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Article — Digitized Version

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Intereconomics

Suggested Citation: Ekin, Nusret (1973) : Structure of the labour force, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 08, Iss. 10, pp. 316-318, <https://doi.org/10.1007/BF02927759>

This Version is available at:

<https://hdl.handle.net/10419/138910>

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Structure of the Labour Force

by Professor Dr Nusret Ekin, Istanbul *

Labour force structure can be regarded as an important factor in analysing employment and unemployment problems in a developing economy. Specially in a country where data on the employment situation are very limited, characteristics regarding the structure of the labour force contribute a great deal to the understanding of employment problems.

In view of some economists, the most significant feature of the less developed countries (LDCs) is the prevalence of a self-supporting and subsistence economy¹. In such economies, unpaid family workers predominate rather than the paid workers who are employed in developed market economies. As opposed to the market economies, especially agricultural production is carried out by family units, mostly aimed at meeting the limited needs of the family itself. On the other hand the number of the self-employed reaches a considerable amount and surplus labour seems to pile up within family operations. Naturally this structure of employment and production system affects labour force statistics and it also has an important impact on the distribution of labour force by occupation, by branches of economic activity, by status and by sectors.

High Ratio of Disguised Unemployment

An important segment of the labour force in developing economies is subject to "unemployment within employment" that is, although it is seemingly employed, the net value added to production of such labour in terms of the length of work or the capacity to produce is quite insufficient. The rate of open unemployment is between 1.0 and 3.0 p.c. of the labour force in developed countries. On the other hand, most of those who are employed in developed economies work steadily in modern sectors and thus create a high level of national income, while in developing economies most of those who are seemingly employed are in fact subject to "disguised unemployment" or "underemployment", thus making very limited or almost no contribution to increases in national income. Therefore the most important employment

target in Turkey as well as in other LDCs seems to be the implementation of productive employment which is encouraged especially in industry and services as economic development proceeds. But unfortunately, today industrialisation alone does not create enough job opportunities for the unemployed and underemployed in developing countries, especially in the short-run. This is the most important dilemma in the strategy of Turkish planned development.

Lack of Data

Various difficulties are encountered in figuring out the exact volume of unemployment in Turkey due to the lack of an unemployment insurance scheme, problems inherent in the nature of the labour market, rapid urbanisation and the insufficient statistical data collected through population censuses and other means. In fact, to the recent studies on employment and underemployment problems in LDCs a new debate on the concepts of surplus labour has been added, assuring that open unemployment will manifest itself less than it should normally do in such countries. In the "1973 yearly programme" the total labour surplus is estimated at 11.2 p.c. of the labour force. But it is very important to notice that this is not an unemployment ratio but a labour surplus ratio.

Our discussions below focus on the analysis of the structure of the labour force in Turkey in terms of some of its economic and demographic characteristics. The data used are based mainly on the "III. Five Year Plan, 1973–1977".

Population Explosion

One of the most important problems of Turkey is the very high rate of its population increase. With 2.7 p.c. in 1970, this rate was the highest in European and Common Market countries. As a result, the "0–14" age group has almost doubled

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¹ The following sources have been extensively used in the preparation of this article: Ekin, Nusret: *Gelişen Ülkelerde ve Türkiye'de İssizlik* (Unemployment in Developing Countries and Turkey), Sermet Matbaası, İstanbul, 1971, 432 pp.; Ekin, Nusret: *İşgücü ve Ekonomik Gelişme* (Labour Force and Economic Development), Fakülte Halk Matbaası, İstanbul, 1968, 204 pp.

in comparison with the situation in developed countries and has reached 41.1 p.c. of the population in 1970.

A population structure of this type has placed a heavy consumption burden on the working-age population: the "dependency rate" which was 75.0 p.c. in 1955 has risen to 83.6 p.c. in 1970. The population structure has also increased the "replacement ratios", i.e. the replacement of those quitting the labour force after the age of 65 by many young people entering the labour market at the age of 15. The new situation represents an important disequilibrium since the newcomers outnumber those quitters above 65 by almost 10 to 15 times.

The high rate of population increase and the prevalence of young age groups tend to enhance the level of consumption and thus necessitate the enlargement of "demographic investments", such as construction of schools, health institutions, housing projects, etc. Furthermore, the high rate of population increase does have a negative effect on the net rate of economic development. With a 7.0 p.c. economic development rate, an increase of 175.0 p.c. in the GNP has been anticipated to materialise within the next 15 years. Of course, the net growth of GNP is bound to be only 78.0 p.c. if the 3.0 p.c. rate of population increase continues within this period. The population increase tends to reduce savings and exhaust sources of investment and thus undermines the development efforts of Turkey.

Predominance of Unpaid Family Labour

Efforts aimed at slowing down or controlling the rate of population increase in Turkey have not been fully successful. Parallel to the failure in controlling the population increase by family planning, birth control, etc., the view that the decline in the rate of population increase will be a function of such economic and social variables as the increase in incomes, the improvements in education and the acceleration of the urbanisa-

tion process has begun to receive widespread acceptance.

The proportion of the total population living in rural areas and engaged in agriculture in Turkey was about 62 p.c. in 1972. About 45 p.c. of the total labour force are unpaid family labour, the average length of life is relatively short, industry creates a relatively small fraction of the national income and those employed in industry constituted only 11.3 p.c. of the total labour force in 1972. Turkey is also characterised by a rapid urbanisation process, therefore poor and inconvenient housing sharply increased especially in the big cities.

If we compare the labour employment rates of developed and developing countries, we find that the rates in developed economies are slightly higher than those of the developing ones. In Turkey the employment rate of women is relatively high, because they are participating in economic activity as unpaid family labour in traditional sectors. This tends to make the average rates in the two types of countries approach each other. The 1970 population census has shown that in Turkey 40.8 out of every 100 people participate in economic activities. This means that of the total population 14.3 millions belong to the active population in 1970.

Distribution by Sex Groups

The distribution of the labour force by sex groups yields interesting results. The ratio of men was 52.7 p.c., while the ratio of women was 33.6 p.c. in 1965. The tendency of the women's ratio to decline in the course of time could perhaps be attributed to the rapid urbanisation trends as well as to the differences in census methods. Various studies have shown that women who were productive in rural areas tend to become consumptive as they move into urban centers. Nevertheless a rise in the women's ratio is to be observed where the educational level of women increases in bigger cities. According to the 1965 census, of the total female labour force 94.0 p.c. work in



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agriculture, 4.0 p.c. in industry and 2.0 p.c. in services. The corresponding ratios for men are 58.0, 16.0 and 26.0 p.c., respectively. Ratios of women in the different sectors within the total labour force are 50.5 p.c. in agriculture, 6.0 p.c. in industry and 10.0 p.c. in services. The study of the female labour force under status aspects also reveals similar tendencies in Turkey. The census results show that 88.0 p.c. of the female labour force participate in economic activities as unpaid family labour.

Age Structure

The distribution of the labour force in Turkey by age groups also reflects the characteristics of the age structure of the population. Although only partially implemented, the primary education system which is compulsory, makes a great part of the "7-14" age group economically non-active. Many of the studies made so far have shown, however, that the contributions made by this age group to the total production in Turkey should not be ignored in the agricultural sector, especially during the summer months. In some cases the children are also employed in non-agricultural sectors, especially in the service sectors. But most of them are working as unpaid family labour. Participation rates of both men and women in the "15-19" age group are quite high. These rates reflect the predominant characteristics of agriculture and the limited nature of educational facilities for the young. Generally speaking the girls rate (15-19 age group) is higher than the women's (20-64 age group) rate. To some extent this rate difference reflects married and unmarried women's attitude toward economic activity. Surely to have children plays an important role in the participation rates of women.

For the age group above 65, employment rates of both men and women are very high. This situation is typical for most developing countries. Thus, compulsory education and retirement age which, along with various related factors, tend to place lower and upper limits on the magnitude of the labour force in developed countries, do not seem to have significant effects in limiting the size of the labour force in Turkey.

Distribution by Sectors

The distribution of the labour force by sectors has been scrutinised in most economic and social studies in Turkey. In 1972, 65 p.c. of the total labour force were in agriculture, 11.3 p.c. in industry and 22.7 p.c. in services. According to the State Planning Organisation's estimates and projections this distribution will change considerably and in 1987 will reach 42, 18 and 40 p.c. accord-

ingly. The changes in the distribution of the labour force go along with the urbanisation process and with the transfer of the labour force from the traditional to the modern sectors. The problem which bears significance here is the process of transferring surplus labour into non-agricultural sectors through urbanisation while at the same time stabilising the agricultural labour force at a certain level.

Need of Industrialisation and Urbanisation

The most striking point as far as the status distribution of the labour force is concerned seems to be the high ratio of the unpaid family workers. This category constitutes only about 1.0 to 5.0 p.c. in developed economies whereas in Turkey it was as high as 47.0 p.c. in 1965. Furthermore, the self-employed also manifest high ratios, e.g. 28.0 p.c. in the same year. The fact that wage earners and salaried employees make up a very low percentage is of interest. While in the developed economies these groups constitute about 70.0-80.0 p.c. of the labour force, they represent only 22.0 p.c. in Turkey. It is certain that, as economic development proceeds, urbanisation and industrialisation will make the ratio of wage earners and salaried employees rise. As a matter of fact, wage earners' and salaried employees' share in the labour force increased considerably and reached 29.2 p.c. in 1972. On the other hand, sufficient statistical data required for sorting out the ratios of the wage earners and salaried employees separately are not available. So it seems almost impossible to determine the relative size and importance of these two subgroups.

The solution of employment problems in Turkey depends largely on increasing the speed of economic development and particularly the pace of industrialisation. The experiences of developing countries reinforce the view that the process of urbanisation is a vital ingredient of economic development. The shifting of labour force from the traditional sectors to modern sectors in developing economies has been the major cause of increased productivity both in agriculture and in the economy as a whole. Nevertheless, this shifting phenomenon seems to occur from agriculture into the service sectors, rather than from agriculture into industry first. This may have detrimental effects on the growth rate of the country; as the shifting of labour bypasses industry and over-crowds the services sector too early, various employment problems similar to those found in agriculture are now apt to arise in the services sector, e.g. lower productive employment or underemployment are slowing down the rate of economic development.