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Shorter Working Time and Its Pay As An Effective Social Policy Measure Against The Economic Crisis

By
Dr. Seyma Ipek Kostekli
Consultant, Research Department
Istanbul Chamber of Industry, Istanbul-Turkey

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Abstract

The World and Turkish economies have been under the influence of the Global Economic Crisis for three years. Turkey was not affected by the crisis very negatively from a financial perspective. This aspect distinguishes Turkey from other countries. That said, due to the Global Economic Crisis, Turkey took a significant hit in manufacturing and employment areas. It must be noted that Turkey had serious unemployment issues before the crisis. The crisis has intensified those issues even more.

During the crisis, the Government has established various social policies to expand and motivate additional employment opportunities. Amongst those policies, “shorter working time and its pay” has particular significance for the industrial sector and its workers. This arrangement was introduced by Labour Law No. 4857 (2003). However, as with other flexible working arrangement regulations, the rules regarding “shorter working time and its pay” lack any flexibility, and shorter working time have not been utilized sufficiently since its enactment.

The purpose of this study is to discuss the shorter working time experience that was put in place as a social policy to mitigate negative impacts of the crisis and to establish a resolution regarding the consequences of shorter working time policy’s implementation. First, the definition and features of shorter working time will be discussed. Second, the legal foundation of this social policy will be analyzed. Then, in Section 3, the focus will be the preventive measures taken by the Government to better this social policy. Finally, in Section 4, we will discuss how the improvements made to shorter working policy in 2008, 2009 and 2010 can be rendered as permanent improvements.

This study was based on relevant laws, regulations, published research papers and official Employment Agency statistics. Publications, legislation and regulations that are directly or indirectly related to the subject matter were researched and scanned.

1. Introduction

Shorter working time is a flexible working form which aims at creating income to workers due to decreasing in production activity depending on ordinary or extraordinary events effecting firms.

Having a long history in EU countries, shorter working time has experienced a complex evolution process. In the beginning, shorter working time was just seen as a tool for interfering ordinary or extraordinary events that lead business activities to stop or to decrease. The term of ordinary events include “events that cannot be imputed to employer or employee, temporary, unintended” (e.g power outage, shortage of raw material, hardware/machinery faults, bad weather, natural disasters etc.) or simply “cyclical developments”. Extraordinary events mean that firms go into crisis.¹

Beside from this general norm, there are also “specific determinants” for specific jobs or specific sectors in a crisis. After a short period, the term shorter working time has comprised not only unintended events but also decreasing in production activity due to reorganisation or restructuring of business. On the other hand, decreasing in the activity or aborting the activity has removed from temporary category. Especially in extraordinary occasions, time limits have been lengthened notably.²

The Global Crisis which makes employment issues heavier has led countries revising their regulations on shorter working time. As an instrument to suppress mass layoffs, shorter working time has been applied by some EU countries (Germany, Holland) with improvements during the crisis. Hungary, Portugal, Slovenia and Slovakia has first met these regulations.³

Currenty, it is possible to say that shorter working time applications come to the front when a decreasing/aborting in the production activity owing to economic crisis. Shorter working time is simply a shortened working and a sort of inherent numerical flexibility. By shorter working time, when a dismissal need appears (e.g economic crisis) current jobs will be shared among workers by cutting working time. In this way, dismissal need will be abated.

Shorter working time has its genuine aspect though it has resemblance with part-time work. Here, the resemblance is to simply work less compared to normal working time. Shorter working time involves in stopping business activity completely or partially. Part-time working is permanent, not temporary, whereas shorter working time is temporary. This is the point shorter working time differs from part-time working. Another difference is that part time working depends on individual’s free will. However, in generally shorter working time application is an opportunity that is given to employers unilaterally.⁴

Shorter working time is also different from unpaid leave. Because unpaid leave is valid with workers approval and they get any payment for it. In shorter working

¹ Marco Biagi, (Ed. by): *İş Yaratma ve İş Hukuku, Korumadan Öngörülü Eyleme*, Çev. Zülfü Dicleli, Ahmet Kardam, MESS Yayın No: 405, İstanbul, 2003, pp. 286-287.

² Biagi, a.g.e., p. 288.

³ Ton Wilthagen, Flexicurity in the crisis: the case of short-time working arrangements”, *Occasional workshop on Short-Time Working Arrangements*, 13 January 2010, European Employment Observatory (EEO), Brussels, p.11; OECD, *Employment Outlook 2010*, OECD, Paris, 2010, p.50,52.

⁴ TİSK, *Çalışma Hayatında Esneklik*, TİSK Yayın No: 190, Ankara, Kasım 1999, pp.29-30.

time there is a unilateral decision of employer and during this process workers get their shorter working wage.

Wilthagen sees shorter working time not just simply flexibility but an “internal flexicurity”. According to Wilthagen, there are two elements of short time working arrangements (SWTA): contractual flexibility and modern social security.⁵

Shorter working time, which has a long history in the West, was first added to Turkish labour regulations in 2003. Turkish law maker accepts shorter working time as a precaution for extraordinary period. The law, gives employers the opportunity to get through this temporary period in order to sustain business and continuity of firm. It is stated that shorter working time has various purposes such as suppressing layoffs, especially mass layoffs, preventing skilled labour losses, securing firms sustainability.⁶

According to Turkish labour regulation, shorter working time is performed by employers under the authority of the Ministry of Labour and Social Security in situations that weekly working hour decreased notably or business activity completely/partially stopped temporarily. Decreasing in weekly working hour constitutes the flexibility part of the short working.

The essence of shorter working time is to overcome the financial crisis that firms are subjected to by a stabilisation policy with the participation of three sides (employer, employee and government). Actually, when a shorter working time program executed under the verification of the ministry, some part of worker’s daily hour is compensated from unemployment insurance fund. Thus, both government and worker are involved in the operational risk which is under employer’s responsibility.⁷

According to Turkish labour law, shorter working time is consisted of three elements:

- The first element of shorter working time is the temporality.
- Shorter working time is employer’s unilateral decision which is possible by the Ministry’s authorisation. There is no need to worker’s approval. This a noteworthy element that makes difference between short working and any other flexible working forms. Worker’s approval needed for part-time working and unpaid leave. Turkish law maker leaves the decision about shorter working up to employers. There is no limit to number of worker or profession.
- During shorter working time, workers get their pay from unemployment fund. Even though it does not fully compensate, it gives workers partial income assurance and protects worker from losing their job. This means that in shorter working time both income and job assurance are running.

⁵ Wilthagen, a.g.t., p.21.

⁶ MESS: *Çalışma Sürelerinde Esneklik (Geleceğe Açılım)*, MESS Yayın No:378, İstanbul, Mart 2002, p.72.

⁷ Nurşen Caniklioğlu, “Kriz Ortamında 4857 sayılı İş Kanununun Esnekliğe İlişkin Hükümleri ve Uygulama Sorunları”, *Kriz, 4857 sayılı İş Kanunu ve Esneklik Hükümleri Semineri*, 4 Mayıs 2009, İstanbul Sanayi Odası, İstanbul, <https://e-hizmet.iso.org.tr/seminer/Sunumlar/ARS0109.zip> (24.07.2009), p.72.

2. Legal Elements, Procedure and the Shorter Working Payment

2.1. Legal Elements

Shorter working time has first regulated on the Labour Law Number 4857 Article 65. The related regulation was published in the Official Journal Number (Nr) 25419 Date: 31.03.2004 under the name of “Regulations Regarding Shorter Working Arrangements”.

With the Law Number 5763 Amending The Labour Law and Miscellenaous Other Code Provisions Laws (Official Journal, Nr:26887, Date:26.05.2008), known as Employment Package, shorter working time has removed from Labour Law and added to the Law Number 4447 Unemployment Insurance (as Appendix Article 2) with some amendments. As a result of that, it has become possible to cover not only workers under the Labour Law Number 4857 but also workers under the Maritime Labour Law and The Press Labour Law.

Together with the amendtment of the law, related regulation has also been amended.

In this situation, the following composes the developments of shorter working’s legal basis during crisis period:

- The Labour Code No.1457.
- The Labour Code No.4857
- The Unemployment Insurance Code No. 4447.
- The Turkish Employment Agency Code (ISKUR) No. 4904.
- The Social Security And General Health Insurance Code No. 5510.
- The Law Number 5763 Amending The Labour Code and Miscellenaous Other Code Provisions (OJ: Nr: 26887, Date:26.05.2008).
- The Law Number 5838 Amending Certain Code Provisions (OJ: Nr: 27155, Date:28.02.2009).
- The Law Number 5951 Amending the Procedure Law on Collection of Public Claims and Some Other Laws (OJ: Nr:27484, Date: 05.02.2010).
- Regulations Regarding Shorter Working Arrangements (OJ: Nr: 25419, Date:31.03.2004).
- Regulations Regarding Shorter Working Arrangements (OJ: Nr: 27109, Date:13.01.2009).

The Law, relates shorter working time with two main reasons: “general economic crisis” and “forces majeure” . These two described on the regulation as:

- General Economic Crisis: This refers to situations where national economy and workplace are significantly affected by national or international economic incidents. As such, in cases of sectoral or workplace related crisis, shorter working time shall not be implemented (Regulation, Article 3).

- Force Majeure: This refers to external causes such as earthquake, fire, flood, epidemics and similar circumstances which are unpredictable, not due to employer’s management and control, cannot be prevented, and resulting in temporary reduction of work hours or ceasing of work activities fully or partially (Regulation, Article 3).

As a result, the legislator has limited shorter working time for two main reasons, namely, general economic crisis and force majeure. In cases where an organization goes through crisis due to its management and economic structure, shorter working time arrangement may not be implemented.

By defining the term “shorter working time” as “a temporary weekly working period that is 1/3 of regular work hours applied in a workplace for a period of 4-weeks to 3-months”, the regulations clearly defined the phrase “significant decrease”. When the circumstances were normalized, shorter working time would cease to apply.

2.2. Procedure of Applying Shorter Working Time

As it is explained above, shorter working time follows a definite procedure. Keeping the procedure brief and simple is a key factor in order to determine firm’s application to the institution. At least Turkey experience indicates that way. In the very beginning of the crisis, bureaucracy and complexity in the procedure caused firms not to take advantage of this option adequately.⁸ In this context, the relevant implementing regulation has changed swiftly in order to accelerate shorter working time procedure and make it simple.

Shorter working time can be requested by employer’s application to the administrative unit. Administrative unit is legal labour institute. The decision for shorter working time is up to the Ministry of Labour and Social Security. According to the regulation, shorter working time procedure consists of following steps:

- Employer’s written request to the official labour institute.
- Evaluating employer’s request by the official labour institute.
- Analysing of the Ministry’s inspectors.
- Sending the report to the official labour institute whether the request is valid.
- Final analyse by the official labour institute and sending notification to the employer.
- Employer’s announcement for the decision in written (if there is a trade union which is a part of a collective labour agreement, it will also be notified)
- Initializing shorter working time application and ending in the stated date.

The applicant must submit the shorter working time request to the Turkish Employment Agency (ISKUR) and relevant trade union. So, the first step in the shorter working time procedure is employer’s submitting. Form of submitting and its concept is highly important for actualizing shorter working time application. According to article 4 of the regulation, the employer must state:

- The impacts of the economic crisis or the force majeure on the workplace and the specification of the force majeure,

⁸ Seyma İpek Köstekli, *Küresel Kriz ve Türk Sanayi İçin Esneklik-Güvence Dengesi Açılımı*, İSO Yayını: 2009/14, İstanbul 2009, p. 73.

- The employer's title, address, if any, to collective bargaining by trade unions, the Ministry regional offices and social security institution number,
- If any relevant documents evidencing the claim (Regulation, Article 4/2).

According to regulation, if labour union and employer's union claim that there is an economic crisis or there is strong evidence, The Minister of Labour and Social Security will provide clarification (Regulation, Article 5/2). Consequently, without the Minister's statement, it is hard to conduct shorter working time application due to economic crisis.

Besides it is said in the regulation : "Without a statement presence, applications based on reasons like short of cash, inventory growth, insolvency risk will be denied by the Institute" (Regulation, Article 5/3).

After submitting, second step is to analysing employer's request. Shorter working time request first evaluated by ISKUR than proceeds to next step (Regulation, Article 5/1). Analyse of the application is performed by The Ministry of Labour and Social Security inspectors (Regulation, Article 5/4). During the analysing; information about workers in the shorter working program (ID numbers, name, contact information, number of premium payment days for the last 3 years, earning subject to premium) will be sent by electronic message to ISKUR and to the Ministry inspector in written (Regulation, Article 4/3).

If the request is found valid by the Ministry inspectors, the application file will be sent to ISKUR with following data included;

- Start and end date of the short working,
- List of workers in the short working program,
- Inspector report.

ISKUR notifies the employer after a final analyse. Then employer announces the result at the workplace in written (if there is a trade union which is a part of a collective labour agreement, it will also be notified) (Regulation, Article 5/4).

Shorter working time follows the procedure as it is explained above and it ends in the declared date.

If the business back on track with the backing of shorter working time program, the employer may request to end the program before planned date. In this case, ISKUR, workers and trade union which is a part of a collective bargaining agreement should be notified 6 days before the date specified in the shorter working time statement ends (Regulation, Article 9).

2.3. Shorter Working Time Payment

One of the important elements that the law carries with is the shorter working time payment. This provides workers with getting shorter working time payment during the time they're not employed. The payment is compensated from Unemployment Insurance Fund which is funded by premiums payed by employers, employees and government.

There also some conditions regarding to benefit from the Unemployment Insurance Fund. It is clarified on article 6 of the regulation:

- Approval of the employer's shorter working time request by the Ministry.
- From the beginning of the shorter working time start date, worker's qualification concerning the working period and number of premium payment days of the unemployment insurance.
- Request to shorter working payment.

Shorter working time payment, weekly working time to complete work applied for is given for not working (Regulation, Article 7/3).

Shorter working time payment, only paid to worker himself, is paid on a monthly basis at the end of each month and cannot be confiscated or alienated with the exception of alimony payments (Regulation, Article 7/7-8).

If the worker benefits from shorter working time payment is out work before necessary requirements of unemployment insurance fully covered, can get unemployment benefit after shorter working time payment period is deducted (Regulation, Article 7/6).

The amount of daily shorter working time payment is equal to the amount of unemployment benefit in principle (Regulation, Article 7/1). Daily unemployment benefit is 40% of the insurance holder's daily earnings (last 4 months earning subject to Premium is taken into account). However, according to law, amount of unemployment benefit cannot reach 80% of the minimum wage.

With the Law Number 5838 "The Law Number 5838 Amending Certain Code Provisions and the Law Number 5951 "Amending the Procedure Law on Collection of Public Claims and Some Other Laws", there are some amendments provided on shorter working time benefit for only year 2008, 2009 and 2010. According to this, shorter working time benefit is raised 50% for only year 2008, 2009 and 2010. Again, shorter working time benefit in 2008, 2009 and 2010 is not deducted from unemployment benefit period which is determined at the beginning.

Period of shorter working time benefit equals to shorter working time provided that not more than 3 months (Regulation, Article 7/2). But this 3 months limit is extended to 6 months solely for the applications in 2008, 2009 and 2010. It should be noted that this period can be extended for 6 months by the Council of Ministers with the condition of the same amount. However, in this period, payments as shorter working time benefit is deducted from unemployment benefit period.

Shorter working time benefit is given according to elements of the unemployment insurance benefit providing that the work is completely stopped at the workplace. Moreover, if workday is shortened, the benefit will be paid as the weekly working period is completed. If shorter working time application is conducted due to forces majeure, payments start after a week that is prescribed by the labour law number 4857 article 24 chapter III and article 40 (Regulation, Article 7/4).

In the event that a person who is given shorter working time benefit gets old-age pension or temporary incapacity allowance or is conscripted, person's payment will be cut (Regulation, Article 8/1).

However, workers who get shorter working time benefit are within the scope of the Social Security and General Health Insurance according to the Law Number 5510. During shorter working benefit period, worker's General Health Insurance

premiums are transferred to the Social Security Institution by the Unemployment Insurance Fund. These premiums are calculated at the lowest rate of earning subject to Premium (Regulation, Article 7/5).

3. The Global Crisis and The Shorter Working Time Application

3.1. The Global Crisis and The Outlook of Turkey Labour Market

GDP, which grew 6.2% in 2002 (after 2001 crisis), 5.3% in 2003 and 9.4% in 2004, has shown a comparatively slowdown propensity with the beginning of 2005. In 2005, GDP growth rate was 8.4%. It was 6.9% in 2006, 4.7% in 2007 and 0.7% in 2008. Under the growing impact of the global crisis in the second half of 2008, GDP growth plunged to 0.9% in the third quarter, and a contraction of 7% in the fourth quarter pulled GDP growth for the year down to 0.7%, the lowest growth rate since the 2001 crisis. This was followed by a contraction of 4.7% in 2009, the sharpest fall since 2001.⁹

With the contribution of the reconstruction of banking sector and fiscal discipline and the efforts against inflation after the period 2001, Turkey has not been affected by the global crisis within the terms of financial sector. This case differs Turkey from other countries. However, it is the real economy that has been damaged dramatically. In 2009, industrial production and employment in industry shrunk by 9.6% and 5.3%. Unemployment rate was 14% throughout the year 2009 after a record of 16.1% in February 2009. The increase in the unemployment rate from 2008 to 2009 is 3 points. With the beginning of a new period after global crisis, unemployment rate has reached a new bandwidth within the range of 14%. Between 2008 and 2009, industry was the only sector job losses comes from approximately 311.000.¹⁰

In 2009, the non-institutional population rose by 818.000 on the previous year while the working age population of 15 and up rose by 914.000. The total increase in the working age population in 2009 was 943.000. The number of those employed on the other hand rose by only 83.000, with an increase of 860.000 in the number of jobless during the year.

While the rate of participation in the work force rose from 46.9% to 47.9% in 2009, the rate of employment fell from 41.7% to 41.2%.

A look at OECD figures shows that Turkey is the only country with a rate of participation in the work force of 47.9% among all the OECD countries, where work force participation today is around 70%.

It must be stated that Turkey had structural problems regarding unemployment issues before the crisis. The major ones are: lack of correlation between growth rate and employment rate (average growth rate between 2002-2007 was 6.8% while average employment rate increased by only 1% yearly¹¹), labour poll emerging continuously, lack of labour force participation among women, incoordination in the labour supply and demand due to professional competence, unregistered economy, rigid and costly labour market.

As one of the important indicators concerning the development in the employment, employment rate (ration of workers in the population between 15-

⁹ İSO, *Türkiye Ekonomisi 2010*, İSO Yayın No:2010/8, İstanbul 2010, p.11.

¹⁰ TÜİK, *Sanayi Üretimi ve HaneHalkı İşgücü Araştırması Sonuçları*, Ankara.

¹¹ Author's calculations based on TURKSAT and GDP statistics.

65 years old) reached 41.7% with a 0.2% increase in 2008. Then it was 41.2% in 2009. In 1990 employment rate was 53.3%. In other words, Turkey decreased its employment rate by 12.1 point in the last 20 years. Secondly, in 2008, average employment rate in EU-27 is 65.9% (EU-15: 67.3%).¹²

The OECD Employment Outlook also confirms this jobs crisis. According to OECD data, in the period between 1995 and 2006, the fastest decline in the employment rate belongs to Turkey among 29 OECD countries. In the same period, employment rate has increased by 3.57% throughout the OECD. Turkey also has the most strict employment legislation according to OECD's report in 2009.¹³

Following Table 1 and Table 2 shows that how the crisis deepened these problems:

| | 2007 | 2008 | 2009 |
|--|-------------|-------------|-------------|
| Unemployed (%) | 2.1 | 9.9 | 3.9 |
| Unemployment Rate (Point) | 0.1 | 0.7 | 3.0 |
| Total Employment (%) | 1.5 | 2.2 | 0.4 |
| None-Farm Payroll Employment (%) | 2.3 | 1.9 | -1.0 |
| Manufacturing Employment (%) | 0.5 | 3.6 | -6.8 |
| Wage-Earning Employment (%) | 4.2 | 3.2 | -1.3 |
| Source: Turkish Statistical Institute (TURKSTAT), Household Labour Force Survey Results. | | | |

In 2008, the number of unemployed persons and unemployment rate increased by 9.9% and 0.7% to 2007. A year after, number of unemployed increased dramatically by 32.9%. Unemployment rate continued to trend up in 2009 (3%). The falls in manufacturing and wage-earning employment shows clearly how these two key sectors affected deeply by the global crisis. In 2009 manufacturing employment fell by 6.8% to 2008 and wage-earning employment fell by 1.3% .

¹² EC, *Employment in Europa 2009*, Directorate-General for Employment and Social Affairs and Equal Opportunities, Belgium, October 2009. p. 155-156.

¹³ OECD, *Collective Bargaining and Enforcement: Uptading the OECD Employment Protection Indicators*, Social, Employment and Migration Working Paper No:89, OECD, Paris, 2009, p.7, 11.

| Table 2 | | |
|--|---------------|--------------------------------|
| Employment Developments by Sectors | | |
| (2008-2009, numbers in thousands) | | |
| | 2009 | Change from 2008 - 2009 |
| Agriculture | 5.254 | 238 |
| Industry | 4.130 | -311 |
| Construction | 1.249 | 8 |
| Manufacturing Industry | 3.949 | -286 |
| Services | 10.644 | 149 |
| Total | 21.277 | 83 |
| Nonagricultural Sectors | 16.023 | -155 |
| | | |
| City | 13.839 | -171 |
| Countryside | 7.438 | 254 |
| Source: TURKSTAT, Household Labour Force Survey Results. | | |

Nevertheless, after three quarters, in the late 2009 there were signals indicating a recovery in the production and employment. Industrial production has been edging up since December 2009. An increase of 25.3% in December was followed by 12.1% in January, 18% in February, 21.2% in March, 17.0% in April, 15.6% in May and 10.2% in June. Eventhough these percentages include base effect, this trend is worthy of mention.

TURKSTAT's Household Labour Force Survey in February 2010 indicates a comparative recovery in unemployment. Unemployment rate in February fell by 1.7% to 14.4% which was 16.1% before in the last year's same period. Unemployment rate realized as 12.0% with 2.9 points decrease compared to the previous year in April 2010. But it is still high. Consequently, despite good indications, there are stil major problems such as high unemployment rate, lack of investment waiting to be solved.

As a result of that there is a partial recovery in the employment indicators in the third month of the global crisis. But it should be noted that this recovery is slower than a recovery in the production.

3.2. Improvements In Shorter Working Time System For Crisis Period and Its Results

Although it is widely used in western countries, shorter working time is not resorted enough in our country. Despite attaching important to flexibility, it is understood that lack of information, hesitations in application, uncertainty in the regulation play a role in this situation. Other obstructions for shorter working time are rigid regulations and time consuming procedures of short working due to bureaucratic delay.

During the crisis, government has taken social policy measures. The measures are rather aimed at supplementary employment. Supplementary employment measures are followed by improvements for shorter working time which is highly important to industry and industry workers.

Improvements in shorter working time system during crisis period are listed below:

- Regulation by law number 5763 (extending the scope of law)

With the law number 5763 article 18, shorter working time has removed from Labour Law and added to the Law Number 4447 Unemployment Insurance (as Appendix Article 2) with some amendments. As a result of that, it has become possible to cover not only workers under the Labour Law Number 4857 but also workers under the Maritime Labour Law and The Press Labour Law.

- Regulation by law number 5838 (extending time and limit)

Due to the effects of the global crisis on the country, especially for some specific sectors, following exceptions are made by the law number 5838 article 1 for only year 2008 and 2009:

- 3 months limit for shorter working time is lengthened to 6 months,
- Amount of shorter working time benefit is raised by 50%,
- Payments for shorter working time benefit will not be deducted from unemployment benefit time,
- Previous applications can be adapted to the new article came into force if requested,
- With the condition of the same amount of payment, extending shorter working time for 6 months is under the authority of the Council of Ministers. If the Council exercise its authority payments as shorter working time benefit will be deducted from unemployment benefit period.
- Shorter working time was extended for 6 months by order of the Council of Ministers Resolution 2009/15129 in 22.06.2009.

- Regulation by law number 5951 (extending time and limit)

With the Law Number 5951 Amending the Procedure Law on Collection of Public Claims and Some Other Laws, there are some amendments provided on shorter working time benefit for only year 2008, 2009 and 2010. Shorter working time was extended for 6 months by order of the Council of Ministers Resolution 2010/180 in 11.03.2010.

3.3. Application and Results

The shorter working time which has existed in the labour law since 2003 was applied in September 2005. Until now:

In 2005, 10.566.00.-TL (7.885\$) to 21 people,

In 2006, 64.398,01.-TL (45.034\$) to 217 people,

In 2007, 22.051,13.- TL (16.962\$) to 40 people,

In 2008, 70.639,73.- TL (55.187 \$) to 650 people,

In 2009, 162.473.091,19.- TL (105.523.000 \$) to 190.223 people was paid.

The numbers of workers and firms which were benefited from shorter working time and the amount of payments are shown in the Table 3. The number of people rised from 650 to 190.223 with 293 times increase in comparison to 2008. This dramatic increase is the result of the combined effect of the reflection of 2008 economic crisis in 2009 and negative results which have been created in

the firms. It also should be noted that facilitating practices and betterment policies opened the way for short working. *According to my estimation, saving 190.000 jobs would mean the prevention of an additional 0.8 percent increase in the unemployment rate in 2009.* This is a very important development and evaluation point.

| | Payment Made | Payment Made | Payment Made |
|-------|-----------------------------|----------------------------|--|
| | Number of People | Number of Firms | Amount of Payments (TL) |
| 2005 | 21 | 10 | 10.566,00 |
| 2006 | 217 | 27 | 64.398,01 |
| 2007 | 40 | 5 | 22.051,13 |
| 2008 | 650 | 181 | 70.639,73 |
| 2009 | 190.223 | 3.247 | 162.473.091,19 |
| 2010* | 22.945 | 160 | 34.251.635,24 |

Source: İSKUR, Bulletins of Unemployment Insurance.
* As of 31 July 2010.

In 2009 which was marked by the crisis, monthly data of shorter working time and open unemployment rates can be viewed in the below Table 4. In June 2009 the number of beneficiaries is highest. The second highest month is May and July 2009 is in the third rank. The order of months change in the amounts of payments. The highest amounts of payments were happened in May, June and April 2009, in order. In terms of both the number of people and amounts of payments short work's attack beginning from February is interesting. Unemployment rate was at peak level in February 2009. The biggest drop in the Industrial Production Index, 23.8%, was also in February. Beginning from June 2009, a steady decrease can be seen both in the number of people who benefit from shorter working time and amounts of payments. With the measures packages which were came into effect, even so they were delayed, unemployment rate started to decline in May 2009.

When the monthly short working data of 2009 is related with the changes in the monthly industrial production index, it is seen that increases in the number of people go hand in hand with decreases in the production. But the speed of increase in the number of people was slow in comparison with the speed of decrease in the production. Here, the procedure of shorter working time can be cited as an effective factor. The procedure of short-hours work shows his results with delays, even it is accelerated and simplified.

Table 4
Monthly Based Shorter Working Time Data, Unemployment Rates and Monthly Changes in the Industrial Production Indexes in 2009-2010

| | Number of People | Amount of Payment (TL) | Unemployment Rates (%) | Changes in the Monthly Industrial Production Index (%) (2005=100) |
|--|-------------------------|-------------------------------|-------------------------------|--|
| January 2009 | 651 | 491.729,48 | 15.5 | -21.4 |
| February 2009 | 6.935 | 1.678.574,96 | 16.1 | -23.8 |
| March 2009 | 27.491 | 12.396.559,39 | 15.8 | -20.9 |
| April 2009 | 46.727 | 18.217.294,80 | 14.9 | -18.7 |
| May 2009 | 66.405 | 24.348.339,09 | 13.6 | -17.6 |
| June 2009 | 82.439 | 23.925.294,11 | 13.0 | -10.1 |
| July 2009 | 53.734 | 15.539.249,31 | 12.8 | -9.0 |
| August 2009 | 47.176 | 13.691.438,77 | 13.4 | -6.3 |
| September 2009 | 52.301 | 14.802.259,11 | 13.4 | -8.9 |
| October 2009 | 45.105 | 13.477.416,22 | 13.0 | 6.5 |
| November 2009 | 40.378 | 12.252.476,52 | 13.1 | -2.2 |
| December 2009 | 38.911 | 11.652.459,43 | 13.5 | 25.3 |
| January-December 2009 Total | - | 162.473.091,19 | 14.0 | -9,6 (Yearly Average) |
| January 2010 | 32.760 (8.364) | 10.277.164,68 | 14.5 | 12.3 |
| February 2010 | 28.500 (3.651) | 8.297.799,83 | 14.4 | 18.0 |
| March 2010 | 23.514 (931) | 6.130.775,30 | 13.7 | 21.2 |
| April 2010 | 12.954 (2.162) | 3.574.533,00 | 12.0 | 17.0 |
| May 2010 | 7.365 (1.381) | 2.478.710,58 | | 15.6 |
| June 2010 | 3.797 (2.198) | 1.401.269,52 | | 10.2 |
| July 2010 | 6.153 (4.258) | 2.091.635,24 | | |
| January-July 2010 Total | 22.945 | 34.251.635,24 | | |
| Source: İSKUR, Bulletins of Unemployment Insurance; TURKSTAT, Household Labour Force Survey Results; TURKSTAT, Monthly Industrial Production Index (2005=100). | | | | |

Shorter working time is a kind of flexible way of work which occurs with the decision of employer. Another indicator that must be looked at to make a healthy analysis is the number of firms. Information about the number of firms are undeclared. Shorter working demands of firms are accepted if the conformity of application is identified, otherwise they are refused. Meanwhile, some firms first applicate but then quit their application. Data about demanding and paid firms and the number of workers which were taken from İSKUR is in the Table 5.

Table 5
Monthly Based Shorter Working Time Firm Data Between the Years of 2008-2010

| | APPLIED FOR | | APPROVED | | REJECTED | | WITHDREW APPLICATION | |
|--------------------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-------------------|----------------------|-------------------|
| | Number of Firms | Number of Workers | Number of Firms | Number of Workers | Number of Firms | Number of Workers | Number of Firms | Number of Workers |
| November, 08 | 33 | 8.627 | 19 | 6.451 | 10 | 890 | 4 | 1.286 |
| Dec., 08 | 271 | 31.633 | 162 | 19.939 | 55 | 4.680 | 54 | 7.014 |
| Nov.-Dec.,08 | 304 | 40.260 | 181 | 26.390 | 65 | 5.570 | 58 | 8.300 |
| January, 09 | 384 | 37.767 | 250 | 26.273 | 58 | 2.955 | 76 | 8.539 |
| February, 09 | 678 | 49.388 | 385 | 33.347 | 69 | 2.908 | 224 | 13.133 |
| March, 09 | 1.345 | 68.227 | 742 | 43.824 | 113 | 3.463 | 490 | 20.940 |
| April, 09 | 666 | 23.177 | 346 | 13.208 | 48 | 2.490 | 272 | 7.479 |
| May, 09 | 331 | 13.725 | 206 | 8.453 | 39 | 2.113 | 86 | 3.159 |
| June, 09 | 244 | 10.809 | 142 | 7.213 | 33 | 760 | 69 | 2.836 |
| July, 09 | 292 | 28.162 | 223 | 25.217 | 19 | 538 | 50 | 2.407 |
| August, 09 | 277 | 21.524 | 229 | 19.955 | 21 | 728 | 27 | 841 |
| September, 09 | 358 | 21.195 | 296 | 16.126 | 26 | 969 | 36 | 4.100 |
| October, 09 | 176 | 14.414 | 143 | 12.249 | 14 | 978 | 17 | 1.133 |
| November,09 | 160 | 9.357 | 128 | 7.579 | 13 | 486 | 19 | 1.292 |
| Dec., 09 | 215 | 16.239 | 157 | 11.634 | 16 | 706 | 42 | 3.899 |
| Total, 09 | 5.126 | 313.934 | 3.247 | 225.078 | 469 | 19.094 | 1.408 | 69.758 |
| January, 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| February, 10 | 44 | 3.293 | 26 | 2.522 | 7 | 268 | 10 | 469 |
| March, 10 | 116 | 6.103 | 79 | 3.930 | 16 | 1.463 | 17 | 695 |
| April, 10 | 50 | 2.783 | 32 | 2.001 | 4 | 289 | 14 | 493 |
| May, 10 | 39 | 3.074 | 29 | 2.304 | 1 | 146 | 7 | 531 |
| June, 10 | 21 | 1.540 | 13 | 920 | 2 | 143 | 1 | 20 |
| July, 10 | 10 | 486 | 4 | 149 | 0 | 0 | 0 | 0 |
| Jan- Jul., 10 | 280 | 17.279 | 183 | 11.826 | 30 | 2.309 | 49 | 2.208 |
| Total (Nov. 08-July 10) | 5.710 | 371.523 | 3.611 | 263.294 | 564 | 26.973 | 1.515 | 80.266 |

Source: İSKUR.

As illustrated in Table 3, while the number of companies receiving shorter working payments was 10, 27, and 5 in 2005, 2006 and 2008, respectively, in 2009, the number of companies making shorter working application increased significantly and reached to 3.247.

The reduction in industrial production affected shorter working applications. With 1.345 applications, March 2009 is the month with the highest number of shorter working applications. February 2009 and April 2009 ranked second and third, respectively, in terms of volume of shorter working applications. March 2009 is ranked third amongst the months when the highest industrial production reduction rate was experienced. Since March 2009, except in September 2009, shorter working time applications have been consistently decreasing. In 2010, the year when recovery has started to occur, a significant reduction in shorter working time has been observed.

When we came to 2010; in January 2010 10.3 million TL to 32.760 people, in February 8.3 million TL to 28.500 people, in March 6.1 million TL to 23.514 people, in April 3.6 million TL to 12.954 people, in May 2.5 million TL to 7.365,

in 1.4 million TL to 3.797 people and in July 2.1 million TL to 6.153 people were paid. The number of people who were paid for shorter working time includes the people who have gained the right to be paid for short-hours work for back months (Table 4).

Monthly indicators of 2010 about shorter working time generally indicate a drop in comparison with the same months of last year in terms of the number of applicants. Actually this is a natural thing in the way thorough exit from the crisis. To some extent, this development can be thought as a signal of betterment. But it is too early to treat it as a betterment signal in the employment front. In addition, to make a healthy analysis many data, such as indicators of labour market and indicators of unemployment insurance should collectively be assessed.

Because the conditions to qualify for shorter working time appropriation are associated with Unemployment Insurance, unemployment insurance data is also important. Data of shorter working time appropriation, beginning from 2005 which is the starting date of short working is given in the below table.

| | Number of Applicants to Unemployment Appropriation | Number of People Qualified for Unemployment Appropriation | Amount of Payment (TL) |
|---|---|--|-------------------------------|
| 2005 | 208.051 | 186.230 | 270.072.230 |
| 2006 | 220.694 | 199.429 | 316.988.579 |
| 2007 | 246.877 | 221.554 | 351.906.552 |
| 2008 | 381.663 | 332.074 | 517.054.113 |
| 2009 | 517.472 | 471.447 | 1.114.27.972 |
| 2010* | 274.826 | 183.383 | 64.935.546 |
| Source: ISKUR, Bulletins of Unemployment Insurance. | | | |
| *As of 31 July 2010 | | | |

In 2009, it was reached to the greatest number in terms of the number of people in unemployment appropriation like shorter working time. In 2009, nearly 500.000 people took money from unemployment appropriation. When we take into the consideration that 190.000 people benefited from shorter working time, Unemployment Insurance provided income security, even partly, to 500.000 people and both income and job security to 190.000 people in 2009. In the year of crisis, 2009, the number of people who benefited from the shorter working time appropriation equal to the 40% of the people who are paid from the unemployment appropriation.

When we assess the burden of shorter working time payments of 2009 financially, it can be seen that this burden is so little. The asset of Fund of Unemployment Insurance in the crisis year of 2009 is 41.6 million TL. The total sum of shorter working time payments made from Fund of Unemployment Insurance is 163 billion TL. So, shorter working time payments of 2009 took a very little share, 0.04%, from the Fund of Unemployment Insurance. The effect of the low amounts of shorter working time per-person should be noted.

As a result, shorter working time which is cleared from rigidity and bureaucracy, offered a solution, even short, to the unemployment which was increased during the crisis period and contributed to stop the more increase of it. With the support of shorter working time, employment of 190.000 people was protected. Shorter working time limited the losses of employment in the industrial sector which was the most damaged sector with a reduction of 311.000 job in the crisis. If shorter working time was not exist, the rate of open unemployment would be 14.8% rather than 14% (We made this calculation by using TURKSTAT and ISKUR data). Another important conclusion which was offered by the shorter working time experiment is that it is created a terrain to open the way of flexibility on the basis of flexibility-security balance in the Turkish employment market.

4. Conclusions

Turkey which is the largest 17th economy in the world, has succeed to escape lightly from the global credit crisis with the help of reconstructioning of banking sector, financial discipline and the efforts against inflation. However, production and employment front have taken damage. Turkish government has taken actions such as shorter working time (cooperating with social sides) and active labour market in order to give the economy a shot in the arm.

Within these precautions, shorter working time has a special importance. Shorter working time is an important opportunity given by the new Labour Law to employers in order to get over a stressful period by covering both workers and business. The shorter working arrangement is an effective social policy tool that saved livelihood of 3.247 companies and prevented 190.000 additional job losses in 2009, which was a year deeply affected by the global economic crisis. Shorter working time benefit is a social-oriented support to workers, giving them the chance to save their job and compansate their income.

In order to benefit by this opportunity and support and, in other words, conducting this application is only possible by approval of the Ministry. Briefly, as shorter working time application conducting by approval of the Ministry, employer's financial bottleneck caused by economic crisis and forces majeures is overcome by the cooperation of government, employers and workers.

Depression periods, despite their destructive effects, can be instructive in some points and give the opportunity to unearth the weaknesses of the system.

The new Labour Law came into force in 2003, has introduced flexible working forms but rigid rules and restrictions. Many firms could not benefit from shorter working time opportunity due to rigid rules in the beginning of the crisis. Later, these restrictions have loosened because of measures against the economic crisis and consequently shorter working time has become a life buoy to employers.

In consequence flexible working applications should be encouraged. The improvements concerning shorter working time during the crisis should be permanent. Conditions for short working should be extended and shorter working time should be lenghtened.

In terms of preventing jobless growth, Turkey should create its own national employment strategy. Flexibility, should be one of the elements in this strategy. Followings are suggested in detail with regard to flexible working regulations:

- Both in the article and in the regulation, the decision about economic crisis is left up to the Ministry of Labour and Social Security. Ministry

makes a statement in consultation with its related institutes. Today there is no need to such procedure. Shorter working time application should be started without Ministry's statement that there is an economic crisis

- In shorter working time application sectoral depressions/recessions should be taken into consideration as well as general economic crisis and forces majeures. As a matter of fact, in EU countries such as Belgium, Switzerland, France and Germany have shorter working time conditions including technical failures, economic reasons, force majeure, bad weather, mass leaves, shutting down workplace due to shortage of raw material and energy. Therefore, these conditions should also be added to shorter working time as well as general economic crisis and forces majeure.
- Restricting shorter working time benefit with only 3 months is deficient during crisis periods. Benefit time should continue up to 6 months in any case. Another option regarding to benefit time is to divide it into parts. For example, shorter working time in the first month, normal working in the second. It can be set to 3 months period. This time there will be short working in the first quarter following normal working in the second quarter.
- During free times in the shorter working time period, workers should be supported for activities to strengthen their professional qualifications. These activities will be funded by unemployment insurance fund.
- There should be a clause in the law that the Ministry has to respond in 15 days to applicants who request shorter working benefit. It should be stated that if there is no respond in 15 days, the request will be regarded as accepted.
- If the application is denied there should be a appeal mechanism with the representation of employers and employees.
- Turkish law maker has needed to be acting very prudently as unemployment insurance came into force for its funding difficulties. For instance, insurance holders job attendance for the last 120 days and to pay premium are required in order to earn benefit. Same conditions are also effective for shorter working time benefit. These conditions such as 120 days limit can be reduced so that negative effects of unemployment will be moderated.

In conclusion, it should be stated that we can benefit from shorter working time experience in the terms of flexicurity model of Turkey's labour market. Indeed, shorter working time as a cooperation with employers, workers and the government in order to secure job and business is a strong reference. A flexicurity model based on shorter working time will be a significant supplement to our business life.

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