

## Info note

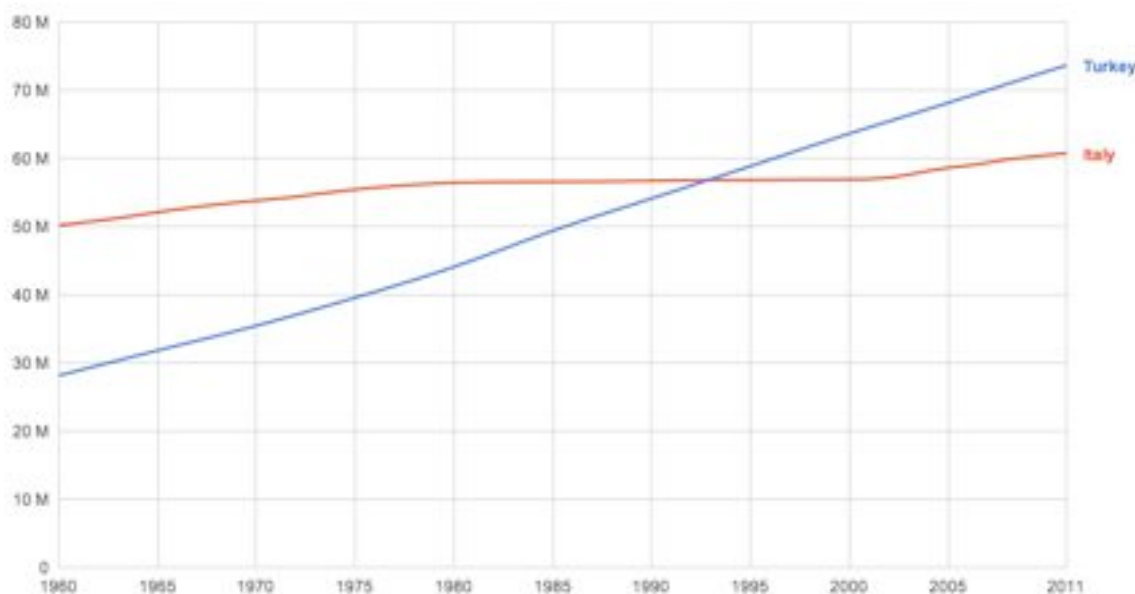
# Labour Market Characteristics Italy and Turkey

This info note is meant to get an impression of the main labour market related characteristics of Italy and Turkey. Some indicators include comparison with the EU27.

## Population

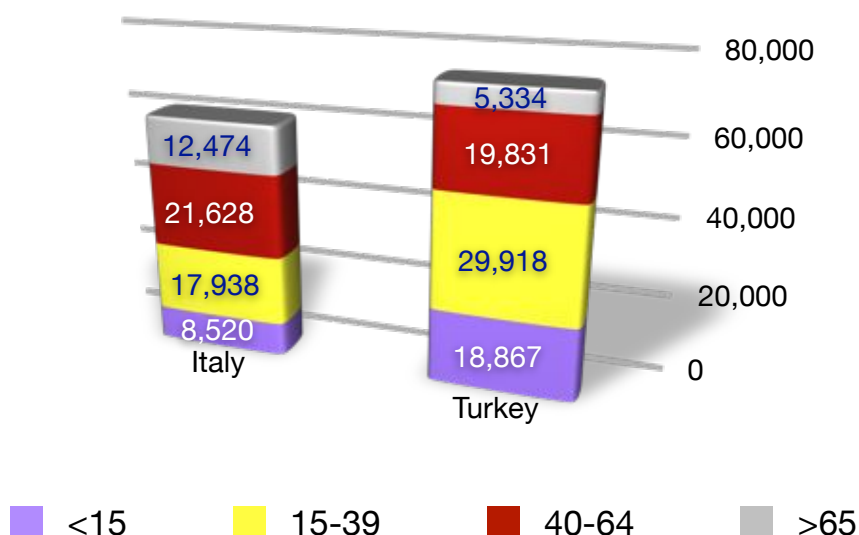
Italy (61 million) and Turkey (73 million) are somewhat comparable in size. The growth pace is however quite different, as can be seen in this graph (source WB).

Turkey has a steep ongoing growth pace since (at least) 1960 in which the population grew with  $\pm 250\%$ , whereas Italy had a growth of  $\pm 20\%$  - mostly until 1975.



The composition of the population is quite different as is shown in the next graph.

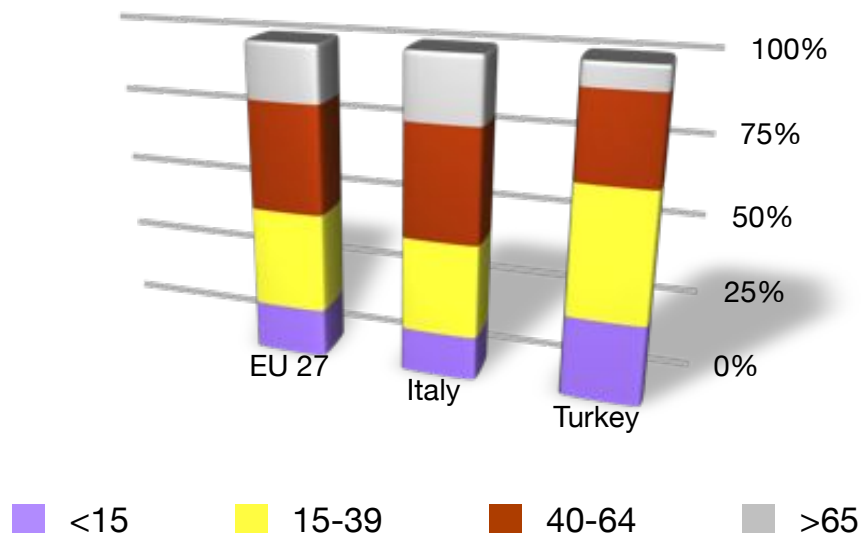
## Total population 2012 (x 1000)



Turkey has almost twice as much people under 40 and less than half people older than Italy is obviously not alone in dealing with the greying society. Its composition of the population is almost identical as that of the EU27.

The median age in Italy is 43.7 (2010, 4th in the listing of countries according to age - descending); Turkey's median age is 28.1 (ranking 111).

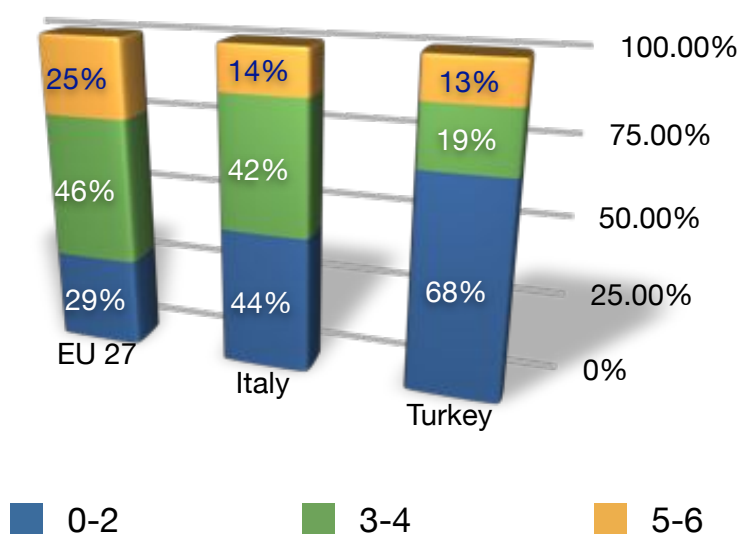
### Composition of population 2012



### Level of education

There are significant differences in the level of education. Turkey has more than two times more people with pre-primary, primary and lower levels of education, compared to the EU27. Important differences in the disadvantage of Turkey are in the levels of secondary (Italy & EU27) and tertiary (EU27) education.

### Level of education 2012 (ISCED97)



### Gross Domestic Product

The GDP per head of the EU27 and Italy are of comparable level. Turkey's GDP pc is about half of that in Italy. (Turkey's GDP is higher than that of EU27 countries Bulgaria and Romania.)

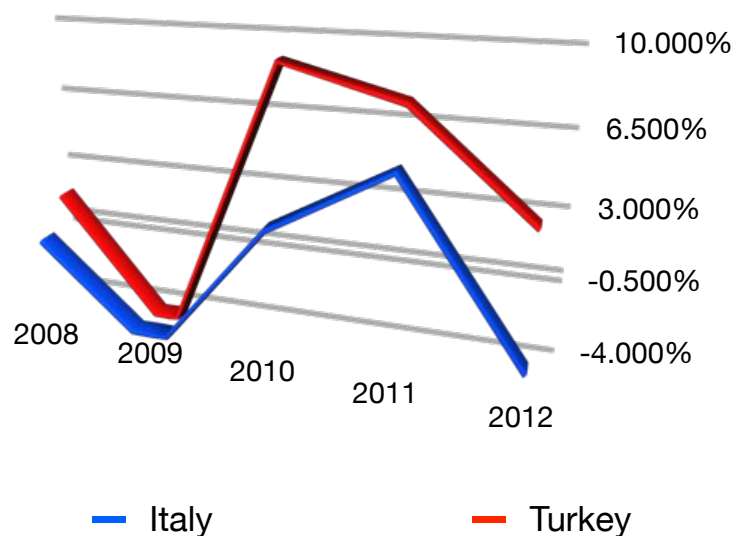
As will be shown later, part of this difference can be explained by the considerably lower participation rate and (not shown) lower wage levels and a higher level of agricultural employment - mostly in undeclared work.

**GDP pc PPP 2012 (est)**



Probably mostly due to the growth in Foreign Direct Investments and related industrial production, the GDP on both levels in Turkey is growing, whereas Italy is confronted with a negative GDP pc development. After 2009 Turkey has a growing GDP from year to year. Interesting are the generally comparable trend lines between the two countries.

**GDP pc Development 2008-2012**

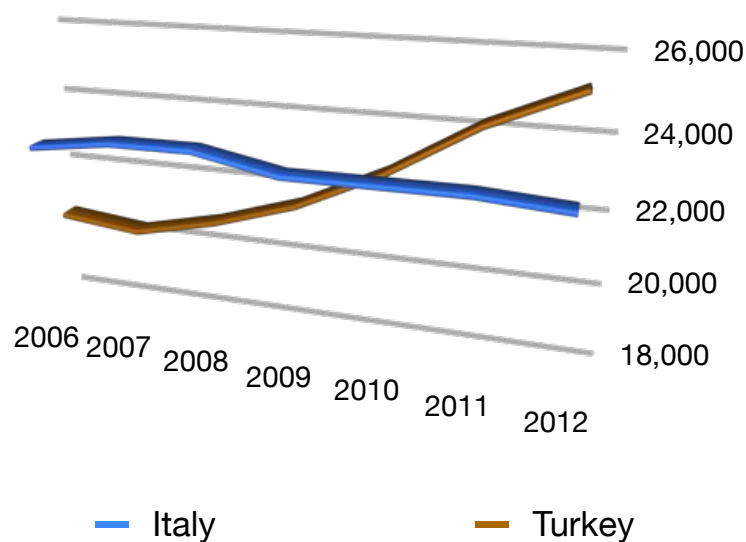


## Employment

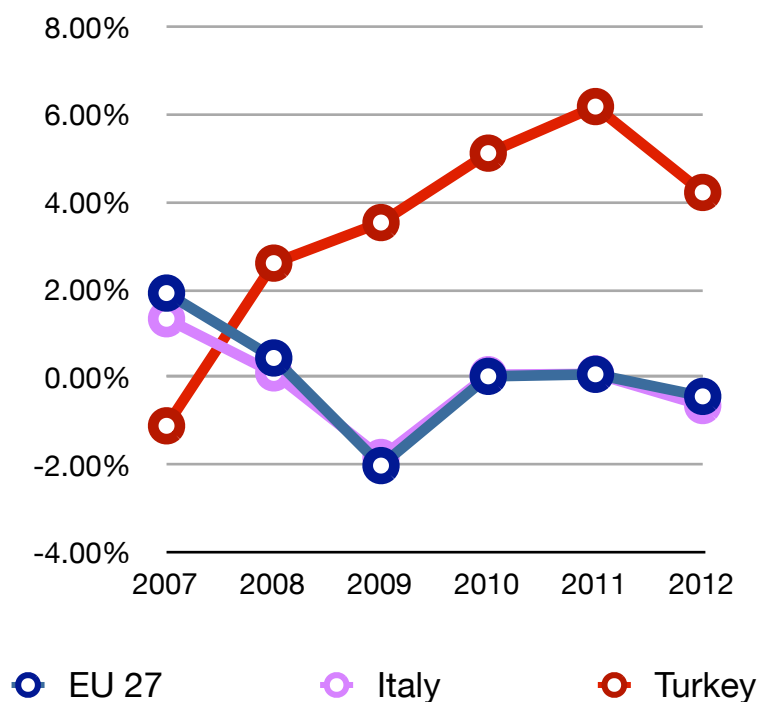
Italy has an almost stable level of employed persons, with a slight negative trend since 2008. Turkey's number of employed persons is growing since 2007 with almost 1 million persons per year (4.3% average).

Despite Turkey's growth in the number of employed persons, in terms of the share of employed persons in the total population, Turkey still has a  $\pm 3.5\%$  lower share (34.2%).

**Employed persons (x 1000)**



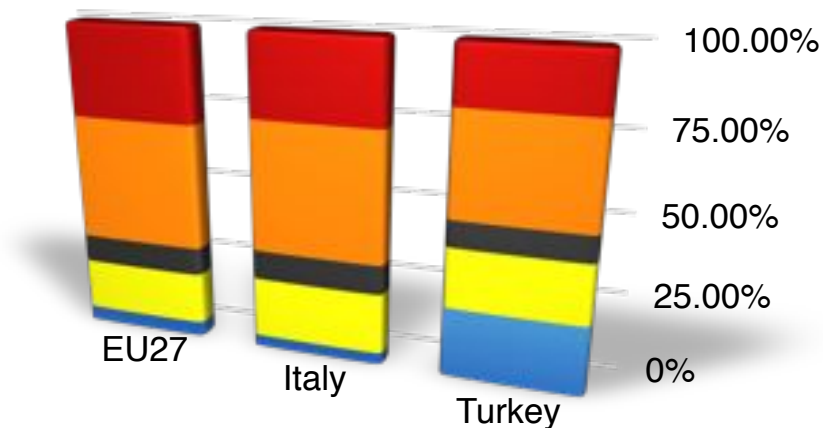
**Development employed persons**



### Sector structure

Employment according to sector structure in the EU27 and Italy is almost completely comparable. The size of employment in the industrial sector between EU27, Italy and Turkey is also fairly comparable. Employment in the agricultural sector in Turkey is however 5-6 times higher than EU27 and Italy. Turkey has lower levels of employment in the services and public sector.

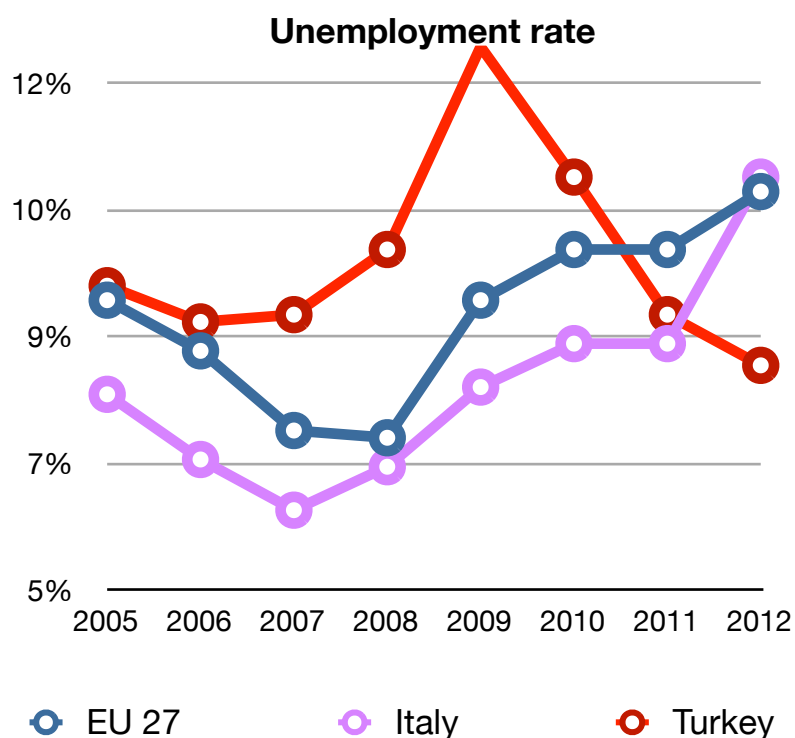
### Employment according to sector structure



■ Agriculture
 ■ Industry
 ■ Construction
 ■ Services
 ■ Public sector

### Unemployment

Turkey's level of registered unemployment has come down from more than 12% in 2009 to around 8% now. Since 2011 the unemployment rate is lower than Italy, currently  $\pm 2.6\%$ .



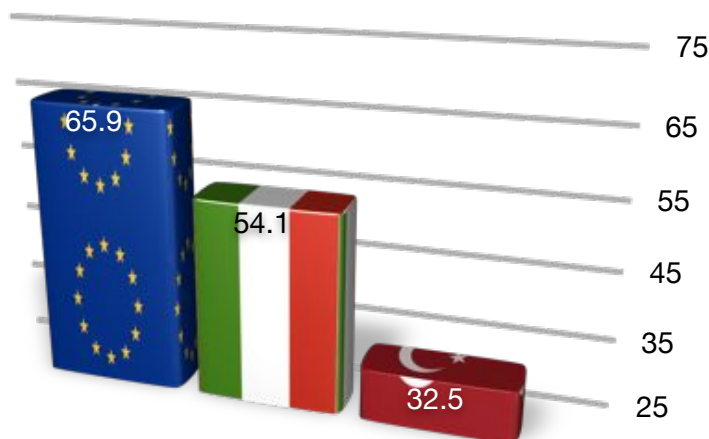
### Participation rate in labour force

The participation rate of people between 15 and 65 years in Italy is considerably lower than the EU27 average. Turkey's participation rate is considerably lower than Italy. Both Italy's lower participation compared to the EU27 and Turkey's lower participation can be almost solely explained by the lower participation of women.

**Participation rate 2012**



**Participation rate 2012 Females**



### Unregistered employment

Unfortunately there is no recent and comparable data available regarding unregistered / undeclared employment.

In Turkey, undeclared work is part of the household survey and thus yearly figures are available. In recent years the share of undeclared work has come down from  $\pm 48\%$  of the labour force in 2008 to 39% in 2012. This is mostly due to urbanisation, a diminishing share of agricultural employment and higher industrial employment (H. Ercan, EEO, 2012). Despite this downward trend, the share is still immense.

If European figures are available, they are mostly related to the share of the shadow economy in the GDP. An estimate for the share of this shadow economy in GDP (Schneider, 2011) for the EU27 is 19,2%. Shares per country vary between about 8% in

Austria to 32.3% in Bulgaria. A 2012 study indicates an average of 22.1% for the EU27 (Murphy, 2012). Studies about Turkey in this regard are not available.

If we try to roughly estimate the size of the informal economy in Turkey based on a previous calculation (Chamber of Accountants) and assuming that earnings in unregistered employment are lower than in registered employment, the share of Turkey's shadow economy would be somewhere between 25-30%. Considerable enough to be a severe challenge.

### Summarising:

- Turkey has a young population - Italy's population belongs to the oldest in the world
- Italy's national debt is three times higher than Turkey (126% GDP - 40% GDP)
- Italy's level of education is higher than that of Turkey
- Turkey's GDP pc is half of the GDP pc of Italy
- Turkey's GDP pc is growing, Italy's GDP pc indicates a negative trend
- In a share of the total population Italy has 3.5% more persons employed than Turkey
- Turkey has substantially relatively more employment in agriculture
- Turkey's number of employed persons is growing, Italy's number of employed persons is in decline
- Italy has a higher level of unemployment than Turkey
- Unemployment is growing in Italy and getting lower in Turkey
- Turkey has a 10 points lower participation rate than Italy, mainly because of a lower participation of women
- Turkey has a higher level of undeclared work.