

Effects Economic Growth Creates on Employment in the Knowledge Society Process (1980-2007)

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Abstract

World economics structure, quality of work done, feature of labor force has been changed upon globalization. Especially new work conditions in knowledge, communication and service sector and resources creating these work conditions have brought up new approaches on preparing and using the human resources. In this context, Turkish employment policies have got in the affinity of restructuring with education policy in coordination. The most important element of economic growth is employment, which builds up and applies technology, elicits organization and using of resources.

For the last 30 years, exchange in communication technology has affected not only developed countries but also developing countries. Knowledge-communication technology revolution has shaped skill structure of work done and investment organizing. This exchange affects all changes in society besides begetting base exchange on the labor market.

Reasons as population increase, insufficient capital formation, cannot increase government and private investments; quality of labor force is not to bear modern industry demand, disharmony between vocational education- labor force market, fast technology development have generated the level of employment problems in Turkey. This study aims to discuss the level of this employment problem by means of causality analysis.

Key words: *knowledge society, economic growth, employment*

Introduction

Employment and unemployment have represented one of the most important problems of Turkey and many other countries for a long time. Especially high birth rate, automation increasing after technological developments and diminishing need of the strength of one's fists have had a negative influence over the increasing unemployment rate. Developed European countries neither have shown desirable success (despite the low birth rate).

In Turkey, since late 1980 the relation between growth and employment hasn't been taken into consideration, with excessive swelling in the financial system. This phenomenon has been faced

not only by Turkey, but also by all countries with full capital movement. So Turkey has come in to a growth process which is relative, short term capital flowing is volatile and particularly fragile.

Economic developments in the last 20 years have shown there hasn't been a linear relation between economic growth and employment. At least many variables have shown there hasn't been an expressive relation. Actually, this absurdity can be partially explained. The most important result of this is that even in developed countries economic growth has been provided as related level of technological innovations, capital intensive investment instead of labor-intensive investments and development at polity propped up elasticity this circumstance has not redoubled employment automatically and decreased unemployment.

That is because innovation in technology initiated a process which will substitute labor force. Amendments in polity have brought in the foreground the performance of the same production with few workers instead of employing a lot of workers to diminish costs in a destructive competitive atmosphere. Because of this, every further redoubling of efficiency will lead to the same production with fewer workers instead of redoubling new worker employment.

The Development Process in the Information Society

Development of knowledge and computer technology and circulation of knowledge with cheap and usable techniques have been playing a role in economic and social exchanges. In EU documents especially this development has caused a third industrial revolution. New values which arise in commerce systems need to have competitive values shared with foreign societies (European Commission 1996: 3).

Increasing the volume of goods and services in time represents economic growth. Economic growth is the only way to raise continuous life standards of a country's inhabitants. For this reason one of the main macroeconomic proposals is to implement a fast economic growth (Ünsal, 2000:11). Economic growth conveys accretion of stock and current variables as bulk. While this increase is consisting, physical and human capital technological developments have been welding to economic growth. These three sources must work together to generate genuine growth (Yılmaz, 2004:17).

Given that the growth is increasing individual's real income constantly and individuals compose the society, no unemployment problems should exist in societies the growth rates of which are constantly increasing. Analyzing only the unemployment problem and relating it only to the economic growth have proved to be an economic policy error because the issue of unemployment is a multi-faceted subject. For this reason in economic policy models, unemployment cannot be analyzed and solved individually (Yılmaz, 2005:64).

In Turkey the main reasons for the low employment rate are the long periods of economic instability, deficient investment, to the lack of institutionalization on the labor market, insufficient employment opportunities to the labor force in agriculture, the speed of increasing working individual population, higher than the total birth rate, of the fact that labor force allocation cannot meet the economy's needs, the fact that no relation can be established between the labor force market and the education system, the elasticity of the labor force market cannot be obtained and entrepreneurship is not countenanced sufficiently.

Table 1. Structure of employment in Turkey, circumstance of employment and labor force

	2001	2002	2003	2004	2005	2006
Total Population (hundreds)	67.296	68.393	69.479	70.556	72.006	72.957

Table 1 (cont.)

Population of age 15 and more (hundreds)	47.158	48.041	48.912	49.906	51.146	52.000
Employee (hundreds)	23.491	23.818	23.640	24.289	24.539	25.056
Labour force participation (%)	49,8	49,6	48,3	48,7	48,0	48,2
Unemployment (%)	8,4	10,3	10,5	10,3	10,6	9,6
Employment (%)	45,6	44,4	43,2	43,7	42,9	43,5
Unregistered employment (%)	52,8	52,1	51,7	53	49,5	48,0
Unemployment in young population (%)	16,2	19,2	20,5	19,7	19,6	19,0

Source: Turkish Statistical Institute, November, 2006

Since 1950 inter-regional migrations and migrations from the county side have affected city population, in terms of generating an increase of such. Especially small cities which have industry and service sectors providing employment opportunities have represented shanty towns with population increases. Slum house population which cannot keep up with developments in knowledge and communication technology has caused increasing urban unemployment shares.

Generally speaking, among the components that affected employment we can mention: technological development, diminishing low and medium skilled manufacturing industry employees and international intensified trade and competitiveness. Doubtless pre-industrial transformation and globalization have been also expediting interaction of these elements affecting employment. In this context the employment issue can be evaluated individually for open and close sectors to international competitiveness. Agriculture, industry, intercommunication, communication, finance and insurance sectors can be considered as open sectors to international competitive. Wholesale and retail trade consumed local, accommodation services, education and health services in services sector can also be considered close to international competitiveness (Selamoğlu, 2002:34).

Inter-sectors distribution of employment is also an important aspect. This distribution in Turkey is seen dominant with 46 % share. Distribution of industry is 21%. This sight shows that insufficient achievements have been made in Turkey with regard to the employment policy. Industrialization has remained low, investments have not increased.

So as not to raise industrialization, Turkey has entered a fast urbanization process with fast population increase. While by 1960 39% of the population was living in cities, by 2000 this rate increased up to 58%. Urbanization combat which cannot develop in parallel with industrialization has generated problems such as employment, education, under work, income distribution. Farmers who could not obtain sufficient income started searching in micropolis, yet upon low income and adjustment problems. Unlawful buildings and social problems rose when increased family population was equated with base wage rate. (Canbay, 2001-<http://sufizmveinsan.com/arastirma/politika.html>).

Table. 2 Total distribution of employment in sector-specific

	1990	2000	2001	2002	2003	2004
EU	61,6	63,7	64,4	64,5	64,6	65
OECD	64,9	65,7	65,6	65,2	64,9	65,3
TURKEY	54,5	48,9	47,8	46,7	45,5	46,1

The Relation between Economic Growth and Employment

When the relation between economic growth and employment is evaluated, the contribution of economic growth to employment in many countries is more slowly and so the fact that the employment problem has been getting difficult is known. For example, in Germany the relation between economic growth and employment is relatively far from being supercharger quality. Put it differently, even USA and Holland registered economic growth rates similar with Germany's, employment growth in these counties were higher than that of Germany. There is no doubt that this circumstance must evaluate as an efficient rise for the purposes of Germany. (Werner, 1999: 8). Nevermore, to imply that contribution of economic growth to solution of employment-unemployment problems has been relative delicate is not misleading. When the relation between economic growth and employment is analyzed in more detail, Germany must have a higher economic growth rate in order to record the same employment rise as the countries that improved the employment policy.

During the early stages of the most recent economic recovery, there has been much discussion regarding the relationship between economic growth and employment. Though the unemployment rate is considered by many to be a lagging indicator, there is some disagreement as to whether employment itself is a coincident or lagging economic indicator.

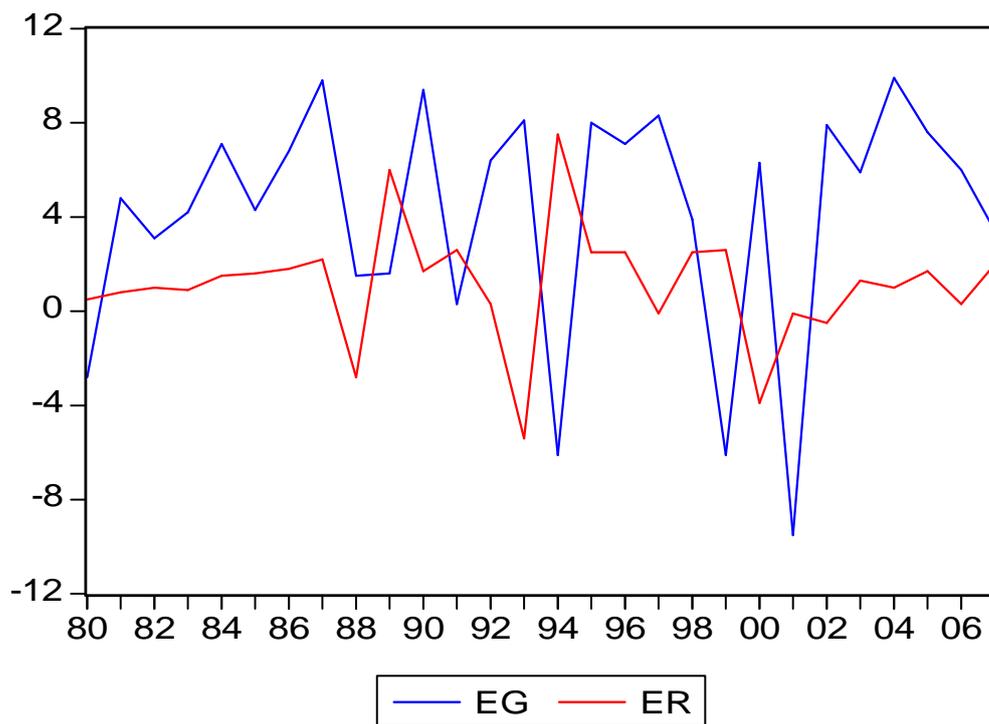


Fig. 1. Economic Growth and Employment Rates

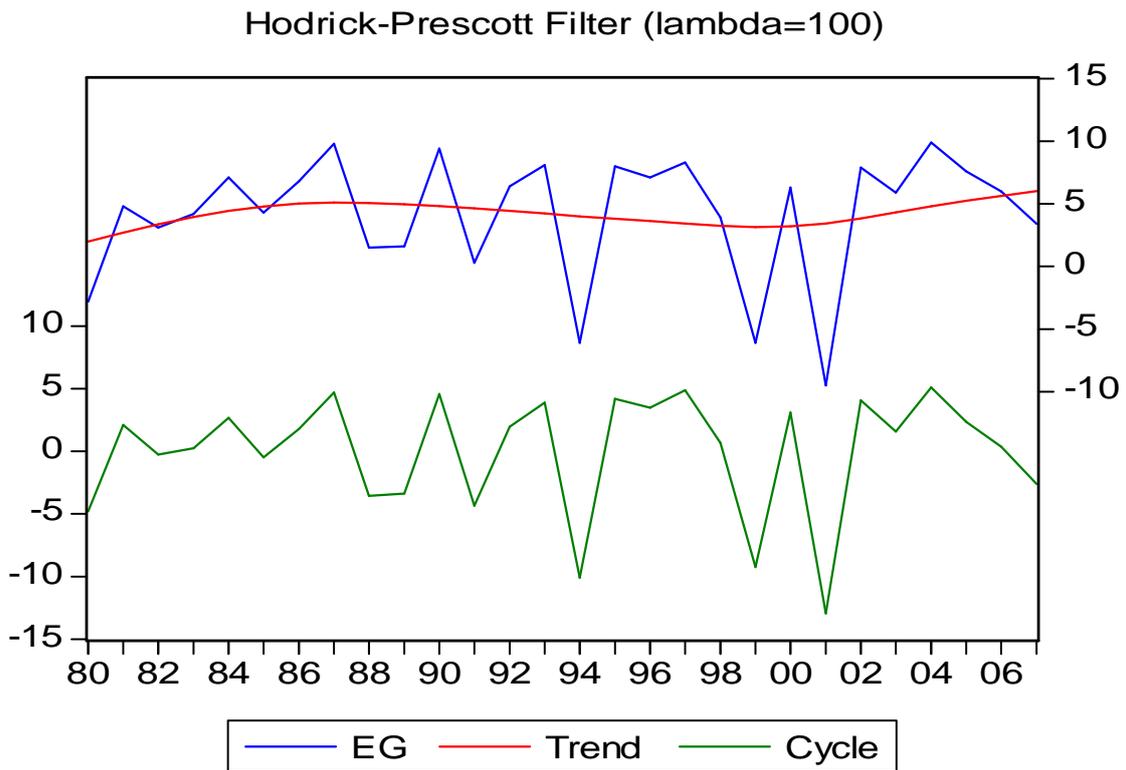


Fig. 2. Economic growth analysis

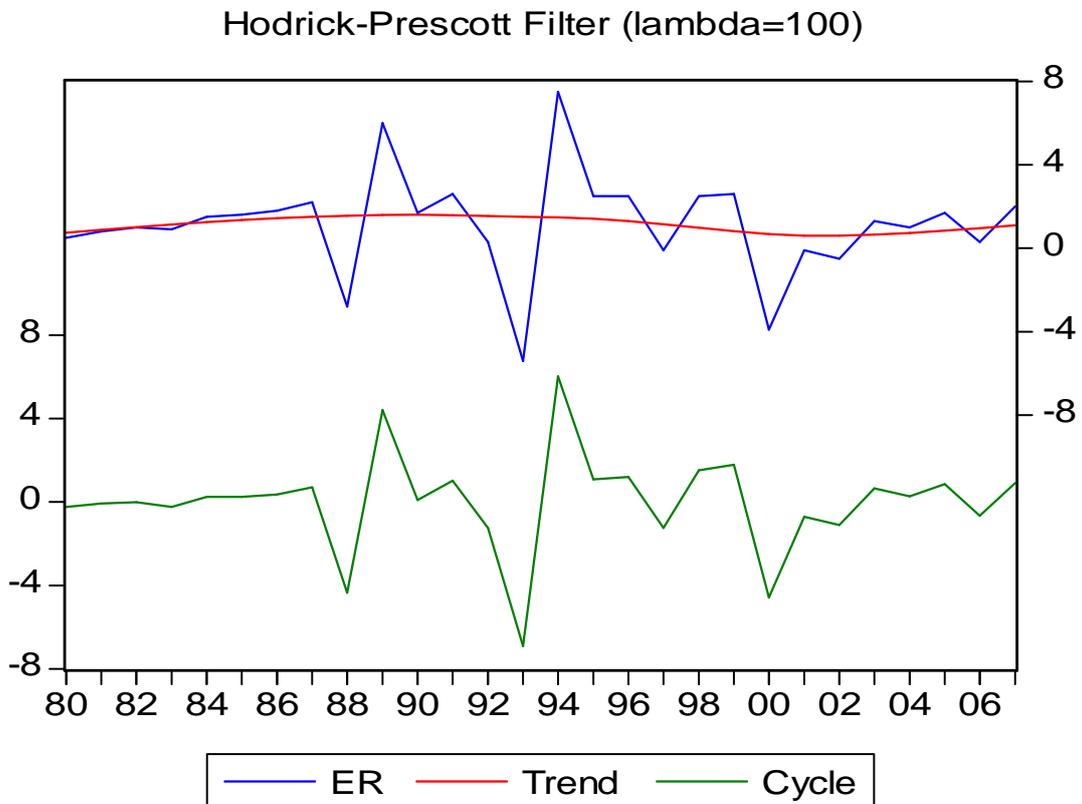


Fig. 3. Employment rate analysis

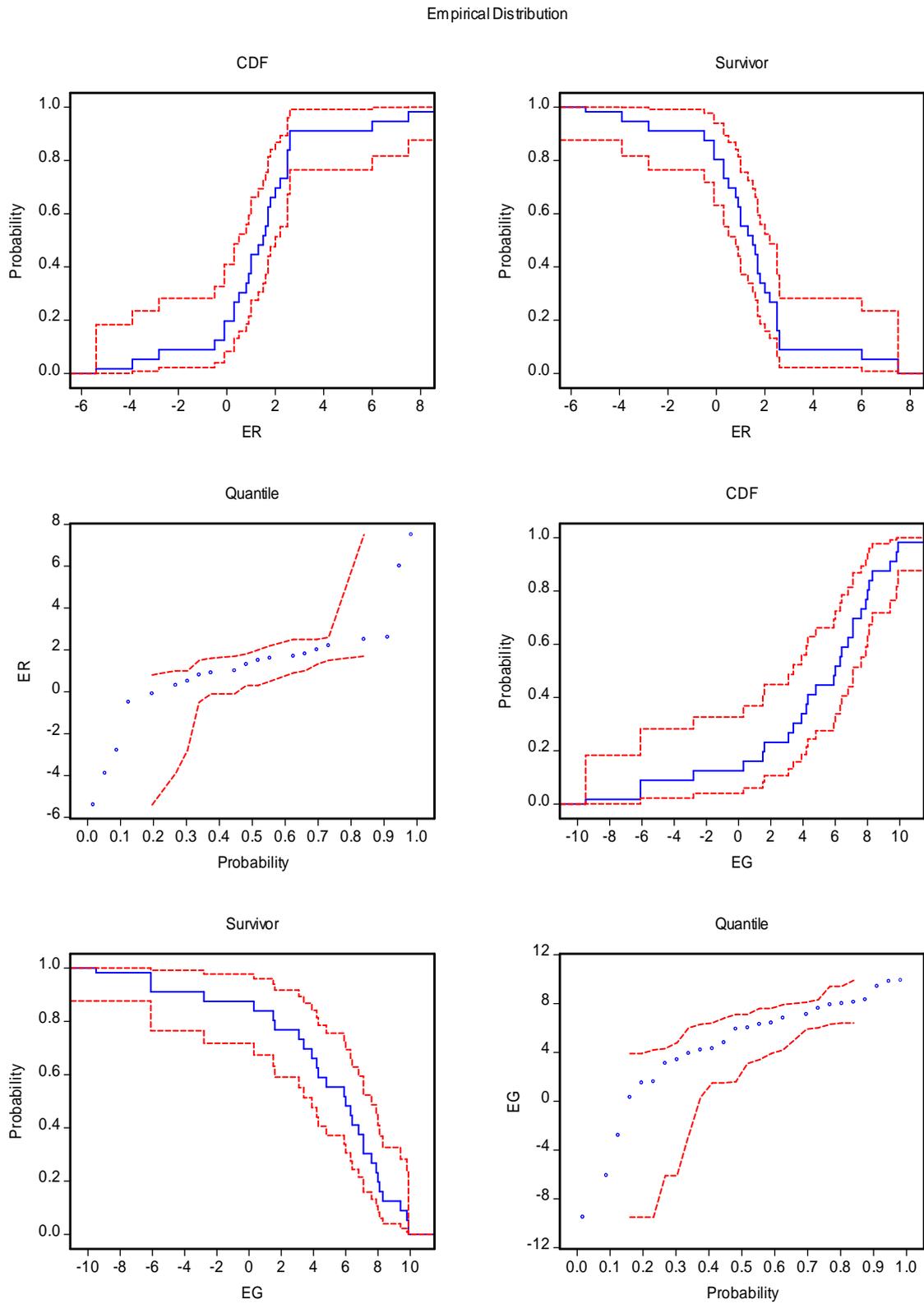


Fig. 4. Economic growth and employment rate and analysis

A high unemployment rate has an effect similar to that of an increased labor supply. It tends to increase the employment intensity of growth, and it puts pressure on enterprises to raise employment, particularly in low-wage areas.

We can see this effect in the development of employment elasticity: with rising unemployment, they have become larger during the last decades. There is a very close relationship between GDP growth and employment in time-series as well as in cross-county analyses. The coefficients are highly significant.

Table 3. Granger Causality Test Result

Pairwise Granger Causality Tests			
Sample: 1980 -2007			
Lags: 2			
Null Hypothesis:	Obs	F-Statistic	Probability
EG does not Granger Cause ER	26	0.92797	0.41097
ER does Granger Cause EG		4.53672	0.02303

*F α (m, n-k) =0, 05 (2, 25) =3, 34

A simple, but wrong argument is that there can be no positive relationship between production and employment because the output trend in manufacturing is rising and the employment trend is falling. As a matter of fact, output must increase faster than productivity to produce a rising employment trend. On the other hand, if we look at the effect of unit labor costs on relative growth performance, we find the expected positive Granger causality.

According to Granger causality analysis, economic growth EG in Turkey does not affect employment rate (ER). On the other hand employment rate (ER) in Turkey affects economic growth (EG).

Conclusion

In this study, we examined the nature of the relationship between employment and economic growth in the ten largest states. Economic growth is very important for developing countries. Increasing birth rate constantly and, in parallel to this, increasing individual needs have required the redoubling of present production. Knowledge economics has represented the main dynamics of global economics. Redoubling efficiency, providing well-qualified employment, providing stabilized growth, gaining advantage of national competitive and rendering sustainable development have been possible using knowledge economic technology and disposing knowledge economics. For Turkey causing new employment area and diminishing unemployment represent some of the most important economic and social targets. Then the most important tool for diminishing unemployment and causing new employment is providing economic growth.

In Turkey economic growth has not provided employment and causing employment differences among sectors have indicated sector-specific composition of growth. Building and services sectors have the highest ability of generating employment. So it has been expected that growth in these sectors will redouble employment significantly. Notwithstanding, increasing employment at both building sector and service sector has not provided a noteworthy comedown. Due to this, increasing employment cannot correspond to increasing active population rapidly and labor force which agriculture sector imports.

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Efecte ale creşterii economice asupra ocupării în procesele din societatea cunoaşterii (1980-2007)

Rezumat

Structura economiei mondiale, calitatea muncii depuse – ca trăsătură a forţei de muncă – au suferit schimbări odată cu globalizarea. Mai ales noile condiţii de muncă în domeniul cercetării, comunicării şi serviciilor, alături de resursele create în acest proces, impun o nouă abordare legată de pregătirea şi folosirea resurselor umane. În acest context, politica de ocupare a forţei de muncă în Turcia îşi propune restructurarea, prin coordonare cu politica educaţională. Cel mai important element al creşterii economice este reprezentat de ocuparea forţei de muncă în domeniul creării şi aplicării tehnologiilor, fructificării activităţii companiilor şi utilizării resurselor.

În ultimii 30 de ani, schimbările în domeniul tehnologiei comunicării au afectat nu numai ţările dezvoltate, ci şi pe cele în dezvoltare. Revoluţia tehnologiei pentru cunoaştere-comunicare a modelat din nou structura muncii depuse, abilităţile folosite, precum şi investiţiile. Aceste schimbări antrenează toate celelalte domenii ale societăţii, alături de evoluţii ale pieţei muncii.

Cauze precum creşterea populaţiei, insuficienţa formării capitalului nu pot permite creşterea investiţiilor guvernamentale şi private; calitatea forţei de muncă nu corespunde cerinţelor industriei moderne; dizarmonia dintre vocaţia educaţională a forţei de muncă şi dezvoltarea rapidă a tehnologiilor a generat probleme majore privind ocuparea în Turcia. În acest articol se cercetează aceasta problemă utilizând analiza de cauzalitate.