

Drivers of Low Female Labor Force Participation in Türkiye

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Key messages*

- Türkiye ranked the last in labor supply of women amongst OECD members and women constituted almost half of the male labor force participation in Türkiye.
- Official figures indicate that low Türkiye's labor force participation rates of women is mainly due to domestic and caregiving responsibilities of Turkish women, especially household chores and childcare.
- Panel data estimation for 38 OECD countries presents that the significant negative impact of marriage on female labor force participation rate (FLFPR) might be due to increasing domestic burden of women in the household.
- Extending our analysis for 26 regions in Türkiye indicates that affordability after marriage, schooling and housework become essential in addition to per capita income on Turkish women's decision to work.
- We compute a Conservatism Index (CI) to confirm that regions in Türkiye with higher conservatism have lower FLFPR, or vice versa.
- Our results indicate that more conservative approach on women may increase their responsibility for unpaid care work, this is likely to account for the pattern of low FLFPR in Türkiye.

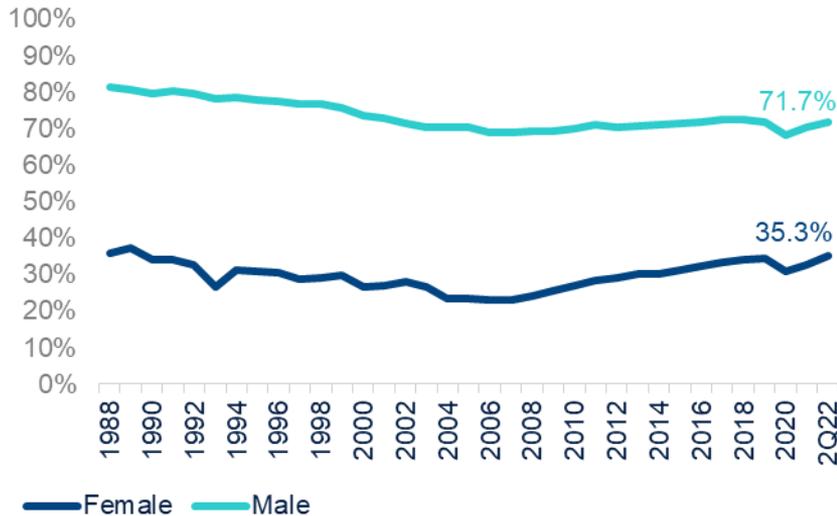
*The working paper is available at the following [link](#).

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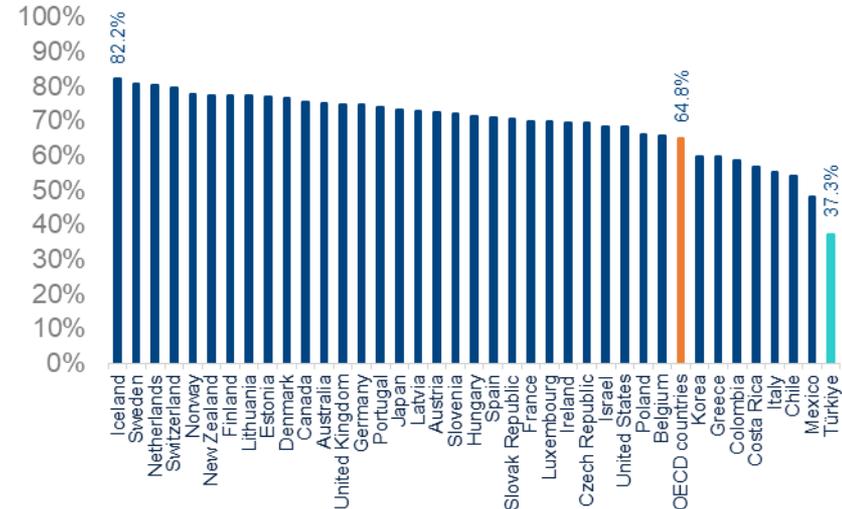
Current Situation in Turkish Labor Market

Female labor force participation rate was 35.3% in 2Q22 in Türkiye, leading to a large gap (36pp) between males

LABOR FORCE PARTICIPATION RATE BY GENDER - TÜRKİYE (%)



FEMALE LABOR FORCE PARTICIPATION RATE (%) - OECD COUNTRIES (2021)

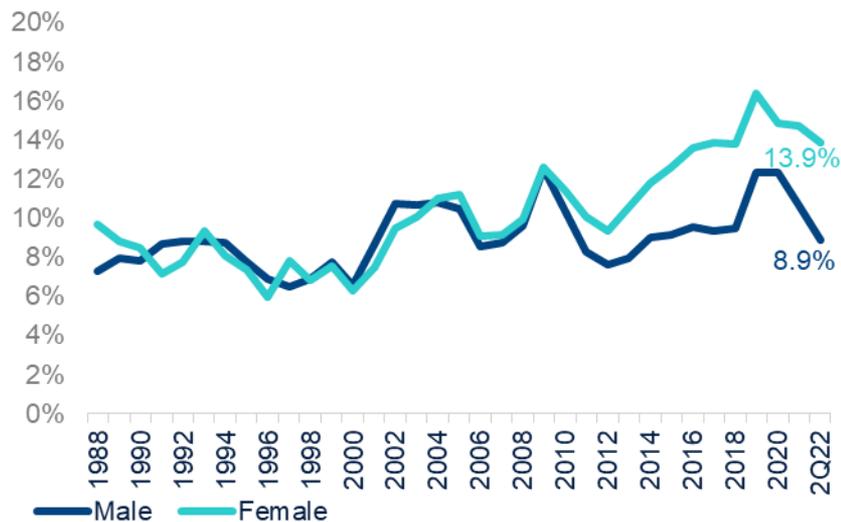


Source: TURKSTAT, OECD, Gender Statistics

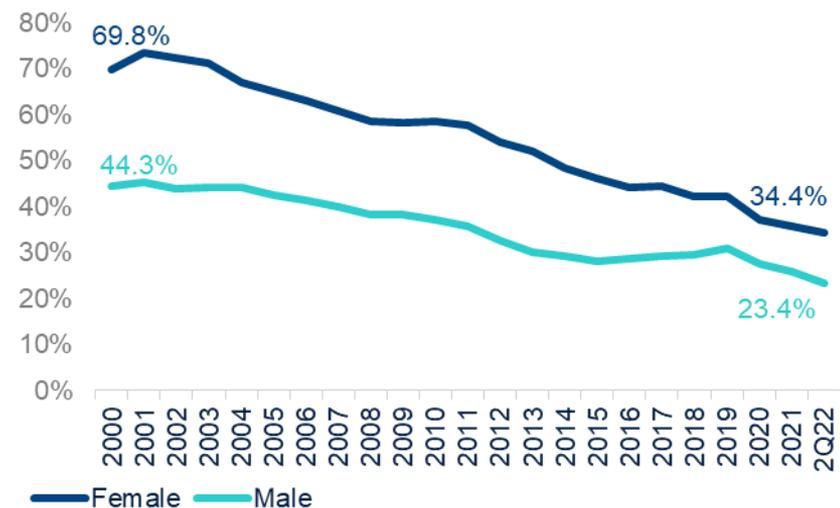
- FLFPR in Türkiye is much lower than Male Labor Force Participation Rate (MLFPR).
- Türkiye ranks the last in FLFPR amongst OECD members.

Unemployment rate of women stood 5pp higher than the rate for men

UNEMPLOYMENT RATE BY GENDER (%)



UNREGISTERED EMPLOYMENT RATE BY GENDER (%)

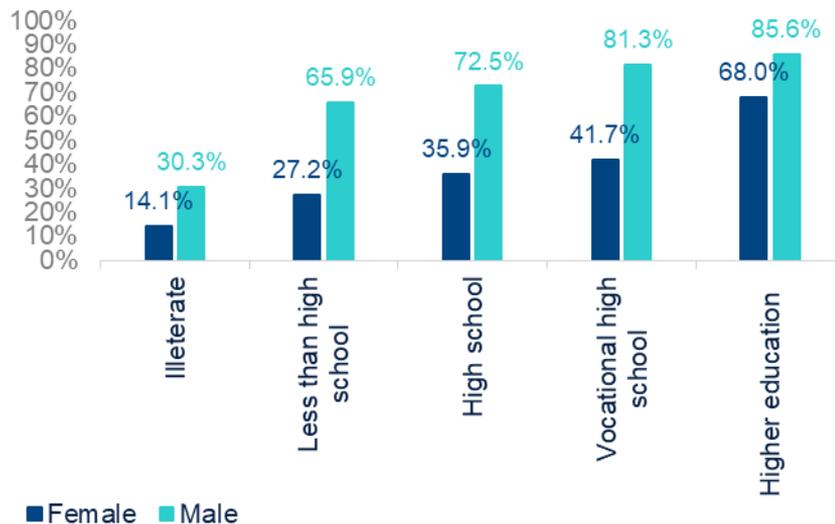


Source: World Bank, TURKSTAT

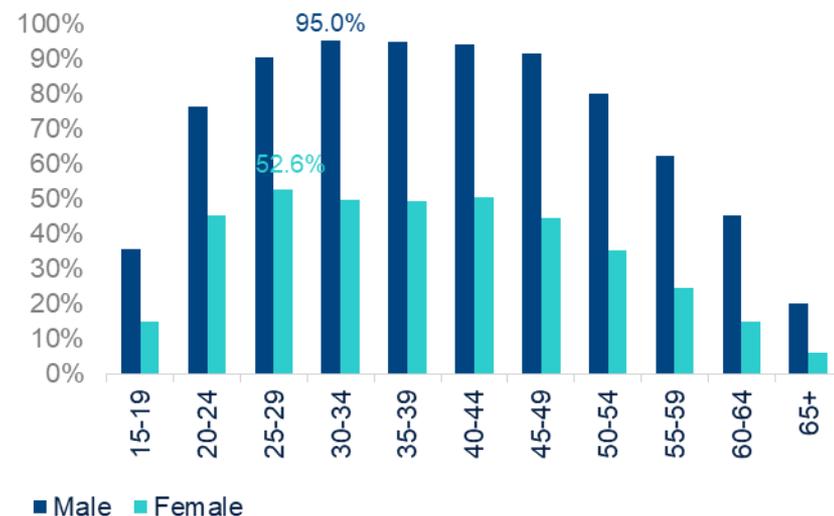
- Informality has remained at high levels and become one of the main reasons for high unemployment rate.
- Unregistered employment rate of women was approximately 34% in 2Q22, which was as high as 70% at the start of 2000s.

Socio-cultural factors play a key role on FLFPR in Türkiye

LABOR FORCE PARTICIPATION RATE BY EDUCATIONAL LEVEL (15+,2Q22)



LABOR FORCE PARTICIPATION RATE BY AGE GROUPS (2Q22)

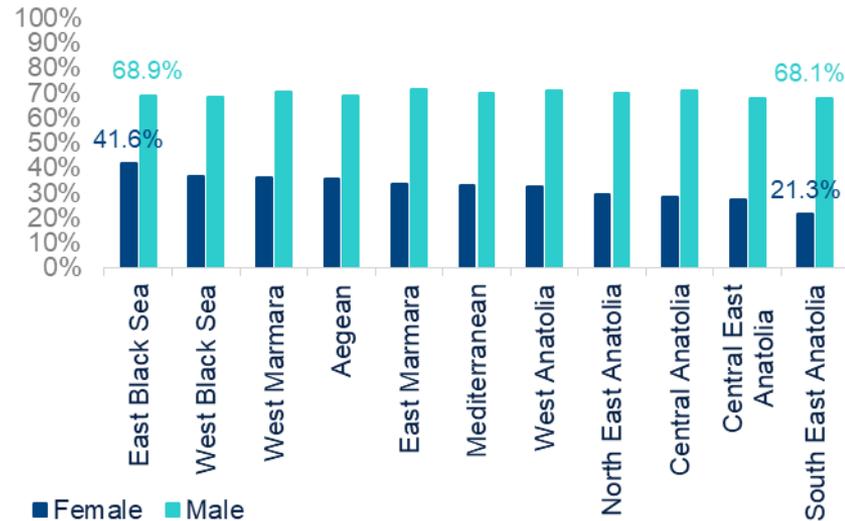


Source: TURKSTAT

- The gap between MLFPR and FLFPR decreases dramatically as the level of education increases.
- Women's age and FLFPR exhibit a U-shaped pattern in age groups in which fertility rates are high since childcare duties gain importance.

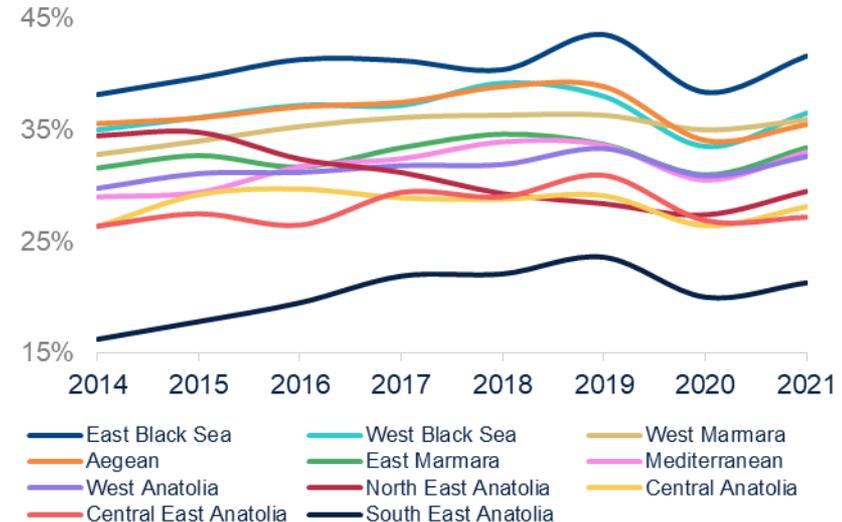
Urbanization is also essential for FLFPR due to regional differences

LABOR FORCE PARTICIPATION RATE BY NUTS1 LEVEL (2021)



Source: TURKSTAT

LABOR FORCE PARTICIPATION RATE BY NUTS1 LEVEL



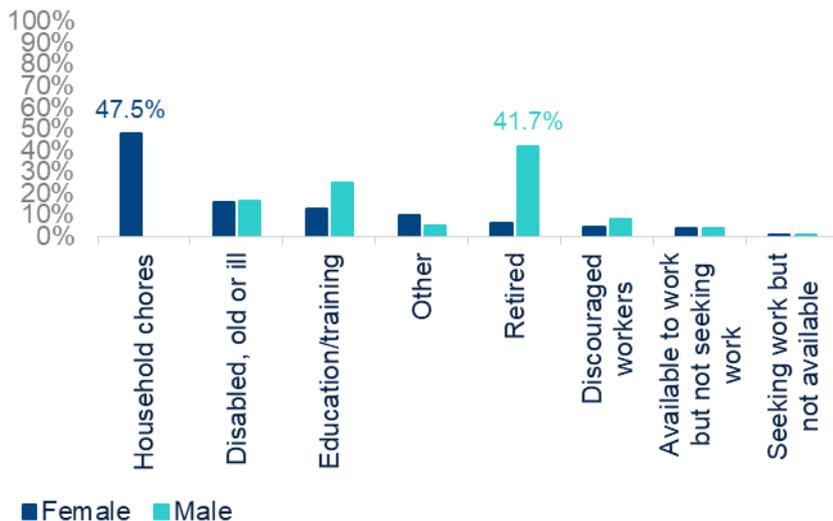
- South East Anatolia posted the lowest FLFPR (21.3%) among all regions in 2021, whereas East Black Sea region showed the highest FLFPR with 41.6%.
- Lower levels of FLFPR mostly stem from the traditional gender roles rather than the differences in economic activity.

02

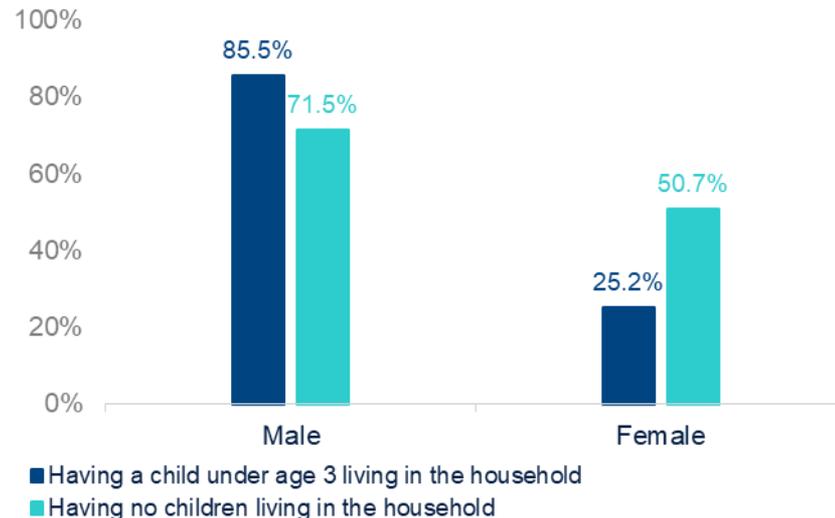
Structural Problems in Labor Market for Turkish Women

FLFPR is mostly affected by unpaid care work

REASONS OF NOT BEING IN LABOR FORCE (15+, 2Q22, %)



EMPLOYMENT RATE OF PERSONS AGED 25-49 (2020)

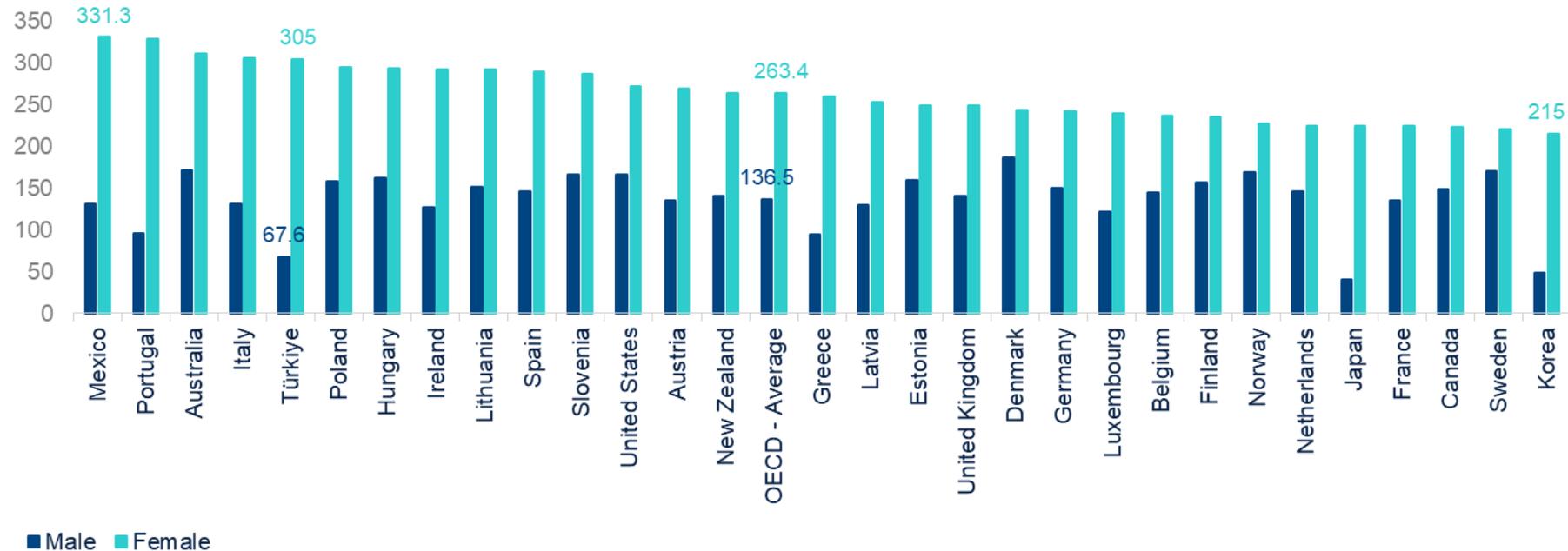


Source: TURKSTAT

- According to Household LF Survey in 2Q22, near half of the women reported that household chores were the main reason for them not to be in labor force.
- In the same survey conducted in 2020, employment rate of women aged 25-49 with a child under age 3 stood at 25.2%, while the rate for whom with no children was 50.7%.

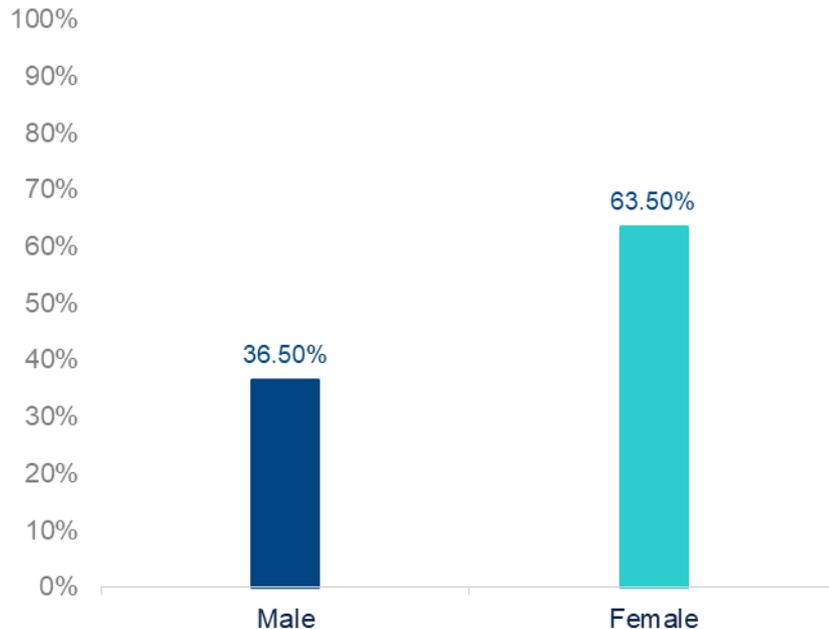
Türkiye is one of the leading countries where women devote longer time to unpaid care work (with 305 min. vs. 263 min. in OECD)

TIME SPENT IN UNPAID WORK BY GENDER (MINUTES PER DAY) - LATEST AVAILABLE YEAR

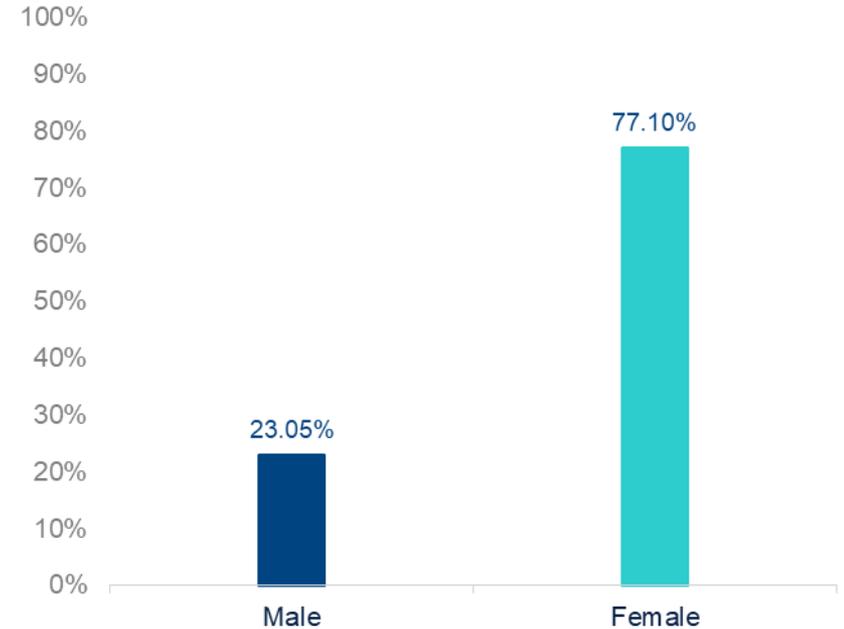


Gender disparities in job opportunities, promotions and wage gap are also important on low FLFPR

REASON FOR LEAVING THE LAST JOB- TEMPORARY JOBS BY GENDER (2Q22)

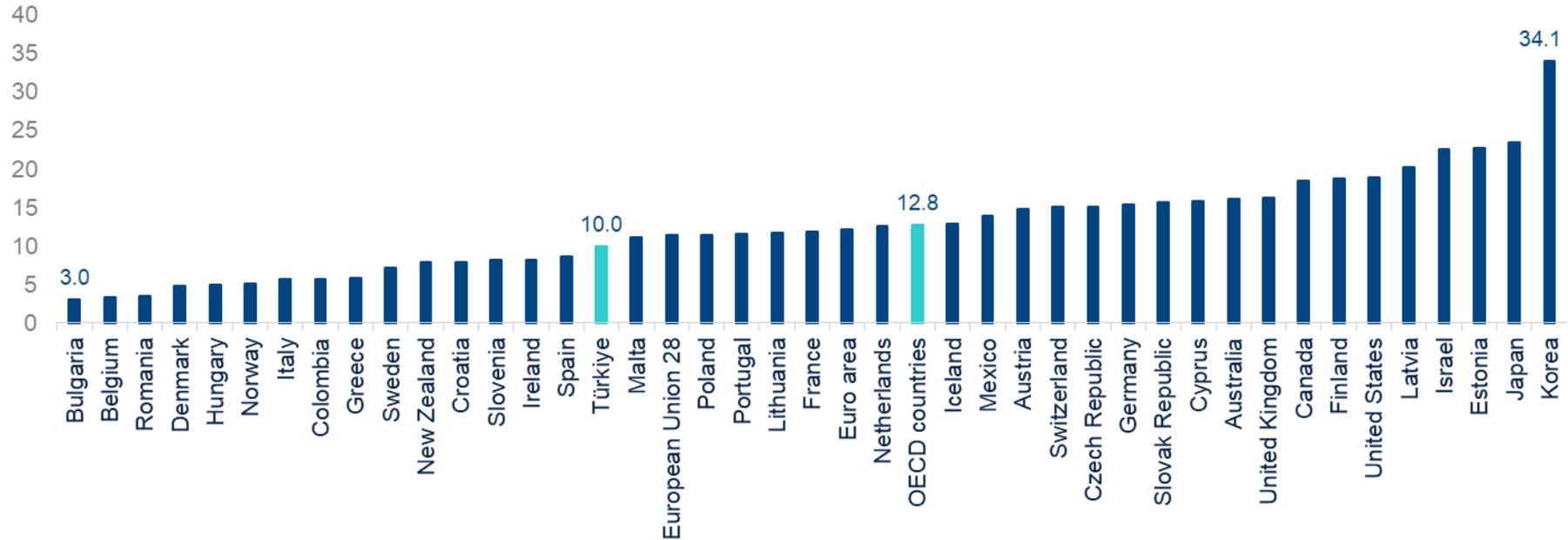


REASON FOR LEAVING THE LAST JOB- SEASONAL JOBS BY GENDER (2Q22)



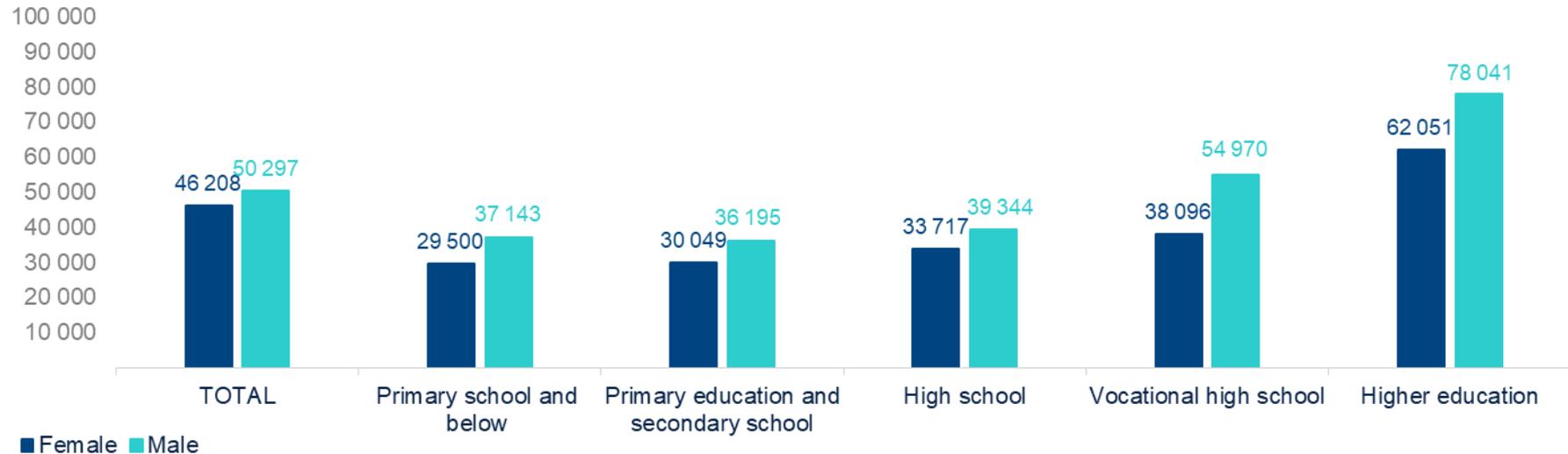
Türkiye doesn't deviate much in terms of gender wage discrimination

MEDIAN EARNINGS GAP IN OECD COUNTRIES (2018)



Though, income inequality is wider with higher education levels, compared to those with lower education degrees

ANNUAL AVERAGE GROSS EARNINGS BY EDUCATION LEVELS (2018)

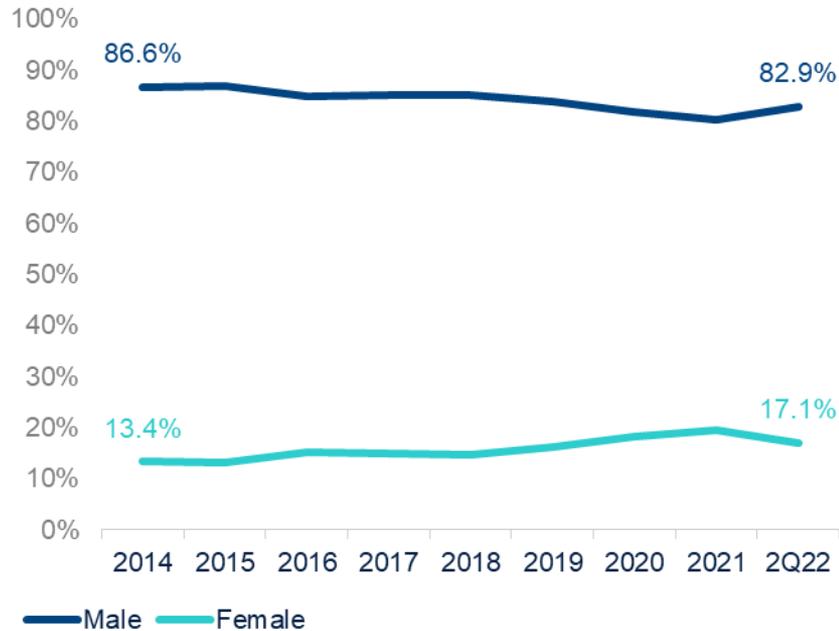


Source: TURKSTAT

- The gap between men and women's earnings is wider among vocational high school and higher education levels.
- One substantial reason for gender wage gap in Türkiye may be unequal gender division of unpaid care work, given that time devoted to unpaid work of Turkish women is significantly high.

Gender inequality is also seen at opportunities for career development and promotion at work

SHARE OF MANAGERS (%)



FEMALE SHARE OF SEATS ON BOARDS OF THE LARGEST PUBLICLY LISTED COMPANIES (%)

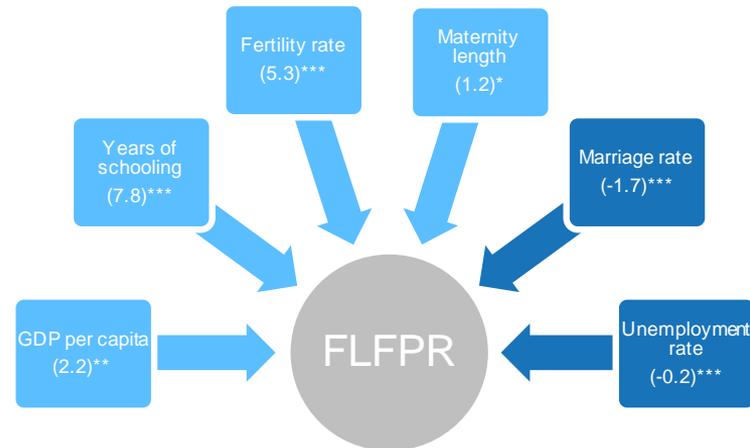


03

Empirical Analysis: OECD countries & Türkiye

Traditional roles of women are at least as important as the main economic factors in OECD countries

PANEL DATA ANALYSIS FOR OECD COUNTRIES (FIXED EFFECT RESULTS)*



■ Positive impact ■ Negative impact

Since FE model controls for the potential endogeneity problem emerging from the correlation between the set of independent and the time-invariant country-specific variables, FE estimator results are more reliable to use.

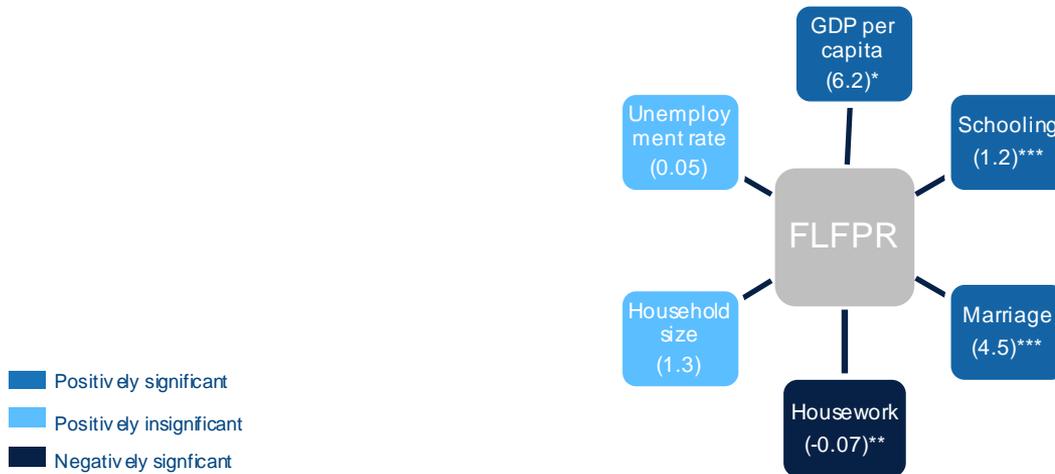
* FLFPR for each of the country is included as a dependent variable (% of female population ages 15+). Explanatory variables we use are GDP per capita (log of constant 2010 US\$), female unemployment rate (% of female labor force), schooling (log of expected years of schooling), maternity length (log of length of paid maternity leave in calendar days), fertility rate (birth per woman) and marriage (per 1000 people). Regression coefficient in parenthesis, p-value significance levels as *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Source: OECD, World Bank, Garanti BBVA Research

- There is a significant positive relation between GDP per capita, years of schooling, fertility rate, maternity length and FLFPR in OECD countries.
- In contrary, increase in marriage (domestic burdens in the household) and unemployment rate (discouraged worker effect) reduces labor supply of women.

Affordability after marriage, schooling and housework become essential in addition to per capita income

PANEL DATA ANALYSIS FOR TÜRKİYE, (FIXED EFFECT RESULTS)*



* FLFPR for each region is included as a dependent variable (% of female population ages 15+). Explanatory variables we use are GDP per capita (log of current 2009 US\$), female unemployment rate (% of regional female labor force), schooling (regional percentage of female population 15+ with at least high school education), household size (average size by persons), marriage (per 1000 people) and housework (percentage of women declared «busy with housework»). Regression coefficient in parenthesis, p-value significance levels as *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Source: TURKSTAT, Garanti BBVA Research

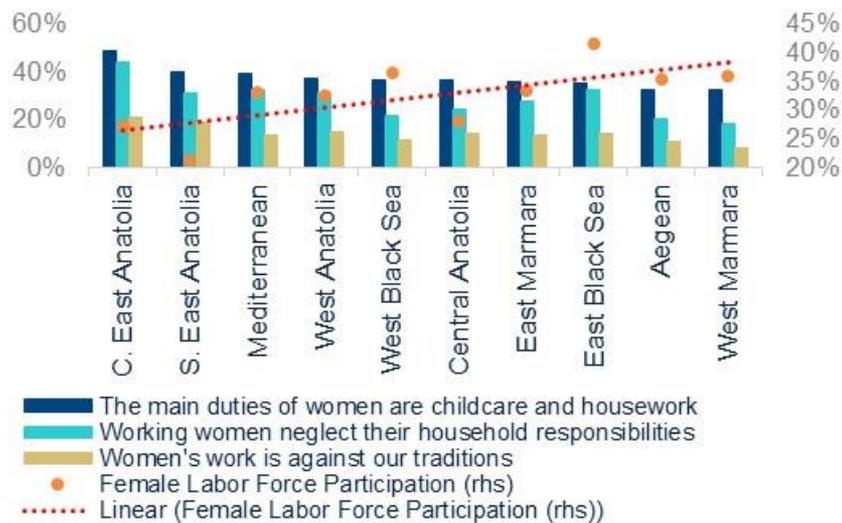
- Increasing domestic needs and expenditures after marriage positively affect women's decision to work, whereas housework has a significantly negative impact on regional FLFPR.
- Our results confirm the positive impact of education. Higher GDP per capita level creates higher labor market opportunities for women. Positive impact of household size on FLFPR is also comprehensible on regional basis.

04

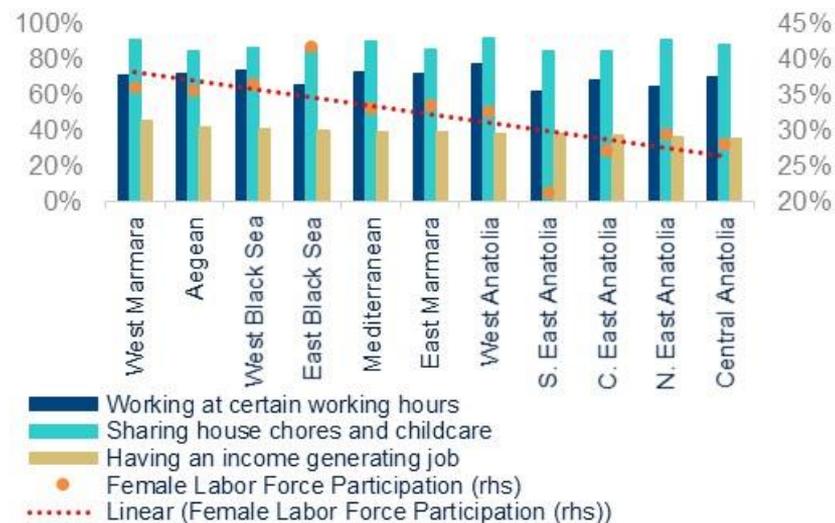
Traditional Roles of Turkish Women: Family Structure Survey

Traditional gender roles in household chores are mostly seen in eastern regions, resulting in quite low FLFPR

PERCEPTIONS ABOUT WOMEN'S WORK (%) - 2021



CHARACTERISTICS THAT MEN LOOK FOR IN A WOMEN TO MARRY (%) - 2021

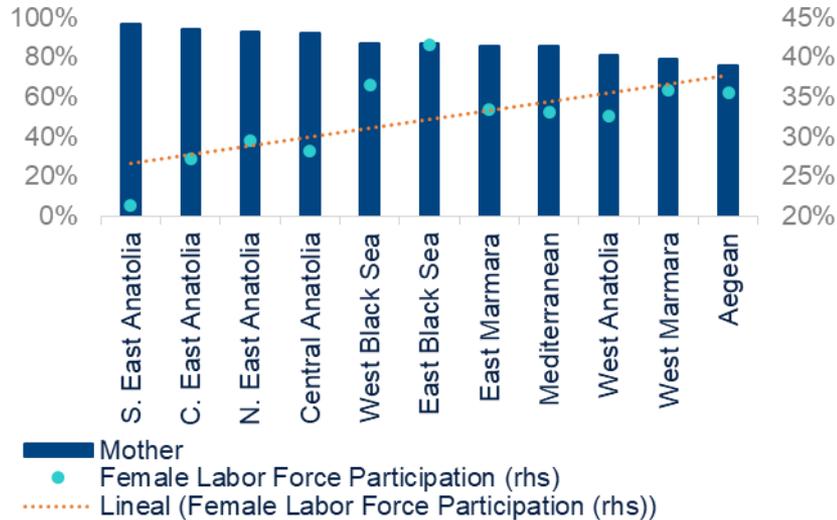


Source: TURKSTAT

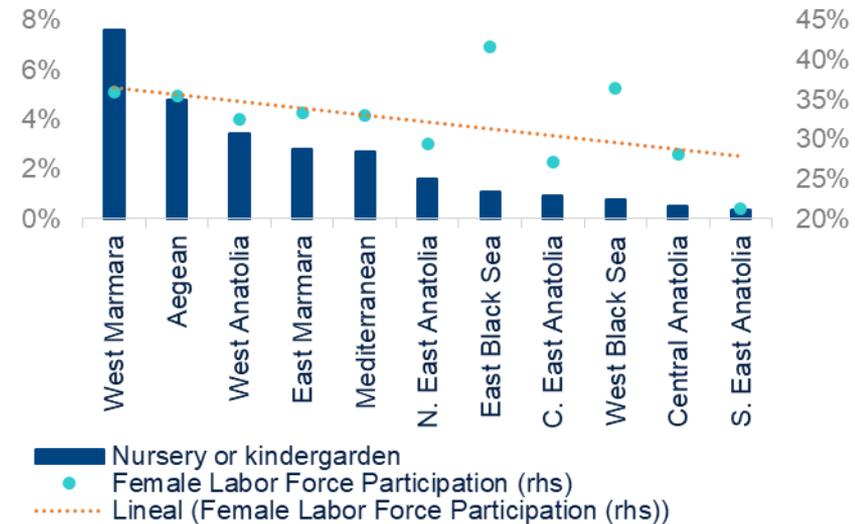
- Approximately 50% of respondents in East Anatolia agreed that the main duties of women are childcare and housework.
- Men's perceptions about their wives mainly base on housework and childcare, especially in the eastern part of Türkiye.

There is a positive correlation between kindergartens for childcare and FLFPR

DAY CARE OF KIDS - MOTHER (% , 2016)



DAY CARE OF KIDS – NURSERY OR KINDERGARTEN (% , 2016)

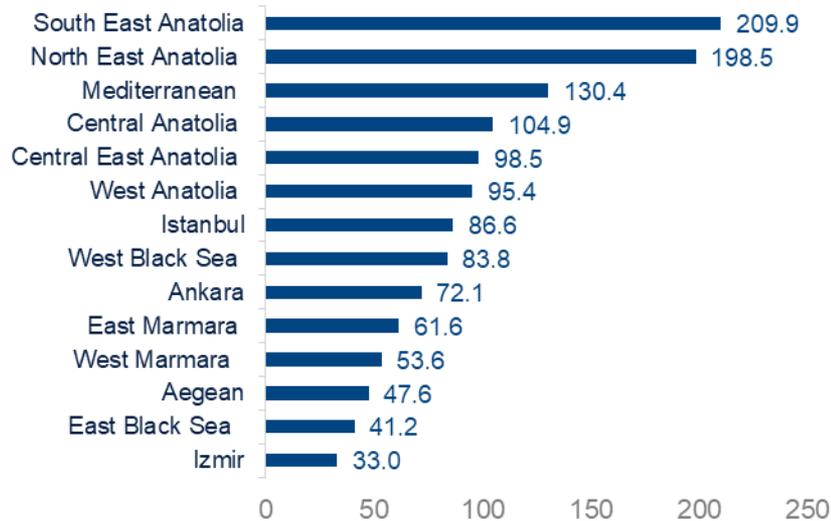


Source: TURKSTAT

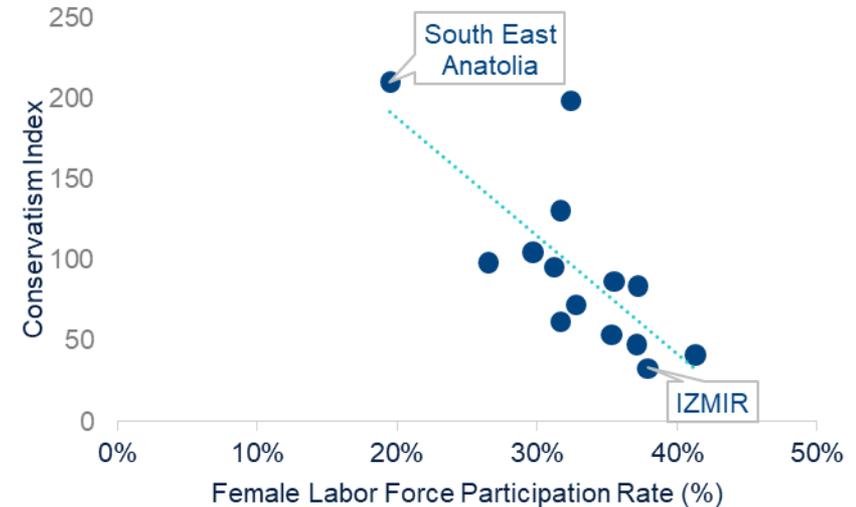
- The most responsible for day care of kids is seen as mothers and their responsibility is much higher in the eastern part of the country.
- The positive correlation between kindergartens for childcare and FLFPR is observed, which can be explained by the need of caregiving the kid. On the other hand, it is also possible that childcare in kindergartens can't be affordable for parents since labor supply of female is low.

We build a conservatism index (CI) in order to confirm the relation between conservatism and regional labor supply decision of women

CONSERVATISM INDEX (BASE=100)



CONSERVATISM AND FLFPR - 2016



Source: TURKSTAT

- Based on our measurement for conservatism, South and North East Anatolia are the most conservative among all regions, whereas East Black Sea and Aegean regions are the least conservative.
- There is a negative relationship between conservatism and FLFPR, confirming that conservative approach against women increases their burden on unpaid care work and results in lower FLFPR.

Challenges suggest opportunities for long-term growth and development

- **Improving quality and increasing accessibility of education for both men and women:** a higher level of education weakens the influence of conservatism and encourages Turkish women to participate more in the labor force.
- **Increasing public expenditures for both pre-school facilities and kindergartens** allows mothers to be full-time employed and promoting female labor supply by reducing childcare responsibilities of mothers. The government may provide subsidies, especially for children whose parents are in full-time employment.
- **Providing public incentives (e.g. tax benefits, income supports)** reduces the cost of childcare centers and makes childcare facilities more affordable for parents.
- **Nursery rooms and child care centers** should be provided more in workplaces, especially for private companies, which may be regulated with law by the government and obliged for both public institutions and private companies.
- **Longer paid paternity leaves** should be offered so that both parents can take on an equal of the childcare burden, leading a decrease the employer's reluctance to hire women of childbearing-age.
- **Media tools (i.e. public service announcements)** may be used to raise awareness about the importance of women's participation in the labor force and also encourage more to enter the workforce.

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