in Turkey. This study also proffers suggestions to policy makers concerning the issue in Turkey.

Keywords: Youth unemployment, Turkey, youth employment, NEET.

JEL classification: Enter at least 3 (at most 5) JEL code and separate them by commas.

1. INTRODUCTION

Youth unemployment is a problematic for most countries in the world. Due to the downward trend in economic growth in the last years, youth unemployment rate is on an upward trend. Today, millions of young people are working precariously in part-time, low waged or temporary jobs. Having a decent job is substantially inaccessible even in developed countries.

As the causes of youth unemployment can be classified in two views, macroeconomic conditions and skills mismatch can be regarded as the major reasons of the fact. Developed Economies& European Union and the MENA (Middle East and North Africa) region are having the highest youth unemployment rates worldwide. Youth unemployment is a significant problem in Turkey as the rate in country is more than the world average. The urban part of Turkey shows higher youth unemployment rates than rural. And the rate is higher in urban among female's due to the transformation of the employment structure away from agriculture. Turkey's serious problem concerning youth unemployment is the highest NEET rate among OECD countries.

This study provides insights into youth unemployment problematic in the world and in Turkey. Accordingly, the study begins with the definition and the measurement way of youth unemployment. Causes of youth unemployment and the recent global labour market trends concerning youth are examined. The structure of youth employment and the characteristics of youth unemployment in Turkey are discussed. The study is completed with the conclusive remarks comprising suggestions to policy makers concerning the issue.

2. MATERIALS AND METHODS

Major data in this study have been obtained from International Labour Office-Key Indicators of Labour Market (KILM), Turkish Statistical Institute (TUIK) and Organization for Economic Corporation and Development (OECD). Moreover, the related literatures have been used. Statistical methods such as means and percentages have been used in the study.

3. DEFINITION AND MEASUREMENT OF YOUTH UNEMPLOYMENT

According to ILO definition, youth labour force comprises all people between the age of 15 and 24 who were either employed or unemployed over a specified reference period. And the unemployed youth comprise all persons between the age of 15 and 24, who during the reference period were: a) without work; i.e. had not worked for even one hour in an economic activity (paid employment, self employment or unpaid work for a family business or farm) b) currently available for work and c) actively seeking work; i.e.had taken active steps to see work during a specified recent period (usually the past four weeks) (ILO, 2015).

The definition of youth and unemployed youth for Turkish Statistics Institution does not differentiate from ILO's. Turkish Statistics Institution defines youth population as persons between the age of 15 and 24 and its unemployment description is identical with ILO's (TUIK, 2014: p30).

Thus, the youth unemployment can be measured by the help of the youth unemployment rate and it can be formulated as below (ILO, 2015):

$$\text{"Youth unemployment rate"} = \frac{\text{Number of unemployed young persons}}{\text{Youth labour force (employment+unemployment)}}$$

4. CAUSES OF YOUTH UNEMPLOYMENT

There are various causes of youth unemployment. One of the most substantial determinants is the macroeconomic conditions. Freeman and Wise (1982) suggest that high level of economic activity and adult employment leads to high youth employment. Youths are one of the most sensitive variables of the labour market. Youth employment shows increase during boom periods and shows decrease during recession periods. The proportion of youths in

the population is the other substantial determinant of youth unemployment. Many analyses reveal that relative increase in young population effects youth employment negatively.

The other cause of young unemployment is the lack of experience of youths. Lack of experience is a specific barrier for entering the labour markets (Coenjaerts et.al., 2009: 120). It is a significant fact preventing to compete under equal terms regarding youths. Further reason of youth unemployment is the increase in wages. Many empirical studies reveal that an increase in the minimum wage will reduce youth employment. For instance, most studies found that a 10 percent increase in the minimum wage would reduce youth employment by one to three percent (Brown et. al., 1981: 1).

Freeman classifies the causes of youth unemployment in two views; the demand view and the supply view (Table 1).

Table 1. Two Views of the Causes of Youth Unemployment

Youth unemployment is high because of:	Demand View	Supply View
Availability of jobs	There is a shortage of jobs for young persons due to aggregate economic forces.	There are lots of unfilled low-level jobs.
Wages	Minimum wages and other rigidities reduce the number of low-level jobs.	Young persons have unrealistic wage aspirations.
Turnover	Short-term temporary jobs underly high rates of joblessness.	Young workers are unstable and highly mobile.
Attitudes	Youth desire jobs with a future.	At current levels of income, youth prefer leisure and lack the work ethic.
Skills	Skills are learned on the job.	Youth lacks education and skills.
The Baby Boom Cohort	The labour market generates many new jobs for young persons, as occurs each summer.	Youth joblessness is due partly to the enormous increase in the size of the youth population.
Alternative work activities	Youth have high earnings from illegal "underground" economic activity.	

Source: Freeman, 1979: p7

Furthermore, Freeman and Wise assert that, certain background characteristics have also an effect on youth employment rates:

“At any given time, youths with certain background characteristics tend to have lower employment rates than youths with other characteristics. Some of the characteristics associated with lower employment appear to be unrelated to wages. Youths from poor families frequently tend to be employed less often than youngsters from wealthier families, although once employed both groups earn about the same wages. As noted earlier, blacks are employed less often than other whites, but earn about the same wages when employed” (Freeman and Wise, 1982: p3).

5. RECENT GLOBAL LABOUR MARKET TRENDS CONCERNING YOUTH

The statistics show that global youth unemployment rate is on an upward trend in the last decades. According to KILM, youth unemployment rate is 13,0% in 2013 while it was 12,0% in 1991 (KILM, 2015). Moreover, Global Employment Trends (2014) reveals that, unemployed young people are increasing significantly in the recent years.

“In total, 74,5 million young people aged 15-24 were unemployed in 2013, an increase of more than 700.000 over the previous year. There were 37,1 million fewer young people in employment in 2013 than in 2007, while the global youth population declined by only 8,1 million over the same period. The global youth unemployment rate is expected to edge up to 13,2 percent in 2014, with increases projected in the three Asian regions and in the Middle East partially offset by a projected decline in the Developed Economies and European Union region” (ILO, 2014: p21).

The employment rate of youth is historically lower than that of adults in the world. Young people are almost three times more likely than adults to be unemployed globally (Table 2). On the other hand, there is a prominent variation in youth employment rates across countries. The table below shows the youth unemployment rates in different regions of the world.

Table 2. Youth and adult unemployment rates and their ratios in different regions of the world as of 2013

Regions	Youth unemployment rate (%)	Adult unemployment rate (%)	Ratio of unemployment rate to adult unemployment rate
World	13,0	4,5	2,9
Developed Economies & European Union	17,8	7,4	2,4
Central & South Eastern Europe (Non EU)&CIS	18,0	6,7	2,7
East Asia	10,1	3,6	2,8
South-East Asia & The Pacific	13,4	2,3	5,9
South Asia	10,1	2,4	4,1
Latin America & The Caribbean	13,1	4,6	2,9
Middle East	28,3	7,6	3,7
North Africa	30,2	8,2	3,7
Sub-Saharan Africa	11,5	5,9	1,9

Source: KILM, 2015

Regional young unemployment rates show large variations. As of 2013, youth unemployment rates are highest in Middle East and North Africa (MENA). The high rates are generally associated with population growth in the region. Especially the youth bulge and the increasing participation of women in labour force are considered as the substantial factors leading high rates.

“The enormous labor-supply pressures in MENA are due to a combination of population growth, the youth bulge and increasing participation of women in the labour force. Currently the population of MENA is growing at about 2 percent a year, still than the world average. The combination of a significant decline in child mortality and the relatively slow onset of fertility decline led first to an increase in the proportion of children under 15, and then to an increase in the proportion of young people ages 15 to 24. The increase in the proportion of 15 to 24 year-olds in the total population, referred to as “the youth bulge” combined with the rapid growth in the number of young people in the region’s history” (Asaad and Roudi-Fahimi, 2007: p1-6).

Unemployment levels are notably high also in Europe. Southern and Eastern Europe are the two regions hitting record high. Employment Protection Legislation (EPL) and the recent global crisis are seen as the main determinants of youth unemployment in Developed Economies&European Union.

“During the 1980’s, European economies suffered from high rates of unemployment. Policy makers consequently introduced a wide array of reforms. A common measure has been to ease EPL for temporary contracts, while leaving EPL for permanent contracts unchanged. These reforms have contributed to raising employment during upturns but many of the new jobs have been the temporary jobs. And these temporary jobs are mainly held by youth. During recessions many of the temporary jobs were first to be shed hence creating youth unemployment” (Görlich et al 2013: p4)

Youth unemployment rate is low due to extreme poverty in some countries. For instance, the rate is low in South Asia and Sub-Saharan Africa because of high levels of poverty, many young people in those countries working by virtue of poverty. It is observed that, youth unemployment rates are higher for families with incomes over the US\$1.25 poverty rate than for those with incomes under this poverty line in India. Besides, longer job search periods and lower job quality is widespread in developed nations. For instance, young people are progressively employed in temporary and part-time jobs reluctantly in Europe. In most of OECD countries, unemployment duration of one-third or more of young jobseekers are at least six months (ILO, 2013: 3-4).

6. THE STRUCTURE OF YOUTH EMPLOYMENT IN TURKEY

The employment rates of youth are in decline trend from the late 1980’s in Turkey. Effects of globalization and neo-liberal policies in the country are the major factors of this decline. The other significant feature of the youth employment market in Turkey is the lower employment rates of female’s. According to TÜİK statistics, employment rates of young male’s are nearly twice (in some years more than twice) of young female’s (Table 3).

Table 3. Employment rates of youth by sex in Turkey (TUIK, 2015a)

Years	Employment rate (%)		
	Total	Female	Male
1988	46,2	33,4	60,6
1990	45,9	33,5	59,9
1995	41,0	29,7	52,9
2000	37,0	24,8	49,7
2005	30,2	19,4	41,6
2010	30,0	20,3	40,2
2013	32,2	21,5	43,1

Source: TUIK, 2015a

The primary sector employing youth is the services sector in Turkey. While agriculture has been the main sector employing youth until the 2000's in the country, state policies (providing the decline in price supports and input subsidies) decreased the agricultural share in total employment. Today, the secondary sector employing youth is the industry and the agriculture sector is the tertiary (Table 4).

Table 4. Share of sectors in youth employment

Years	Agriculture (%)	Industry(%)	Services(%)
1988	54	17	29
1990	52	19	29
1995	50	19	31
2000	38	22	40
2005	24	28	48
2010	23	31	46
2013	21	31	48

Source: TUIK, 2015a

As of 2013, the education level of the majority of young employee's is primary education (52 percent). According to national statistics, only 13 percent of them has completed colleges or other higher educational institutions (TUIK, 2015b). When we look at their employment status in employment, we see that 75 percent of them work as regular employee, 1 percent work as employer, 3 percent work as self-employed and 21 percent work as unpaid family workers in 2013 (TUIK, 2015c). Majority of young people work full time (86 percent) while the minority work part time (14 percent) (TUIK, 2015d). Although most of them work full time in labour markets, social security is a substantial problem for youth employment. As of 2013, nearly half (48 percent) of young employees are not registered in social security in Turkey (TUIK, 2015e).

7. THE CHARACTERISTICS OF YOUTH UNEMPLOYMENT IN TURKEY

Youth unemployment is a substantial problem in Turkey as the rate of youth unemployment in the country is much more than the world average. As of 2013, youth unemployment rate is 18,7% in Turkey while it is 13% in the world (KILM, 2015 and Table 5). On the other hand, youth unemployment (aged 15-24) rate is nearly twice of the total (aged 15+) employment rate (9,7%) in the country for the same year (TUIK, 2015a). Although being the 18th largest economy of the world, Turkey does not have a matching performance in employment creation. The country has insufficient employment opportunities especially for the youth (UNDP, 2008: 57 and WB, 2015).

Youth unemployment is more prevalent in urban areas in comparison with rural areas in the country. As of 2013, youth unemployment rate is 21,2 percent in urban and 13,7 percent in rural. Agriculture is the main sector employing the youth especially the young females in rural. However, employees (largely females) in agriculture are majorly employed as unpaid family workers. Youth unemployment is higher in urban among female's and higher in rural among male's (TUIK, 2015a).

UNDP suggests that low increase in employment alongside the growth in working age population growth is a substantial affair of Turkey and urban young population is adversely affected from this affair.

“In Turkey, young unskilled man are very largely dominant in the construction sector employment relative to the general labour force. Young unskilled women are clearly very largely overrepresented in the clothing and textile industry. Many do not have social security coverage, especially direct social insurance. This phenomenon has particular policy implications concerning youth because these two sectors are at the same time among those where informal employment is the most widespread. This situation alone illustrates the complex nature and very considerable dimension of the youth employment issue. On the other hand, the long term poor employment growth performance in the past decades is associated with the transformation of the employment structure away from agriculture, which has gathered pace recently. The two most recent economic programmes, especially the 2001 one, have replaced the previous undifferentiating forms of general agriculture subsidies with more targeted instruments” (UNDP, 2008: p57-58).

Agricultural employment dropped from around 8,1 million in 2001 to 6 million in 2013 as a result of economic programmes. As observed from Table 5, non-agricultural unemployment rates are higher than the unemployment rates in Turkey in the last decades. In conjunction with this fact, female's are more affected by unemployment than male's in the country as agriculture is the major employer in rural areas for almost all females (TUIK, 2015a).

EY International Congress on Economics II
"Growth, Inequality and Poverty"
November 5-6, 2015, Ankara/Turkey

Table 5. Unemployment rates of youth by sex in Turkey

Years	Unemployment rate (%)			Non-agricultural unemployment rate (%)		
	Total	Female	Male	Total	Female	Male
1988	17,5	17,9	17,2	31,1	48,2	25,3
1990	16,0	15,0	16,6	26,4	38,0	22,7
1995	15,5	13,1	16,9	23,5	33,3	20,3
2000	13,1	11,9	13,7	19,0	21,7	18,0
2005	19,9	20,5	19,5	24,2	28,8	22,3
2010	21,7	23,0	21,0	25,9	30,7	23,7
2013	18,7	21,9	17,0	22,0	28,4	19,0

Source: TUIK, 2015a and TUIK, 2015f

Unemployment is widespread in highly educated youth, thus high unemployment rate amongst highly educated youth is another significant problem of Turkey in the last decades (Table 6). This fact has both demand and supply side factors. In the supply side, the economy can not generate jobs that can absorb the educated young. In the demand side, the qualifications of educated young are not well-suited to the job market (WB, 2006: iii).

Table 6. Unemployment rates concerning educational status of youth (%)

Years	Illiterate	Literate but no school completed	Primary school	Junior high school or equivalent vocational school	High school	Vocational school at high school level	Universities or other higher education institutions	Primary education
2000	5,0	11,0	8,3	13,7	20,6	20,8	28,3	10,3
2005	11,3	16,3	14,1	19,2	25,3	25,6	30,5	14,5
2010	16,4	18,4	14,9	10,9	27,2	23,1	32,5	18,4
2013	10,3	15,5	10,9	15,1	21,9	18,6	29,2	15,5

Source: TUIK, 2015g

Afterall, the foremost problem of the labour market in Turkey is the very high NEET ratio of young's. According to OECD, the proportion of young people neither in employment nor in education or training (NEET) is a better measure of the difficulties young adults face in finding a job, as it includes not only inactive but also unemployed youth. Turkey has the highest proportion of NEETs among 15-29 year olds across OECD countries: 31,3% compared with an OECD average of 15,2% as of 2013. On the other hand, more than the half of NEETs are inactive in Turkey (OECD, 2015a).

In most countries the NEET situation is similar between man and women. OECD average is 17,7% for women and 13,3% for men in 2013. However, Turkey has the greatest difference in the proportion of the NEET population between male and female across OECD countries. The proportion of NEET for women in Turkey is about three times more than the

OECD average. The proportion of NEET is more than twice as high among women than man: 45,2% of women are NEET compared with 17,6% of man as of 2013 (OECD, 2015b). This reflects that the NEET problem in Turkey is virtually concerned with young women's exclusion both from the education and the labour market.

8. CONCLUSIVE REMARKS

Youth unemployment is a significant problem for both developed or underdeveloped countries. As growth does not conduce to employment in many countries, state policies paving the way for employment has to be put at forefront. Turkey, having higher youth unemployment rate than the world average, has to regulate her national policies concerning education and labour market.

Firstly, education system of Turkey should be revised in order to meet the requirements of the labour market. Educational reforms that will pave the way for "school to work transition" have to be brought into force. In this regard, Turkey has to enhance its inefficient vocational education system. After bringing vocational education closer to the needs of labour market, it is essential to promote vocational education as it leads to economic productivity and social cohesion. Vocational training courses should be organized for young population living in underdeveloped regions with the cooperation of local industrial institutions and chambers of commerce. It should not be forgotten that many students do not have a chance to go to college and every country requires technicians and intermediate staff as they are the necessities of a production process.

Secondly, gender based differences in educational attainment has to be exterminated and Turkey has to make significant progress in promoting education for girls especially in rural. As a result of urbanization, rural female workers become jobless in cities. Lack of education and marketable skills induce their inactivity in the labour market. As observed in the NEET ratio of Turkey, young female population is disadvantaged in terms of education and employment. To handle this situation, Turkey has to increase the educational level of female's. Academic studies reveal that higher education levels bring along higher employment rates for women.

Thirdly and the most importantly, the government has to place the job creation at the centre of the macroeconomic policy. In this framework, composing a comprehensive youth employment strategy which will help young people to gain skills, work experience and provide a successful transition to labour market is a necessity. However, the quality of jobs that are found suitable for young population have to be carefully inspected in this process. Increasing access to "decent" jobs should be the priority. Additionally, financial burden on employment causing low employment and informal economy has to be reduced. Employers have to be encouraged to hire young employees by financial incentives.

It should be borne in mind that, long-term unemployment and negative expectations concerning employment in the future may create mental disorders, lead to social exclusion and increase the crime rates. In other words, employment of youth is significant for social coherence. A job is not only a source of income but also of self-esteem and tranquility. Consequently, empowerment of youth is synonymous with a better future.

REFERENCES

Asaad, R., Roudi-Fahimi, F. (2007). *Youth in the Middle East and North Africa: Demographic Opportunity or Challenge?*, Population Reference Bureau Report, Washington, USA.

Brown, C., Gilroy, C., Kohen, A. (1981). *Time Series Evidence of the Effect of the Minimum Wage on Youth Employment and Unemployment*, NBER Working Paper No.70, National Bureau of Economic Research, Cambridge.

Coenjaerts, C., Ernst, M. Fortuny, D. R., Pilgrim, M. (2009). Youth Unemployment. *In OECD, Promoting pro-poor growth: Employment*. OECD, Paris.

Freeman, R. (1979). *Why Is There A Youth Labour Market Problem*, NBER Working Paper No.365, National Bureau of Economic Research, Cambridge.

Freeman, R., Wise, D.A., (1982). *The Youth Labor Market Problem: Its Nature, Causes and Consequences*, University of Chicago Press.

Gorlich, D., Stepanok, I., Al-Husammi F., (2013). *Youth Unemployment in Europe and the World: Causes, Consequences, Solutions*. KIEL Policy Brief No:59, KIEL Institute.

ILO, (2013). *Global Employment Trends for Youth 2013*. International Labour Office, Geneva.

ILO (2014). *Global Employment Trends 2014*. International Labour Office, Geneva.

OECD, (2015a). *Education At A Glance Interim Report: Update of Employment and Educational Attainment Indicators*. OECD Reports.

OECD, (2015b). *OECD Skills Outlook 2015*. OECD Reports.

TUIK, (2014). *Youth in Statistics, 2014*. Publication Number: 4374. Turkish Statistical Institute.

UNDP, (2008). *Youth in Turkey*. Human Development Report, Turkey, 2008.

WB, (2006). *Turkey Labor Market Study*. World Bank Report No. 33254-TR.

Web References:

ILO, 2015.

<http://www.ilo.org/public/english/employment/yen/whatwedo/projects/indicators/2.htm>

(Access date: 16/07/2015)

KILM, 2015. The Key Indicators of the Labour Market

<http://kilm.ilo.org/2011/Installation/Application2013/kilm13install.htm>

(Access date: 30/06/2015)

TUIK, 2015a. <http://tuikapp.tuik.gov.tr/isgucuapp/isgucu.zul> (Access date: 30/06/2015)

TUIK, 2015b.

<http://rapory.tuik.gov.tr/30-06-2015-14:45:37-17744562491959889282886615765.html>

(Access date: 30/06/2015)

TUIK, 2015c.

<http://rapory.tuik.gov.tr/30-06-2015-14:47:08-430847179203504808171772046.html> (Access date: 30/06/2015)

TUIK, 2015d.

<http://rapory.tuik.gov.tr/30-06-2015-15:04:53-951584807328810966733986622.html>

(Access date: 30/06/2015)

TUIK, 2015e.

<http://rapory.tuik.gov.tr/30-06-2015-15:07:22-1750493700272088569203002700.html>

(Access date: 30/06/2015)

TUIK, 2015f. http://www.tuik.gov.tr/PreTablo.do?alt_id=1007

(Access date: 14/07/2015)

TUIK, 2015g.

<http://rapory.tuik.gov.tr/25-08-2015-14:21:14-90387627716395228531247992890.html>

(Access date: 25/08/2015)

WB, 2015. <http://www.worldbank.org/tr/country/turkey> (Access date: 14/07/2015)